

**THE PHASE-OUT OF THE UNFIT:
KEEPING THE UNWORTHY OUT OF WORK**

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Ever since the old *danwei* [or “work unit”]¹--whose celebrated “iron rice bowl” with its inviolable pledges of stability and security--bit the dust in the course of the relentless march of the market and its technologies into China, not just a protected job, but the Office, the Shop and the Factory writ large have become effectively off-bounds to hordes of ordinary people in contemporary urban China. By now it is well known that many millions of the masses who once possessed *gongzuo*, or “work,” in these places of business saw their livelihoods lost in and after the late 1990s.²

Indeed, where “work” in Chinese cities once meant nothing more nor less than permanent formal-sector employment in a state-run entity,³ that sort of activity is itself slipping away: During the 9th Plan (1995-2000), employees in the traditionally formal sectors (state and collectively-owned firms) decreased substantially; according to a report done in 2000, 44.3 million employees had been thrown out by then, and the ratio of this type of labor to total employment had dropped from the 73.5 percent as of 1995 to 45.1 percent.⁴ This is occurring just as enormous numbers of those who partook of state work in the past are now more likely to be found in their homes (often sickly, almost always listless) or out on the streets (whether selling, sweeping, doing service work, or sounding off) than engaged, either indoors or out, in any kind of salaried assignment. Surely related to these discharges, somewhere between 20 and 50 million urbanites,⁵ probably some 70 to 80 percent of whom come from the ranks of the newly

¹A relatively recent volume, containing essays on the changing fate of the *danwei* as the Chinese economy was removed from the plan, is Xiaobo Lu and Elizabeth J. Perry, eds., *Danwei: the changing Chinese workplace in historical and comparative perspectives* (Armonk, NY: M.E. Sharpe, 1997).

²We will never know just how many millions these have been. See Dorothy J. Solinger, “Why We Cannot Count the Unemployed,” *The China Quarterly* (hereafter *CQ*), No. 167 (September 2001), 671-688.

³Gail E. Henderson and Barbara Entwisle, “Introduction,” in Barbara Entwisle and Gail Henderson, eds., *Re-Drawing Boundaries: Work, Households, and Gender in China* (Berkeley: University of California Press, 2000), 5; and Gail E. Henderson, Barbara Entwisle, Li Ying, Yang Mingliang, Xu Siyuan, and Zhai Fengying, “Re-Drawing the Boundaries of Work: Views on the Meaning of Work (*Gongzuo*),” in *ibid.*, 33-50.

⁴Hu Angang, “Creative Destruction of Restructuring: China’s Urban Unemployment and Social Security (1993-2000)” (n.p., n.d.), 26.

⁵A 2001 report by the Chinese Communist Party’s Organization Department disclosed that an investigation done by the National Statistical Bureau, the State Council Research office and other units, discovered that, nationwide, 20 to 30 million staff and workers had fallen into poverty in the prior few years. With their family members it was judged that altogether these people amounted to 40 to 50 million (Zhonggong zhongyang zuzhibu ketizu [Chinese central organization department research group], 2000-2001 Zhongguo diaocha baogao--xin

jobless, ⁶have grown to constitute a novel grouping in the municipalities, a collectivity known as the “*tekunhu*,” meaning households in special difficulty, one special segment among the newly constituted “*ruoshi qunti*,” weak masses.⁷ These are the people seen as too old, too weak, or too ignorant to fit into what is felt in China to be “modern society.”⁸ It would quite likely be accurate to claim that practically none of these people has re-entered into the formal workforce since being expelled from it over the past decade.

Quite true, I’m convinced, no leaders in Beijing--nor even functionaries at the grass roots--would openly assert that these individuals *should* be prevented from

xingshixia renmin neibu maodun yanjiu [2000-2001 Chinese investigation report--research on internal contradictions within the people under the new situation], (Beijing: Zhongyang bianyi chubanshe [Central Compilation & Translation Press], 2001), 170-71), or almost 13 percent of what was considered to be the urban population as of that time.

⁶For instance, as of late 1999, when 2,306 cities and towns had installed a new program to cater to these individuals, 79 percent of the nearly three million residents entered into the system were individuals who had just lately become poor. See Tang Jun, “The Report of Poverty and Anti-Poverty in Urban China--The Poverty Problems in Urban China and the Program of Minimum Living Standard,” (hereafter “The Report”), ms., 2002, 15-17. Portions of the report were later translated and published as Dorothy J. Solinger, guest editor: Tang Jun, “Selections from Report on Poverty and Anti-Poverty in Urban China,” *Chinese Sociology & Anthropology* Winter 2003-4/Spring 2004.

⁷There has not been much research on these people. For some background, see Yang Yong and Huang Yanfen, “Zhongguo jumin shouru fenpeo xin geju” [The new pattern in income distribution among Chinese urbanites] in Ru Xin, Lu Xueyi, and Li Peilin, eds., Shehui lanpishu: 2003 nian: zhongguo shehui xingshi fenxi yu yuce [Social blue book: 2003 analysis and predictions of China’s social situation] (Beijing: shehui kexue wenxian chubanshe [social science documents company], 2003), 226-234; Zhang Wanli, “Twenty years of research on stratified social structure in contemporary China,” Social Sciences in China, 23, 1 (Spring 2002); Lu Xueyi, Dangdai zhongguo shehui jieceng yanjiu baogao [A research report on China’s current social structure] (Beijing: shehui kexue wenxian chubanshe), 2002; and Sun Liping, “90 niandai zhongqi zylai zhongguo shehui jiegou yanbian di xin qushi” [New trends in the evolution of Chinese social structure since the mid-1990s], Dangdai zhongguo yanjiu [Modern China Studies], 9, 3 (2002). Among Western scholars, two rare studies of the emerging urban poverty are Sarah Cook, “From Rice Bowl to Safety Net: Insecurity and Social Protection during China’s Transition,” Development Policy Review 20, 5 (2002), 615-635; and Athar Hussain et al., “Urban Poverty in the PRC” (Asian Development Bank Project No. TAR: PRC 33448, 2002). There is a cottage industry of economic studies of the poverty rate, but these often display no awareness of the substantive dimensions of the issue or of the repercussions for people’s lives.

⁸Not only were such individuals likely to lose their jobs in the massive shakedown of the late 1990’s and early 2000’s, but, lacking skills, they could rarely hope to find new work. Tang Jun, “Selections,” Chapter Three makes this point repeatedly. According to an investigation of the *dibao* targets reported in a 2006 piece (“Zhongguo chengshi,” *op. cit.*), it was found that among adult targets, those with primary education and below represented 24.1 percent and 46.5 percent had been to junior high school, together amounting to 70.6 percent without any senior high school training. A mere 27.6 percent of these people boasted of having some sort of professional or handicraft skill, while just 2.9 percent claimed to have some work. As for their health, the Ministry of Civil Affairs announced that in a national study of 10,000 *dibao* households, 33.7 percent have disabled people, and 64.9 percent had one or more members with a chronic illness or serious illness.

participating in labor; my research—whether documentary or in the field--uncovers nothing to that effect. Nor, I imagine, is that outcome even anyone's hidden agenda. Still, from my observations it appears that the story of their lack of placement *could be read to demonstrate* that both official regulations and the actions of local administrators, both bent on making China more and more modern, operate to achieve that end, i.e., to keep them out of the work force. This is the case I set out to make.

I first provide some background as to how these two groups--first those who lost their work posts, and then those who became destitute--came into being; I then explain what is being done by the state to attenuate their difficulties. I go on to argue that in the nation's march toward affluence and state-of-the-art metropolises--despite its politicians' persistent pleas to bring down the rate of unemployment--people of this sort are at least subliminally handled as if or--one might say, effectually treated as if--best kept out-of-sight, even off the work rolls. I explore how a set of disincentives built into employment policy, along with the externalities (what I call, in sync with contemporary jargon, "collateral damage") of other, apparently unrelated policies, have come together to discourage job-holding by the new middle-aged workless and indigent in the cities since the 1990s.

BACKGROUND⁹

The cities, for the most part, appeared up until the middle of the 1990s to be islands within the larger Chinese political economy in which job-secure workers could be certain that their livelihood, health, education and living abodes would evermore undergird their and their children's sustenance. At least until the late 1980s, urbanites who stuck with the state sector even considered good treatment on the job a kind of birthright, an entitlement that was sure to be enforced. In the cities, true, there had always been the disadvantaged after 1949--those without offspring or spouses, the disabled, and people unable to support themselves. But this relatively tiny batch of individuals generally survived in the shadows and out of sight, subsisting--but just

⁹The first few paragraphs below draw on my introduction to Tang Jun, "Selections."

barely--as members of the "three withouts" on a mere pittance, in the form of meager "social relief" disbursed by civil affairs departments.¹⁰

Not only did cities seem immune from the perils of hardship up until just over a decade ago, but there was even reason to hope that the rise in living standards that followed China's opening up after 1980 would continue for everyone in them. For the dawn of the switch to the market economy in the early 1980s was accompanied by the credo that the wealth being generated--first by the fertilization lent by the inrush of foreign capital along the coast and later by rapidly shooting sprouts of the private sector--would in time shed seeds that fostered prosperity much more widely.

