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**Explaining Policy Making in the People's Republic of China:
The Case of the Urban Resident Minimum Livelihood
Guarantee System, 1992 – 2003**

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MA (Hons), MChS**

**Submitted in fulfilment of the requirements for the Degree of
PhD**

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Abstract

From 1992 to 2003 the emergence of the urban resident Minimum Livelihood Guarantee (MLG) system saw a major reconfiguration and expansion of social assistance in the People's Republic of China (PRC). There are currently two gaps in current studies of the MLG which this dissertation will address. First, detailed historical information on the MLG is lacking in the English language. Second, the focus of current studies on the effectiveness of the MLG has led to an implicitly rational explanation for the emergence and development of the policy. Such an explanation does not provide a satisfactory explanation for the MLG.

Using Chinese language sources and interview data collected during two field trips to the PRC this dissertation uses four different periods in the MLG's development to argue that explaining the programme requires a more complex approach. Drawing on insights provided by the China studies and wider political science literature I argue that the development of the MLG system has been a complex process which can be explained by using a synthesis of concepts. These are the role played by policy sponsors, a new concept developed in the dissertation, and policy entrepreneurs. Second, the continued importance of the structure of the Chinese state. Finally, the influence of feedback from previous policy decisions and outcomes.

These three concepts are used to examine four significant stages of the MLG programme's development. First, the often overlooked emergence of the first MLG programme in Shanghai between 1992 and 1993 is examined. Second, the MLG's shift from a local innovation to a national policy from 1994 to 1997 is investigated. Third, the factors behind the significant expansion of the MLG between 1999 and 2003 are contrasted with more low key developments in the scope and delivery of social assistance. Finally, the concepts developed and applied to the MLG are taken and used to explain the emergence and spread of the Community Public Service Agencies in Dalian. I conclude that the synthesis of the policy sponsor and neo-institutionalist concepts provide a richer explanation of the MLG than that implicit in the existing literature.

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Declaration

I declare that, except where explicit reference is made to the contribution of others, that this dissertation is the result of my own work and has not been submitted for any other degree at the University of Glasgow or any other institution.

Signature

Printed Name

Note on Language

Throughout the text the Romanisation of Chinese used is Pinyin. Chinese place names and personal names used are presented using this format unless the Wade-Giles Romanisation is commonly accepted in academic texts, for example Chiang Kai-shek or Sun Yatsen. In quoted material and the bibliography the same Romanisation as the original text is used.

Abbreviations and Terms

- BCA – Bureau(x) of Civil Affairs - 民政局
- CASS – Chinese Academy of Social Science – 中国社会科学院
- CCPCC – Chinese Communist Party Central Committee – 中国共产党中央委员会
- CCP National Congress - 中国共产党全国代表大会
- CPSA – Community Public Service Agency – 公共服务社
- Laid-off worker – *xiagang* - 下岗职工
- MCA – Ministry of Civil Affairs - 民政部
- MLG – Minimum Livelihood Guarantee – 最低生活保障
- MoF – Ministry of Finance - 财政部
- MoLSS – Ministry of Labour and Social Security - 劳动和社会保障部
- NPC – National People's Congress - 全国人民代表大会
- Ought to protect, fully protect – *yingbao jinbao* - 应保尽保
- Ought to protect, not protecting – *yingbao weibao* - 应保未报
- RSC – Re-employment Service Centre – 再就业服务中心
- SPRC – Social Policy Research Centre (CASS) – 社会政治研究中心
- State Council - *guowuyuan* - 国务院
- XGBLG – Laid-off worker basic living guarantee – 下岗基本生活保障

Chapter 1

Social Assistance and the Policy Process in Contemporary China

Introduction

China's transformation since 1978 has been dramatic and far reaching. The headline grabbing growth achieved by the Chinese Communist Party (CCP) has transformed people's lives but it has not been without consequence. One consequence of introducing market principles has been the emergence of poverty in urban areas. There has also been an increasing recognition that urban poverty does exist in China. Poverty in urban areas has, however, not been a major priority for either Chinese policy makers or researchers. This has in part been due to a lack of data and a focus on the admittedly greater problem, in terms of population, of rural poverty. The studies that have been conducted indicate that urban poverty remained a problem and inequality increased during the reform era although estimating the actual number of urban poor proves a challenge (Gustafsson and Zhong, 2000, Khan and Riskin, 2001, Khan and Riskin, 2005). Tang Jun estimated that the number of urban poor in China increased from 24 million in 1995 to 31 million in 1998 (Tang, 2003). Hussain and the Asian Development Bank offer a higher estimate of 37 million poor in 1998 (Hussain, 2003, ADB, 2004).

The Minimum Livelihood Guarantee (MLG) system was a policy response to urban poverty which emerged during the 1990s providing a means tested benefit to urban residents who applied for assistance. First appearing in Shanghai in 1993, the MLG was a radical departure from traditional urban social assistance and went on to spread to a small number of cities before being officially marked for national implementation in 1997. Since 1997 the MLG has undergone significant expansion in the number of people receiving the benefit as well as large increases in scope and expenditure. It is a means tested locally administered and financed policy which provides a household with a top up to their income. Individual households apply to the local authorities who then investigate their monthly income. If the applicant's income is determined to be below the locally set MLG line then a monetary benefit is provided to bring the household income up to the MLG line. The MLG was originally designed to provide the absolute minimum that a household might require to survive and as such should not be thought

of as an urban poverty alleviation measure. Rather the MLG was a continuation of traditional Chinese social assistance which provided those most in need with the means to survive if little else.

The MLG is important and worth studying for two reasons. First, it is a radical departure in the mechanics of social assistance provision in China's cities. The preceding policy of the so called Three Nos (*sanwu*) provided assistance to the urban poor so long as the person in question fell into one of three categories: those with no income, no ability to work and no carer or guardian. The measure was a final safety net for those in urban China who were not eligible for social welfare provided by state owned enterprises or government run organisations. The MLG being means tested rather than category based implies a significant change in the Chinese approach to social assistance provision. Poverty is not only recognised by the state as existing outside of a small number of categories, but the traditional association of social assistance and welfare with labour ability has been broken. There are urban residents capable of working and their household may have an income but these household may not be benefiting from the reforms process and have become impoverished. The means tested element of the MLG is also a departure in terms of the way in which the state conceives and administers social policy. Instead of determining according to inflexible unchanging criteria the MLG is in theory flexible and capable of adapting to the changing economic and social circumstances of individual residents, cities or even provinces.

Second, the MLG is significant because of the numbers involved. The MLG is a massive programme in its scope and reach. At the end of 2008 MLG payments covered 23,345,617 people living in 11,111,291 households. This meant that 3.9 per cent of the Chinese urban population (593,790,000 people) or 1.7 per cent of the total population (1,321,290,000 people) received the benefit. This coverage required a budget spend of 38.5 billion yuan (US\$ 5.6 billion or £3.5 billion) with the average recipient household receiving a payout of 141 yuan (US\$20.6 or £13) (China Poverty Alleviation Online, 2009; and National Bureau of Statistics of China Online, 2009). Even in a country as populous as China this means the MLG affects a large proportion of people and suggests a significant undertaking by the government.

Previous Studies of the MLG: Description and Implicit Rationality

It is unsurprising therefore that the MLG has attracted the attention of researchers from economic, social policy and political science disciplines. Existing studies tend to either describe the MLG with no theoretical lens or explanation for the policy; or look at the MLG through a particular theoretical approach without explicitly seeking to explain it. Descriptive studies of the MLG set out the programme and sometimes give an historical review of the programme up until the time the work in question was published (Leung and Wong, 1999, Leung, 2003, Leung, 2006, Saunders and Shang, 2001, Wong, 1998, Wong, 2001). Leung and Wong (1999) discuss the MLG in broad strokes describing its implementation and characteristics. They highlight in particular the differences between the traditional system of the Three Nos and the MLG. They also suggest that the MLG was the direct result of increasing unemployment, inflation and the inadequate payment of pensions (1999: 42). In Leung (2003) the MLG is reviewed as part of a wider discussion social security reforms in China. The focus of this particular article is on the challenges facing the social security system especially the lack of coverage and the slow process of reform. This discussion of the inadequacies of the social security system and the MLG in particular is continued in a later article by Leung (2006). This article is again rich in descriptive statistics and outlines the history of the MLG highlighting the particular problems the policy faces in providing subsistence to the urban poor. Saunders and Shang (2001) discuss the MLG in the context of wider social security reform and highlight the particularly low coverage of the policy at that time. Finally, Wong (1998 and 2001) discusses the MLG in the context of wider developments in the provision of social welfare and assistance by the Ministry of Civil Affairs (MCA). Her overall thesis is that China is moving towards a privatised model of social welfare although the points she raises regarding the importance of Zhu Rongji in driving policy developments are significant and could have been developed further.

