

**SOCIAL ASSISTANCE UNDER CAPITALIST, AUTHORITARIAN RULE:  
TWO MANAGEMENT MODELS IN CHINESE MUNICIPALITIES**

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Recent literature in comparative social policy overwhelmingly targets macro-level differences among states—both in specifying causative factors and in portraying the varieties of welfare systems that eventuate from these factors. Unlike those efforts, the present study instead draws on a set of micro Chinese city-level data, and it identifies explanatory factors behind the varying choices taken by municipal- and lower-level officials in their distribution of a minimum livelihood scheme. I begin with an overview of the relevant scholarship, in which I point out its insufficiencies for explaining my case, and, in general, for addressing variable sub-national decisionmaking on welfare disbursement within one country.

A major category in this literature concerns the impacts of such broad *political* variables as regime type and the institutions that accompany the various types.[1] Relatedly, regime change, especially democratic transitions, has been shown to have been accompanied by leaders' new responsiveness to constituents' appeals. [2] Democracies have long been the regime form that researchers pinpoint in their studies of welfare, and a set of assumptions has tended to go along with that line of investigation. For instance, levels of spending are associated with particular parties in power, with party competition, and with popular demands, as expressed in social movements, interest groups' pressures,

and elections.[3] Analysts of democracies' provision of welfare also assume that policy is a function of the machinations of political coalitions, or of the preferences of a "pivotal group." [4]

Thus, scholars looking at social protection in democracies have understood the assistance that politicians in this regime type provide as being driven by political figures' supposed all-embracing concern with the *electoral imperative* and the incentives surrounding it. Examining welfare--like studying all other policies in democracies—has for most such researchers meant attempting to understand how political candidates maneuver to win votes. Accordingly, these scholars examine office-seekers' need to forge coalitions through appealing to particular social sectors; they also investigate the policy platforms that parties of different casts present to guide voters' choices; and they have dissected the ways in which leaders and prospective leaders court affected collectivities while building cross-class alliances and making deals with vigorous labor movements and other relevant interest groups.[5]

But since China is not a democracy, and is a place where elections are either empty charades or are nonexistent, such behavior on the part of politicians is absent. Politics such as the Chinese one that allow neither competing parties nor organized labor have largely been left out of the comparative social protection literature, while groups that might serve as the object of welfare programs are considered as research subjects only if their members congregate into organized collectivities capable of pressuring their

governors via the ballot. These factors make a framework based on group demands and politicians' electoral strategies quite irrelevant.

Students of authoritarian regimes, however, have not so far adequately addressed the lacunae. Instead, they have tended to posit overly stylized models to get at the behavior of leaders in these polities,[6] such as a dictator's urge to remain in power,[7] obscuring comprehension of the fine-tuning that actually goes on in real countries. One avenue of inquiry postulates broad motives allegedly entertained by the rulers in authoritarian regimes (and in most developing countries). Commonly cited purposes are those linked to the "productivist" proclivity, or using welfare to prod economic growth; promoting the rulers' legitimacy; pacifying labor and ensuring political stability; and sponsoring human capital development, a goal best achieved through financing education and health care, components of social policy that generally receive more funding than other dimensions do.[8] While these factors certainly govern policy decisions, they remain vague and general when attempting to understand differentiation in allocations and implementation *within* an authoritarian state.

A second thrust in the social policy literature looks into the impact that more *economically*-driven variables have on welfare systems and schemes. Critical in these accounts is the influence of developmental level/stage/pattern on how welfare systems are conceived and designed.[9] Globalization as a force affecting welfare provision is yet one more factor sometimes considered, as in its call for a technically-trained workforce.[10]

And there is also the set of distinctions uncovered by Esping-Andersen's "three worlds of welfare capitalism," a typology that has been applied by many scholars, especially those who investigate the societies of Western Europe, but which does not specifically interrogate the ways in which the institution of capitalism itself might make for variation within one state.[11]

Yet another, related macro approach is to study geographically positioned clumps of states, in order to tease out regional versions of welfare provision, such as by delineating an East Asian welfare model or a style of welfare policy found in the countries of Southern Europe, Latin America, or post-communist Eastern Europe.[12] All of these studies, however, where the unit of analysis is either the individual country or a group of geopolitically similar states, offer no guidance in examining within-state contrasts.

As against these more large-scale, macrocosmic paradigms of analysis, there is work that has noted that diversity in forms of welfare can emerge as a result of *social structural* factors, especially the *demographic profile* of a society or persistent *inequalities* within it[13]; others focus their interest on policy elites' selection of particular programs in response to features of the *labor markets* found in their societies, or, alternatively, discuss how dissimilar programs affect labor markets.[14] This type of work is valuable for pointing in the direction of explanations for more localized disparities.

Of further assistance are fine-tuned treatments in which attention is given not to grand, macro-level, societal-wide schemes of "social welfare" or "social policy" writ large

but to distinctions among schemes and regulations that are devised for specific policy areas or fields.[15] Moreover, there are analysts whose interest is more in the *distributional outcomes* of welfare than in the nature of the myriad frameworks, policy designs and programs that structure the overall plans and schemes in the first place.[16]

Another form of study that is useful for my purposes considers societies where policies of *political and administrative decentralization* have turned the writing of welfare programs over to lower levels of government. Work on this feature of welfare speaks of a “developmental divide” among regions within states when responsibilities are placed in the hands of sub-national politicians, and of either causal or resultant territorial inequity; the dynamics of center-periphery relations can also play into the discrepancies among areas when the central government sheds its management role in this realm.[17]

As readers will see in the analysis that follows, the assignment of authority to municipalities to set their own poverty lines and to allocate set amounts of cash to particular target groups has made for significant differences among cities in their administration of China’s program of social assistance. Variation in the apportionment of allowances to disparate groups that shows up in my data is indeed related to demographic and social structural features of cities—of different *categories* of cities, to be exact--that inhere in, as well as reflecting, inequalities of various kinds among cities. Such factors also have a bearing on variable incentives and opportunities for labor market participation and on overall distributional outcomes.

## THE CASE, AND A DIFFERENT APPROACH

### The case

Recent statistics from China's Ministry of Finance indicate that the poorest 10 percent of China's urban population possesses a mere 1.4 percent of the wealth in the cities of the country, while richest 10 percent controls 45 percent. Relatedly, in a short two and a half decades, China's urban Gini coefficient rose from 0.16 in the 1980s to 0.473 in 2007.[18] Notably, it was China's authoritarian rulers themselves, even while deeply concerned about potential social unrest, who were the authors of the policies that set this process of impoverishment into motion.

This inequality, and what was an attendant and sudden emergence of poverty in the municipalities after 1998[19]—where there had been very little of either one before--were spawned chiefly by a simultaneous officially-mandated restructuring of state-owned enterprises. The new indigence was one immediate outcome of that drive, as the country's leaders positioned their nation to catch up with, or in their words, "get on the track with," the developed world. [20] Thus, China's quest for modernity and industrial competitiveness—a late stage of its post-1980 market reforms--was at the root of the disappearance of tens of millions of jobs [21]; a large percent of those who once held them were rapidly thrown into destitution as a result.[22] Clearly, such state-engineered retrenchment could be the product only of an authoritarian state.

In order to address the fallout of its own policies, starting in the mid-1990s and culminating in a national regulation mandating a locally administered, nationwide social assistance program in 1999, the leadership gradually set into place a welfare scheme aimed at compensating the newly unemployed, along with other desperate urbanites who were being pushed into dire poverty. This whole subgroup of the urban populace comprises individuals the great majority of whom who are unskilled, chronically ill or disabled.[23] The program in question, the Minimum Livelihood Guarantee (in Chinese, the *zuidi shenghuo baozhang*), colloquially termed the *dibao*, is administered at the municipal level, while the amount of largesse it offers and the threshold income level designating whom is eligible for a stipend are also delimited by individual city authorities.[24]

The program belongs to the category of social assistance, a form of social protection in which a benefit is bestowed that is typically means-tested, meager, stigmatizing, and offered as a last resort.[25] It supplies the poor with cash transfers and does not entail contributions, as its beneficiaries--who generally have no work nor any employer prepared to take responsibility for their fate--are totally unequipped to pay into it.[26]

### A different approach

As opposed to the welfare state models and modes of analysis alluded to above, two older pieces of work on welfare and poor relief-- Frances Fox Piven & Richard Cloward's book, *Regulating the Poor* and Claus Offe's paper, "Advanced

Capitalism and the Welfare State”[27]--pinpoint not the *political system* nor the *developmental stage* or *level*, but instead an *economic system*, capitalism, especially *incipient capitalism* as the causal factor underlying the welfare relation between rulers and the specific portion of the populace made needy precisely by the forces of the market at work in capitalist contexts.

These analysts thus move away from the world of electoral politics, political coalitions and voters’ demands, from dictators’ urges to survive, and from levels of state wealth or state capacity. Piven & Cloward, targeting the social requisites for successful capitalist development, especially at the early stages of installing the system, instead identify the two pivotal functions of poor relief in capitalist states as *maintaining civic order* and *regulating labor*. [28]

Both the Piven & Cloward study and the Offe article see the recipients of welfare as people judged to be no longer of use to a labor market that has undergone a major conversion, those individuals, that is, who became obsolete, even wholly worthless, when alterations in the nature of the demand for labor made their skills suddenly inadequate for a new phase of economic growth. The Piven & Cloward book goes on to link rises in the call for welfare especially to times of foundational, historic dislocations in the economy, for instance in the “catastrophic changes” that appear in eras of rapid modernization such as China has been experiencing for 30 years. [29] Citing the early socialists Sidney and Beatrice Webb, they take note of the remarkable conjunction

between the initial appearance of systems of public provision for the destitute and the earliest advent of free wage labor in the late 16th century.[30]

What makes this work relevant to this project is that it traces the birth of welfare programs back to *pre*-democratic, but early capitalist, times, that is, long before an electoral calculus was the prod for rulers' allocations to the poor, and so jibes well with a study of assistance in a marketizing authoritarian regime. Reviewing the circumstances under which the Holy Roman Emperor Charles the V, the British King Henry VIII, and the churchmen, notables, and merchants who held sway in the town of Lyons, all during the 16th century, devised arrangements for the poverty-stricken, the authors find that each of them was responding to unsettling periods of occupational upheaval when society was disturbed by the people thrown aside. In every case, they argue, the intention behind hand-outs was to calm the populace, clear out beggary from the public thoroughfares, and supervise the activities of the recipients (all in the interest of *preserving order*).[31]

This Chinese scheme, like the ones Piven & Cloward chronicle, manifests at least in some cities a determination to limit the actions of the poor and often to sidetrack people living in penury away from the mainstream of urban citizenry and its economic activity (i.e., to *regulate the labor market* by keeping it free of undesirables). In China these denigrating inclinations seem strongest in places where capitalism and cosmopolitan pretensions are most prominent, i.e., in the richer, more outwardly involved cities. This disparity suggests a basis for an observed bifurcation of behaviors

among urban officialdom in this policy arena.