Optimism, especially in macro terms, was fueled by statistics such as the following: during the Ninth Five-Year Plan period (1996 to 2001), per household disposable income increased at an average annual per person rate of 5.7 per cent in real terms in the cities, while the urban wage for staff and workers' wages experienced an average per-person annual increase of 15.9 percent. Permanent residents' average disposable income had climbed up to 6,860 per year, an improvement of 19-fold over the year 1978 when the post-Mao economic reforms began.¹¹

But the drama of the displacement of these now disqualified citizens unfolded precisely in the midst of their state's hell-bent drive to "develop," a critical part of its leadership's push for modernity, and, in fact, is inseparable from that push. At first the effects were slow to appear. Throughout the late 1980's, there had been scattered reports of job losses for "redundant workers."¹² In the main, however, managers were still constrained then from dismissing employees openly.¹³ In the early 1990s, though, the state-owned firms began to succumb to competition from imports, as well as from

¹⁰The term "three withouts" refers to those unable to work, those without means of livelihood and those without family support. See Nelson W.S. Chow, *The Administration and Financing of Social Security in China* (Hong Kong: Centre of Asian Studies, 1988) and Linda Wong, *Marginalization and Social Welfare in China* (London: Routledge, 1998).

¹¹Reported in China News Digest, September 28, 2002, taken from Agence France Press.

¹²U.S. Foreign Broadcast Information Service: China Daily Report (hereafter FBIS), September 14, 1988, 36, and September 28, 1988, 52-53; Andrew G. Walder, "Workers, Managers and the State: The Reform Era and the Political Crisis of 1989," *CQ*, No. 127 (1991), 477.

¹³Walder, "Workers, Managers," 473.

the nonstate and foreign-invested sectors.¹⁴ For enterprises in these other portions of the economy lacked the responsibility that the state had long bestowed on the firms it owned and ran to provide welfare and other benefits for their staff and labor forces. Clearly, this discrepancy enhanced the nonstate firms' profitability and competitiveness at the expense of their state-owned rivals, and, as we will see, was to have a major impact on workers' jobs.

Other direct causes of the plight of the official enterprises that came to visit adversity upon the old work force included the obsolescence of much of these firms' equipment in the wake of burgeoning technological imports from the developed world. Added to this was the growing and serious mismatch between, on the one hand, the largely unschooled nature of a huge segment of the workforce (owing to its coming of age during the years of the Cultural Revolution, when schools were shut and the only education on offer entailed "learning from the workers, peasants and soldiers"), and the type of demand issuing from the labor market as the economy underwent its marketization, on the other.

But it was finally with the several-year-long austerity program introduced by then-Vice Premier Zhu Rongji in mid-1993 and the significantly heightened market pressures it induced with its temporary but stiff curtailment of the customarily lavish and guaranteed credit that state firms had regularly counted on--and the consequent rise in firm losses--that a sudden outbreak of unemployment began.¹⁵ In 1994, when a new Labor Law was written granting firms' management freedom to fire if near bankruptcy or in serious difficulty,¹⁶ the phenomenon called *xiagang* (according to which employees in name retained their tie to their *danwei* but were in fact without any work to do) began

¹⁴ Barry Naughton, "Implications of the State Monopoly Over Industry and its Relaxation," *Modern China* 18, 1 (1992): 14-41.

¹⁵ Barry Naughton, *Growing Out of the Plan: Chinese Economic Reform 1978-1993* (NY: Cambridge University Press), 274-300; *idem.*, "China's Emergence and Prospects as a Trading Nation," *Brookings Papers on Economic Activity*, 2 (1996), 294; Wing Thye Woo, "Crises and Institutional Evolution in China's Industrial Sector," Joint Economic Committee, Congress of the United States, ed., *China's Economic Future: Challenges to U.S. Policy* (Armonk, NY: M.E. Sharpe, 1997), 164-65; and Xinhua [New China News Agency], October 14, 1998, in *Summary of World Broadcasts* (hereafter SWB) FE/3358 (October 15, 1998), G/3.

¹⁶ Translated in FBIS, July 19, 1994, 18-26, from XH, July 5, 1994.

to gather speed.¹⁷ By spring 1996, urban unemployment, once strictly anathema to the Communist Party, was being termed “inevitable in a market economy,” which in China by that time unquestionably obtained.¹⁸

Subsequently, a surge of job loss gathered new and ever-escalating momentum after the Communist Party’s 1997 Fifteenth Party Congress. There then-Party General Secretary Jiang Zemin put forward two critical chores: first, to “adjust and improve the ownership structure”; and second, to “accelerate the reform of state-owned enterprises.”¹⁹ Neither of these objectives can be divorced from the subsequent flood of layoffs that followed in the wake of the convention. At the end of the year, the Ministry of Labor’s National Work Conference announced, apparently with much chagrin, “Dismissing and laying off workers is a move against our will taken when we have no way to turn for help, but also the only way to extricate ourselves from predicament.”²⁰

The upshot was that, for a significant section of the old proletariat in the factories of China’s metropolises, mounting losses among state companies came to spell involuntary unemployment.²¹ According to China’s own National Statistical Bureau, “the number of workers employed in the state-owned sector fell from 113 million to 67 million, a decline of 40 percent over the five years 1996 to 2001.”²² And so for the first time in the cities of the People’s Republic, there were widespread instances of people

¹⁷Niu Renliang, “Xiangang zhigong chulu sikao” [Thoughts on the way out for the laid-off staff and workers] *Lingdao canyue* [Leadership consultations] 1 (1998), 8.

¹⁸*FBIS*, June 14, 1996, 52, from *Jinrong shibao* (Beijing) [Financial Times], April 15, 1996, 1.

¹⁹Jiang’s report to the congress is in *SWB FE/3023* (September 13, 1997), S1/1-S1/10.

²⁰*Ming Pao* [Bright Daily], December 19, 1997, in *SWB FE/3107* (December 20, 1997), G/7.

²¹Indeed, by 1996 a sharp increase had occurred in the number of state-owned firms throughout the country that were losing money, such that state industry for the first time experienced an overall loss (Thomas G. Rawski, “Reforming China’s Economy: What Have We Learned?” *The China Journal*, 41 (January 1999), 144).

²²Cited in a recent paper by Albert Park and John Giles, “How has Economic Restructuring Affected China’s Urban Workers?” (Ms., October 2003), 1. This paper, based on data from the China Urban Labor Survey conducted in five large Chinese cities at the end of 2001, found that unemployment reached double digits in all sample cities between the years 1996 and 2001. The Chinese source cited is National Statistical Bureau, *China Statistical Yearbook* (Beijing: China Statistical Press), 2002. Later, a revised version of this paper was published under the same title, that time with the authors listed as John Giles, Albert F. Park, and J. W. Zhang., in *CQ*, No. 185 (2006), 61-95. It should be pointed out, however, that one reason for the huge drop in numbers in the state-owned firms (SOEs) is the reclassification of many former SOEs as joint-stock companies and as entities with other similar new names.

with work ability and a desire to work who were unable to land “jobs,” or, more loosely, to find employment of any sort.²³ These moves executed with reluctance as they may have been, the upshot was the generation of a whole new sub-sector of city society, a segment apparently set to stay.

The poverty-stricken (that is, the newly poor, the portion of the *ruoshi qunti* who were made poor in the course of economic reforms, a set of people later to go under the label of *dibaohu*, or households receiving the *dibao*²⁴) then emerged as a subset of those who had been discharged from their firms. These were the people most disadvantaged, whether by their age, their poor health or disability, or their total lack of any credentials, unable to find a way to sustain their existence on their own. The presence of this part of the population stranded amidst much plenty is also the result of the as yet far from fully fulfilled need for the Chinese polity to undergird the livelihood of the unemployed masses in the cities with a workable social welfare system.²⁵

PROGRAMS AIMED AT ASSISTANCE AND ALLEVIATION

For the newly let go

The state has not been passive in the face of the hardship its policies engendered. Toward the unemployed or, so called “*xiagang*” [laid off], as early as 1994, an experimental program, the “Reemployment Project” (REP), was piloted in 30 cities, and then extended nationwide the following year. It comprised a monumental effort directed at a sadly overambitious aim: to somehow arrange for the settlement of

²³Earlier periods of urban unemployment existed in the PRC, as in the early 1950s, the mid-1960s, and the late 1970s. But in each case the government was able to devise programs--sometimes distasteful ones, as in the 1960s’ rustication movement--that to a large extent disposed of the problem. Besides, in these earlier eras, it was for the most part the never-employed who searched for jobs; in the present era it is a case of massive dismissals of the labor-age, already employed, population.