There is also work which uses the MLG as a tool that helps measure the difficult question of what constitutes poverty in the People's Republic (ADB, 2004, Saunders and Sun, 2006). Rather than discuss the MLG in terms of its development or seek to explain the policy both the Asian Development Bank report and Saunder and Sun's

article use the MLG as a means to measure poverty. This implies that the MLG is a reliable indicator of actual poverty in China's cities. Other studies discuss the MLG as part of the overall social policy provisions of the Chinese state. Hussain discusses the MLG in terms of its design and potential effectiveness in alleviating poverty in China's cities investigating in depth what poverty actually means in China and how different interpretations can radically alter the possible number of poor (Hussain, 2003). Solinger discusses those receiving the MLG as part of an emerging hierarchy of unemployed in China. Those receiving the MLG are placed at the bottom of a pyramid of workers, the laid-off, and unemployed in terms of subsidy provisions and government priority (Solinger, 2001). Saich briefly discusses the MLG in the context of China's increasing efforts to centralise the provision of social goods in the 2000s (Saich, 2008). In contrast Hurst discusses the MLG from the perspective of the regional differences in provisions for laid-off workers in the 1990s and 2000s (Hurst, 2009).

Finally, a number of studies reflect on the place the MLG has within the various measures introduced by the state to cope with increasing urban poverty and unemployment (Liu and Wu, 2006, Qian and Wong, 2000, Wong and Ngok, 2006). Liu and Wu (2006) discuss the MLG as part the response to the reform of state owned enterprises in China's cities. The MLG is discussed as a poverty alleviation measure and is then criticised for having limited coverage and providing little in the way of benefits. Wong and Ngok's (2006) focus is not on the MLG but on describing and critiquing the provision of the re-employment service centres (RSC) for laid-off workers. The MLG is discussed as a provision which laid-off workers will go onto only if they fail to find work during their time with their RSC. The MLG is, therefore, seen as part of the social security net being established for the long term unemployed.

At present the MLG has been researched extensively but studies which seek to explain the emergence and development of the policy are lacking. This is understandable given that the majority of the studies on the MLG come from an economic, sociological or social work background. The concern of the authors is not to discuss theories of policy making or the origins of the MLG in particular and is therefore not the focus of the literature discussed above. Implicit in existing studies is that the MLG was a political

choice by the Chinese government that sought to cope with increasing urban poverty. For example Leung (2003: 83) writes:

“To establish a last-resort welfare safety net in the cities, the government restructured the traditional social assistance programme in 1993, with the aim of extending their coverage, raising the level of benefits and securing financial commitments from the local governments.”

The implicit suggestion in these studies is that the MLG was a rational response to increasing urban poverty.

The Chinese language studies and documents on the MLG also present the MLG as having followed a rational, coherent and consistent developmental path. I refer to this, because it is replicated by the Chinese government, as the MLG discourse. There are two clear themes to this discourse that form a dominant understanding of the MLG in the available Chinese sources; and which are reflected in the English language studies of the policy. The first theme is the historical development of the policy and the second is that the policy has served a consistent objective. This presents the programme as operating as intended throughout the 1990s and early 2000s as well as having followed the developmental path that is commonly associated with the Chinese policy process (Interview AQ06-1 – Policy is presented as a series of logical stages following a pattern typically along the lines of problem identification, experiment, review, wider roll out, review, policy implementation, review, regulation, review, law). The outcomes of the MLG being presented as intended is also part of this discourse. The MLG discourse is a manifestation of the state presenting policy as a coherent process which follows the scientific principles that have been popularised by the CCP leadership throughout the reform period.

Historically the MLG is presented as having a very straightforward developmental history. The policy is consistently described as having emerged in Shanghai in 1993, been implemented nationally in 1997 and gone on to achieve the present day recipients and funding without any of the underlying complexity of the process being discussed or alluded to. This presents the MLG as having followed a smooth development from initial emergence through to national implementation. It also lends the policy a coherence of development which reflects the ideal policy process in the PRC where

policy is first rolled out as local experiments before realising national implementation. This official history of the policy is pervasive throughout the political system and across China. For example a speech by a senior MCA official in Beijing I witnessed during fieldwork presented the policy in such a way (GTZ Conference Notes, 2006) as did interviews with local level officials in the city of Anqing, Anhui Province (Interviews AQ06-1 and AQ06-2).

The second theme is that the targets of the MLG are consistent throughout the various periods of development. The target group is represented as the urban poor (*chengshi jumin pinkun*) or those with livelihood difficulties (*kunnan shenghuo*) which are sometimes presented as the new poor (*xin pinkun*) in some research texts (Tang, 1998)(Interview TJ06-1). This group is left relatively undefined leaving the MLG as a programme which can be presented as having been smoothly developed by the state with the explicit goal of helping urban residents to cope with urban poverty. This version of events surrounding the MLG can be found in academic and research focused materials (Tang, 1998, Tang, 2001, Tang, 2004, Chang and Lv, 2005), media published for official's consumption such as the *Zhongguo Minzheng* (China Civil Affairs) magazine (Zhu et al., 2002, *Weiyuanhui*, 2005), the wider print media (Beijing-Youthdaily, 2002), speeches and writings by officials (Li Xueju 2002) and in interviews with local government officials (Interview AQ06-1 and AQ06-2). The story of the MLG as presented is pervasive and it lends coherence and explanation to what is a much more complex series of events.

The strength of such a discourse is that, through the construction of a common story and coherent objectives, it presents those involved in the best possible light. It also makes explaining the policy much easier. This was reflected in personal experiences examining the development of the MLG where officials and researchers present a standard explanation of events and objectives surrounding the policy (Interview AQ06-1 and AQ06-2). The dominant and implicitly rational explanation of the MLG, presented as there were urban poor, the government recognised this and the MLG was the response, sits easily with a history of the policy which passes through all the stages associated with the policy process in the PRC. This presentation of a simplified version of events and a straightforward explanation of a policy is comforting because it is a simple, clean,

and parsimonious explanation. Such a presentation of the MLG lends itself to a stages explanation of policy but the problem with this type of explanation, as detailed in many studies of public policy (John, 1998, Sabatier and Jenkins-Smith, 1993, Sabatier and Jenkins-Smith, 1994, Sabatier, 1991, Sabatier, 1999), is that it presents policy with little actual explanation. The problem with the MLG discourse is that the simple, clean story presented raises an enormous number of questions as well as not holding up under closer examination. This does raise an additional problem if the current explanatory discourse on the MLG is inadequate then what explanation is satisfactory?

Table 1.1 presents three iterations of the MLG from different points during the development of the policy. What should be immediately apparent is that the MLG has gone through three iterations during a period when the policy is typically presented as being fundamentally the same. This is not enough in itself to suggest that the discourse is misleading but the difference between each of the iterations does raise doubts. Shanghai is used as the starting model of the MLG because it is the first documented social assistance programme which uses the name MLG despite the later policy having closer resemblance to measures introduced in Dalian. The MLG as it initially appeared in 1993 was a local level policy and was not an experiment in terms of the phases presented in some of the Chinese literature (Tang, 1998). An experimental policy would be explicit, it would be named as such in official documents, whereas in the case of Shanghai's MLG no such documentation was found. The MLG aimed to address a very particular gap in the urban social assistance and social security apparatus as it appeared to the Shanghai Bureau of Civil Affairs and the Bureau of Labour in the early 1990s. The MLG was also administered and funded in a manner different from either the 1997 or 2000s versions with the mechanisms combining both local government and local enterprises.

Table 1.1 – Comparison of MLG Iterations

Features/ MLG Iteration	Shanghai 1993	National 1997	National 2002
Target Group	The <i>San Buguan</i>	The <i>San Wu</i> and New Poor	1997 MLG targets plus <i>Xiagang</i> and unemployed.
Funding Mechanism	Local government and local enterprises	Local Government	Local Government plus National Government subsidy
Administration Mechanism	District, Street Committees and Danwei	Residence and Street Committees	Community and Street Committees

The 1997 iteration of the MLG removed enterprise involvement altogether and expanded the target group beyond the limitations of the *san bu guan* (see Chapter 3) to a more general target group of traditional social assistance targets, and any household where the income fell below the MLG line, what are described as the “new poor” in some texts (*xin pinkun*) (Tang, 2003). In fact concerns over those who were identified as *san bu guan* in Shanghai in 1993 were not mentioned at all in the documents relating to the 1997 iteration. Funding was to be the responsibility of only the local government and the programme was also to be administered exclusively by local government.