Offe designates welfare a “safety valve,” geared toward guarding against “potential social problems,”[32] or, less euphemistically, social disorder. His analysis also points to what he terms the “benign neglect” that informs official welfare spending on the segments of the population whose appeals do not seem particularly worrisome to policy makers.[33] The perspectives of all of these writers suggest that *capitalism* (an economic, but regime-type-neutral, factor)--with its unpredictable and potentially merciless markets in labor, and its prod to compete—is a core mechanism driving state beneficence.

I would argue, too, that this is especially so in economically ambitious, capitalist authoritarian states, where votes mean little to nothing, but where both popular passivity in the face of poor treatment and productivity from the capable can mean a lot. Substituting this *economic factor* for the logic either of *democratic elections* or of *dictators’ survival instincts* in interpreting the incentives behind politicians’ payouts—at least in places where elections are missing or irrelevant--echoes an older pattern of poverty relief, one that could well remain germane in market-oriented authoritarian states today.

This fundamental insight—pairing social assistance with capitalist pretensions and practices--is especially useful in characterizing the behavior of leaders in a place, like China, where not only are there no meaningful elections, but also where capitalism’s markets (and the economic growth they promote) have in recent decades become newly central to the calculations of leaders at all levels. Four features growing out of this line of

reasoning—the use of relief subsidies to *regulate the labor market*; the concern with *maintaining order*, or, in the terms used by the Chinese political elite, guaranteeing “social stability” and “harmony”; the targeting of *anachronistic workers* as the appropriate recipients—in part to exclude them from formal work; and the *token expenditures*[34]-cum-“*benign neglect*” that mark such programs—will all be pertinent to the following analysis. Some of these features are most strongly exemplified in the places most influenced by the dynamics of capitalism, I suggest.

In contrast to the usual approach in studies of social policy, I consider official programmatic choices at the urban, not the national level. This is especially important in China, for many—but not necessarily all--municipal leaders work under the stresses brought on by economic liberalization and modernization, by the pressures of international integration and competition, and in the wake of the vagaries that attend efforts to attract foreign investment. And sub-national disparity in policy implementation has been prominent in China in recent years, where market opening has gone hand-in-glove with decentralization, such that implementation and funding are left to the leaders at lower administrative tiers, while localities have disparate resource bases and revenue streams. There is also a blatant disparity between places blessed by higher revenues during the era of market reforms and those that remain relatively impoverished.

This paper will propose that, in accord with a logic of capitalist development, systematic variation marks the ways in which locally-situated leaders dole out a pot of

state charity in China. In larger terms, it aims to demonstrate how an authoritarian polity manages the well-being of the poor, as well as to look at dissimilar rationales that influence the distributional decisions of lower-level (in this case, municipal) administrators in differently endowed Chinese cities.

In examining cities' management of this program, I have uncovered two separate modes of welfare implementation that vary in the way in which urban officials have been handling the new subgroup of the urban poor. It appears that the fiscal capacity of a given city—as indicated by its average wage<sup>[35]</sup>--differentiates cities with respect to the management strategy they adopt in their approach to their poorest. Specifically, the variation appears in the way a city allocates its *dibao* funds to 10 sub-categories among these people. In brief, wealthier municipalities appear to prefer to push off the streets, out of the labor market and out of sight those viewed as unsuited to a modern city. To the contrary, poorer places seem to permit such people to work outside, in the hope that they will thus be better able to support themselves, thereby saving the city money. The rationale a city adopts appears to correlate with the percentage that each of the different sub-categories among the poor respectively represents among a city's total *dibao* recipients.

A World Bank study has demonstrated that the coverage of the program is far from ideal: the researchers discovered that only just over a quarter of the eligible persons received the subsidy nationwide in 2003-2004, while leakage was such that about 40

percent of the actual recipients were in fact ineligible. [36] These findings suggest that criteria other than those laid down in the program's regulations may be determining who really gets the money in different cities. The authors of the study also learned that there was "considerable variation across municipalities in targeting performance." [37] Such disparity is not surprising since, as noted, it is city administrators who make the whole range of decisions on the scope of allocation, the level of welfare to be dispensed, the degree of expenditure and the qualifications for participation. [38] As two researchers, working with data from 2002, note, "Evidently much besides per capita income...determines participation in the *dibao* program" [39]; they go on to remark that, "The manner of implementation must have a big influence on participation [in the *dibao* program] in ways difficult to quantify." [40]

Besides these pieces of evidence, there are often critical remarks in the Chinese press about "local policies" toward the implementation of the *dibao*, indicating that cities may tend to author regulations or adapt styles of implementation that are at odds with the intention of the central policy. [41] These bits of insight suggest that factors other than the official regulations and the exact income of recipient households must be at play in designating recipients. [42] But the impact of this discretion upon the types of poor people who are actually assisted and the proportions of each of these types among beneficiaries in different cities has not yet been explored.

In the remainder of this piece, I first quickly sketch the program in question--its

objectives, character and design, highlighting the elements it shares with the analyses of Piven/Cloward and Offe as noted above. I then provide some background on China's recent political economy that can help to account for the variation cities display in their respective approaches to implementing the *dibao*, and give some evidence that different styles have in fact been embraced in executing this policy by one well-to-do and one poorer city. Conclusions complete the paper.

## **THE MINIMUM LIVELIHOOD GUARANTEE PROGRAM**

### Objectives and character of the scheme

The Chinese regime's gradual switch after 1980 to market incentives and competition-based compensation—a shift that went on for nearly two decades before affecting large numbers among the labor force—amounted to a foundational change from the planned economy that had structured the management of the Chinese economy for most of the years since the mid-1950s. The decisive push occurred when state- and collectively-owned enterprises were enjoined by the central government to cut back drastically on their workforces in, and especially after, the mid-1990s, as the state pushed forward with a project of reshaping the face of its active labor to accompany a thrust toward capitalism.

At the same time, with the total overhaul of the socialist economy and its institutions, traditional welfare entitlements were removed, as multitudes of the

work units that had dispensed these benefits for decades either collapsed or were bought out, whether by foreign firms or by “private” Chinese insiders. In either case the enterprises were relieved of their old social security responsibilities, leaving a great deal of labor—especially older and less skilled workers who could be considered *anachronistic* (particularly in places most poised for global competition)--at a total loss.[43] Thus, in authoritarian China, the coming of capitalism by the 1990s entailed a state-induced streamlining of the industrial economy in favor of the professionally fit.

As protests by dismissed workers mounted,[44] the Chinese leadership agonized over the implications that the current and potential *disorder* could have for the state’s hallowed objectives of “social stability,” inter-group “harmony” and a successful project of state enterprise reform-cum-economic modernization. In 1999, after a half dozen years of grass-roots experimentation with locally-designed efforts at social assistance, and in the realization that earlier efforts to compensate laid-off workers had failed,[45] the central leadership inaugurated the Minimum Livelihood Guarantee scheme on a mandatory, nationwide basis, to replace the old urban work-unit-grounded, relatively universal security entitlements granted by the state firms in the municipalities of the socialist era.

The political elite’s purpose in instituting this program was, as its members explicitly stated, to handle the people most severely affected by economic

restructuring, in the hope of thereby placating them and rendering them quiescent. In other words, a central objective in installing the *dibao* was to ensure the leadership's weighty objective of *maintaining* the *order* its members deemed essential for seeing the enterprise reform process safely through. At the same time, getting rid of obsolescent and money-losing factories, and firing all or most of the employees in them, was aimed at *regulating the labor market*, bringing us back precisely to the Piven-Cloward-Offe perspective.

Soon following then-Premier Zhu Rongji's late 1999 signature of the order authorizing the project, a member of the Ministry of Civil Affairs (the bureaucracy in charge of administering the scheme) cited one of its goals as being expressly to "guarantee that the economic system reform, especially the state enterprises' reform, could *progress without incident* [*shunli jinbu*]" [italics mine],[46] echoing the concerns with *maintaining order* and *labor management* noted above. Once the program was underway, the Ministry enjoined the localities to "spend a little money [read *use token expenditures*] to buy stability." [47] Thus, the paired objectives of facilitating the firms' reform and, to guarantee this, minimal welfare security for the poor, lay at the core of the program's official justification, precisely as Piven & Cloward and Offe presumed such programs would be.

Furthermore, by forcing the beneficiaries to pass tests to demonstrate their eligibility, and also compelling them to exhibit what the regime conceives as

appropriate behavior-- just as similar social assistance does elsewhere and ever has--this new social program spelt an introduction of “conditionality” into what in China’s pre-market municipal society had been a pervasive right of “social citizenship.”[48] Like the social assistance (or “poor relief”) plans described by Piven & Cloward and Offe, the charge of the *dibao* was to provide (if scantily) for urban residents whose household income failed to reach a locally-determined minimal threshold. The method was to supplement that income, but only to the extent necessary to bring the family’s monthly wherewithal up to a trifling sum, the level that local officials deemed requisite for basic survival in their own city. And in a number of cities, measures dictate that *dibao* households not arrange a good education for their children, own no electronic products, use only a miniscule portion of electricity, fail to eat much at all, earn no money nor bear “excess” (meaning more than one) offspring.

