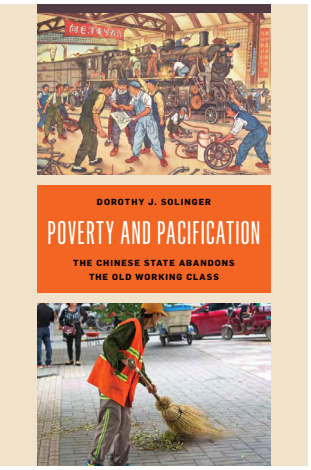

Poverty and Pacification: The Chinese State Abandons the Old Working Class (Rowman & Littlefield, 2022).

Poverty and Pacification

A Conversation with Dorothy J. Solinger

Jenny CHAN, Dorothy J. SOLINGER

Dorothy J. Solinger's latest book, *Poverty and Pacification: The Chinese State Abandons the Old Working Class* (Rowman & Littlefield, 2022), is dedicated to 'all of those whose lives were wrenched' in globalising China. Solinger is passionate about working people, including rural migrants and laid-off urban workers, as reflected in her decades-long commitment to activism and scholarship. As Chinese workers—to this day hailed as masters of the nation—were laid off during successive waves of economic restructuring in the 1990s and 2000s, they often found themselves depending on minimum livelihood allowances (最低生活保障, or *dibao* 低保 for short), desperate to make a decent living in a pitiless job market. With an eye on the new urban poor, Solinger offers a reassessment of China's quest for wealth and power at the turn of the new millennium.

Jenny Chan: In *Poverty and Pacification*, you focus on the plight of laid-off urban workers (下岗工人), who are middle-aged and older and who lack formal education and marketable skills, and were thus poorly positioned to achieve success in the new labour market following the economic reforms of the 1980s and 1990s. Your work describes the emergence of the new urban poor as not merely the inevitable outcome of marketisation, but rather as a state-led process in which reform-minded politicians chose a different path of national development and capital accumulation. Can you provide some background about this state initiative and its impact on the older cohorts of workers in state-owned enterprises and collective firms?

Dorothy J. Solinger: I argue that China's imminent entry into the World Trade Organization (WTO)—which took place in late 2001, but which had been under negotiation by then for some 15 years—drove the Chinese rulers to order weaker enterprises across the country to dismiss tens of millions of less qualified, but previously lifetime-secure, workers, especially from 1995 to 2004. The politically driven indigence that resulted derived from the ways in which these leaders imagined development and thrust the nation on to a specific path of 'modernity' that cast aside older workers who were over the age of 35 as of the mid-1990s, relegating many of them to a new status as the urban poor. These are people who had been deprived of secondary schooling (and beyond) during the Cultural Revolution (1966–76), when most schools were shuttered, and who generally had been consigned to mastering just

one simple, antiquated machine for all their working lives. This emerging urban poor class thus became the artefact of the enactment of official preferences for a new political economy in line with WTO membership. Accordingly, I contend that throughout the past quarter-century, the appearance of working-class hardship in the metropolises—and the manufacturing of an urban underclass—has not been accidental, but rather a result of the urban working class being deliberately discarded.

JC: In the 1990s, young rural migrants were often seen as adaptive and productive, while urban state workers of the older generations were denigrated as backward and inefficient. The ideological values of 'equity and collectivity' had long been supplanted by 'efficiency and competitiveness'. When laid-off workers, retirees, and pensioners took to the streets to demand unpaid wages and benefits, the state eventually responded by offering some assistance, such as the *dibao* program. Can you please explain the objectives and content of this policy?

DS: The *dibao* was billed as 'social assistance' (社会扶助) and the 'third line of defence' (第 三条 保障线), after two previous attempts to forestall protests over job loss and—minimally—to shore up the livelihoods of dismissed workers had failed. These earlier plans were labelled 'the Reemployment Program' (再就业工程) and 'unemployment insurance' (失业保险), neither of which could amass sufficient funds to fulfil their objectives. In the speeches of top officials, including then premier Zhu Rongji, the *dibao*, pioneered in Shanghai in 1993 and instituted nationwide in 1999, was plainly described as having been created to stave off political/social instability and turmoil that could derail the regime's project of enterprise reform (Ding 1999). One writer in the journal *Chinese Civil Affairs* (中国民政) even went so far as to refer to the *dibao* as a 'tranquiliser' (定心丸) that would permit the state enterprises in Shenyang's Tiexi District—a site of massive layoffs—to go forward without obstruction (Ding 1999: 7). Without it, this essayist unabashedly penned, 'these people must become a burden that the enterprises would find it hard to throw off … possibly arousing even larger social contradictions' (Ding 1999: 7).