²⁴As will be discussed soon, this term is the short name for the “minimum livelihood guarantee” program.

²⁵Jane Duckett, “China’s Social Security Reforms and the Comparative Politics of Market Transition,” *Journal of Transition Politics and Post-Communist Studies* (March 2003); and Dorothy J. Solinger, “Path Dependency Reexamined: Chinese Welfare Policy in the Transition to Unemployment,” *Comparative Politics* 38, 1 (October 2005), 83-101. Though the situation is gradually improving, the remarks in these pieces still hold largely true, as of late 2008.

all the laid-off workers.²⁶ The problem was the weighty and critical limitations on the entire endeavor from the start--a scarcity of funds; a widespread connection of the unemployed with firms that had either gone bankrupt or were suffering serious losses and deeply in debt;²⁷ incalculable levels of corruption among local cadres and firm managers, who intervened between policymakers and intended recipients, taking substantial cuts, to put it kindly; and, perhaps most serious, a vast insufficiency in the supply of potential work posts in the economy.²⁸

The REP was designed as a set of transitional measures to insure the laid-offs' basic sustenance through the granting of "basic livelihood allowances," and to provide them with opportunities for work during the time when the country's nascent labor market was admittedly yet imperfect and the nation's social insurance system seriously incomplete.²⁹ "Reemployment service centers" [*zaijiuye fuwu zhongxin*] were formed to care take or act as "trustee" [*tuoguan*] for furloughed workers for a three-year period from the layoff date for each. The activities of these "centers" entailed disbursing the livelihood allowances [*jiben shenghuofei*]; paying into funds for their staff and workers'

²⁶Ru Xin, Lu Xueyi, and Dan Tianlun, eds., *1998 nian: Zhongguo shehui xingshi fenxi yu yuce* [1998: Analysis and prediction of China's social situation] (Beijing: shehui kexue wenxian chubanshe [Social science documents publishers], 1998), 86.

²⁷According to N.a., "1998 nian qiye xiagang zhigong jiben qingkuang" [The basic situation of the laid-off enterprise staff and workers in 1998] *LBT*, No. 1 (1999), 10, laid-off workers let go by enterprises losing money represented 67 percent of all laid-off workers as of the end 1998.

²⁸According to Zhang Handong, "Dangqian zaijiuye gongcheng de qi da wuqu" [Seven big misunderstandings in the present reemployment project], *Lingdao neican* [Leadership internal reference] (hereafter *LDNC*), No. 7 (1998), 27, "to solve the problem of reemployment for the unemployed, the laid-off, and surplus labor, we lack at least 30 million jobs."

²⁹Wang Dongjin, "Jianchi zhengque fangxiang, fahui xuehui gongneng wei jianshe you zhongguo tese di laodong he shehui baozhang shiye fuwu" [Persist in an accurate direction, foster competence in studying, to serve in developing a labor and social security enterprise with Chinese characteristics], *Zhongguo laodong* [Chinese labor] (hereafter *ZGLD*, No. 4 (2000), 5; Shen Wenming and Ma Runlai, "Zaijiuyezhong de zhengfu xingwei" [The government's behavior in reemployment], *ZGLD*, No. 2 (1999), 19; Lei Peng, "Zhigong peixun yu jiuye cujin--chengshi fupin de zongyao" [Staff and workers' training and the promotion of reemployment--the important path in subsidizing urban poverty] *LDNC*, No. 11 (1998), 30-31; Wang Tianxing, "Kunjing yu chulou" [Difficult straits and the way out], *Shehuixue yanjiu* [Sociology research] 6 (1997) in *Xinhua wengao* [New China documents] 3 (1998), 25.

medical insurance and pensions; retraining them; and finding them new employment.³⁰

Such centers proliferated nationwide, generally at the firm level.³¹ Those eligible to be termed *xiagang* according to the official definition³² were to be (but, in practice, by no means always were) sheltered by the measures these centers were to enforce. These properly “laid-off” individuals—defined officially as those who met all three of the following conditions: 1) s/he began working before the contract system was instituted in 1986 and had a formal, permanent job in the state sector (plus those contract laborers whose contract term is not yet concluded); 2) because of his/her firm’s problems in business and operations, has been let go, but has not yet cut off relations with the original firm; and 3) has not yet found other work in society--also were to be (but again, often were not) the target of a set of active labor market policies, taking the form of so-called “preferential policies” once they produced their laid-off certificate [*xiagangzheng*].³³

Around the end of 2002, about four and a half years after the program was launched in earnest in May 1998, documents and speeches appeared urging its termination. The original promise had been for just three years of succor; by that point those who had been dismissed as late as the end of 1999 and who were counted as qualified *xiagang* workers had supposedly already received their intended benefits, and reemployment centers were urged to push their occupants “out to society.” Funds that had been targeted at keeping the “laid-off” going were to be merged with unemployment insurance, and the two tracks of livelihood subsidies and unemployment

³⁰Yang Shucheng, “Zaijiuye yao zou xiang shichanghua” [In reemployment we must go toward marketization] *Zhongguo jiu ye* [Chinese employment] (hereafter *ZGJY*), 3 (1999), 19 calls the center a product of “a special historical stage, a transitional measure which can solve its special contradictions.”

³¹Originally—for instance, in Wuhan in 1998—entire sectors, such as textile trade, entrusted their cut-back staff and workers (in this case, numbering 10,000 such persons) to one service center. The work of that center is described in a document handed to me privately in summer 1998 in Wuhan, “Wuhan Shi fangzhi zaijiuye fuwu zhongxin yuncuo qingkuang huibao” [A summary report on the operations situation of the Wuhan City Textile Reemployment Service Center], prepared by the center, Wuhan, March 18, 1998. Later it seems that each firm able to afford to do so ran its own center.

³²Guo Jun, “Guoyou qiye xiagang yu fenliu you he butong?” [What’s the difference between laid-off and diverted workers in the state firms?] *Zhongguo gongyun* [Chinese workers’ movement], No. 3 (1999), 32.

³³Those who meet the criteria for *xiagang* are qualified to obtain such a certificate.

insurance were to be merged.³⁴ It is probably impossible to assess the extent to which the program managed to attain any or even some of the results it was meant to accomplish, though it has been speculated that its termination was related to its general ineffectiveness.

For the impoverished

For the poverty-stricken, a new program was also crafted, during the same years. Entitled the *zuidi shenghuo baozhang zhidu* [minimum livelihood guarantee system] (in Chinese, colloquially known as the *dibao*), like the Reemployment Project, it also was initiated in Shanghai and spread nationally. The charge of the *dibao* was to provide for urban residents whose household income failed to reach a locally-determined minimal threshold; the method was to supplement that income to the extent necessary to bring the family's monthly wherewithal up to the level deemed requisite for basic survival in that region.³⁵

The measures became formalized and relatively standardized nationally in a State Council circular in August 1997, and in the next month all localities at the urban and county levels across the country were called upon to set up the system. By the end of September 1999, though some 500 cities had put it in place, the recipient population amounted to just 2.82 million people. Still, progress of a sort had been made: of those being served, just about a fifth were traditional targets of civil affairs relief, with the remainder being the newly poor. Monies allotted had risen substantially as well: in the first nine months of that year, 1.5 billion yuan was allocated for this program, a ten-fold increase over the total of funds that had been spent on relief just seven years before.

³⁴N. a., Laodong baozhangbu buzhang Zeng Silin zai quanguo laodong baozhang tingjuzhang zuotanhuishang de jianghua (Minister of Labor and Social Security Zeng Silin's speech in the national labor and social security department heads' forum), "Jiakuai tuijin zaijiuye gongzuo, quanmian wancheng jinnian gexiang laodong baozhang gongzuo renwu" [Speed up the work of promoting reemployment work, fully complete this year's various tasks in labor and social security work] *LBT*, No. 9 (2003), 8-14; Zhong fa [2002] 12 hao [Central Document No. 12, 2002]: "Zhonggong zhongyang Guowuyuan guanyu jinyibu zuohao xiagang shiye renyuan zaijiuye gongzuo de tongzhi" [Central Committee and State Council Circular on Progressively Doing Well the Reemployment Work of Laid-off and Unemployed Personnel), dated September 30, 2002 *LBT*, No. 2, 2003, 4-8.