Contrary to Offe’s reference to “benign neglect,” the trajectory of the project appeared superficially to be one of progressive generosity after starting out quite stingily. In the first ten months of 1999, just 1.5 billion yuan was extended to the target population (a total then of a mere 2.8 million individuals). But, it would seem, either in anticipation of the upcoming fiftieth anniversary of the birth of the People’s Republic (when the sidewalks were cleared of casual labor in many cities, so as not to sully the celebratory spectacle), or else with an awareness of the likely

impending entry of China into the World Trade Organization (WTO), with the shock it was expected to deliver to urban employment[49]--the Ministry of Finance allocated an extra 400 million yuan in supplementary funds to the program during the second half of that year. These funds made it possible to hand the recipients a raise of 30 percent in their allotments, 80 percent of it coming from the central government.[50]

By the third quarter of 2000, the numbers enrolled in the program had increased to 3.237 million.[51] For the next year or two thereafter, the plan's expansion ran precisely in parallel with the intensification of China's market reform (or, one might say, its decisive swerve toward capitalism) and globalization, and, accordingly, with the mounting numbers of moneyless unemployed. In the year 2000, the central government radically increased its contribution to the total program from under 30 percent the year before up to just over 68 percent (with the remainder born by the localities), a higher percentage than ever before or after.[52] Thus it is possible to read the scheme's escalation in funding and scope as markers of decisionmakers' awareness of a need to be mindful of the mishaps attending the new *labor market*, and nervous over the *disorder* that their moves to modernize were apparently driving.

The final major upgrade of the program came in mid-2002, just six months after China had finally joined the WTO, at the end of a 20-year period of

preparatory moves and anticipatory adjustments to its old planned economy—changes that eliminated that former economy’s guaranteed urban jobs and welfare hand-outs. The number of participants placed under the program was rapidly jacked up to 19.3 million at that point, nearly doubling the beneficiaries in less than a year (See Table One). But this turned out to be a figure that has been increased only a little since then (up to about 23.3 million as of mid-2009). And despite the huge increase in recipients in 2002, the people served still accounted for just about four percent of the urban, nonagricultural population.[53]

Yet the truly indigent urban population very likely represented a far larger proportion of the city populace around that time: a 2001 report by the Party’s Organization Department disclosed that an investigation 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 these people amounted to 40 to 50 million,[54] or perhaps as high as 11 percent of the urban population as of that time.[55] In addition, collaborative work by researchers from the World Bank and the Chinese National Bureau of Statistics, using data from a national urban household study conducted in 2003-04, found that as much as 7.7 percent of the urban Chinese population that had been entered into its data base had a net income below the *dibao* line in the cities in which they resided, and

thus surely ought to have been (but almost half of whom were not) served by the program.[56]

In line with the program's steady (and sometimes sudden) growth in recipients, the expansion over time of state expenditures for the project also ran precisely in parallel with the intensification of China's intensification of its marketization, or, one might say, its steady conformity with capitalistic conventions and with standard practices current in the world market. Whereas government expenditures for the *dibao* had climbed only to three billion yuan nationwide by the end of 2000, they had shot up to 38.5 billion by 2008 (See Table Two).

Still, despite steady increases in the total funding granted to the program, its overall *expenditures* were kept at a *token* level relative to other official outlays, ranging from 0.113 percent of total government expenditures in 1999 up to 0.688 percent at the peak, in 2003, and down to 0.615 percent in 2008 (and even lower in the years between 2003 and 2008). As for the money used for the *dibao* as a percent of GDP, this ranged from .016 percent in 1999 up to just 0.1439 percent in 2009.

By way of comparison, a set of emerging economies in Latin America spent from 0.5 to one percent of GDP on targeted antipoverty programs. In post-socialist countries in Eastern Europe, there was also relative generosity for

the victims of reform, as, for instance in Romania, where a minimum-income scheme cost nearly .5 percent of GDP.[57] And, as government expenditures overall grew at a rate of 25.7 percent from 2007 to 2008,[58] the proportion that went to the *dibao* rose by just 9.6 percent in the same period, data that conforms with the Offe prediction of *benign neglect*.

It is also notable that while the average local *dibao* norm or standard (or, alternately, the poverty line) nationwide represented 20.5 percent of the average local annual wage for staff and workers across a set of provincial capitals and other super-large cities in 1998, nine years later, in 2007, the norm had dropped by 50 percent, down to just 10.3 percent of the mean wage. Besides, in these same cities, the *dibao* norm accounted for 28.2 percent of average disposable income in mid-2002, but by the end of 2007 it had fallen by about one third, to only 19.6 percent of average disposable income (See Tables Three, Four and Five).

Taken together, these various sorts of data demonstrate that the miserly portion allotted to the poor across the nation provides yet more evidence for Claus Offe's notion of "*benign neglect*." It would appear likely that funds have been kept at a nearly negligible level up to the present as a result of what has been largely inconsequential disturbances perpetrated by the *dibao* recipients across the country in the years since the project's inception.

### The design of the program: setting the urban poverty line

There is no national urban poverty line in China, but what is called the *dibao* norm or standard (*biaozhun*), which varies across cities and which is a municipally-designated version of this line, is grounded in a combination of considerations: the *dibao* is meant to subsidize households whose average per capita *income* falls below the amount necessary for purchasing *basic necessities* (food, clothing, and housing) at the prices prevailing in a given place.

According to an article in the civil affairs journal, *Zhongguo Minzheng* (Chinese Civil Affairs), the scientific determination of the norm” was mainly to depend on four factors: “residents’ basic livelihood needs; a place’s price level; the degree of development of the social productive forces in the region; and a given locality’s financial ability to contribute to the program.” This approach of letting localities peg their own lines was justified on the grounds that the average per capita income varies regionally; another consideration, initially, was that it was the city that was to amass a large portion of the funds for the outlay.[59]

Central-level leaders’ resolve to place local authorities in charge of determining their own poverty lines – and of paying for the program--was in accord with the overall state policy of decentralizing financial decisionmaking that characterized the entire move to market reform from its earliest days in 1980. Along with that devolution of funding responsibility, as the state economic

planning system gave way to market forces, local governments were required to take on the welfare costs for which state-owned firms in their city had formerly paid on behalf of their own employees.[60]

Another aspect of designating the local *dibao* line was that it was to be fixed below the minimum wage in each city and also lower than the amount dispensed in unemployment insurance benefits, supposedly in order to encourage employment. In truth, however, in many cities a recipient's acquisition of even a tiny increment in income through occasional labor can result in a drastic reduction in his/her household's *dibao* disbursement, so that a negative incentive is provided against working. This is an issue on which cities' practices diverge, in line with the wealth of the city, as I discuss below.

## **SOURCES OF LOCAL VARIATION PERTINENT TO MANAGING THE**

### ***DIBAO***

Piven & Cloward and Offe believed they were positing a generally applicable set of principles that govern poor relief in capitalist countries (or in countries where capitalism has made inroads) –that is, to help fulfil an officially-enunciated focus on *the preservation of order*; to support the scheme with only *token expenditures*; to regulate the *labor market*, such that it is cleared of

*obsolescent*, undesirable workers; and to handle beneficiaries with *benign neglect*.

A twist here is that my research has revealed that several of the elements of social assistance they identify characterize the goals and operation of the *dibao* program in only some of the cities of China, that is, only in the more prosperous cities that have aspirations to appeal to global investors and tourists. Based on an extrapolation from my scrutiny of two dissimilar municipalities and from a quantitative study of over 60 cities, it seems that the ways in which various local administrators allocate their *dibao* funds differs among cities: While officials in every city hope to spend frugally on this program, local officials in richer cities are more prone to *reject anachronistic workers*, to care more about *regulating the labor market*, and to insist more on the *order* signaled to visitors *by clear, clean streets* than those in less well-off places. I judge that this has to do with differing incentive structures in the two types of cities, with the wealthier places influenced by their hopes to attract outsiders who have money.

A number of factors have led to variation among cities in respect to their financial capacity. The most critical element was the state's early, post-1979 economic favoritism toward the eastern, coastal area that accompanied the onset of market reforms and that continued for well over a decade. With its easy accessibility, history of foreign trade, and connections with Overseas Chinese, the southeastern region appeared an ideal area for kick-starting economic openness and liberalization. Thus, four cities on the coast, where

there was a long history of foreign trade, were granted the right to set up “special economic zones” in 1980.

The zones acquired authorization to offer tax exemptions to and waive import duties for foreign investors, among other privileges, giving these places a crucial head start in installing the technological, communications, and transport infrastructure requisite to further takeoff. As these rights were extended up the seaboard, by 1984, 14 major cities along the ocean—all in the east--were permitted to join the original zones in offering all manner of preferential treatment to investors from abroad, and therefore developed much faster than the rest of the country.

Before long, incoming capital underwrote further upgrading and generalized modernization up the coast, setting off a virtuous cycle of attracting to the east of the country more and more money from the outside. By the late 1980s if not before, China was plainly a geographically unequal nation, with both the central inland and the western parts of the country left further and further behind.[61] But finally in 1992, the right to enact these privileges was extended inland, to port cities along the Yangzi River, of which Wuhan is a principal one. Still, cities in the far west and the overwhelming bulk of central China were excluded, and, accordingly, lacked interest in the eyes of foreign investors.

The two policy thrusts combined—fiscal decentralization and favoring the east--meant that only well-heeled places possessed the wherewithal to provide *dibao* benefits entirely from their own revenues.[62] In the poorer locales, despite their having

more impoverished households, municipalities were nonetheless still charged with themselves paying social welfare costs. But it was soon apparent that they were incapable of doing so.[63] In light of these inequities, in a move to subsidize the geographically disadvantaged, remote and impoverished Northwest in the year 2000,[64] the central government boosted the welfare budgets of that region's strapped provinces, especially by taking over significant portions of the *dibao* commitment in poorer cities there and elsewhere, a move it had made to some degree from the start of the program.[65]

As an example of the disparities associated with this subsidization, as of 2007, the center was donating 65 percent of the *dibao* funds dispensed in Lanzhou, a left-behind locality in the dusty and barren west of the country. Another 15 per cent of this city's assistance disbursement came from Gansu province of which Lanzhou is the capital city, leaving just 20 percent for the city to pay out itself.[66] Meanwhile, richer Wuhan, the thriving capital of Hubei province in central China, was itself underwriting close to 60 percent of its *dibao* funds, with the central government putting in only about 40 percent.[67] By summer 2010, the central government was financing nearly the entire *dibao* bill in prefectural-level cities in central China, which are smaller and poorer than either of these cities.[68]

What emerged is a context in which the decentralization of finance, along with the co-existence within the country of both prosperous and indigent regions, has made possible a very wide range of choice within which the *dibao* scheme is executed locally.