By the early 2000s the MLG had changed again with funding and administrative interventions from central government becoming standard practice. As will be discussed in Chapter 5 the central government became the main source of funding for the MLG in 2002 marking a significant change in the programme from its earlier design. In addition there was a reintroduction of categorical requirements to the programme in an effort to resolve the challenge presented by the *xiagang* workers and exclusion of particular groups who were eligible for, but not receiving, the MLG.

Not only has the policy been through a number of technical iterations but there is also a noticeable difference and incoherence in the presentation of why the policy was being carried out. The rationale for the changes in social assistance as set out by different actors who took an active interest in the MLG has not been coherent beyond the objective of providing some form of basic level poverty alleviation. This is clearly demonstrated in Chapter 4 when the speeches and language used by MCA Minister Duoji and Premier Li Peng are compared indicating incoherence in the presentation of why the policy was being carried out. Although the idea of a single coherent policy development with a single driving rationale is attractive; at a most basic level, the development of the MLG is not this straightforward.

Finally, the discourse does not address the transition of the MLG from a local innovation to a national policy. The time between 1993 and 1997 is left empty except in some academic work where it is referred to as an experimental phase (Tang, 2003). Whilst this is true as a reflection of what actually occurred it is not a reflection of how the Chinese government presents the period and there is no mention of an experimental stage in speeches by officials at the time or after the fact. The omission of discussion of this period also leaves questions regarding the differences between the Shanghai Model of the MLG and the 1997 design unanswered. These issues are addressed in more depth in Chapter 4.

A major failing in the discourse surrounding the MLG is in the story of its origins or the lack of such a story. Although the initial emergence and development of the policy do get covered in English language materials it is often cursory and used for background before dealing with more contemporary research issues. In the majority of the Chinese language material, both academic and official, the origins of the MLG range from a passing sentence or comment (Wang, 2006, Beijing-Youthdaily, 2002, Li, 2004, Zhong, 2005) to no more than a paragraph (He and Hua, 2005, *Weiyuanhui*, 2005, Tang, 1998, Li, 2004). All contain the same basic information; that in June 1993 the city of Shanghai was the first city to implement an MLG system which had an initial level of 120 yuan per person per month.

This lack of information was further demonstrated during time in the field where the origins of the MLG were seen as not relevant to the state of social assistance as it was in 21st century China. In one particular example a senior researcher at the Chinese Academy of Social Sciences pointed out on more than one occasion that the origins of the MLG were not worth investigating – instead focus should be on developments later in the 1990s. This could be because what had happened since is viewed as more significant but also because it is already clear what had taken place in early nineties Shanghai. As an observer this point of view appears flawed because not only are the origins of the MLG fundamentally important to how the policy developed but it is also not clearly understood outside of the Chinese policy community concerned with social assistance.

The idea that the MLG was a response to growing poverty is not something this study will challenge. What will be addressed however is the lack of explanation such a “rational” approach provides. The current body of work does not and can not explain why the MLG took the form it did. Why for example, although it is presented as a poverty alleviation measure (Liu and Wu, 2006), it excludes many urban poor and initially provided a very basic subsistence benefit. Finally, a rational approach does not explain the development of the policy from its initial emergence through to implementation and beyond. The question of why a policy which fundamentally transformed the most basic urban social provisions emerged and what explained its subsequent development is, arguably, as important as understanding how effective the policy has been in attaining its objectives. This is because, by understanding the development of the MLG, we can better understand and explain why the policy has the objectives it does, why they may not be wider or more ambitious as well as better understanding the outcomes of the policy.

These studies do not provide a convincing explanation for the emergence and development of the MLG instead focusing on description of the policy and this is the gap that this dissertation will address. This dissertation makes a contribution to the China studies and wider public policy and political science disciplines by explaining a particular policy, the MLG, in the context of previous research and theoretical contributions made in the China studies, political science and public policy disciplines.

The case of the MLG has, from a political perspective, received scant if any academic research and this dissertation will redress that gap by examining the emergence and development of the policy from 1992 to 2003. In doing so this dissertation will not only provide an in depth explanation of the processes and influences surrounding this particular policy but it will also contribute to wider debates on policy in the People's Republic of China (PRC) and policy in general. The question this dissertation will answer is, therefore, what explains the emergence and development of the MLG in the PRC?

Explaining Policy in China: Elites, the Bureaucracy and the Fragmented State

Although explanations of the MLG as a policy are lacking, explanations of other policy developments in China have developed theoretical contributions which can help form the basis of an understanding of the MLG. Early studies of policy making in pre-reform China have reflected both the limitations of studying an authoritarian regime but also the hierarchical nature of the Chinese state. These studies focused on the role played by the elite leadership of China. Ideology and policy objectives informed elite leaders who then made decisions which set policy for the country as a whole (Harding, 1981, Doak Barnett, 1974). This explanation for policy did not view elites as atomised but saw them as groupings or factions with the conflicts between factions influencing policy outcomes (Nathan, 1973, Nathan, 1976, Tsou, 1976). Whilst China went on to change radically and this has informed later explanations of the policy process it is important to remember the significant role elite leaders have in an authoritarian system like China.

Whilst it is authoritarian reform era China is not a totalitarian society and the openness of the reform period helped researchers understand this more than had been possible before the 1980s. In Goodman et al the idea that groups existed and might influence the policy process was explored suggesting that any understanding of policy needs to look beyond the role of the state and elite leaders (Goodman, 1984). Harding noted the increasingly consultative nature of the Chinese state in the 1980s which suggests that any policy explanation needs to be open to possible interactions between the state and non-state policy actors (Harding, 1987). Although these works still view the state as the dominant organisation in Chinese politics when seeking to explain a policy development

it is important to consider the possibility of consultation and policy actors operating outside of the elites of the political system.

The means by which the state made policy, both as an internal bureaucratic process and with external actors,¹ and interacted with an increasing number of non-state policy actors was further developed in work on the Chinese bureaucracy and the later development of the Fragmented Authoritarianism model (hereafter, FA model) (Lieberthal and Oksenberg, 1988, Naughton, 1992, Lampton, 1987c, Lampton, 1992, Lieberthal, 1992). This body of work argued that policy in China could be explained by understanding that state institutions compelled policy actors, who are conceived of as rational bureaucratic actors, to negotiate and bargain over policy. Labelled the FA model by Lieberthal and Oksenberg these ideas reflected the complex hierarchy and fragmentation of state institutions and how this influenced the role played by bureaucrats operating as bounded rational actors; what I will refer to as the rational bureaucrat. These rational bureaucrats operate as policy actors in the decision and implementation stages of the policy process. During policy developments it is these rational bureaucrats who bargain resources in return for agreeing a policy. The FA model suggests that the policy process in China is a convoluted, incremental and slow process dominated by competing bureaucratic actors framed in an institutional setting which encourages negotiation.

The FA model has proved influential but it has also been recognised as flawed by both its authors. Lieberthal argues that the FA model excels at explaining the complex bargaining over resources in economic and major infrastructure projects but it is less successful when explaining outcomes for less resource rich policy, for example education policy in Lieberthal (1992) or the MLG. This is because without resources to bargain and negotiate over one of the driving rationales for policy actor behaviour in the FA model is removed (Lieberthal 1992). In a second criticism Oksenberg suggests that the FA model may be flawed in coping with the increasingly plural nature of the Chinese policy making process (Oksenberg, 2002). Although still dominated by the

¹ In the discussion of energy policy in Lieberthal and Oksenberg (1988) the focus is on intra-bureaucratic agents but external actors were included. These actors were transnational companies or government actors although the theoretical basis for the model could be stretched to encompass INGOs or NGOs, see Oksenberg's comment below.

state there is an increasing role for actors outside of the bureaucracy when it comes to policy which moves away from the focus of the FA model on rational bureaucrats as the sole actor. These may be domestic non-government organisations (NGOs) or international NGOs, reflecting an increasing role for consultation by policy makers with actors outside the government. This means that the FA model, although influential, has not succeeded by its authors own admissions in providing a general, satisfactory explanation of policy in China.

A recent study of how China's policy towards urban vagrants and migrants has developed introduces a popular concept from wider political and public policy studies: policy entrepreneurs (Zhu, 2008). Zhu argues, using the case of detaining and forcibly repatriating urban vagrants, that policy actors outside of the government can influence policy by tailoring the debate and possible solutions. By introducing the notion of "technically infeasible" policy choices Zhu adapts the policy entrepreneur concept to the Chinese case. Zhu argues that policy entrepreneurs in this case introduced a number of possible options into discussion of the direction of detention and repatriation policy. Some of these options were almost impossible to implement but were deliberately introduced to make the desired outcome seem more attractive. By introducing these "technically infeasible" policy solutions policy entrepreneurs can get their ideas adopted or policy changed by making the alternatives impossible or unattractive to decision makers. Zhu's work is interesting because it is another example of concepts developed outside of China having purchase when it comes to explaining policy.