³⁵Hussain, *op. cit.*

In September 1999 the State Council issued its “Regulations for the Minimum Livelihood Guarantee for Urban Residents,” to go into effect in October that year.³⁶ With the exception of Beijing, Shanghai, Shandong, Jiangsu, Zhejiang, Fujian and Guangdong, all the other provincial-level units received financial subsidies in varying amounts from the central government for the *dibao*.³⁷ But by the end of the year 2000, when the figure served had risen to 3.2 million people, the Ministry of Civil Affairs calculated that somewhat under one quarter of the urban poor as of that time was being helped.³⁸ During the year 2001, however, there was a massive upswing in the monies that the central government devoted to the program, with the result that the numbers of recipients shot up quickly.³⁹ As of late 2003, though a claim was published that over 30 million people had been assisted by the project, up to the end of 2007 the numbers served at any given time had never surpassed 22.8 million;⁴⁰ the amounts of funds invested never went above .11 percent of gross domestic product, nor over .6 percent of national government expenditures. (See Tables One and Two).

What is meant to occur is that community⁴¹ workers are to endeavor to uncover poor families’ total income. The managers are then to compare that income, on a per-capita basis, with their city’s officially, locally-set, per-person “minimum livelihood

³⁶For the 1999 Regulations officially announcing the program, see “Chengshi jumin zuidi shenghuo baozhang tiaoli” [Regulations on the urban residents’ minimum livelihood guarantee] (hereafter “Chengshi jumin”) *Zhongguo minzheng* [Chinese civil affairs] (hereafter *ZGMZ*), No. 11 (1999), 16-17.

³⁷Tang Jun, “The New Situation of Poverty and Antipoverty,” report published as a chapter of a book edited by Ru Xin, Lu Xueyi, Li Peilin, et al., *2002 nian: Zhongguo shehui xingshi yu yuce (shehui lanpishu)* [Year 2002: Analysis and Forecast of China’s Social Situation (Blue Book on Chinese Society)], January 1, 2002. [FBIS Translated Text].

³⁸Tang Jun, “Dibao zhiduzhong de shehui paichi” [Social discrimination in the minimum living guarantee system], paper presented at the Conference on Social Exclusion and Marginality in Chinese Societies, sponsored by the Centre for Social Policy Studies of the Department of Applied Social Sciences, the Hong Kong Polytechnic University and the Social Policy research Centre, Institute of Sociology, the Chinese Academy of Social Sciences, Hong Kong, November 16-17, 2001,” 9.

³⁹“Needy urban residents in China get assistance,” accessed at www.xinhuanet.com/english/2002-10/24/content_607365.htm, October 24, 2002. In the following year the numbers served continued to increase.

⁴⁰“China’s subsistence allowance system benefits urban, rural poor equally,” accessed January 24, 2008, at <http://english.people.com.cn/90001/90776/6344770.html>

⁴¹“Community” or, in Chinese, *shequ*, is a formal term, explained below. See note 59.

standard" [*zuidi shenghuo biao zhun*]. Each household whose total income falls below the local livelihood standard on a per-capita basis is entitled to a supplement equal to the difference between the total of its income, on one hand, and the sum of the city's livelihood standard times the number of household members living together in that city, on the other. But that this procedure is far from always honored as it ought to be is sometimes the source of difficulties for the recipients.

Nonetheless, strictly observed or not, the policy is miserly. The idea behind it from the start—and into the present—amounted (and amounts) to supplying the individuals with funds that were “just enough to keep body and soul together,” in the words of its leading scholar within China, Tang Jun.⁴² Indeed, what is most striking in evaluating the success of this program is that the nourishment, educational, and health conditions among the individual *dibaohu* have remained remarkably unchanged and essentially abysmal over the years of its operation, as a comparison of the late 1998 field notes of Tang Jun's research team with my own interview material from 2007 and 2008 documents.⁴³

UNFIT FOR WORK: THE MODALITIES OF DISCOURAGEMENT

In the stance of the state toward the great majority of these impoverished and out-of-work city-dwellers a consistent subtext can be read. I contend that what in the realm of employment appears on the surface to be simply an acquiescence to the playing out of market forces is a phenomenon undergirded by an implicit impetus—both within the larger society and at the level of the policy elite—to eliminate the style of employment at use in the socialist era and to create in its place a purely modern labor market, one staffed by fully up-to-date wage-earners and by them alone. This ideal marketplace for labor is, therefore, to be one that has been swept clean of what is popularly deemed to be the dross spewed up from the old planned economy—those over age 35 as of the late 1990s, the undereducated, and the unskilled urban workers

⁴²Tang Jun, “The Report,” 4.

⁴³Tang Jun's notes are in “Selections”; mine are available upon request.

whose machine-based, assembly-line driven jobs had been allocated to them in the bygone age of the planning mechanism.⁴⁴

I do not mean to claim that the business of barring such people from the shop floor and the shop is executed consciously or by specific design. I choose instead to underline the several ways in which this cohort of once-comrades has been in essence discouraged--disincentivized, or, because of other policies, effectually discarded--with the outcome of being excluded from professional places of business. I categorize the two principal modalities through which this outcome has occurred as disincentives and collateral damage, respectively. I illustrate my remarks with comments from interviews I have conducted or arranged over the decade 1998 to 2008, in Wuhan, a city in central China. Over the years 1999 to 2002 I interviewed nearly 100 laid-off workers; in 2007 and 2008 I arranged and/or participated in another 65 talks with recipients of the *dibao*. These interviews were not the product of random samples but, from all I've read, appear to have been representative cases. That many of the subjects were female reflects the fact that we more often found women at home to speak with us than we did men; nonetheless, often women talked about problems that the couple as a unit faces.⁴⁵

Disincentives

The most apparent obstacle erected against the employment of the *xiagang* and the *dibao* beneficiaries are the want-advertisements in the local newspapers: the typical ad calls for a college graduate, preferably holding a Master's degree, under the age of 30 or 35, with two or more years of work experience. As a news article admitted: "This won't work for those who couldn't get higher education because of 'historical reasons' [a veiled reference to the Cultural Revolution, as mentioned above] and those middle-aged workers who have lost their jobs."⁴⁶ Nor would an electronic screen at Wuhan City's central labor market that posted job openings in 1999 suit their

⁴⁴In this paper I ignore the rural migrants who are still in demand to perform such work. I discuss just the city-registered people who once held formal-sector jobs in the urban economy.

⁴⁵I refer to the latter group by their number in my footnotes; the information on these discussions can be obtained upon request. See Table Three.

⁴⁶*Jingji cankao* [Economic reference news], March 24, 1998, reprinted in *Gongyun cankao ziliao* [Workers' movement reference materials] April 1998, 16.

needs. For virtually all the jobs described were for people under 30, some even for those under 22 years old.⁴⁷ Many an informant in her mid-30s or beyond bemoaned to me that her advanced age was the reason for her joblessness,⁴⁸ as in the pervasive refrain that, "Only people under 30 can find work." One woman, echoing many others, who would have loved to become a saleswoman, at 37 could not hope to be hired because she was "too old."⁴⁹

As a 48-year-old male expressed his predicament:

When no one introduces me, I go to the labor market that the government manages to search for work. But the competition there is rather fierce. Everyone without work goes there looking, while a lot of rural young people also go, so that people like me of an older age with my physical capability wanting, often cannot contend. Sometimes work is very hard to find, if it's too tiring or heavy, after working a few days I can't go on.⁵⁰

Insufficient education is a related issue, since ex-workers of a certain age were the same ones who had missed out on schooling in the years between the mid-1960s and the late 1970s.⁵¹ Indeed, official statistics for 1998 show that more than half (53.5 percent) of those released from their posts had only a junior high education or even less.⁵² A 38-year-old man began "going out" to Guangdong for odd jobs not long after he was laid off, prompted mainly by plans to provide for his son's schooling (in the hope shared by all such folk that the next generation will do better). "But after going out, his circumstances were poor," revealed his wife, "because without any *wenhua* [used in this instance to refer to education] and not having mastered any specialized craft, the work he engaged in wasn't secure, the situation was sometimes good and sometimes bad. Sometimes the money he made was just enough to maintain his livelihood while he was out."⁵³ Because calls for job applicants specify so precisely

⁴⁷Visit to the market, September 4, 1999.

⁴⁸This problem seems to have been particularly severe for women; men over 40 had the same difficulty.

⁴⁹Interview, September 1, 1999.

⁵⁰Interview 4, 2007.

⁵¹Eva Hung and Stephen W. K. Chiu, "The Lost Generation: Life Course Dynamics and Xiangang in China," *Modern China* 29, 2 (2003), 204-36.

⁵²N.a., "1998 nian qiye xiangang zhigong jiben qingkuang" [The basic situation of the laid-off enterprise staff and workers in 1998] *LBT*, No. 1 (1999), 10.

⁵³Interview 7, 2007.

age limits and educational attainments that eliminate the laid-off, the ads themselves serve as a disincentive to job searches.