And regulations allowing municipalities to designate their own poverty lines, plus subsidization of poorer locales, work to enable diversity in the implementation of this assistance effort.

### **DISPARITIES AMONG CITIES, RICH AND POOR**

Current contrasts embedded in official policy and corresponding behavior in wealthier, aspiring cities, on the one side, and their resource-constrained colleagues, on the other, hark back to the early decades of the twentieth century. For instance, Zvia Lipkin's study of Nanjing in the Nationalist decade, 1927-37, when it stood as the national capital, emphasizes the city's efforts to create "modern" citizens, a process that entailed simultaneously discarding such undesirable, "useless," or deviant people as rickshaw-pullers, beggars, and the poor by banning them from the wide avenues meant to be peopled only by educated and financially stable citizens.[69] Commenting upon the capital's obsession with its "looks," Lipkin goes so far as to judge that "offensive people were allowed to exist as long as they remained invisible." [70] Janet Chen's picture of poverty in this period is similarly one in which the better-off denigrated and disparaged the indigent, and impoverishment was seen as "threaten[ing] to undermine..aspirations for progress." [71]

Around the same time, however, according to Di Wang's account of the inland city of Chengdu, a decidedly non-cosmopolitan place in those days, the streets were far

more hospitable to the outcast. For instance, there are these lines:

For men and women of the lower classes alike, the street was the primary place for work and leisure, because it was more accessible than any other public arena..People who had poor living conditions and few facilities for recreation also tried to find cheap amusement in public places..On the streets, whether grand roads or narrow lanes, they felt much less social discrimination.[72]

Visits to two very different cities brought to my attention the variability resulting from different financial endowments and choices today. One of them, relatively well-off Wuhan, aims at being modern; the other, Lanzhou, is far less geared up to appearing up-to-date. Their respective statistical data convey the story crisply: As of 2007, Wuhan registered an urban population of 5.29 million, and a GDP of 270.9 billion yuan (in Chinese dollars or about 4.1 billion US dollars). *Dibao* recipients constituted 4.6 percent of the city population, and expenditures on the *dibao* amounted to 338.1 million yuan, 1.25 percent of government expenditures (27.15 billion yuan).

In Lanzhou that year, the city population amounted to 2,080,344, or a bit below 40 percent of Wuhan's. The *dibao* population, of 111,758, however, accounted for a slightly higher portion, or 5.37 percent of the total residents there, while the city's GDP of 63.43 billion yuan, was less than a quarter of Wuhan's. In Lanzhou, though, where the central government subsidized the *dibao* expenditures, these expenses amounted to 147.7 million yuan out of total government expenditures of 6.82 billion yuan, or only a slightly larger percentage than Wuhan's, at 2.16 percent. In the same year, while the average monthly

wage per month in Wuhan the figure was 2,239 yuan, in Lanzhou, it was just 1,768 yuan.

It was quickly apparent from fieldwork (entailing observation of activities (or lack thereof) on their city streets, interviews with officials in both places, and 80 conversations with recipient households in, plus official documents from, Wuhan during three successive summers (from 2007-2009) that the two adopt very different tactics in managing the poor people in their respective populations. In fact, the dissimilar approaches of the two cities have been evident from the inception of the *dibao* program. Thus, a field survey conducted in 1998 and 1999 revealed that at that point Lanzhou's leaders were executing a mobilizational strategy toward the indigent, with officials there "emphasiz[ing] arousing the *dibao* targets' activism for production, encouraging and organizing them to develop self-reliance." [73]

Nine years later, in 2007, that city remained lenient toward its poverty-stricken, allowing them to engage in sidewalk (what in China is termed "flexible") business [74]—the manner of handling of which is determined by each city on its own. All kinds of curbside business went on unobstructed, including stalls for fixing footwear as well as small bunches of young men hawking political picture posters. [75] That this was a matter of city policy was confirmed in a late summer 2007 interview with the section chief of the Gansu provincial *dibao* office under the civil affairs bureau, who admitted that,

"If the *chengguan* (the police in charge of maintaining order in public spaces in cities) is too strict, the *dibaohu* (*dibao* targets or *dibao* households) cannot earn money. And 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.”[76]

His words reveal not just a relaxed position, but also the budgetary shortages that were disposing urban authorities in Lanzhou to seek out ways of saving their funds.

In Wuhan that summer, by contrast, informal business on the streets required costly permits and hefty fees; otherwise, it was illegal. There, beautiful, unencumbered thoroughfares were valued to match the towering, modernistic skyscrapers continuously under construction on all sides of the streets. A decade ago, in 2001, when the city was newly stretching toward the future, a laid-off cadre from a local factory who was much in tune with the official Party line of the time pronounced in a private conversation:

We’re 50 years behind the US, but it won’t take 50 years to catch up...Wuhan is a thoroughfare for nine provinces, has lots of communications with the outside, the city government has no choice. The city spent money on infrastructure (a pedestrian mall, a fancy, lit-up Bund along the Yangzi, plus ring roads around the city center).

We don’t have money to spend on laid-off workers, we’ve spent it on infrastructure. Society has to go forward, we need money to build a civilized environment, sanitation to develop a good environment, clean up the shopping area, basic construction facilities necessary to build a better livelihood for people in the future. All cities have pedestrian malls or are building them, it will give Wuhan more competitive ability, for business and tourism. People will come here. We’ve also built a beach along Yanjiang Road and it did attract tourists here during the National Day vacation.[77]

Further evidence of this proclivity were the actions of the politician Yu

Zhengsheng, appointed as Party Secretary of Hubei province at the end of 2001, who advocated developing Wuhan first by encouraging much building of infrastructure there. “I guess he wanted to make the city look better, so doing small business on the streets was not something he wanted to see. Later [no doubt as a reward], he was promoted to Party Secretary of Shanghai, in 2007,” a major promotion, related a Chinese scholar.[78]

During Yu’s reign, a talented but hard-up woman in Wuhan complained to me that the fees for exhibiting her artwork on the streets had escalated substantially over time, eventually forcing her to abandon any effort to try to make sales.[79] In the same vein, a recent foreign investigator in the city commented that, “Wuhan is working hard to catch up with the infrastructure and living standards of wealthier coastal cities. In 2000 there were 350,000 vehicles on Wuhan’s roads; this year [2009] that number will approach one million.”[80]

The viewpoint in Wuhan, it would appear, jibes with what has been labeled the “spatial imaginary of modernity.”[81] This is a vision that has informed many Chinese officials’ aspirations for *au courant* city landscapes and for governing a class of people they judge appropriate to such locales. Combined with a pervasive fixation on the “quality” (what the Chinese call the *sushi*) of the populace, the modernization of the nation is often taken as dependent upon the fostering of “superior” individuals, with economic development seen as being contingent upon the caliber of the workforce.[82]

Where this bias exists, it works to marginalize and exclude those *anachronistic* individuals whose abilities and qualifications prevent them from performing the complex tasks called for in a state-of-the-art economy.[83]

Striving for an elitist citizenry also accompanies a drive to upgrade city centers into modern central business districts in the wealthier municipalities, which, as expressed by an economic journalist in 2009, “often requires kicking the original residents into the suburbs.”[84] The writer might well have added that in the well-off, upwardly mobile cities, this urge for a high-class urbanism entails as well clearing the sidewalks of what is perceived as the riff-raff.

For instance, one researcher, having investigated the treatment of the poor in several cities, discovered that, “Public opinion in the capital as well as in Shanghai” dictates that authorities there “would prefer to avoid conflict with the impoverished sectors of the population, owing to their [cities’] international image and interest in further foreign investments”.[85] In Chongqing, like Wuhan, ambitious for splendor,[86] this scholar recounts, many *dibao* recipients “blamed the rigid regulations of the city authorities, which placed strict limits on self-employed labor as merchants or tradespersons.” “An ex-convict in Chongqing complained,” the author related, in making his point, “I’d like to open a stand, but it’s not allowed.”[87]

## A QUANTITATIVE EXERCISE

These suggestive comments in interviews, history and others' work are backed up in quantitative analysis of the *dibao*'s administration in China's urban areas.[88] The analysis indicates that in better-off Wuhan—and in other cities where the average wage is high--where foreign investment is courted and foreigners are often present, there are rules that do not exist in poorer Lanzhou and other cities like it. These rules--against allowing informal workers to labor on the sidewalks without purchasing expensive permits and paying excessive fees, and requiring the deduction of cash from their *dibao* allotment if they earn any income—militate against letting casual laborers earn money outside and are enforced in Wuhan but not in Lanzhou.

A unique dataset puts numbers on these observations. These data concern the urban registered population who live in the city district of each of the 660-plus cities at the prefectural level and above in China. They come from the Ministry of Civil Affairs and reveal the numbers who are in each of the subgroups of recipients among the *dibaohu* on a monthly basis. Thus, the data for the end of June 2009 disclose the distribution of *dibao* funds among ten population groups (such as the aged, women, the registered unemployed, those doing informal labor, the disabled, and so forth) for each of China's cities. The number of recipients in each such category and the total number of recipients in each city are given, allowing researchers to uncover patterns in the way that cities at

different levels of prosperity and openness handle welfare beneficiaries.