In explaining the process and outcomes of the Chinese government's efforts at reforming government and policy making Chou makes use of concepts from the new institutionalism, ideas which will be discussed in detail below. Using the reform of the tax system in 1994, urban citizen participation, administrative reforms, and reform of market regulation as examples Chou highlights the importance of previous decisions and practice in influencing the process and outcomes of the policy process. This influence of previous decisions and practice on the policy process is referred to as feedback or path dependence in institutionalist studies. In seeking to answer the question of why institutional reforms in China were of limited success Chou identifies two elements which influenced efforts at reform: first, government responded to

problems of decentralisation by trying to centralise; and second, reform tends to follow a top-down approach with the highest levels of government making decisions for the rest of the bureaucracy. Chou makes an important point by introducing institutionalist concepts which are also useful when explaining the MLG; previous policy decisions and practice are a significant factor when seeking to explain the development and outcomes of a particular policy (Chou, 2009).

Explanations of social policy have reflected these trends as well as introducing concepts on policy feedback, which will be discussed in detail below. Duckett highlights the role that state and non state actors can have as vested interests in influencing policy outcomes in medical insurance (Duckett, 2001, Duckett, 2003). Gu argues that the design of the original welfare system meant that reforms of State Owned Enterprises, notably the introduction of market principles and the removal of state subsidies of the welfare system, had wide reaching institutional impacts which lead to increasingly poor welfare provision and poverty (Gu, 1999, Gu, 2001). Solinger argues that path dependence, manifested for example in ties to previous state owned employers, was a significant influence on the evolution of local provisions to laid-off workers and those who might receive the MLG (Solinger, 2005). Finally, Beland and Yu in their four part institutionalist approach to explaining pension reform highlight the power in fusing or synthesising different approaches such as vested interests and policy feedback into an explanatory tool (Beland and Yu, 2004). The point here is that in seeking to explain other aspects of social policy in the PRC scholars have successfully looked beyond the limitations of theory in the China studies field incorporating and adapting ideas from the wider political science and public policy disciplines. This is something that this dissertation will also do when seeking an explanation for the MLG.

Argument of the Thesis

This dissertation will explain the emergence and development of the MLG whilst acknowledging the extensive empirical and theoretical work which has preceded it. What the body of work discussed above has demonstrated is that China, although authoritarian, is not in terms of policy making a homogenous unitary entity. Policy decisions and outcomes cannot be explained simply by looking at the actions of the elite

because even in this small group there are factions and distinctions. These differences can manifest for example as competing groups trying to attain political supremacy as described by Nathan (1973; 1976) and Tsou (1976); or the distinctions between specialists and generalists outlined by Liberthal and Oksenberg (1988). What the studies above do suggest is that explaining policy requires acknowledging the influence of individual policy actors (state and non-state), the influence of previous decisions, and the influence of the structure of the state and hierarchy of state institutions. In explaining the MLG this dissertation draws on this previous work to explain the development of social assistance in China between 1992 and 2003.

I argue, based on my study of the MLG, that explaining policy in the PRC requires a synthesised approach which can account for the influence of both institutions and policy actors which can be found in any political system. Rather than allowing the tensions between structure and agency to continue, a synthesised approach allows for the two to coexist as they do in the reality of day to day political life.

I introduce the concept of the policy sponsor to explain the behaviour of particular policy actors. Straddling multiple stages of the policy process and spending resources to see a chosen policy succeed a policy sponsor is an important additional feature in the policy process. The policy sponsor occupies the space between the agenda setting policy entrepreneur as described in Zhu and the decision making rational bureaucrat of the FA model. The policy sponsor is a means to account for individual actions by motivated policy actors who support, through expending their own resources, the development of particular policy options through multiple stages of policy making in the PRC.

Building on both the explicit and implicit structure and feedback elements in studies on China this dissertation argues that in order to understand both the MLG and other policy developments the policy process in China needs to be understood in terms of institutions and policy feedback which both facilitate and constrain policy choices. It is within these constraints that policy sponsors operate and the combination of their own resources, actions and the institutional context they operate in is what explains policy developments and outcomes. Such an approach is what would be described as an

historical institutionalist position but it is strengthened by the policy sponsor concept which emphasises the role of agency.

Institutions, as state structures, rules and feedback, frame the context within which policy develops. Institutions can provide the opportunity for policy developments, constrain possible choices, limit the effectiveness of decisions and frame outcomes. Whilst structures and feedback might frame the possibilities and limitations for policy developments they do not actually *do* anything. It is action taken by policy sponsors which drives policy developments, taking advantage of opportunities and spending resources to overcome the challenges a policy might face as it progresses through the multiple stages of the policy process. These challenges can be institutional or the actions of other policy actors. It is this synthesis of the existing understanding of institutions and the concept of the policy sponsor which helps explain the emergence and development of the MLG.

Explaining the Emergence and Expansion of the MLG

The question that this dissertation will answer is what explains the emergence and development of the MLG in China? In order to answer this question four different periods in the MLG's development are examined and form the basis for the explanation of the policy. Each period of time was chosen because it covers a significant developmental stage for the policy. In addition each of these stages addresses a particular point which is lacking in current explanations. The first stage discussed is the emergence of the MLG in Shanghai; second, is the transition of the MLG from local policy to national implementation; and the third covers the consolidation and expansion of the MLG at the turn of the twenty-first century. This third stage also provides the context where the explanatory concepts developed earlier are used to examine the emergence and development of a new policy idea in the city of Dalian. Taken together these different stages of the MLG's development provide an explanation for how the policy emerged, what led to it becoming a national policy and how it has subsequently been shaped.

The first stage of explanation is the emergence of the MLG in Shanghai between 1992 and 1993. The emergence of the MLG in Shanghai was a microcosm of the Chinese policy process as it went through all the stages of the process associated with a national policy: generalised as much as such a process can be as agenda setting, problem identification, development of responses, and implementation. The agenda was set by Mayor Huang Ju and an anonymous Beijing official who were concerned over increasing urban poverty resulting from rationalisation of state owned enterprises. The decentralisation of some powers, over policy development and fiscal expenditure, of the Chinese state allowed Shanghai the space in order to pursue a local means to combat possible social instability arising from increasing urban poverty. Shanghai's classification as a Municipality meant that only the State Council could have vetoed its policy initiatives. Without decentralisation of some responsibilities and the rank of Municipality then Shanghai would have had less freedom and capacity to use its fiscal and bureaucratic resources to develop the MLG.

The process was overseen and guided by a single policy sponsor, Mayor Huang Ju, who pushed for investigation of emerging problems, new ideas and the eventual MLG to be implemented. Mayor Huang was motivated by the possibility of protests and other social instability resulting from the planned reform of the steel and textile industries in Shanghai. The sponsor, through comments on reports and organising the policy process, influenced the timing and eventual form of the policy. From suggestions put forward by the local Bureau of Civil Affairs it appears that without the influence of this sponsor the policy response may well have followed the traditional format of identifying particular categories of urban poor and targeting them with benefits. The idea of the MLG was eventually thrashed out between a number of policy actors including the Bureau of Civil Affairs and Bureau of Labour.

The design of the MLG was a reflection of feedback, as policy learning, from previous decisions and outcomes in the design and operation of the Three Nos policy. First, the means tested format was adopted because the previous policy had become ineffective due to its category based design which meant that large numbers of urban poor were excluded from any social assistance. Second, local mechanisms of funding and adjustment of benefit levels were also adopted reflecting previous problems with the

Three Nos central funding and inflexible design when it came to changing benefit levels and responding to changing prices.

The second stage of the MLG's development was the transition from local to national level between 1994 and 1997. During its transition to national implementation the MLG was subject to the influence of two policy sponsors operating within the constraints of decentralisation and policy feedback. When trying to move the policy from local innovation to national policy Minister of Civil Affairs Duoji Cairang had to overcome the challenges of the decentralised state from an institutional position which limited his resources as a sponsor. As Minister he could not order a policy be implemented but only push for its implementation; nor could he direct fiscal or personnel resources to persuade local governments to implement policy. Duoji had to rely on persuading local government to implement the MLG by appearing to base his arguments on professional responsibility, national pride, and using Communist rhetoric. His chances of successfully sponsoring the MLG were based in the likelihood that his appeals to his subordinates would be acted on. Duoji appears to have been motivated to sponsor the MLG because it addressed a genuine area of interest to him, social assistance, and was useful in addressing the growing political and ideological problem of providing for the urban poor.