Not just the middle-aged who missed their chance at schooling will fail to qualify for work from their lack of *wenhua*. The problem is apt often to be reproduced down the generations. One informant's daughter, aged 19, is doing well in senior high, and, the mother related, "would like to attend a vocational school so she can go out to work sooner and lighten the household's burden. But our family basically can't pay the tuition," sighed the woman. "We just hope we can borrow some money from the bank."⁵⁴ Meanwhile, the daughter of this family's neighbor was already attending a public-health vocational school, planning to become a nurse. For her first two years, that mother used her work unit's severance pay to cover the fees, but for the third year, she fretted, "In the family we already don't have the money to continue to pay, just now worrying about this."⁵⁵

The *dibao* program itself contains a range of measures that directly discriminate against the poor's daring to take up work. Most blatant is the stipulation that a *dibaohu* with a household member earning some wages stands to see its allocation cut back substantially. In fact, even a recipient's acquisition of a tiny increment in income through occasional labor could result in drastic reduction in his/her household's *dibao* disbursement, so some (in my one sample, though, there was just one, out of 53 informants) did feel altogether disinclined to seek employment at all.

Several interviewees in Wuhan did find their families' *dibao* funds cut back or cut off when a member took on some wage-earning work. In one case a wife's street-sweeping led to deductions that left four people to survive on some 500-plus yuan per month.⁵⁶ In another case, the wife in a family of three bravely reflected that:

We can still go on, use the *dibao* money to raise our son (then age 12), each month we get a subsidy of 234 yuan. Though it's not much, some is always better than nothing, the family has one person working, so the subsidy was lowered a lot. We're not thinking

⁵⁴Interview 1, 2007.

⁵⁵Interview 2, 2007.

⁵⁶Interview 8, 2007. At the time, this amounted to about \$75 US.

of arguing about it, we all are very submissive people, so we wouldn't bicker over money. If you give us 200-plus yuan it still can be of use.⁵⁷

A third woman, aged 34, lamented that, "People like us are at the age for working, but we have no skill or culture, basically can't find any good job." The questioner pointed out that the woman's husband was out of the city doing odd jobs [*dagong*], and that she was managing a stall, and inquired whether their monthly quota was therefore decreased. "Yes," she replied, and continued:

It's a no way affair [*mei banfa de shiqing*]. In my stall in one month I can earn only so much money, his work also isn't stable, but now our work is calculated into our income, then they have to cut the subsidy. But this income fluctuates, sometimes we have it and sometimes we don't, only relying on the *dibao*, that little money means that basically there's no way to live.⁵⁸

Rigorous procedures used to judge whether or not a household is deserving serve the goal of ensuring that the allowances are calibrated to what is officially deemed to be the income necessary for mere survival--and nothing more. Applicants' journey toward becoming recipients begins with a written entreaty, accompanied by documentary proof of their penury, to be submitted to the community [*shequ*] office in charge.⁵⁹ After filing the request, community officials who manage the *dibao* have a certain amount of time (set locally, usually from five to 10 days) to assess the candidate's needs and to attempt to ascertain the veracity of the paperwork s/he has presented. This certification of a claimant's qualification can be a particularly invasive process.

The steps begin with a thorough physical search of the household in question, along with close inquiry of its members. What follows is a particularly intrusive, sometimes even insidious, procedure, calling for interviewing neighbors and visits to the

⁵⁷Interview 11, 2007.

⁵⁸Interview 12, 2007.

⁵⁹A *shequ* is a residential unit organized in cities nationwide after 2000, usually comprising two or three of the former residents' committees. The residents' committee was a standard urban entity (though not formally part of the official governmental hierarchy) created in the early 1950s to monitor, assist, and regulate the affairs of people who lived in adjacent compounds. Such a "community" can contain anywhere where from several hundred to several thousand residents.

candidate's place of work, if any, to make sure that the applicant has spoken truthfully. Most embarrassing of all, the results of all the scrutiny are to be posted upon a public board [the *gongshilan*], in order to solicit the views not just of immediate neighbors but of everyone in the community acquainted with the applicant family's true state of eligibility and of everyone in a position to see the targeted family members' daily comings and goings.⁶⁰

Indeed, communities managing the system as they are ordered to do exhibit such a notice board proclaiming how many members live in every payee household; how much money each one is receiving; what special subsidies it is being granted; and how much voluntary work (such as neighborhood sanitation, public security, guarding, or gardening) its relevant members had performed in a given week, such activity being a necessary condition of enjoying the allowance.⁶¹

Once the community officers have made their tentative appraisal of a case, the file goes up to the street level, where another week or so is spent reviewing the materials. Street officials' deliberations are also posted publicly on the community's board. After the same length of time has passed, the records are delivered to the district level, where managers do a reexamination. The judgments about those who so far have seemed to meet the necessary conditions must once again be subjected to public view. If and only if there are no objections from other residents, finally the City Civil Affairs Bureau gives its stamp of approval and the applying family then becomes a full-fledged "*dibaohu*."

Subsequent, regular inspections (sometimes as frequently as every three months, in other cases just every six, mainly to discover whether or not the recipients have found work⁶²) are meant to certify that the family remains qualified to enjoy the subsidy. When its situation or income undergoes changes (perhaps because of a retirement, a death in the family, a new odd job, or alterations in health), the household head is to

⁶⁰Interview with officers at community W, an area with about 1,600 residents, of whom only about one percent are *dibaohu*, on August 30, 2007.

⁶¹Interviews at community Y containing over 4,000 people, and community Z, both on August 29, 2007.

⁶²Interview with the director of the *dibao* office at the Guansu provincial Civil Affairs Department, September 5, 2007.

notify the office in its community that takes care of examination and approvals, to arrange for stopping, reducing or increasing their outlays.⁶³ Such check-ups tend to classify those with wages as cheats if they do not disclose every cent they earn; in this way the home visits—often most unpleasant—serve as a form of surveillance that incline people not to work. As expressed by one couple, “The *dibao*’s examinations are too strict, each time they come to check it’s very upsetting, causes a lot of chaos, the people coming to investigate have no manners.”⁶⁴ Such scrutiny and surveillance must lend to informal labor a flavor of the illegitimate, a sense of sneakiness that some would prefer to eschew.

In fact, many of the jobless, if earning any money, attempt as much as possible to conceal what they are doing, with the result that such secret work has earned the label “hidden employment.” As early as the late 1990s, when millions were first thrown off the job, the term began to surface; it has remained in use up through the present. Much writing on the laid-off censured this activity. One study of 1,000 dismissed workers in eight enterprises reported that over 70 percent of them belonged to this category, as it criticized such people for collecting some “basic living allowance” from their former firm while obtaining wages from a job elsewhere.⁶⁵ But material on the income and mundane miseries of these people evinces the genuine necessity of this activity for those thrust into the vacuum between the state security of the past and the very inchoate, totally insufficient social security system of the present.

The requirement of doing the oxymoronic “voluntary obligatory work” [*yiwu laodong*] required of all able-bodied *dibao* “targets” [*dibao duixiang*] is yet another form of deterring these charity subjects from moving to the regular, external labor market.

⁶³Wang Zhikun, *op. cit.*, 19. Interview with *dibao* workers at community X, where there are 1,099 households, of which 7.9 percent are *dibaohu*, August 27, 2007.

⁶⁴Interview 13, 2007.

⁶⁵Xu Jianxin, Jianxin, “Yinxing jiuye de xianzhuang ji jiejuе duice” [The present conditions of hidden employment and measures to solve it], *Zhongguo jiuye* [Chinese employment] (hereafter *ZGJY*), No. 3 (1999), 34.; Li Bao and Xie Yongjin, “Yinxing shiye yu ‘yinxing jiuye.’” [Hidden unemployment and ‘hidden employment’], *Zhongguo laodong* [Chinese labor], No. 4 (1999), 46; Gu Yu, “Xiangang xhigong yinxing jiuye wenti chuyi,” [Preliminary opinions on hidden employment among the laif-off staff and workers] *ZGJY*, No. 6 (1998), 27; and Yang Yiyong, “Ruhe kandai dangqian di shiye wenti?” [How to consider the present issue of unemployment] *Neibu canyue* [Internal consultations], No. 447 (1999), 18, which says 60 percent of the registered unemployed were working, as “hidden employed.”

As a condition of receiving their state-dispensed subsidy, each household must supply one day of unpaid labor per week to his or her community; failure to do so jeopardizes the family's take from the program.⁶⁶ The need to be on hand for that duty in order to accept the more certain, reliable money from the *dibao* program could, obviously, interfere with accepting paid work.