The data reveal that in Wuhan, people doing “flexible labor” amount to just 8.7 percent of the whole *dibao* population, but as much as 19.7 percent in Lanzhou. These figures would appear to imply that the authorities in the former city are loath to encourage or to subsidize those engaged in outdoor informal work, and therefore provide disincentives to doing it (i.e., fees plus deductions from one’s *dibao* allowance). At the same time, those in the latter place take the opposite stance, one can imagine, in the hope of reducing the city’s budgetary responsibilities. In support of this inference, people at work in flexible jobs account for just 1.7 percent of Shanghai’s total *dibao* recipients, but for 33 percent of them in a poverty-stricken western prefectural town.

And the registered unemployed, who, presumably, are people dismissed from their former work units for lack of appropriate skills and know-how—and, consequently, far less likely to fit into the more modernizing formal economy in Wuhan than they can in the more backward Lanzhou—account for as much as 40.5 percent of the *dibao* targets in the former city, but for just 17.9 percent in the latter, where, perhaps, they can find jobs more readily (and therefore stand less in need of assistance). These data hold for a subset of 63 super-large, large and prefectural-level cities. On this basis it can be reasoned, Lanzhou officials allow the poor to help themselves, while Wuhan authorities would prefer to distribute alms instead of supporting informal work, in the interest of keeping both their cityscape and their economy up to par. Using the data from my 63 cities, one

finds that the registered unemployed amount to 19 percent of the *dibao* recipients nationally, but to as much as 40 percent in cities such as Wuhan.

## CONCLUSIONS

I argue that in one major authoritarian polity, namely, the People's Republic of China, where profits, modernization, and globalization have become significant to leaders at all levels, there appears to be a logic undergirding welfare allocation that has nothing to do with the calculus that spurs its delivery in democracies, and yet that is more complicated than stylized models of dictatorship presume. The paper also seems to demonstrate that, where lower echelons of governmental administration have authority to make up rules about the rationing of social assistance, urban finances appear to have an impact upon (or least to correlate with) administrators' allocational decisions. This influence would be exerted both directly (as in the case of poor places), by enticing officials to attempt to save on funds; it also seems to operate indirectly (in wealthier municipalities), by disposing richer cities' authorities to design their urban areas as showcases, in the hope of attracting outside tourism and investment.

This general logic would explain why, in well-off cities, people known by local welfare administrators to be engaged in “flexible labor” represent a lower percentage of total *dibao* recipients than they do in poorer cities. Preferring clearer sidewalks, welfare distributors in such cities charge fees for sidewalk capitalists and deduct *dibao* funds from impoverished people who insist on trying to make their own money, in the interest of keeping such people out of the public eye and safely at home. To the contrary, those who, as a group, are registered as unemployed account for a larger proportion of the recipients in wealthier municipalities than they do in poorer cities. The explanation I offer here is that officials in the richer cities are more likely to want those they view as unsightly or as incompetent workers to stay out of view and away from the regular labor market.

I suggest that these ideas are in accord with the preference of urban administrators in the wealthier locales for achieving a modern appearance in their cities and for fostering technological sophistication in their economies. For in the views of the administrators of such cities, to become effectively modern and sufficiently attractive to foreign investors and tourists, the city must keep disciplined, out of the work force, and even out of sight those who with the economic reforms were made into *anachronistic workers*, the new underdogs to which marketization has given birth. These people, thus, are encouraged to stay at home by being offered the *dibao*. And by doing so, they are expected to be

pacified, thereby contributing to an *orderly* metropolis.

In poorer places, on the other hand, where funds for the *dibao* are scarcer and where pretensions to grandeur weaker or nonexistent, both these categories of individuals are treated in the opposite way from how they are handled in well-off sites. Less worried about appearances and order, leaders in such localities let flexible workers labor out on the streets without their *dibao* allocation being diminished, because their fending for themselves saves funds for the city budget. Thus, a relatively higher percentage of informal workers, as compared with in the wealthier cities, can get the *dibao* in such places, because officials there prefer to conserve their city's *dibao* funds and do not object to the sight of people earning money informally on the city's roads.

The registered unemployed, on the other hand, my comparison connotes, may represent a lower proportion of the *dibao* beneficiaries in less well-off municipalities than they do in the wealthier locales. This could be the case because the labor markets in such places, less advanced and less technologically driven, and also less foreign-invested, are more likely to have spots for them, even as local officials are less inclined than are the ones in rich cities to keep these people at home and out of work. In poorer places, thus, because of the nature of demand in their labor markets, such people may seem less *anachronistic*. The upshot is that laid-off workers are considered suitable for regular re-employment and so are less apt to be given the *dibao* in cities that are more strapped

for funds.

In sum and in broader terms, this research implies that the usual formulations about welfare—that when politicians propose social policy outlays they are responding to powerful interest groups, as welfare benefits are seen to affect the political elites' own potential to collect votes, or that dictators give out funds to preserve their rule—are only two possible kinds of political rationale among others. In an authoritarian regime undergoing capitalist-style development, modernization and globalization, I argue, the logic of governance and social policy is likely to be driven by quite a different line of reasoning in accord with the principles put forth by Piven & Cloward and offe. Close observation of the behavior of localities in one such state which has decentralized its welfare responsibilities has deciphered more finely-tuned motives behind patterns of disbursement.

**TABLE ONE**



GOVERNMENT EXPENDITURES, DIBAO AS % OF GOVERNMENT EXPENDITURES, GDP, AND DIBAO AS %% OF GDP, 1999-2008

Unit: 1 billion yuan

YEAR	DIBAO	GOVT. EXPENDITURES	DIBAO AS % OF EXPDTRS.	GDP	DIBAO AS % OF GDP
1999	1.5	1318.767	0.113	8967.7	0.016
2000	3	1688.65	0.188	99214.6	0.03
2001	4.2	1890.258	0.22	10965.5	0.038
2002	10.53	2205.315	0.477	12033.3	0.0875
2003	15	2464.995	0.688	13582.3	0.11
2004	N.A.	2848.689	N.A.	15987.8	N.A.
2005	19.5	3393.028	0.57	18385.8	0.106
2006	20.33	4042.273	0.503	21180.8	0.096
2007	27.796	4856.54	0.561	24660	0.1127
2008	38.524	6259.266	0.615	30067	0.1281

**Sources:** For the *dibao*, the figures are either taken from or estimated from the following sources: Tang Jun, "Jianli zonghe de zuidi shenghuo baozhangzhidu" [Establish a comprehensive minimum livelihood guarantee system], accessed on March 18, 2008 at <http://thjw.vip.sina.com/M.htm>; Xinhuanet (Beijing), July 19, 2002; Tang Jun, "Jiasu zuidi shenghuo"; Tang Jun, "Tiaozhengzhong de chengdang"; and from "2006 nian shi yuefen".

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TABLE THREE

DIBAO NORM AND LOCAL ANNUAL AVERAGE WAGE, 1998, 19 CITIES

CITY	DIBAO NORM (YUAN/MON.)	NORM x 12(A)	AVG. WAGE (B) (YUAN/YR.)	A/B (A as % of B)
BEIJING	200	2,400	12,285	19.54%
TIANJIN	185	2,220	9,946	22.32%
SHENYANG	150	1,800	7,811	23.04%
DALIAN	165	1,980	9,275	21.35%
CHANGCHUN	130	1,560	7,869	19.82%
HARBIN	140	1,680	6,603	25.44%
JINAN	140	1,680	8,326	20.18%
QINGDAO	160	1,920	8,125	23.63%
SHANGHAI	205	2,460	12,059	20.40%
HANGZHOU	165	1,980	10,194	19.42%
NANJING	140	1,680	10,661	15.76%
WUHAN	120	1,440	8,255	17.44%
CHONGQING	130	1,560	5,710	27.32%
CHENGDU	120	1,440	8,248	17.46%
XPAN	105	1,260	6,922	18.20%
LANZHOU	100	1,200	7,736	15.51%
FUZHOU	170	2,040	8,772	23.26%
SHENZHEN	245	2,940	18,381	15.99%
XIAMEN	250	3,000	12,799	23.44%

TABLE FOUR

**DIBAO NORM AS A PERCENT OF DISPOSABLE INCOME, 21 CITIES, JULY 2002**

unit = yuan/month

<u>City Name</u>	<u>July 2002</u>		<u>A/E</u>
	<u>Dibao Norm (A)</u>	<u>Avg. Disp. Inc. (B)</u>	
Beijing	290	1038.67	27.92%
Tianjin	241	778.17	30.97%
Shenyang	205	587.50	34.89%
Dalian	221	683.33	32.34%
Changchun	169	575.00	29.39%
Harbin	200	583.67	34.27%
Taiyuan	156	614.67	25.38%
Jinan	208	748.42	27.79%
Qingdao	205 *	726.75	28.21%
Shanghai	280	1104.17	25.36%
Hangzhou	285 *	981.5	29.04%
Nanjing	220	763.08	28.83%
Wuhan	210	651.67	32.23%
Changsha	190 *	751.75	25.27%
Chongqing	185	603.17	30.67%
Chengdu	178	747.67	23.81%
Xi'an	156	598.67	26.06%
Lanzhou	172	n.a	n.a
Shenzhen	317 *	2078.42	15.25%
Xiamen	290 *	980.67	29.57%
Guangzhou	300	1115.00	26.91%

**TABLE FIVE**  
**DIBAO NORM AS PERCENT OF LOCAL ANNUAL AVERAGE**  
**WAGE,**  
**AND OF AVERAGE DISPOSABLE INCOME, 36 CITIES, 2007**

Cities	Dibao norm (12/07)	Dibao Norm Annual	Avg. Annual Wage of Staff and Workers(yuan)	Dibao Norm/Avrg Wage (2007)	Per Capita Disposable Income Monthly (12/06)	Dibao norm/ Disposable Income	Per Capita Living Expenditure Monthly (12/06)	Dibao norm/ Living Expenditure
Beijing	327.78	3,933.36	46,507.00	8.458%	1,633.21	20.070%	1,187.94	27.592%
Changchun	224.85	2,698.20	24,189.04	11.155%	1,016.08	22.129%	690.21	32.577%
Changsha	197.78	2,373.36	27,966.74	8.486%	1,148.94	17.214%	986.79	20.043%
Chengdu	214.05	2,568.60	26,606.68	9.654%	1,294.91	16.530%	1,259.78	16.991%
Chongqing	178.33	2,139.96	23,098.00	9.265%	991.29	17.990%	837.98	21.281%
Dalian	259.09	3,109.08	28,270.50	10.998%	1,133.10	22.866%	946.52	27.373%
Fuzhou	201.15	2,413.80	23,950.48	10.078%	1,059.44	18.986%	942.80	21.335%
Guangzhou	321.33	3,855.96	40,561.01	9.507%	1,591.08	20.196%	1,215.10	26.445%