Because Duoji occupied a weak institutional position as a sponsor local governments were able to either resist implementing the MLG or introduce variations to it. The outcome of this was a national spread of the MLG but only to a relatively small number of cities whose governments began to adapt it as they saw fit. The MLG also began to become subject to its own feedback as the so called Shanghai and Dalian Models of implementation became popular having been implemented earlier and providing a source of experience for areas newly implementing the policy. Both models shared the same local administrative and financial basis but went about it in different ways. The Shanghai model relied on "traditional" structures like the work unit, enterprises and local Civil Affairs bureaucracy to finance and run the policy. Conversely the Dalian model used purely government finance and the emerging *shequ* (community or sub-district) form of local administration to run the programme. Other models of the MLG

emerged but they fundamentally reflected the enterprise/ government mix of Shanghai or the pure local government approach of Dalian.

The MLG transitioned from a local policy to full national implementation only when a policy sponsor intervened who was not compromised by their institutional position and had access to resources which could overcome the institutional obstacles of decentralisation in local government. Apparently motivated by the impending fallout from increasing radical reform of the State Owned sector the then Premier, Li Peng, took an increasingly active role in the MLG from 1996 to 1997. During this period the number of cities implementing the MLG increased dramatically as the central government ordered the policy to be implemented across the country using what could be recognised as the Dalian model of the MLG – although the MLG is still traced back to Shanghai. In contrast to Duoji the sponsor here was able to get binding State Council orders on the policy, and use his significant authority to order the policy be implemented nationally. The influence of institutional elements were not overcome completely however and the relatively weak position of the Ministry of Civil Affairs, tasked with overseeing the implementation of the MLG, meant that the national implementation of the policy did not occur quickly or without non compliance by local government. In spite of this Premier Li's influence as a sponsor on the MLG was significant and the MLG did make the transition from local to national policy because of his support.

The third stage of the MLG's development was ushered in when national implementation was successfully achieved in 1999. At this point all cities were classed as implementing the policy. The post 1999 development of the MLG was characterised by the activities of two sponsors, Premier Zhu Rongji and the MCA, as they sought to overcome particular policy problems they were facing. Then Premier Zhu Rongji was faced with the failure of his efforts to cater for laid-off (*xiagang*) workers who had not successfully found reemployment. The MLG had by this point become subject to central interventions, setting important precedents, but was still run at a local level through the MCA administrative structure and this appealed to Premier Zhu who wanted to break with enterprises as a means to provide benefits to the laid-off work force.

Premier Zhu's sponsorship resulted in the injection of large amounts of central government finance and the sending out to the provinces of MCA personnel to oversee implementation. The ability to direct and guarantee significant resources reflected both Premier Zhu's institutional position as an elite leader and a focused approach to problem solving in government described as distinctly individual. This saw the MCA being used by Zhu as a means to pump increased financial resources into the policy so it could absorb some 10 million laid-off workers. The expansion changed the nature of the MLG because it became tied to central government financial subsidies and also reintroduced a categorical element where the policy was tailored to cater to particular groups viewed as needing assistance. Zhu's sponsorship of MLG expansion also helped, through the injection of financial resources, the MCA overcome one of the main challenges it had been facing in getting a standardised version of the policy implemented: the decentralisation of responsibilities to local government and its own lack of fiscal resources.

At the same time as Premier Zhu's sponsorship was flooding the MLG with resources the MCA was adopting a more subtle sponsorship trying to overcome local non-compliance with the MLG and supporting the emergence of variations which could strengthen the policy. By using the mechanisms of routine available to it the MCA was able to support and spread some innovations in the MLG, such as catering more to specific groups of urban poor like pensioners, single parents or those living with disabled dependents. In addition the MCA introduced and oversaw the implementation of new administrative practices in order to overcome non compliance. This was seen in the development of a computerised administrative system. The MCA in this case took a more subtle approach than Premier Zhu in trying to overcome the same institutional challenge of local government intransigence. Instead of the injection of massive finance the MCA used the tools it already had such as routine work meetings, reports and circulars, much as Minister Duoqi had done in the early 1990s, to try and develop the MLG. Reflecting the weaker political position and relative lack of resources the MCA adopted a method of making all but the administrative changes essentially voluntary. This meant that it could support certain policy developments but did not need to spend resources fighting to get them implemented. The outcome of this was that by the start of 2003 the MLG was fulfilling its basic goal of providing a minimum livelihood to around

20 million recipients, could also provide additional benefits to certain target groups, was fiscally secure and the MCA had established a satisfactory level of administrative control over local government on the policy.

Can the synthesis of the policy sponsor concepts and new institutionalist analysis such as policy feedback explain policy developments beyond the initial emergence and development of the MLG? The case of Dalian's Community Public Service Agencies is used to illustrate a degree of wider explanatory applicability by using the same concepts of policy sponsorship, institutional structure and policy feedback to explain the emergence of a new policy in Dalian, its limited spread and failure to become a national policy. Dalian exhibits the same favourable institutional setting as Shanghai for policy innovation and when this combined with policy sponsors drawn from the elite, administration and think tanks it allowed for an innovative development on the delivery of the MLG and the management of MLG recipients. The CPSA was not adopted nationally, spreading only to a small number of cities in the North of China. This is explained by the favourable institutional setting described in Dalian not existing elsewhere, the complexity of the policy itself, the fact it did not fit with the national agenda on social assistance at the time and the lack of any policy sponsor who might have been able to negotiate these challenges. Dalian highlights the role that policy entrepreneurs can play in the policy process injecting new ideas and additional research capacity into the policy process. The Dalian case does highlight, however, that policy entrepreneurs might be able to influence the policy process but if they are extra bureaucratic agents then it is only at the invitation and sufferance of the established bureaucracy. A final point raised by the Dalian case, and alluded to throughout the discussion of policy sponsors, is that there are different policy sponsors whose ability to sponsor a policy is influenced by the institutional position which they occupy. Dalian confirms what is apparent in the case of Shanghai and the transfer of the MLG to national implementation regarding the differences between elite and administrative sponsors.

Policy in China can therefore be explained by understanding three particular elements: the role of policy sponsors in negotiating challenges to a policy in addition to the actions

of policy entrepreneurs and other actors, institutional structures, and finally the significance that feedback from previous policies can have.

Policy sponsors provide a means to explain the behaviour of certain policy actors over this period who invested significant institutional and personal resources in seeing the MLG move in the direction they desired. Minister Duoqi had to navigate intransigent local government from a position of compromised authority and this resulted in a slow, uneven spread for the MLG. Premier Li used his authority and position to make the MLG national policy utilising influence over powerful state institutions and the ability to issue binding orders on policy. Premier Zhu acted in a similar manner directing enormous resources towards achieving an expansion of the MLG to cope with the failure of other policies he had invested in. Finally in Dalian sponsors in the elite leadership and the Bureau of Civil Affairs worked with policy entrepreneurs from the Chinese Academy of Social Sciences to oversee an overhaul of the delivery and management of the MLG in the city. It is also argued, using the case of the CPSA, that the prospects for a new policy which does not receive sponsorship are not great in the institutional environment of the Chinese state.

The motivations for sponsors are varied and reflect to some degree their personal circumstances and the historical circumstances of the time. The discussion of the policy sponsor in the chapters which follow does highlight some common threads regarding the MLG. The main point is that poverty was not a key motivation but concern about the political consequences of poverty was. The fear that social and economic change would result in increasing social instability was pervasive throughout the development of the MLG. Another common motivation was using the MLG as part of a response to other policy outcomes. In the case of Duoqi this was the failure of the Three Nos, for Li Peng the imminent reform of more State Owned Enterprises, in Zhu Rongji's case it was the continuing fallout from enterprise reforms and in Dalian it was a combination of concerns over laid-off workers and the expansion of the MLG. When using policy sponsors to analyse policy we must try to understand their motivations. As the chapters which follow will demonstrate in each case the motivations can share common threads and be very different as well.

Without the sponsorship of these policy actors it is open to question whether the MLG would have taken the particular developmental path it did. I would suggest that it would not and would have remained an interesting innovation in a small number of financially rich cities rather than a national programme and the focus for billions of central government expenditure.

State institutions, as discussed in previous policy studies of China such as Lieberthal and Oksenberg (1988), do significantly impede and facilitate policy developments. The decentralised and fragmented nature of the Chinese state can make implementing a national policy extremely difficult and the hierarchical nature of the state can create obstacles that are difficult to overcome. In the case of the MLG local government did not comply with efforts to implement the MLG when it was being sponsored by Duoji Cairang because fundamentally they did not have to. Duoji's authority was confined to the MCA and even the subsidiary bodies he was responsible for also had to answer to the local government. This meant that when pushing for the MLG to be adopted the decentralised and fragmented structure of the state was a significant obstacle which only sponsors with a lot of political and fiscal resources like Li Peng and Zhu Rongji could overcome.