Still another example of rules militating against job-holding is the prohibition in some cities (of which Wuhan is one), against performing money-earning activities on the sidewalks, a rule that keeps the streets from having an appearance of scruffiness or disorder--traits with which the petty businesses of the poor would surely mark them. The upshot is that the droves of the destitute who could have scraped out a measly income in the absence of this regulation have had to put their trade tools out of the way. As the section chief of the *dibao* office in the Gansu provincial civil affairs department explained to me, "Letting them earn money is a way of cutting down their numbers. If their skill level is low, their only means of livelihood can be the street-side stalls they set up themselves."⁶⁷

Thus, a talented but hard-up woman in Wuhan complained that the fees for advertising her artwork on the streets had escalated substantially over time, so that she was forced to abandon the effort to try to make sales.⁶⁸ A woman who cannot afford to rent a shop is able only to repair shoes for friends and relatives on the sly in an unheated shed attached to her apartment building, rather than to make her skill known on the road as she would have preferred to do.⁶⁹ Her previous workshop was demolished by the city's "urban management bureau" [the *chengguan*]-the police in charge of maintaining order in public spaces--in 2003, likely at least in part because the structure looked too dingy and unattractive, though the official explanation was that the building was unregistered. That it was, but the shoemaker did not have the funds to register it.

⁶⁶This point is made in Daniel Hammond, "Local Variation and Failure to Transfer Nationally in Urban Social Assistance Policy: The Community Public Service Agency in Dalian City," presented to the Provincial China Workshop 2008, Tianjin, October 27-30, 2008, 4.

⁶⁷Interview, September 5, 2007, Lanzhou. Lanzhou is the capital of Gansu province.

⁶⁸Interview 2, August 26, 2007.

⁶⁹Personal friend.

Yet one more instance were the pedicabs. From the late 1980s up until 2002 when a reported 40,000 of them, steered by the furloughed, graced the avenues of Wuhan, these vehicles provided a tiny source of income for those who had lost their original jobs and who were strong enough to pedal them. But their old-fashioned unsightliness, as much as their chaotic swerving about, induced city authorities to ban them that year, throwing their operators out of business for a second time. And sellers of small tools and implements who lined the streets in the early lay-off days of the late 1990s and in the first years of the 2000's were shooed into rent-charging stalls inside or--in the case of those unable to pay the charges--were made to carry their wares into their homes, where the items became available only to those already aware of their existence. All of these efforts to clear the streets occurred in and after 2002; this jibes exactly with a statement from one of Kellee Tsai's informants, who noted that around 2000 the city government of Wuhan was more active in assisting laid-off workers than it was thereafter.⁷⁰

Two further types of measures clearly yield perverse outcomes in denying funding to truly needy people. The first of them also dissuades such people from behaviors that could put them into the job market. That disincentive consists of rules that exclude engagement in a range of actions that could help the actors to better themselves. These include an August 2007 order from the city of Ji'nan mandating that anyone who had purchased a computer or who often used a cell phone could not enjoy the *dibao*.⁷¹ Beijing's regulations for assisting the poor preclude persons from getting the *dibao* who had bought cell phones or who had arranged for their children to attend schools of their own choice or private schools.

In Liaoning, using a household phone more than 15 percent more than the local *dibao* standard or even having received gifts whose value was above the poverty line

⁷⁰Kellee Tsai, *Capitalism without Democracy: The Private Sector in Contemporary China* (Ithaca: Cornell University Press, 2007), 78.

⁷¹“Jinan guiding maidiannao jingchang yongshoujizhe buneng xiangshou dibao” [Jinan regulates that those who bought a computer or often use a cell phone can't enjoy the dibao], *Zhongguowang*, October 9, 2006, china.com.cn, accessed August 17, 2007.

disqualified potential partakers.⁷² Elsewhere, some places banned people from becoming recipients if they had a family business, regardless of its profits or losses--firms losing money and incapable of supporting the family's livelihood could be known to spark quarrels between civil affairs departments and an applicant.⁷³

In Wuhan, the following circumstances could deprive the destitute of succor: having a motorized vehicle (unless it was required because of disability); having electrical fees surpassing 15 yuan per month, except in the high heat months of July, August and September; running up phone fees beyond 40 yuan per month; using a cell phone or other hand-held communication device (even if having obtained it as a gift or a loan) or going on the web on a computer.⁷⁴ Also forbidden was arranging for one's children to select their own school or to enroll in special classes for study or training; doing odd jobs for which the wages are hard to verify; or for a child in the family to be studying with a foreigner. At least some grantees took these guidelines seriously, as evinced in this quotation from a mother of a 16-year-old boy:

This year his grades could qualify him to transfer to the Number 3 Senior High School, a provincial-level keypoint institution. But I don't have the money and secondly, if it's discovered that there's a child in the family who has transferred to a keypoint high school, our *dibao* qualification would be eliminated. We can't take this risk. He really wants to study in that school, but he knows the family's conditions, so he doesn't demand it of me; I feel I have really let my son down.⁷⁵

Whereas the exclusions of households whose so-labeled "extras" leave them out, the "as if" ostracizations, while also reducing a locality's financial responsibility, treat workless people as they would treat those holding jobs. This behavior is justified thus: "since household income is very difficult to determine, hidden employment is pervasive, and hidden income and assets [are known to exist], flexible standards are adopted

⁷²“Zhongguo chengshi jumin zuidi shenghuo baozhang biaojun de xiangguan fenxi, jingji qita xiangguan lunwen” [Chinese urban residents' *dibao* norm's relevant analysis_economic and other related treatises], <http://www.ynexam.cn/html/jingjixue/jingjixiangguan/2006/1105/zhonggochengshijimin...>, accessed August 18, 2007.

⁷³“Zhongguo chengshi.”

⁷⁴Interview at Community X, August 27, 2007.

⁷⁵Interview 6, 2007.

everywhere.⁷⁶ According to this logic, families may be rejected simply because they are perceived as having the ability to work even if they have not found any waged labor, thereby considering them as having received the wages they would have earned had they been on a job. Such reckoning “regards as income” salary or benefits that properly speaking ought to have been--but were not--paid to a person, using their area’s minimum wage or unemployment insurance subsidy to assess the amount of the supposedly received income or benefit and then taking that sum to be the person’s actual income.⁷⁷ While this rule does not dissuade applicants from working, it does penalize a person living in poverty for his or her failure to find a place willing to hire him or her.

Most telling of all among my examples of an official bias against putting the poor to work was the justification of the program as a “tranquilizer” [a *dingxinwan*, literally, a “pill to stabilize the heart”] that was offered by one of its early proponents.⁷⁸ The reasoning here seems to have been that providing the indigent with a pittance would serve to push them back into their domiciles, where, in gratitude [and, perhaps as much as sedated], they would refrain from inciting disturbances against the economic reforms that had destroyed their old way of life and livelihood. At the same time, given the restrictions laid out above, the piddling funds they were granted did act to restrain them from venturing out to seek employment.

This amalgam of limitations, linked together, works to leave those seen as incompetent, unworthy, unfit, in a word, lowly, outside the pale of the laboring public. While this outcome may not always be intended, the influences from these various factors often achieve that effect.

⁷⁶“Zhongguo chengshi.”

⁷⁷“Chengshi dibao: tashang xin zhengcheng” [The urban dibao: step onto a new journey], *ZGMZ* 1 (2000), 24-5.

⁷⁸Ding Langfu, *Cong danwei fuli dao shehui baozhang--ji zhongguo chengshi jumin zuidi shenghuo baozhang zhidu de dansheng* [From unit welfare to social security--recording the emergence of Chinese urban residents’ minimum livelihood guarantee system], *ZGMZ* 11 (1999), 7.

Collateral damage

Alongside these implicit disincentives, situated squarely within the directives on the *dibao*, exist a host of regulations whose externalities, or what could also be called collateral damage, in practice act to obstruct the entry of the dismissed and the *dibao*-holders into the work force. These include the privatization of medical insurance and the termination of reimbursing the ill for their health care costs; the decentralization of finances to localities and their management; and the Cultural Revolutionary era's educational practices, whose impact on the past-40 populace has already been noted above; plus various and sundry state macroeconomic policies, including under-investment in labor-intensive industry, a bias toward lending just to the larger firms where risk is lower, and the ongoing inadequacy of the state's active labor market policies (such as sponsoring job training not calibrated to match the nature of the market).

Privatization of medical care—the end of free service for workers and half-price charges for family members with the disappearance of the *danwei* [workplace] system, the rise in costs for treatment and medicine, the creation of insurance packages that the jobless cannot possibly buy into, and the introduction of user fees—has meant that the very poor must languish in illness with no hope of recovery. Indeed, in all of my interviews where someone was in poor health the patient stayed at home, lay on a bed nearly all the time, was unable to work, and contrived to subsist, if barely, by swallowing a minimal amount of medicine, visiting a hospital only in times of dire emergency. Here are several particularly poignant examples:

First the husband speaks: “My wife [aged 44] got uremia in 2002 [urine poison illness]; she's from the countryside and has never worked, for her medical funds she's completely dependent on me. Before, when she wasn't sick, she could do household chores, now she can only lie on the bed, can't do anything. The medical fees are very high, she sometimes gets dialysis. We basically despise this illness, everyday she stays home, takes a little medicine, and in this way drags on.”