Guiyang	188	2,25 6.00	22,578. 72	9.992%	968.63	19.409 %	679.58	27.664%	
Haikou	293	3,51 6.00	25,722. 53	13.669%	871.09	33.636 %	648.52	45.180%	
Hangzhou	287. 38	3,44 8.56	36,496. 85	9.449%	1,464.9 3	19.617 %	1,264.17	22.733%	
Harbin	232. 72	2,79 2.64	22,104. 03	12.634%	942.51	24.692 %	727.37	31.995%	
Hefei	234	2,80 8.00	25,873. 70	10.853%	950.10	24.629 %	686.90	34.066%	
Huhehaote	189. 11	2,26 9.32	26,734. 88	8.488%	1,279.7 5	14.777 %	772.72	24.473%	
Jinan	249. 09	2,98 9.08	26,653. 92	11.214%	1,356.7 5	18.359 %	1,071.40	23.249%	
Kunming	201	2,41 2.00	22,432. 15	10.752%	868.89	23.133 %	663.13	30.311%	
Lanzhou	210. 5	2,52 6.00	21,018. 89	12.018%	931.81	22.590 %	759.11	27.730%	
Lasa	230	2,76 0.00			974.18	23.610 %	789.20	29.143%	
Nanchang	196. 67	2,36 0.04	23,886. 55	9.880%	1,321.0 7	14.887 %	665.35	29.559%	
Nanjing	280. 71	3,36 8.52	35,907. 20	9.381%	1,394.0 2	20.137 %	920.57	30.493%	
Nanning	190	2,28 0.00	24,790. 83	9.197%	807.09	23.541 %	660.21	28.779%	
Ningbo	288. 18	3,45 8.16	32,924. 48	10.503%	1,543.1 9	18.674 %	1,271.42	22.666%	
Qingdao	258. 33	3,09 9.96	27,084. 24	11.446%	1,378.5 3	18.740 %	1,020.66	25.310%	
Shanghai	350	4,20 0.00	49,310. 00	8.518%	1,686.0 9	20.758 %	1,505.27	23.252%	
Shenyang	244. 69	2,93 6.28	27,372. 49	10.727%	1,048.7 3	23.332 %	812.07	30.132%	

Shenzhen	361	4,33 2.00	38,797. 36	11.166%	2,496.4 9	14.460 %	1,859.38	19.415%	
Shijiazhuang	173. 13	2,07 7.56	19,991. 83	10.392%	1,010.0 0	17.142 %	722.91	23.949%	
Taiyuan	215. 8	2,58 9.60	24,687. 99	10.489%	1,159.9 2	18.605 %	789.48	27.334%	
Tianjin	330	3,96 0.00	34,938. 00	11.334%	1,889.7 6	17.463 %	939.80	35.114%	
Wuhan	219. 38	2,63 2.56	25,135. 54	10.473%	972.20	22.565 %	853.14	25.714%	
Wulumuqi	.	.	29,110. 18		954.29		642.41		
Xi'an	187. 69	2,25 2.28	25,013. 80	9.004%	833.61	22.515 %	716.32	26.202%	
Xiamen	278. 33	3,33 9.96	28,959. 18	11.533%	1,394.3 1	19.962 %	998.74	27.868%	
Xining	178	2,13 6.00	23,333. 32	9.154%	1,302.5 2	13.666 %	578.29	30.780%	
Yinchuan	200	2,40 0.00	28,604. 22	8.390%	799.31	25.022 %	675.75	29.597%	
Zhengzhou	233. 57	2,80 2.84	22,156. 23	12.650%	954.16	24.479 %	750.34	31.129%	

## NOTES

[1] Until quite recently study of welfare in the democratic regimes of Western Europe was the main content of such studies; more lately, authors such as Jennifer Gandhi have examined the connection between authoritarian regimes and policy output (Jennifer Gandhi, *Political Institutions under Dictatorship* (New York: Cambridge University Press, 2008). Isabela Mares and Matthew E. Carnes, "Social Policy in Developing Countries," *Annual Review of Political Science* 12 (2009), 96 claim that the binary emphasis on democracies versus authoritarian states misses variation within these two modal types.

[2] Francis G. Castles, "Welfare state development in Southern Europe," *West European Politics* 18, 2 (1995), 291-313 discusses democratic transition's impact on welfare; Ito Peng and Joseph Wong, "Institutions and Institutional Purpose: Continuity and Change in East Asian Social Policy," *Politics & Society* 36, 1 (2008), 61-88 find that this transition leads to new demands and new forms of welfare allocation. Ho Keun Song, "The Birth of a Welfare State in Korea: The

Unfinished Symphony of Democratization and Globalization,” *Journal of East Asian Studies* 3:3 (2003), 406 explains that democratization opened up political channels through which those in search of welfare could make their voices heard.

[3] James M. Snyder, Jr. and Irene Yackovlev, “Political and Economic Determinants of Changes in Government Spending on Social Protection Programs.” Ms. Massachusetts Institute of Technology, April 2000.

[4] Mares and Carnes, *op. cit.*, 108; Peng and Wong, *op. cit.*, 68, 70, 84.

[5] Examples of such work are Geoffrey Garrett and Peter Lange, “Political responses to interdependence: what’s ‘left’ for the left?” *International Organization* 45, 4:539-64, 1991; Evelyne Huber and John D. Stephens, *Development and Crisis of the Welfare State: Parties and Policies in Global Markets* (Chicago: University of Chicago Press, 2001), and Paul Pierson, *Dismantling the Welfare State: Reagan, Thatcher, and the Politics of Retrenchment* (NY: Cambridge University Press, 1994).

[6] Gandhi, for instance, makes assumptions about such regimes—such as that dictators are concerned only to thwart challenges and solicit cooperation (*op. cit.*, xvii), that they prefer investments in private goods that benefit themselves and that their programs are prepared in the face of a unified potential opposition clamoring for public goods instead (Gandhi, *op. cit.* 110, 115). Snyder and Yackovlev, *op. cit.* 11 surmise that such regimes design social expenditure budgets with an upper-class bias and that, on 14 they have no incentives to extend welfare spending.

[7] Gandhi, *op. cit.*, 111.

[8] Christian Aspalter, “The East Asian welfare model,” *International Journal of Social Welfare* 15 (2006), 291; Louis Moreno, “The Spanish development of Southern European welfare,” in Stein Kuhnle, *Survival of the European Welfare State* (London: Routledge, 2000), 156; Peng and Wong, *op. cit.*, 69.

[9] One instance is Mares and Carnes, *op. cit.*; Peng and Wong, *op. cit.* proposes that the institutional purposes of social policy are altered to suit the socio-economic objectives that marked three separate “eras” of social policy reform, those of the developmental state era, those of the democratic reform era, and those of the post-industrial era; Martin Rhodes, “Southern European Welfare States: Identity, Problems and Prospects for Reform,” *South European Society and Politics* 1,2 (1996), 1, 7. Page 7 also alludes to the influence of developmental factors, such as the form of industrial development and the pattern of socio-political development.

[10] Peng and Wong, *op. cit.*

[11] Gosta Esping-Andersen, *Three Worlds of Welfare Capitalism* (Princeton, NJ: Princeton University Press, 1990). The three worlds are the liberal world, the corporatist-conservative one, and the universal social democratic one, each representing a different model type, in terms of the way state, market and family are combined.

[12] Recent examples are Aspaltar, *op. cit.*; Peng and Wong, *op. cit.* Another new thrust is to take Southern Europe as a case, as in Castles, *op. cit.* and Rhodes, *op. cit.*. For Latin America, see Alex Segura-Ubiergo, *The Political Economy of the Welfare State in Latin America: Globalization,*

*Democracy, and Development* (New York: Cambridge University Press, 2007). For Eastern Europe, there is Stephan Haggard and Robert R. Kaufman, *Development, Democracy, and Welfare States: Latin America, East Asia, and Eastern Europe* (Princeton: Princeton University Press, 2008) and the work of Mitchell Orenstein.

[13] For instance, Castles, *op. cit.* studies the interaction of democratic transition with demographic influences; Gandhi, *op. cit.*, 133 surmises that the demographic profile of a population can be used to estimate the potential demand for particular services; Peng and Wong, *op. cit.*, 61 argue that policy responds to demographic shifts. Rhodes, *op. cit.*, 5, 8, and 20 finds that class structure and internal inequalities shape the character of Southern European welfare states.

[14] Mares and Carnes, *op. cit.*, 94 raise the issue of labor market outcomes of social policies, while Peng and Wong, *op. cit.*, 61 speak of reforms “to meet the imperatives of flexible labor markets.”

[15] Mares and Carnes, *op. cit.*, 93; Snyder and Yackovlev, *op. cit.* come to this conclusion on pp. 35 and 36, and suggest that research in the future ought to “disaggregate the broad category of ‘social spending.’”

[16] Mares and Carnes, *op. cit.*, 94 worry that lack of attention to implementation and design of social policies obstructs learning about their distributional impact.

[17] Luis Ayala, “Social Needs, Inequality and the Welfare State in Spain: Trends and Prospects,” *Journal of European Social Policy* 4 (1993), 159-79; Moreno, *op. cit.*, 156; Rhodes, *op. cit.*, 8, 20.

[18] Minne Chan, “Widening income gap spurs call for tax reform, pay rises: Richest 10pc control 45pc of the wealth, academic says,” *South China Morning Post*, December 12, 2009, 7.