The structure of the state does also create space for local government to innovate on policy. The structure of the state in this case allows cities to operate with a degree of independence when it comes to innovating on policy and spending their budgets. This independent position is enhanced further by the classification of some cities with particular ranks which mean they are only outranked by the State Council. The same elements of decentralisation and fragmentation which made it difficult for the MLG to be implemented nationally were also part of the reason it emerged in Shanghai in the first place. This idea that local government has space to innovate is further supported by the case of Dalian and the CPSA.

Feedback from previous policy decisions and unforeseen outcomes can create another set of influences and challenges for a policy. I will argue that in the case of the MLG both exogenous and endogenous feedback heavily influenced the motivations of certain policy sponsors. The outcome of previous decisions to expose the state owned sector to

market forces created the perceived need amongst local government officials and later national leaders for more responsive social assistance measures as the traditional social welfare system collapsed and threatened to destabilise the cities. The previous system of social assistance was also exposed by market reforms as urban poor began to emerge outside of the traditional scope of the Three Nos. The Three Nos benefit also came under pressure from price increases as it was incapable, by design, of adjusting to changes in the local economy.

The concept of feedback also suggests that policy will be influenced by previous decisions made within a policy sphere and the MLG was no different. The MLG was heavily influenced by its predecessor, the Three Nos, in how it was designed and how it was supposed to function. The means tested, locally financed and locally adjusted design of the MLG was a reflection of the previously inflexible categorical system based on national allocations. The MLG, by design, was a response to the failings of the Three Nos. Design possibilities were ruled out because of what the policy was responding to and aiming to achieve and it was therefore heavily influenced by feedback in this sense.

The perceived need amongst officials to develop the MLG and the design it then took would have been unnecessary if it had not been for feedback from the Three Nos. When the MLG began to transition to national level the feedback from the initial implementation of the policy in Shanghai and other cities manifested in different models of finance and administration. Finally feedback from the initial slow and negotiated implementation under Minister Duoqi manifested in the non-standard implementation or failure to implement of the policy in a large number of cities which continued to be a problem into the early 2000s and was only resolved, as a side effect, by the intervention of Zhu Rongji.

The Policy Sponsor

In order to explain the policy process in China what is needed is a means to explain, without over complication, the observed behaviour of policy actors when consulting, advocating and deciding on policy. Understanding and explaining policy making in

contemporary China needs to account for the behaviour of actors who are observed, in the case of the MLG, sponsoring policy over a period of time through different stages of the policy process. At the same time any explanation of the role that actors play in the policy process needs to be able to work in concert with the institutional factors which will be discussed below.

The policy entrepreneur concept popular in public policy studies of agenda setting provides the basis on which such an explanation of individual actors could be based (Baumgartner and Jones, 1993, Baumgartner and Jones, 1991, Kingdon, 1984). Policy entrepreneurs can be found in many texts which have sought to synthesise policy explanations. They are typically self conscious advocates of a particular set of policy ideas and expend available resources to achieving these ends. In Kingdon entrepreneurs push particular policies for personal gain, to push their particular beliefs or because they enjoy the “game” (Kingdon, 1984). They do this by using their standing, connections, negotiating skills and persistence to take advantage of windows in the policy process to their advantage. In Baumgartner and Jones policy entrepreneurs are the actors which occupy institutional venues and manipulate policy images in order to set the agenda (Baumgartner and Jones, 1993, Baumgartner and Jones, 1991). The important point to note is that in these studies when seeking to explain the emergence of ideas and agendas in the policy process the role of individuals is developed through the concept of a policy entrepreneur.

The policy entrepreneur has, as noted above, already found some practical use in explaining policy outcomes in the PRC in Zhu’s discussion of the changes made to detention and repatriation policy in China’s cities (Zhu, 2008). Zhu’s study dealt with getting ideas onto the policy agenda and not with the role played by policy actors in decision making or implementation. The role played by CASS researchers in Chapter 6 of this dissertation supports this finding. This reflects a limitation with the concept as entrepreneurs are agenda setters providing ideas and getting policy noted rather than making decisions or overseeing the implementation.

A second limitation of the concept of entrepreneurs is that, in China, the policy process does not (yet) support the idea of a policy entrepreneur in the full sense of individual

and organisational actors competing for institutional spaces, policy imagery, and taking advantage of policy windows. As implicitly noted by Béland there is a distinctively democratic element to the policy entrepreneur concept with policy ideas needing to be sold to the people as well as to the specific policy community (Beland, 2005). The overwhelming role of the Chinese Communist Party in the day to day running of government, its continued efforts to occupy spaces which in more democratic systems would be left for non-governmental actors or at the very least would be competed for, suggests that the idea might at present be inappropriate. This is supported by the findings outlined in Chapter 6 where policy entrepreneurs were invited into the policy process and then had to operate from a position where they lacked political authority.

The case of the MLG suggests that the idea of policy actors taking on a significant role in the Chinese case has considerable merit beyond the limited possibilities of the policy entrepreneur concept. Reflecting the different circumstances that China presents at its current stage of development policy actors tend to sponsor ideas over a number of stages of the policy process rather than behave in what could be understood as an entrepreneurial manner by sticking to agenda setting or ideas development. To reflect this I introduce the concept of the policy sponsor in this dissertation in order to explain the behaviour and influence of a small number of important policy actors.

Policy sponsors are individual policy actors who can expend both personal and institutional resources to support a policy across multiple stages of the policy process. They are therefore defined by their material, political and time based support of a policy. Policy sponsorship can include getting a policy idea onto the political agenda, seeing it through the decision, design and development processes and overseeing implementation. A sponsor can be active throughout a policy's entire evolution or just for a period of one development. By using resources associated with their institutional position, connections, or more abstract concepts like personality a policy sponsor supports, essentially sponsors, policy through the institutional obstacles it might face. The concept of the policy sponsor can therefore explain a policy actor who behaves as a policy entrepreneur, attempting to set the agenda for example, but then sustains active interest in a policy into the decision making and implementation stages of a policy and beyond.

The concept of the policy sponsor is based on behaviour observed whilst examining the MLG. It is also able to straddle the role that the rational bureaucrat has in the FA model but can explain behaviour in more depth than a rational decision making explanation would be able to. The role of the rational bureaucrat, as set out in the FA model, occupies the decision making stage of policy making. The bargaining and negotiation expected by the FA model assumes that the rational bureaucrat will make decisions on policy based on what will best serve their position and organisation – hence the importance of bargaining over resources (Lieberthal and Oksenberg, 1988). Policy sponsorship reflects the long investment of time and resources that might go into supporting a policy which might or might not be implemented. Bargaining and negotiation with other actors are part of this process but so are maintaining the agenda and operating in contexts where bargaining over resources is not part of the policy process. This is significant because, as discussed above, it is one of the key problems identified in the FA model.

But policy sponsors are not all powerful or supra-actors who can make policy on a whim. Policy may also fail or have unintended outcomes despite, or because of, the best efforts of a policy sponsor. The point of the policy sponsor as a concept is that it helps explain the success or failure of a policy. Why was a policy able to overcome particular institutional obstruction or influences in one case but not another? The policy sponsor, what resources they have and what they do, can be the difference between a new policy being left on the agenda, decided on or making full implementation. A final point to consider is why some policies get sponsored and others do not. In the case of Dalian and the CPSA we have a good example of what happens when a policy does not get sponsored above a certain level of government but also some explanation as to why this happens. A policy must appeal to a sponsor in some way and if it does not, because it is too complex, or does not serve a particular end then the chances of a policy making implementation is drastically reduced.

Institutional Elements

In their seminal article March and Olsen argued for social scientists to refocus on the significant impact that institutions have on politics (March and Olsen, 1984). The rise of the new institutionalism or neo-institutionalism has been influential on scholars and beneficial to many disciplines by widening debate beyond the dominant rational choice and behaviouralist approaches. The success of the neo-institutionalism has been a huge number of definitions of what an institution is as well as the influence that they may have. Institutions and institutionalism are contentious concepts that can be understood and analysed in a number of different ways (DiMaggio and Powell, 1991, Hall and Taylor, 1996, Jepperson, 1991, Lowndes, 1996, Peters, 2005).