Soon the wife chimes in:

“The doctors in the hospital would let you stay in the hospital for treatment, but we haven't so much money, basically we can't afford it. Each day I can take some medicine to control the illness, and that's very good, I can't hope to cure the illness, can just live a day and write it off [*huo yitian, suan yitian*], sometimes I think if I can only lie on the bed

all day like this, unable to do anything, it's the family's burden, it's not as good as dying earlier." As she speaks, there's a tear in her eye and the daughter quietly goes away.⁷⁹

In another home, an old mother is prostrate, paralyzed on the bed, as she has been for half a year. "Now she's very old," explains her daughter-in-law, her health situation is very poor, her pension is all used up in seeing doctors and buying medicine.⁸⁰ Yet one more futile scenario features a wife, aged 47, again confined to her bed. She contracted a thyroid disease nine years before. "At first, it wasn't serious and we didn't pay much attention to it," she recounted. "Afterward, it slowly got severe, and I took a lot of hormone-type medicine. Now you can see I got fat, it's really a side-effect of the medication. Each month, must take about 100 yuan worth of it to control the illness. The doctor can examine me every month and check the condition of my relevant body signs, but a general check-up costs 300 to 400 yuan and we just can't afford it..Ordinarily I'm at home, and keep track myself, I can do what I can to control it, but I don't lightly go to the hospital."⁸¹

In one more home the wife is also laid up in bed, having claimed to be ill with erythema lupus (a connective tissue disorder); in two others it is rheumatism, while elsewhere a husband down with cancer makes do with a petty 70 yuan from his former work unit.⁸² Perhaps the most pitiful tale is one related by a young wife in tears: when she married her husband she was not aware that he was plagued by schizophrenia. Having been hospitalized four times since their 2003 wedding, he takes a medication that renders him dull and stiff, his reactions slowed down, so he is routinely cheated each time he goes out to work.⁸³ A vicious cycle spins relentlessly in such cases: poverty--with the poor nourishment, shabby living accommodations and unsanitary environs--brings on ill health; next, the inability to afford sufficient and appropriate

⁷⁹Interview 1, 2007.

⁸⁰Interview 3, 2007.

⁸¹Interview 4, 2007.

⁸²Interviews 6, 10, 23, 33, all in 2007.

⁸³Interview 50, 2007.

medical care prolongs the problems indefinitely; and next, ill health precludes participation in labor, leading onwards to deeper and incurable penury.

Decentralization of finances has left some localities (not just the inhabitants living in them) without the wherewithal to support business activity.⁸⁴ Just as fundamental as an individual's lack of start-up capital in establishing a small business is the fact that in the areas where impecunious people reside there simply is no market. As one man explained, "We tried in the past to sell breakfast in the community. We made some hot noodles, things like that. But because of the area where we live, the masses everywhere have low incomes, the level of consumption is really low, everyone just eats breakfast at home, so it basically didn't work out."⁸⁵

Another head of household, asked whether he had considered setting up a small shop, had a nearly identical reply: "Where we live it's rather out of the way, many residents are the nearby state enterprise's laid-off staff and workers. Those who found other good work have basically all moved away, so setting up a retail food and fruit stall is useless--there would be few who would buy. If they have a little money they buy some ordinary vegetables and that's it."⁸⁶ A web-based analysis frames the problem within a more analytical framework:

In poor communities the economy creates social segregation, which causes economic units' incomes to fall. This makes the units leave the area, so capital migrates away, which only deepens the poverty. Then there's no way to supply jobs, or to create tax income for the community. Purchasing power is low, and the return on investment is negligible, so outside businesses won't enter and there's no way internally to generate economic entities. Even if there are those

⁸⁴As explained in Ran Tao, Mingxin Liu and Juan Wang, "Making the Best of Transfers: Central Policies and Local Responses: Evidence from a State-Designated Poor County in Gansu," presented at the Provincial China Workshop 2008, Nankai University, Tianjin, October 27-30, 2008, 21, "upper levels of government attempt to externalize their fiscal burdens to lower levels of government. The central government initiated a series of reforms since 1994 to centralize revenue yet leaves expenditure decentralized." Also, Xinping Guan, "The Relationship between Central and Local Governments in social Policy Actions in China: From an Example of the MLS' Development," presented to Provincial China Workshop, Nankai University, Tianjin, October 27-30, 6-7 notes that, "As the result of decentralization of social expenditure, local government should take responsibility to pay for most of the social welfare projects. Because of the limitation in financial capacity, and their strong motivation in promoting local economic development, most of the local governments tended to control their social expenditure [sic.]" A study showing how this move affected health care within localities is Jane Duckett, "State self-earned income and welfare provision in China," *Provincial China*, 7, 1 (2002), 1-19.

⁸⁵Interview 4, 2007.

⁸⁶Interview 9, 2007.

with economic initiative, they'll leave, so the community will lose their role as a model.⁸⁷

In short, there are simply no spare funds in such locales, neither for forming nor for patronizing, commercial ventures.

And finally, a major issue is the nature of state macroeconomic policies.⁸⁸ Since the late 1990s, these have included priority treatment for large corporations through state investment, preferential taxation rates, and easy credit, while refraining from serious and substantial efforts to promote labor-intensive employment of the sort that could offer work to these people (the exception is infrastructural development, though it is not known how jobs on large state-funded projects are allocated⁸⁹). The problems of lack of capital for tiny firms is fully evident in Kellee Tsai's book, *Back-Alley Banking*,⁹⁰ which describes the alternate sources of credit to which small entrepreneurs are compelled to resort.

Scores of laid-off interviewees over the years have complained to me about the inappropriateness of the training available as against the nature of the labor market. In one case, in my presence, a friend suggested to a 38-year-old laid-off former thread factory employee that, "A lot of departments have organs specially to take care of middle-aged workers--train them to do household labor, beauty salon work, cooking,

⁸⁷“Zhongguo chengshi.”

⁸⁸In 1998, government advisor Hu Angang noted the process of “capital deepening” that was favoring capital-intensive industry while it was weakening the economy’s ability to absorb labor; accordingly, he proposed putting more emphasis on labor-intensive industries, including the service sectors, as well as developing new economic sectors that would enable the creation of new nonstate jobs and loans for self-employment. See Hu Angang, “Employment and Development: China’s Employment Problem and Employment Strategy,” No. 6 National Conditions Report (Beijing: National Conditions Analysis and Study Group of the Chinese Academy of Sciences, April 30, 1998), pp. 17, 19, 22, and 28. He continued to make such recommendations three or four years later, calling in particular for governmentally-created jobs, for the promotion of employment and labor-intensive industry, and for the development of informal, private sectoral and service market jobs in Hu Angang, “Cong jihua tizhi zhuanxiang shichang jizhi: dui zhongguo jiuye zhengce di pingjia (1949-2001) [The transition from the planned system to the market mechanism: an assessment of Chinese employment policy] (n.p., n.d.), pp. 14, 21-26.

⁸⁹Infrastructural investment in the three years 1998 to 2001 amounted to 3.7586 trillion yuan, with 398.5 billion yuan of it coming from the fiscal budget, according to Hu Angang, “China’s Present Economic Situation,” p. 7.

⁹⁰Kellee S. Tsai, *Back-Alley Banking: Private Entrepreneurs in China* (Ithaca: Cornell University Press, 2002).

tailoring; they teach how to drive a cab.” But speaking of her hopeless feeling in the face of her low chance to make such training work out, the dismissed woman despondently mused that,

I’d like to drive a cab, but have no money to buy the cab. Even working for someone else is also a problem--it requires giving 70 yuan even if you don’t earn any money. And you still have to pay for gas; anyway, there’s so many taxis now.⁹¹

In conversations with the *dibaohu* in the past year or two, I heard comments such as this one:

The residents’ committee organized some professional training, like computer training classes, and one on studying flower arranging, all of them were free. I really wanted to be employed, but the work still must be found by oneself, the residents’ committee can’t solve big problems, it’s still [a matter of] mainly relying on oneself.⁹²

So in these various ways choices on other issues taken by top policy elites--with regard to health care, financial decentralization, macroeconomic policy and state investments, and, in the distant past, education--skew the employment opportunities and possibilities for the poverty-stricken and the out-of-work.

CONCLUSION

From the year when China’s policymakers began to promote “reform and opening up” in 1978 up to the time of the present writing in late 2008, 30 full years have gone by. During the first half of this three-decades-long period, most of China’s populace--especially those who reside in the cities--saw clear material improvements in their standard of living. Wages climbed steadily upward; consumption choices became much more numerous; new and more spacious housing was built; more varieties of, and more nutritious, foods were available at affordable prices; advanced electronics products were suddenly within reach for the millions; automobile ownership even began to become a possibility for the upper-incomed; and for the first time since the 1950s clothing was cheap, colorful and classy.

But soon on the heels of the early 1990s workers without suitable schooling or skills, people moving into middle-age, and those in questionable health all came to be

⁹¹Interview, September 6, 1999.