[19] As Jinjun Xue and Wei Zhong remark, “Urban poverty has become a crucial issue in China,” in Jinjun Xue and Wei Zhong, “Unemployment, poverty and income disparity in urban China,” in Li Shi and Hiroshi Sato, eds., *Unemployment, Inequality and Poverty in Urban China* (London and New York: Routledge, 2006), 43; Arthar Hussain calls “the appearance of urban poverty” “a major social issue” in Arthar Hussain, “Social Security in transition,” in Vivienne Shue and Christine Wong, eds., *Paying for Progress in China: Public finance, human welfare and changing patterns of inequality* (London and NY: Routledge, 2007), 96. Yaping Wang, in *Urban Poverty, Housing and Social Change in China* (London and New York: Routledge, 2004), 54 states that the term “urban poor” was not in use in official documents until recent years.

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[21] For instance, Wulong Fu and Ningying Huang, “New urban poverty in China; Economic restructuring and transformation of welfare provision,” *Asia Pacific Viewpoint*, 48, 2 (2007), 168, 175-76 note that industrial sectors that are not competitive internationally were compelled to downsize, resulting in high numbers of layoffs. Wang, *op. cit.*, 158 states that, “International competition led to the closure or restructuring of state-sector industries which brought about large-scale unemployment in cities.” Also see Dorothy J. Solinger, *States’ Gains, Labor’s Losses: China, France and Mexico Choose Global Liaisons, 1980-2000* (Ithaca: Cornell University Press, 2009).

[22] Poverty Reduction and Economic Management Department, East Asia and Pacific Region, World Bank, "From poor areas to poor people: China's evolving poverty reduction agenda: an assessment of poverty and inequality in China" (Washington, D.C.: The World Bank, 2009), states variously, on 36 and 39 that employment fell by 73 million in state-owned enterprises and urban collectives and that "at least 37 million workers were laid off by 2004," respectively.

For a superb explanation of the linkages between the program of state firm restructuring and this poverty program, see Daniel Robert Hammond, "Explaining Policy Making in the People's Republic of China: The Case of the Urban Resident Minimum Livelihood Guarantee System, 1992-2003" (Glasgow: University of Glasgow Department of Politics, unpub. Ph.D. dissertation, 2010), 146-169.

[23] As Yaping Wang has described the situation, "Educational background, social connectins and other personal capital became more important factors for competition under the market system" (in *op. cit.*, 72, 79). See also Meiyang Wang, "Emerging Urban Poverty and Effects of the *Dibao* Program on Alleviating Poverty in China," *China & World Economy*, 15, No. 2 (2007), 79, 80. According to an investigation reported in "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] (hereafter abbreviated as "Zhongguo chengshi"), accessed on August 18, 2007 at <http://www.ynexam.cn/html/jingjixue/jingjixiangguan/2006/1105/zhonggochengshijimin...>, among adult targets, those with primary education and below represented 24.1 percent and another 46.5 percent had been just 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. 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 or a serious illness.

[24] Dorothy J. Solinger, "The Urban *Dibao*: Guarantee for Minimum Livelihood or for Minimal Turmoil?" in Fulong Wu and Chris Webster, "Marginalization in Urban China: Comparative Perspectives" (Basingbroke, Hampshire: Palgrave Macmillan, 2010), 253-77.

[25] Hussain, *op. cit.*, 109; and Michelle Dion, "Globalization, Democracy, and Mexican Welfare, 1988-2006," *Comparative Politics* 42, 1 (October 2009), 78, n. 1.

[26] Esping-Andersen, *op. cit.*, 22. Social assistance, in the form of poor relief, is the chief focus in the classic volume on welfare in the U.S. and its history in Western Europe, Frances Fox Piven & Richard A. Cloward, *Regulating the Poor: The Functions of Public Welfare* (NY: Vintage Books, 1993) (updated ed.), 409. Social assistance is also analyzed in a recent article by Michelle Dion, "Globalization, Democracy, and Mexican Welfare, 1988-2006," *Comparative Politics* 42, 1 (October 2009): 63-82.

[27] Piven & Cloward, *op. cit.*, and Claus Offe, "Advanced Capitalism and the Welfare State," *Politics and Society* 2 (Summer) 1972, 479-88.

[28] Piven & Cloward, *op. cit.*, 3, 408.

[29] Piven & Cloward, 5-7.

[30] *Ibid.*, 15-17.

[31] *Ibid.*, 5-16.

[32] Offe, *op. cit.*, 479, 485.

[33] *Ibid.*, 485.

[34] Fulong Wu, "Debates and Developments: The State and Marginality: Reflections on *Urban Outcasts from China's urban transition*, *International Journal of Urban and Regional Research* 33, 2 (2009), 4, speaks of "deliberate under-investment [in dilapidated neighborhoods] in order for the state to divert capital for new industrial development." Joe Leung, "The Development of Social Assistance in Urban China: The Residualisation of Social Welfare," paper presented at Provincial China Workshop 2008, Nankai University, Tianjin (PRC), October 27-30, 2008," 11, mentions the impact on assistance of not just a city's financial capacity but also its developmental priorities.

[35] Average wage is a reasonable proxy for the wealth of a given city. Even though it may not be a perfect measure of a city's wealth or resources, a city housing firms that can afford to pay higher wages must also be a place with higher tax income and thus more revenue.

[36] Chen Shaohua, Martin Ravallion and Youjuan Wang, "Di bao: A Guaranteed minimum Income in China's Cities?" World Bank Policy Research Working Paper 3805, January 2006, 18. A number of other studies came up with similar results, such as M. Wang, *op. cit.*, 85-86; Shenjing He, Yuting Liu, Fulong Wu, and Chris Webster, "Poverty incidence and concentration in different social groups in urban China, a case study of Nanjing," *Cities*, 25 (2008): 121-32; John G. Taylor, "Poverty and vulnerability," in Shahid Yusuf and Tony Saich, *China Urbanizes* (Washington, D.C.: The World Bank, 2008), 95 states that a 2004 NBS survey demonstrated that while 18.5 million urban residents got *dibao* payments, 27.8 million were eligible; Qin Gao, Irwin Garfinkel, and Fuhua Zhai, "Anti-Poverty Effectiveness of the Minimum Living Standard Assistance Policy in Urban China," *The Review of income and wealth*, Series 55, Special Issue I, July 2009, 630-55 found that "families eligible for it make up 2.3 percent of the urban population, but only about half are actual beneficiaries, using 2004 data. Joe C.B. Leung, "The emergence of social assistance in China," *International Journal of Social Welfare* 15 (2006), 193 states that the program "caters to only about 27 percent of the poverty-stricken population." See also Philip O'Keefe, "Social Assistance in China: An Evolving System," paper for ANU conference, August 27, 2004 (Draft); Martin Ravallion, "Decentralizing Eligibility for a Federal Antipoverty Program: A Case Study for China," *The World Bank Economic Review*, 23, 1, 1-30; *idem.*, "How Relevant is Targeting to the Success of an Antipoverty Program?" *World Bank Economic Review*, 23, 1 (2009), 1-30; and POVERTY REDUCTION, *op. cit.*, 149-51.

[37] Chen, Ravallion and Wang, *op. cit.*, 22; also 26.

[38] This is made clear in the national 1999 regulations and is noted in Gao, Garfinkel and Zhai, *op. cit.*, 13 and Guan Xinping, "The Relationship between Central and Local Governments in

Social Policy Actions in China: From An Example of the MLS Development,” paper prepared for Provincial China Workshop 2008, Nankai University, Tianjin (PRC), October 27-30, 2008, 8; O’Keefe, *op. cit.*, 4.

[39] Qin Gao and Carl Riskin, “Generosity and participation: Variations in Urban China’s Minimum Livelihood Guarantee policy, in D. Kennedy, D. and Joseph E. Stiglitz, eds., *Law and Economics with Chinese Characteristics* (New York: Oxford University Press (forthcoming), 10.

[40] *Ibid.*, 21.

[41] Zhang Shifei and Tang Jun, “Chengxiang zuidi shenghuo baozhang zhidu jiben xingcheng” [Urban and rural minimum livelihood guarantee system has basically taken form], in Ru Xin, Lu Xueyi, Li Peilin, zhubian [chief editors], 2008 nian: Zhongguo shehui xingshi fenxi yu yuce [2008: Analysis and forecast of China’s social situation] (Beijing: Social Sciences Academic Press, 2008), 62; Hong Dayong, “Recent Developments in the Minimum Living Standard Assistance Policy for Urban Residents,” in *Poverty and the Minimum Living Standard Assistance Policy in Urban China* (Beijing: Social Policy Research Center, Chinese Academy of Social Sciences, 2005), Chapter 3, pp. 4, 12, 13 (accessed [in Chinese] at

[http://www.chinasocialpolicy.org/PaperShow.asp?Paper\\_ID=38](http://www.chinasocialpolicy.org/PaperShow.asp?Paper_ID=38)); and Guan, *op.cit.*, 11.

[42] As Leung, “The Development,” 12 points out, personal ties with the community personnel who allocate the *dibao* surely can play a role at times. See also Thomas Heberer, “Relegitimation Through New Patterns of social Security: Neighbourhood Communities as Legitimizing Institutions,” *The China Review* 9, 2 (Fall 2009), 113. But there is no way to research or quantify this.

[43] As for the *anachronistic* character of the dismissed laborers, see n. 23 above. Many sources blame the forced restructuring of the urban industrial enterprises for the new urban poverty, including “Zhongguo chengshi jumin,” *op. cit.*; Ya Ping Wang, *Urban Poverty, Housing and Social Change in China* (London and New York: Routledge, 2004), 71-97; Meiyang Wang, “Emerging Urban Poverty and Effects of the *Dibao* Program on Alleviating Poverty in China,” *China & World Economy*, 15, No. 2 (2007), 79; Li Shi, “Rising poverty and its causes in urban China,” in Li and Sato, *op. cit.*, 128; Liu Yuting, Shenjing He and Fulong Wu, “Urban Pauperization Under China’s Social Exclusion: A Case Study of Nanjing,” *Journal of Urban Affairs* 30, 1 (2008), 25; Taylor, *op. cit.*, 93; and Shenjing He, Fulong Wu, Chris Webster and Yuting Liu, “Poverty Concentration and Determinants in China’s Urban Low-income Neighbourhoods and Social Groups,” *International Journal of Urban and Regional Research*, No. 34, 2 (2010), 28, pre-publication ms. copy.