Dibao standards (低保标准) are a minimal threshold for bare subsistence, or poverty line, determined locally, usually at district or city level. The goal of the *dibao* program was to provide for urban residents whose household's per capita income failed to reach this threshold. The method was to supplement household income with a subsidy (补助) to the extent necessary to bring their per capita monthly income up to the level deemed requisite for basic survival in their city or district of residence. The project was proudly labelled by its publicists a 'standardised, legalised, social guarantee system'—a characterisation more aspirational than actual (Ding 1999). The idea behind the policy amounted to supplying impoverished individuals

with funds that were 'just enough to keep body and soul together', in the words of a leading scholar researching the program within China, Tang Jun (2002: 4).

Indeed, the overall outlay was fundamentally terribly stingy, with the handouts barely marginal. And even after a sizeable increase in the number of recipients from 1999 to 2003 (from 2.8 million up to 22.5 million), those served in the cities still accounted for under 5 per cent of the non-agricultural (that is, urban-registered) population. Yet, as numerous economists have calculated, the truly impoverished urban population might well have been more in the range of 8 to 10 per cent (Wang 2003; Zhang and Peng 2014: 44).

JC: The great labour upheaval was a foreseeable consequence of the capitalist road taken by Deng Xiaoping and his successors. The state chose to push for modernity and protect the rising market economy by throwing more than 60 million state-sector workers out of work. Drawing insights from E.P. Thompson and Elias Canetti, you show that China's urban workers were cast aside as a policy choice to achieve the reformists' political and economic agenda. In the context of that policy choice, what role does *dibao* play in policing and pacifying these displaced workers?

DS: Local implementers found the *dibao* scheme to be a success in achieving their economic goals. In interviews conducted by Chinese scholars in both Changsha and Chongqing (Han 2012: 372, 426), local program staff contrasted the time before the scheme had been installed with the situation afterwards: 'At the time of the transformation of state enterprises, the *dibao* played an absolute stability role,' said one. Another related how bridges had been blown up and streets destroyed before the system was implemented, but thereafter 'the anger wasn't so great, and the *dibao* had a very big role in social stability'. So, for the authorities, given their aim of mollifying the outrage among the past, now retrenched, proletariat, the *dibao* was a kind of victory, the nuisance that the wrath from laid-off workers had earlier occasioned having been largely resolved. This judgement surely held for the local cadres who administered the program and who dealt directly and daily with its beneficiaries; it was the case for central leaders as well, it would appear, given the scheme's gradual reduction after about a decade, as demonstrations diminished and eventually disappeared.

JC: In 2006–07, to maintain social stability, social assistance schemes were extended to the rural-registered populace. However, there have been massive cuts in the number of *dibao* beneficiaries, dropping from an all-time high of 75.86 million (22.8 million in the cities and 53.06 million in the countryside) in 2011 to 43.17 million in 2019. At the same time, rural poverty alleviation has drawn greater public attention in the Xi Jinping era. What are the reasons behind this policy shift and the dramatic cutback in the number of *dibao* beneficiaries?

DS: It is difficult to be certain about why the leadership under Xi Jinping switched its primary focus to the poor in the rural areas after coming to power. References to Xi's much-heralded campaign to wipe out poverty in the country have not usually mentioned that it has had *only* rural destitution as its target. But this is indeed the case. It is not so often noted that it was the impoverished population in the countryside that was 'lifted up'. Indeed, rural poverty declined from 94.2 million in 2000 down to 36 million in 2009, a rapid reduction, such that the national poverty rate—but, again, only in the rural areas—fell from 10.2 per cent to 3.8 per cent over those years (Dou 2016). In 2011, just on the eve of Xi taking power, the government set forth a 10-year project to further reduce poverty in the rural regions, with the result that by mid-2020 a claim was put forth that 850 million people had been 'raised out of extreme poverty' (Dou 2016; Hernandez 2020).