⁹²Interview No. 2, 2007.

viewed as out of tune with the times, or generally as not fit either for the style or for the scientific turn or the slick business world of the moment--all of these changes parts of a set of accelerating trends that left out and behind such unfortunates. Before long these out-of-date people were pressured from their posts, millions thereby suddenly impoverished both relatively and absolutely. And there, on the outskirts of the hum of life some millions among them seem destined to remain.

This paper shines its beam on this segment of the populace, illuminating how its members' enforced worklessness has not been purely or only market-driven. Nor is their absence from the labor market a situation wholly of their own making. Instead, stuck away in the heart of what is otherwise hectic urban life these people simply endure, discouraged by writ from taking a job. Indeed, I have argued here, even as the state designs programs to plant a floor for sustenance under their feet, at the same time it trips them up as they struggle to stand up upon it.

TABLE ONE
NUMBER OF PARTICIPANTS SERVED BY THE *DIBAO*,
1999-2007

<u>Year</u>	<u># participants (unit=million)</u>
1999(late)	2.800
2000(3d qtr.)	3.237
2001 (end)	11.700
2002(July)	19.307
2002 (end)	20.647
2003 (end)	22.468
2004 (end)	22.050
2005 (end)	22.342
2006 (Oct.)	22.2937
2006 (end)	22.401
2007 (end)	22.7090

Sources: 1999, Tang Jun, “The Report,” 15-16; for 2000, *ibid.*, 18; 2001 and 2002 (July), Hong Zhaohui, “Lun shehui zuanli de ‘pinkun’--zhongguo chengshi pinkun wenti de genyuan yu zhili lujing” [Poverty of Social Rights: Dilemmas of Urban Poverty in China], *Xiandai zhongguo yanjiu* [Modern China Studies], No. 79 (4, 2002), 9-10; for 2006 (Oct.), “2006 nian 10 yuefen quanguo xian yishang dibao qingkuang” [National *dibao* situation for county and above, October 2006], <http://www.mca.gov.cn/news/content/public/20061120150856.htm>, accessed 8/17/2007; for 2007, “National urban and rural residents, the minimum livelihood guarantee system for equal coverage,” http://64.233.179.104/translate_c?hl=en&sl=zh-CN&u=http://jys.ndrc.gov.cn/xin\hic\h\af45\dbch\af13\loch\f45\si/t20080..., accessed March 18, 2008. For 2002, 2003, 2004, 2005, 2006 (end of year figures), *Zhonghua renmin gongheguo guojia tongjiju, Zhongguo tongji nianjian-2007* [Chinese people’s republic statistical bureau, Chinese statistical yearbook-2007], 899.

TABLE TWO
***Dibao*, Government Expenditures, *Dibao* as % of Government Expenditures, GDP, and *Dibao* as % of GDP, 1999-2007**

unit= billion yuan

<u>Year</u>	<u><i>Dibao</i></u>	<u>Government expenditures</u>	<u><i>Dibao</i> as % of expenditures</u>	<u>GDP</u>	<u><i>Dibao</i> as % of GDP</u>
1999	1.50	1318.767	0.113	8967.7	0.01600
2000	3.00	1588.650	0.188	99214.6	0.0300
2001	4.20	1890.258	0.220	10965.5	0.0380
2002	10.53	2205.315	0.477	12033.3	0.0875
2003	15.00	2464.995	0.608	13582.3	0.1100
2004	n.a.	2848.689	n.a.	15987.8	n.a.
2005	19.50	3393.028	0.570	18386.8	0.1060
2006	20.33	4042.273	0.503	21180.8	0.0960
2007	27.796	4956.540	0.561	24660.0	0.1127

Sources: For the *dibao*, the figures are either taken from or estimated from the following sources: Tang Jun, "Jianli zonghe de zuidi shenghuo baozhang zhidu" [Establish a comprehensive minimum livelihood guarantee system], accessed on March 18, 2008 at <http://thjp.vip.sina.com/M.htm>; Xinhuanet (Beijing), July 19, 2002); Tang Jun, "Jiasu zuidi shenghuo"; Tan Jun, "Tiaozhengzhong de chengxiang"; and from "2006 nian shi yuefen". For government expenditures (1999-2006), Zhonghua renmin gongheguo guojia tongjiju bian [Chinese people's republic national statistical bureau, ed.], *2007 Zhongguo tongji nianjian* [China Statistical Yearbook] (Beijing: Zhongguo tongji chubanshe [China Statistics Press], 279. For GDP (1999-2006), Zhonghua renmin, *op. cit.*, p. 57.

For 2007, Wen Jiabao, "Report on the Work of the Government," Delivered at the First Session of the Eleventh National People's Congress on March 5, 2008 (http://www.chinadaily.com.cn/china/2008npc/2008-03/19/content_6549177.htm, accessed May 26, 2008); and Ministry of Finance, "Report on the Implementation of the Central and Local Budgets for 2007 and on the Draft Central and Local Budgets for 2008" ([http://www.china.org.cn/government/NPC CPPCC_sessions2008/2008-03/18/content_12...accessed May 26, 2008](http://www.china.org.cn/government/NPC_CPPCC_sessions2008/2008-03/18/content_12...accessed May 26, 2008)).

TABLE THREE
INTERVIEWEES' NO. OF HOUSEHOLD MEMBERS,
STATED DIBAO AMOUNTS, STATED SOURCES AND AMOUNTS
OF OTHER INCOME, STATED TOTAL INCOME, AND
STATED PER CAPITA INCOME, by month,
Wuhan, August 2007

unit=yuan

CASE #	# HH. MEMS.	DIBAO	OTH. INC./FROM WHAT	TOT. INC.*	INC./CAP.*
1	3	200	500/n.a.	700	233
2	2	415	218/pension	633	317
3	4	460	900/pension; 200-300/odd jobs	1600	400
4	3	n.a.	n.a.	n.a.	n.a.
5	2	300+	none	300+	150+
6	1	n.a.	n.a.	n.a.	n.a.
7	3	200	odd jobs,darning clothes	n.a.	n.a.
8	4	n.a.	400+/migrant odd jobs	n.a.	n.a.
9	3	n.a.	no work	n.a.	n.a.
10	2	n.a.	no work	n.a.	n.a.
11	3	n.a.	n.a.	n.a.	n.a.
12	3	n.a.	n.a.	n.a.	n.a.

13	3	n.a.	150	n.a.	n.a.
14	1	n.a.	170	n.a.	n.a.
15	3	n.a.	210	n.a.	n.a.
16	3	n.a.	150	n.a.	n.a.
17	4	n.a.	pension/ severance pay (here an elsewhere, sev.pay is one-time)	n.a.	n.a.
18	3	100	400/severance pay; odd jobs	500	n.a.
19	3	80	severance pay; odd jobs;dept. store job	n.a.	n.a.
20	4	200+	700/pension	900+	225
21	2	200	n.a.	n.a.	n.a.
22	3	n.a.	n.a.	n.a.	n.a.
23	3	210	400/odd jobs	610	203
24	1	120	0	0	120
25	3	290	380+/nusemaid;	670+	n.a.
26	3	210	460	670	223
27	4	200	odd jobs	n.a.	n.a.
28	3	n.a.	800/odd jobs; relatives;work unit	n.a.	n.a.
29	3	300	300/work unit; brother	600	200

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30	2	460	0	460	230
31	3	420	severance pay	420	n.a.
32	3	150	small stall	n.a.	n.a.
33	3	160	500/wages	660	220
34	3	300	500/odd jobs; relatives	800	266
35	3	180	470/wages;work unit	650	217
36	2	319	120/housing subsidy	439	220
37	4	240	600/odd jobs	840	210
38	1	160	80/work unit	240	240
39	3	300	400/odd jobs	700	233
40	3	260	400/wages	660	220
41	3	n.a.	600/odd jobs; pension	n.a.	n.a.
42	4	n.a.	both adults do odd jobs	n.a.	n.a.
43	2	n.a.	n.a.	n.a.	n.a.
44	3	n.a.	sanitation work	n.a.	n.a.
45	3	n.a.	unstable construc- tion work	n.a.	n.a.
46	2	n.a.	n.a.	n.a.	n.a.

47	4	n.a.	odd jobs	n.a.	n.a.
48	4	won't say	400-500 temporary work	n.a.	n.a.
49	3	n.a.	n.a.	n.a.	n.a.
50	3	136	300/work unit	436	136
51	3	234	odd jobs	n.a.	n.a.
52	3	n.a.	stall; odd jobs	n.a.	n.a.
53	2	200	195/work unit	395	197.5

***The information is not available for one of three reasons, and since I participated in only 7 of the interviews (because it seemed that the subjects were more apt to voice complaints when I was not present), I am unable to state which of these is correct: 1) the interviewer did not record the reply; 2) the interviewer failed to ask for the information; or 3) the subject refused to provide it.**