In this dissertation institutions are understood, in the definitions provided by Peters (2005) and Hall and Taylor (1996), as historical institutionalism. The formal structures of government as well as the more informal, but no less influential, sets of constraints and structures that have been discussed in the wider political science literature exert a heavy influence on the origins, processes and outcomes of policy. As Hall and Taylor (1996: 938) put it:

“By and large, they [*historical institutionalists*] define them as the formal or informal procedures, routines, norms and conventions embedded in the organisational structure of the polity or political economy. They can range from the rules of a constitutional order or the standard operating procedures of a bureaucracy to the conventions governing trade union behaviour or bank-firm relations.”

Peters (2005: 74) also suggests that historical institutionalism highlights the importance of the structures of the state in affecting outcomes. Although such structures, including constitutions or the design of the various tiers of government, can be covered by Hall and Taylor’s definition it is important to reiterate that when the term institution is used here it refers to both the formal and informal, state structure and norms for example.

The structure of the state is, as demonstrated in studies of policy in China and the FA model in particular, fundamentally important to the policy process. The Chinese state is structured by various ranks with the State Council the ultimate authority, below this are

Commissions which depending on the political climate at the time vary in influence, then come the Ministry, Province and self governing cities (the *zhixiashi* or Municipalities). At the local level of government the ranking of organisations continue with the added complication that subsidiary bodies of the Ministries are immediately responsible to the local government as well as their own Ministry (typically referred to as their *xitong* or system). The end of result of this is a very hierarchical government structure which has certain conflicts built in due to shared ranks or conflicting authority.

As demonstrated by Lieberthal and Oksenberg the way the Chinese state is structured means that any policy needs to navigate these various levels of fragmented institutionalised interest. As noted the result is an incremental policy process dominated by consensus building based on the interests of individual officials and bureaucratic organisations. The impact that state institutions can have is, therefore, important to any consideration of policy processes in China.

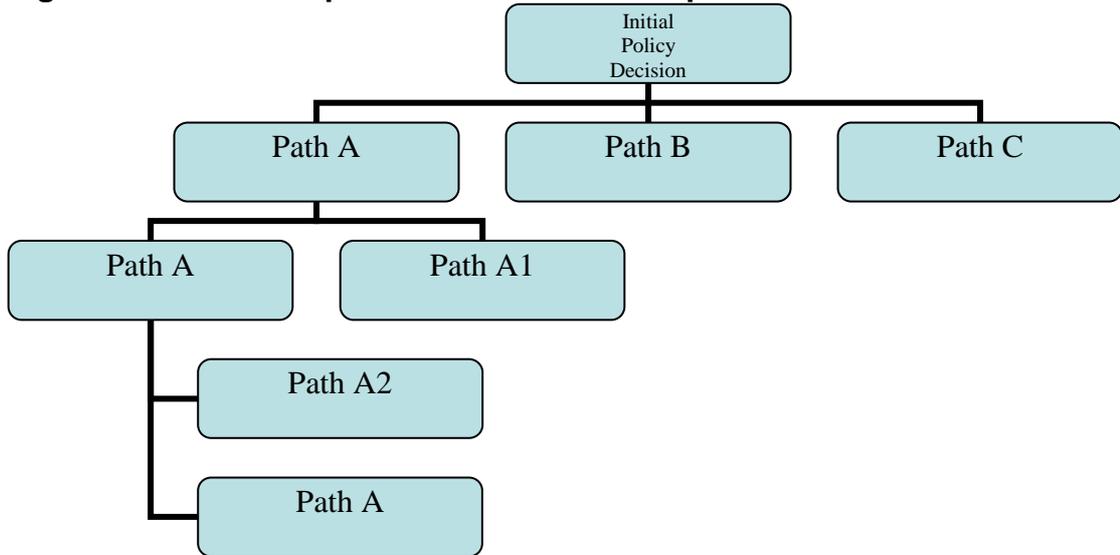
The second concept of historical institutionalism which has found particular use in the social policy literature is the influence that previous decision and programmes have on the policy process. Sometimes referred to as “path dependence” (Pierson, 1994, Pierson, 2004) or “feedback” (Skocpol, 1992) the basic concept is that previous policy decisions and decisions made during the formation of institutions feedback on to later policy possibilities and decisions. In Skocpol's work on America's early social policy “feedback” refers to two features: first, policy initiatives have a transformative affect on the administrative capacity and goals of the state; second, policy will transform the objectives, “capabilities” and “identities” of policy actors as well as the possibilities they have for political allies (Skocpol 1992: 57). Analysing the retrenchment of social security policies in the US and UK Pierson (1994) comes to a similar conclusion. Previous policy decisions limit the possibility of certain choices whilst increasing the possibility for other options later on; previous decisions can also create new interests or transform the agenda and resources of already established interests.

Developing the concept further Pierson argues that previous policy choices do not make certain alternatives impossible but that previous policy decisions make some policy decisions easier to follow. This is a somewhat abstract concept, Pierson likens the effect

to that of a tree branch, and Figure 1.1 illustrates this point more clearly. If paths A B and C represent different policy choices then a path dependent understanding of the policy process would posit that if decision A had previously been made then any future developments in this particular policy area will be easier if they continue along path A. Options in path B and C could also be considered but because of the different path, and therefore because of factors such as those highlighted by Skocpol and Pierson, it would be increasingly difficult for those options to be chosen. Such leaps across paths are not impossible and could be thought of as when significant radical changes occur. Typically the decisions made which will split a path are those made within the context of the policy in question but it is possible that decisions made in other policy areas will affect the future possibilities for other policies.² The power of the historical institutionalist position is that it is simple and that it provides a powerful explanation for policy decisions in both a historical and contemporary setting.

² This point is in part a reflection of discussions made during two panels on public policy at the American Political Science Association conference in Toronto, 2009.

Figure 1.1: Visual Representation of Path Dependence



One of the problems that the FA model and historical institutionalist approaches have is the role of individual and organisational interests in the policy process. Beland and Yu recognise this in the inclusion of vested interests in their four part institutionalist approach. At a more general level Considine suggests that the strength of institutionalism lies in the ability of the concept to fuse and strengthen other theoretical approaches (Considine, 2005). The bounded rational bureaucratic actor and vested interests of the FA model and other studies in the PRC are an important part to these explanations of policy and do seek to address the role of individual actors. These concepts are, however, limited as they are based almost exclusively in the realm of decision makers and bureaucrats who are focused on resources and bargaining. In addition these actors are typically described as occupying only certain stages of the policy process. It is here that the policy sponsor becomes a powerful concept in helping to explain how policy actors help a policy navigate the institutional challenges that a policy might face over multiple stages of the policy process.

Methods and Sources

This dissertation uses a combination of quantitative data on the spread, financing and numbers receiving the MLG and qualitative materials. I collected and analysed documentary sources in Chinese and English which included government circulars, research reports, official speeches, newspaper articles and editorials and publications for official consumption such as *Zhongguo Minzheng* (China Civil Affairs). I conducted

interviews with twenty one people during two trips and spoke to a mixture of MLG recipients, INGO workers, local officials, ministry officials, ministry researchers, government think tank researchers and university academics. I conducted my fieldwork during two trips in 2006 and 2007 which included time spent in the PRC and the use of the Universities Service Centre at the Chinese University of Hong Kong. More detail on methods used for qualitative and quantitative materials are available in Appendices A and B.

Outline of the Dissertation

This dissertation is structured around five core chapters and a concluding chapter. Chapter 2 will provide a history of social assistance in the PRC which has, to date, been covered in a cursory manner compared to other aspects of Chinese social assistance, social welfare and social security. This history covers social assistance in pre-revolutionary China and during the Maoist period of the People's Republic. It then moves on to discuss the reform era system before the MLG and then gives a brief history of the MLG. Chapter 2 then sets out the design of the MLG and its objectives as outlined in the basic national regulatory framework for the policy. Finally, this chapter will outline the calculation methods used for setting the MLG line in three cities.

Chapter 3 has two main threads all based around the emergence of the MLG in Shanghai during 1992 and 1993. First it discusses the events leading up to the emergence and initial implementation of the MLG in Shanghai. The origins of the MLG have been widely ignored in the literature despite the significance for subsequent developments (especially if one is taking an institutionalist perspective). The details of the initial MLG policy are also discussed highlighting the elements which went on to be identified as the Shanghai Model. The chapter also seeks to address the question of why the policy emerged in Shanghai and what motivated those actors who sponsored and supported the MLG's emergence. Second, in providing an explanation for the emergence of the MLG in Shanghai this chapter provides a foundation for a more generalised explanation of the MLG and policy process in the PRC.