One can only conjecture about this changed emphasis. Perhaps it was the result of ongoing disturbances in the countryside (mostly over land grabs); perhaps it occurred because it was simpler to transfer sums to whole agrarian regions at one time than to pick out the poor, neighbourhood by neighbourhood or household by household, in urban areas. The rationale has not been offered publicly, to my knowledge.

Cities, contrariwise, have seen a huge cutback in *dibao* beneficiaries: they dropped from 23.5 million in 2009, at their peak (in the midst of the Global Financial Crisis, when many jobs were lost), down to 7.25 million in 2021. Again, the cause behind this decline has not been made clear, except for claims that those taken off the rolls had received their pensions or found jobs. My book examines these claims statistically and finds them quite wanting. One can only surmise, as I suggested above, that the policy was considered a success, even as other social groups, such as college graduates and migrant workers, turned boisterous. Another conjecture is that the leaders decided that the *dibao* was best reserved just for the truly desperate, such as the members of the old *sanwu* (三无)—those without a source of livelihood, a legal supporter, or work ability—which scattered data suggest may be the case.

JC: Policy implementation is conflict ridden. You show how local cadres often fail to explain clearly the *dibao* norms or the rationale for the disbursement of *dibao* funds. They also exercise discretion in mitigating risk by giving *dibao* monies to 'troublemakers' who may not be the neediest. At the worker and local state interface, how did *dibao* households attempt to defend their rights, interests, and dignity? Can informal work, outside the parameters of China's labour law system, sustain the basic needs of these poor households?

DS: First, it is not only 'troublemakers' who are favoured, though that is an argument made with credible support in Jennifer Pan's fine 2020 book, *Welfare for Autocrats*. But my work showed that this is just one of the perversions of the policy. Grassroots cadres control the flow of information about new policies and modifications of old ones, and so are well positioned to inform only some people about the program, as well as to direct funds not necessarily to the poorest, but to people with whom they are close and with whom they sympathise, not just with those whom they find fearsome. In fact, there is even a name coined for that practice: *qingbao* (情保), meaning favouring dear ones with the assistance.

Another deviation from policy is that city governments whose administrative capability and resources are in short supply may dole out money as a function of the amount of resources the city's financial officers have decided to allocate to this project. Unfortunately for potential recipients, leaders with the power to determine that sum tend to rank the *dibao* as a low priority (Leung and Xu 2015: 88).

The existence of quotas for neighbourhoods and for higher administrative levels presents another obstacle to providing those in need with support. The slogan 'guarantee as much as possible the allowance for all who deserve it' (应保尽保) was purportedly the operative order for dispensing the *dibao* beginning in 2001. In fact, multiple sources have confirmed that instead a train of quotas beginning in Beijing is passed down the hierarchy, with decisions reached on restrictions and upper limits at every administrative level. This is not openly announced and so has been surrounded with some speculation. A 2013 study surmised that, 'It is likely that there is a budget for the program, and that officials cannot accommodate more applicants than the budget allows. There's suspicion that there's an undisclosed ceiling on *dibao* payments' (Chen et al. 2013: 333).

The process was already implicitly revealed in a 2005 policy paper, which explained that: 'We have to use insufficient funds to set the numbers of people [who will get funds]; there's a man-made control of the *dibao* numbers' (Hong 2005). The statement implied that in practice it is predetermined quotas at least as much as need that regulate who become recipients. Relatedly, in August 2008, a university professor in Wuhan affirmed in an interview with me that the city Civil Affairs Bureau first calculates how many recipients it has decided the city should have. Next, the bureau wrangles with its peer urban bureaus—for instance, arguing that increases in prices influence people's livelihood and thus affect stability, and in

this way presses for a rise in the threshold line or for funds to cover more applicants. But its success is by no means guaranteed, as it must compete for funding with other and perhaps more favourably placed bureaus.

Five years later, the same evidence was offered by a high-level official at the Department of Social Assistance at the Ministry of Civil Affairs, when he acknowledged in an interview that I conducted in September 2013 that quotas do exist in the allocation of the *dibao*. He specified that local governments place caps on the numbers of citizens who can obtain the grant, as follows: 'The local *dibao* norm is set in direct relation to a locality's funds. A lot of [city] departments together decide on how much money to give to the *dibao.* All the bureaus [in the city government] debate about this. Finally, the city leaders decide [on a level of outlay for the city's *dibao* as a whole].'