[44] On protests by laid-off workers, see William J. Hurst, *The Chinese Worker After Socialism* (NY: Cambridge University Press, 2009).

[45] Hammond, *op. cit.*, Chapter Five. See also Carl Riskin, “Has China reached the top of the Kuznets Curve?” in Shue and Wong, *op. cit.*, 42.

[46] Wang Zhikun, “Chengshi jumin zuidi shenghuo baozhang: Buru fazhigua guanli guidao” [Urban residents’ minimum livelihood guarantee: Step into the orbit of legalized management], *Zhongguo minzheng* [Chinese Civil Affairs] (hereafter *ZGMZ*) 11 (1999), 18.

[47] Jianli zuidi shenghuo baozhang zhidu de jige wenti” [Several issues in establishing the

minimum livelihood guarantee system], *ZGMZ* 9 (1996), 14.

[48] On this concept of “social citizenship” and its link to rights, as opposed to means testing, see Tony Judt, “The Wrecking Ball of Innovation,” Review of Robert B. Reich, *Supercapitalism: The Transformation of Business, Democracy and Everyday Life* (NY: Knopf, 2007), *The New York Review of Books*, December 6, 2007, 24 and *idem.*, “What Is Living and What Is Dead in Social Democracy?” *The New York Review of Books*, December 17, 2009, 86-96.

[49] That fall, the United States signed its bilateral agreement with China, a necessary and significant prelude to China’s entry. In the intervening two years before the formal entry took place, Chinese labor economists braced for the worst. See, for instance, Mo Rong, “Jiaru WTO yu woguo di jiuye” (Entering the WTO and employment in our country), *Laodong baozhang tongxun* [Labor and social security bulletin], No. 4 (2000), 18-21.

[50] Mao Jiansheng, “Liguo limin de ningjuli gongcheng--Fan Baojun fubuzhang jiu chengshi jumin zuidi shenghuo baozhang zhidu jianshe hui benkan jizhe wen” [A cohesive project benefiting the nation and the people--Vice Minister Fan Baojun answers this journal’s reporter’s questions about the construction of the minimum livelihood guarantee system], *ZGMZ*, March 1997, 4-6; Ding 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; “Chengshi dibao: ta shang xin zhengcheng” [The urban dibao: step onto a new journey], *ZGMZ* 1 (2000), 22-27; and 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, 17. *Idem.*, Tang Jun, “The New Situation of Poverty and Antipoverty,” report published as a chapter of 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] states that the central government granted an additional 400 million yuan during the months July to December 1999.

[51] Tang Jun, “The Report,” 18.

[52] Subsequent amounts paid by the center ranged from 41 to 61 percent between 2002 and 2006. See Tang Jun, UN Children’s Fund Commissioned Project Report, Chapter One, “Chinese urban and rural poverty situation and poverty reduction results,” 16. No date. The percentages were 28.57 percent in 1999 and 68.18 percent in 2000. The percentages were 28.57 percent in 1999 and 68.18 percent in 2000.

[53] The urban-registered population in 2002 is given as 502.12 million in the online 2003 Chinese Statistical Yearbook.

[54] Zhonggong zhongyang zuzhibu ketizu [Chinese central organization department research group], *2000-2001 Zhongguo diaocha baogao--xin 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 Completion & Translation Press], 2001), 170-71. The urban population in 2000 was 458.44 million, according to the 2001 Chinese Statistical Yearbook online.

- [55] According to Azizur Rahman Khan, in “Growth, Inequality, and Poverty: A Comparative Study of China’s Experience in the Periods before and after the Asian Crisis,” in in Bjorn A. Gustafsson, Li shi, and Terry Sicular, eds., *Inequality and Public Policy in China* (NY: Cambridge University Press, 2009), 150, “perhaps the most careful study of urban poverty in China, prepared for the Asian Development Bank, done by Athar Hussain and others, finds that in 1998 [which was long before the flood of layoffs had been completed] the incidence of absolute poverty, for a rather stringent threshold, was quite significant: 4.7 percent for the income measure and 11.9 percent for the expenditure measure.”
- [56] Chen, Ravallion and Wang, *op. cit.*, 18.
- [57] Haggard and Kaufman, *op. cit.*, 216-17; 340.
- [58] Calculated from the 2009 Chinese National Statistical Yearbook, online.
- [59] The following comes from *ibid.*, 64-76. Wang Hui, “Chengshi zuidi shenghuo baozhang gongzuo zhi wo jian” [My opinion on the urban minimum livelihood guarantee work], *ZGMZ*, 10 (1996), 34 explains that the concrete method for setting the line involves each locality adopting the “vegetable basket method,” according to which it selects certain livelihood necessities, determines their minimum requisite consumption amount, and calculates the income necessary to purchase these goods, based on the price index in the area.
- [60] Christine Wong, “Central-local relations in an era of fiscal decline: the paradox of fiscal decentralization in post-Mao China,” *The China Quarterly*, No. 128 (1991), 691-715.
- [61] Shaoguang Wang and Angang Hu, *The Political Economy of Uneven Development: The Case of China* (Armonk, NY: M.E. Sharpe, 1998). See also Dorothy J. Solinger, “Despite Decentralization: Disadvantages, Dependence and Ongoing Central Power in the Inland -- The Case of Wuhan,” *The China Quarterly*, No. 145 (1996): 1-34.
- [62] Tang Jun, “The New Situation,” published in 2002, states that, “With the exception of Beijing, Shanghai, Shandong, Jiangsu, Zhejiang, Fujian, and Guangdong, all the other provinces got the central government’s financial subsidies [for the *dibao*].” See also Leung, “The Development,” 7.
- [63] Christine Wong, “Can the retreat from equality be reversed? An assessment of redistributive fiscal policies from Deng Xiaoping to Wen Jiabao,” in Shue and Wong, *op. cit.*, 12-28; and *idem.*, “Rebuilding Government for the 21st Century: Can China Incrementally Reform the Public Sector,” *The China Quarterly*, No. 200 (2009), 1-24.
- [64] David S. G. Goodman, “The Campaign to ‘Open Up the West’: National, Provincial-level and Local Perspectives,” *The China Quarterly* 178 (June 2004), 317-334 discusses the overall content of this campaign and its context.
- [65] Wang Zhenyao and Wang Hui, “Luoshi chengshi jumin zuidi shenghuo baozhang zijin ying chuli hao wuge guanxi” [In order to implement urban residents’ minimum livelihood guarantee funds we need to handle five relationships well], *ZGMZ* 3 (1998), 18 and 19. Hussain, *op. cit.*, 70, writing in 2002, said that only 21 of the 31 provincial-level units contributed toward the cost of the *dibao*.

- [66] Interview, *dibao* section head of the provincial civil affairs bureau, Lanzhou, 5 September 2007.
- [67] Interview with the director of the *dibao* office at the Wuhan city Civil Affairs Bureau, 7 August 28, 2007.
- [68] In Hubei province, Qianjiang got 99 percent of its *dibao* funds from the central government, and Xiantao got 98 percent of theirs (interviews with local officials in those cities, July 6 and July 8, 2010, respectively). Both are prefectural-level cities. Hubei is in central China.
- [69] Zwia Lipkin, *Useless to the State: "Social Problems" and Social Engineering in Nationalist Nanjing, 1927-1937* (Cambridge, MA: Harvard University Asia Center, 2006), 7-15.
- [70] *Ibid.*, 15.
- [71] Janet Chen, "Parasites upon Society: Between Charity and Punishment in Republican China." For Modern China Seminar, Columbia University, December 2008.
- [72] Di Wang, *Street Culture in Chengdu: Public Space, Urban Commoners and Local Politics, 1870-1930* (Stanford: Stanford University Press, 2003), 68.
- [73] Tang Jun, "The Report," 25.
- [74] What I am translating as "flexible" business or labor is, in Chinese, *linghuo jiuye*. This term is defined in an online Chinese dictionary as part-time, temporary and elastic (*tanxing*) work done by workers who are unemployed, let go, or engaged in self-employment, such as service work within communities. It differs in compensation, work site, welfare and labor relations from traditional, mainstream employment in the industrialized and modern factory system. Most usually it is performed outside, on city streets.
- [75] Observations, September 3, 2007.
- [76] Interview, September 5, 2007, Lanzhou.
- [77] Interview in a small private apartment, October 27, 2001.
- [78] Email conversation, November 23, 2008.
- [79] Interview in her home, August 26, 2007.
- [80] Tom Miller, "Case Studies: I. Wuhan: future megacity," *China Economic Quarterly*, March 2009, 35. It is relevant that in 2003 the city banned pedicabs—for some prior years a source of livelihood for the laid-off—from the city's streets, to eliminate the disorder they lent to traffic and to the city's appearance (Interview, September 26, 2003).
- [81] Frank N. Pieke, "Marketization, Centralization and Globalization of Cadre Training in Contemporary China," *China Quarterly*, No. 200 (Dec. 2009): 960.
- [82] Borge Bakken, *The Exemplary Society: Human Improvement, Social Control and the Dangers of Modernity in China* (Oxford: Oxford University Press, 2000), 59-74.
- [83] *Ibid.*
- [84] Tom Miller, "Development models: Big cities, small cities," *China Economic Quarterly*,

March 2009, 27. Yaping Wang, *op. cit.*, 156 also remarks on how “the formalization of urban landscape and housing will eliminate the informal employment opportunities in the cities. Also *ibid.*, 158.

[85] Heberer, *op. cit.*, 118.

[86] “China’s Chongqing Plans 1 Trillion Yuan Investment Projects,” Bloomberg, April 6, 2010. One trillion yuan is equivalent to US\$ 147 billion; the spending will be largely on modern infrastructure.

[87] *Ibid.*, 114.

[88] Dorothy J. Solinger and Yiyang Hu, “Welfare, wealth and poverty in urban China: the *dibao* and its differential disbursement,” *The China Quarterly*, forthcoming, 2012.