As for the strategies employed by *dibao* households defending their rights, interests, and dignity, in general their responses have been expressions of anger and only on an individual level. Along these lines are accounts that mention 'throwing and smashing'; 'sleeping on the ground and won't get up'; 'everywhere making chaos, staying around in the room, maybe lying down and not moving … and wanting to go to cadres' homes to eat' (Han 2015: 134). Community officials in Lanzhou in July 2010 described to me the sorts of nuisance that the occasional dissatisfied person stirred up when angry: they would 'stand in the doorway obstructing our work and cursing us. We have to send for the community's civil police to get them to shut up. They come one by one.' In Wuhan, a community *dibao* manager imparted this story during an interview in August 2008: 'They threaten community managers that they'll jump off the Yangzi Bridge or go to Beijing to petition [which could damage an official's career].' As researchers in Shanghai explained during a discussion at the Shanghai Academy of Social Sciences in June 2013 citing one distraught, harassed local cadre: 'If they stir up trouble [闹] or petition [上访], local leaders will become afraid and give the *dibao* to the troublemakers [刁民].' As another community official described the situation:

> We're a punching bag, dealing with the lowest stratum of people … he [referring to a *dibao* applicant] thinks they're in the right and should get the *dibao*, if we explain the requirements, they don't pay attention to you, very many people pound the table, glare at you, a common occurrence. (Han 2015: 303–4)

And can informal work sustain their basic needs? Many *dibao* recipient families are by no means shirking work. One of my interviewees, whom I met in August 2007 in Wuhan, was quite representative. A man of 44, reflecting on his possibilities, despairingly offered this defeatist perspective:

> We all grew up in the city, didn't eat any bitterness [没吃苦] and didn't do any heavy physical labour. Now in the labour market there's some construction work and it all demands rather a lot of such labour. They wouldn't want us 40-year-old laid-off workers, and there's some work that, if you give it to us to do, we couldn't manage such intensity, eventually we'd just damage our health and have to take medicine, and trying to work would become even more untenable.

The same sentiment appeared in a conversation in Chongqing with a 45-year-old woman, who had been laid off along with her husband. The questioner asked: 'Did you want to take the *dibao*?' The respondent replied:

> No, I wanted to work, now I'm old, going out to look for work, people ask your age, once you say 45 or 46, they don't want you. I'm embarrassed to take the *dibao*, working is definitely better, why would you want to take the *dibao*! Other people will think if you take the *dibao* you must be very poor, but now there's no way because society already has become this way … if you don't take it, go out to look for work, how can you do it, because age limits you, women all must be under 40, over 40 they don't want you, so at this age we can only drift along, there's some years before retiring, there is no way. (Han 2015: 273)

JC: In comparative perspective, China was less generous in its provision of social assistance than many nations in the European Union, where the level of welfare provision could be as high as 50 to 60 per cent of per capita income. During 2006 and 2019, China's urban *dibao* ranged between 15 and 18 per cent of national average disposable income. Is there a way for disadvantaged citizens to fight for stronger social protection? What about rural migrants and the masses of the poor?

DS: I don't believe that there's a way for these rejected older workers to fight for and attain better welfare allocations. I am sorry to say that the Chinese Government no longer cares about them. On occasion rural migrants have improved their situations to a small extent, such as with regard to wages, but I am not aware of welfare enhancements. Perhaps some managed to get some of their overdue pension contributions paid in.

JC: The subtitle of your book is *The Chinese State Abandons the Old Working Class*. According to the logic of certain schools of economic thought, when a national government provides credit to underperforming public sector enterprises, debt builds up and unfair competition between the state and non-state sectors deepens, weakening the economy. How would you defend your critique of the Chinese state's abandonment of the old working class against the logic of neoliberal economics? Was there an alternative path that might have led to greater social and economic justice?

DS: I cannot dispute a claim that these once less qualified but secured-for-life labourers, their dated machinery, and their obsolete factories constituted a drag on the national economy and its rulers' move to modernise, especially in the case of those money-losing state-owned firms that were fed endless inputs of state investment and loans. But surely the workers could have been seriously retrained and far better provided for once their jobs were taken from them. ■

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