Chapter 4 deals with the MLG's transition between 1994 and 1997 from a local policy to national level implementation. During this time period the MLG received significant support from two policy sponsors at a central level, Minister of Civil Affairs Duoji Cairang and Premier Li Peng. The policy's transition to national implementation was driven by the involvement of these sponsors but it is argued that the relative success of the two sponsors was influenced by the institutional position they occupied and the challenge of overcoming the influence of decentralisation to local government in China. The motivation of both sponsors is explored highlighting significant divergence after the common theme of social stability between Duoji who appears to be ideologically driven and Li who was driven by more practical concerns of coming economic reforms. The concept of the policy sponsor is therefore developed further demonstrating that the position occupied by a sponsor has a profound impact on the methods and resources available to them which then goes on to influence policy outcomes. Institutional elements are developed with the structure of the state impacting on implementation and feedback from previous design decisions dictating the direction of the MLG.

In Chapter 5 the discussion remains at the national level examining the challenges faced by the MLG between 1998 and 2003. The discussion focuses on the processes of expansion, consolidation and diversification in the policy. During this period the MCA struggled to cope with poor implementation as a result of the structure of the Chinese state and the MLG's policy design. In response to these challenges the MCA sponsored a number of innovations in the MLG. At the same time the MLG was becoming increasingly characterised by central government interventions which altered the original design of the policy. The most significant of these was the *Yingbao Jinbao* ("Ought to Protect, Fully Protect") campaign. This was the result of a powerful policy sponsor, Premier Zhu Rongji, investing significant resources in order to resolve problems resulting from policy problems in the provision of social assistance to laid-off workers and the failure of social security reforms to provide extensive coverage to urban residents. The differences in the behaviour and resources of the two sponsors discussed in this chapter further supports Chapter 4's conclusion that the institutional position of a sponsor can have a significant impact on the outcomes of sponsorship. Chapter 5 seeks to consolidate our understanding of the impact of structure of the state, policy feedback, and the role of policy sponsors.

The final core chapter returns to the local level and will discuss the emergence of a new delivery mechanism for social assistance policy, the Community Public Service Agencies (CPSA), in Dalian, Liaoning Province between 1998 and 2002. The objective is to investigate the effectiveness of a synthesised institutional/ policy sponsor approach in explaining the emergence of another policy. The case of the CPSA provides an excellent test of the explanatory power of such an approach as it introduces a new element into the policy process, non-bureaucratic actors, which have been identified as causing a challenge to previous approaches such as the FA model. Chapter 6 suggests that the institutional elements examined elsewhere in the dissertation are sound but that the policy sponsor concept needs some refinement. Rather than speaking in terms of policy sponsors as a general term they should instead be categorised to better reflect the resources, expected behaviour and outcomes that can be associated with different types of sponsor; the distinction drawn is that between elite and administrative sponsors. In addition Chapter 6 argues that policy entrepreneurship is a useful concept in explaining certain policy developments but that in the Chinese case policy entrepreneurs are beholden to the whims of the bureaucracy and support of policy sponsors. The final contribution of Chapter 6 is to use the same concepts that have successfully explained policy emergence and implementation to explain why a policy does not transfer from local to national level.

Finally, Chapter 7 brings together the main threads of the argument presented in the core chapters. It then discusses the core concepts of the policy sponsor, the role of state institutions and policy feedback in explaining the MLG. Finally, gaps in the study are highlighted and discussed. This final chapter aims to explain why and how the MLG emerged and developed, bring together the findings presented throughout the dissertation, put the main concepts discussed into a wider theoretical context and understand the contribution this discussion makes to the political science, public policy and China studies disciplines.

Chapter 2

Social Assistance and the Minimum Livelihood Guarantee in China: Historical background, development and foundations

Introduction

The following discussion will provide a basic history of social assistance in China and the Minimum Living Guarantee (MLG). This will provide a background to the analysis in the chapters which follow. A detailed history of the MLG is also something that has been lacking in the English language studies and this chapter will fill this particular gap. The discussion below will take a straight forward historical approach to cover events and developments in the social assistance policy sphere. It should also be noted that for the most part this section will focus on policy developments at a national level. This is because the MLG, although local in origin, became a national policy. Finally, attempting an analysis or explanation of the MLG is not the objective here but the stages in the development of the MLG picked out here will form the basis on which the subsequent core chapters will be based.

In order to introduce the reader to the history and technical detail of Chinese social assistance and the MLG the chapter will be structured as follows. First, there will be an explanation on the English and Chinese terms used to clarify what is being referred to throughout the dissertation. Second, a substantive discussion of Chinese social assistance will cover the pre-revolutionary and Communist era provision of social assistance. Having established the context within which the MLG emerged the chapter will then describe key points in the emergence, development and implementation of the MLG from 1992 to the present day. From this basic history of the MLG and the challenging of the rational discourse on the MLG the focus of the core chapters will be drawn and this will be covered in the section which follows. The chapter will conclude with an outline of the MLG's design and function based on two core documents, the 1997 "Circular regarding the establishing of a national urban resident MLG system," 1997 State Council Circular hereafter, and the 1999 "Urban Resident MLG Regulations," 1999 State Council Regulations hereafter, which provide the official definition of the MLG, how it should operate and what it should provide. The final

contribution of the chapter will be a brief discussion of the methods used to calculate the MLG which will elaborate on the foundations set by the two documents above.

It should be noted that throughout this chapter, and those which follow, the terms social assistance, social welfare and social security will frequently be used. Although clarification might appear unnecessary a distinction does exist within the Chinese discourse on social policy and a brief clarification of these terms follows. Social assistance (*shehui jiuji* or *jiuzhu*) refers to the provisions made by the state, normally through the Ministry of Civil Affairs (MCA), or society to those who are in need of some form of material help. In the majority of cases this will be cash or in kind provision based on a perceived need or, in the case of the MLG, a means test. Social assistance is normally associated with poverty alleviation or subsistence measures and is the main focus of discussion here. Social welfare (*shehui fuli*) in the People's Republic of China (PRC) is the provision of care, material benefit or employment for those who are in some way disadvantaged compared to the rest of the population. This has been the remit of the MCA for the most part and covers a wide range of care and provision including care homes for the elderly and orphans, care for martyrs and the severely injured; as well as the operation of welfare enterprises providing employment for those who might not have been able to find jobs otherwise (such as those with disabilities). Finally social security (*shehui baozhang*) covers the provision of social insurance policies for citizens. This includes policies such as the provision of old age pensions, unemployment insurance, and medical insurance. In the PRC this has been the remit of both the work unit (*danwei*) and Ministry of Labour and Social Security (MoLSS) as well as various levels of local government. Throughout the discussion which follows these terms will be used and in line with the above definitions. To avoid any confusion it should be clear that these terms are not interchangeable under any circumstances, therefore, if social assistance is mentioned it refers only to social assistance (*shehui jiuji*) and not any other forms of provision such as social insurance programmes.

Pre-1992: Background

The primary concern for this dissertation is the period after 1992 and the MLG policy. It is, however, impossible to address this without first discussing the system which

preceded it. In discussions of social assistance in the PRC the long history of some form of assistance being provided is mentioned as a basis on which the current system has developed. It is noted in some Chinese texts that the idea of social assistance has had a place in China for the last 2000 years although there is little evidence or detail provided beyond the principles which guided such assistance, these being: great harmony or an ideal society (*datong*), benevolent government (*renzheng*) and finally rooted in the people (*minben*) (Zhong, 2005). The first efforts at establishing a formal system of social assistance appeared in 1915 with a “poor law” which was compared by Zhong (2005) to that established in early 19th century England; this would suggest a minimum provision, possibly in kind (for example food), provided by a board overseeing provisions although there is no information cited by Zhong to support the comparison. This was followed by additional legislation passed by the government of the time in 1929, 1930, 1943, and 1944 although this is not elaborated on in the available sources. The problem with these efforts was, as would be apparent to any student of modern China, that the attempts to implement them took place during a period of significant internal turmoil and they were therefore not as effective as might have otherwise been the case (Zhong, 2005).

With the end of the Anti-Japanese war and the expulsion of the *Guomindang* (GMD, the Nationalists) from the mainland the PRC was successfully established in 1949. As the CCP established itself in government there were significant policy changes throughout the system of government and the provision of social assistance underwent radical development during the first few years. A number of these changes were wide ranging and had significant impacts on multiple policy spheres in addition to social assistance. One such change was the introduction of the *hukou* or household registration scheme. By dividing the population into those with agricultural (*nongye*) and non-agricultural (*fei nongye*) registrations the Chinese state introduced a division resulting in far reaching policy consequences. The question of whether a citizen’s registration was urban or rural had a profound impact on that individual. This covered where they could live, where they could work, and also what sort of social assistance, welfare, or security they might expect to receive.

Within the urban-rural distinction a second separation of the population developed with

regard to the provision of social goods an individual or household might expect. The common theme was that social security and welfare was earned through labour in both rural and urban areas. This was essentially based on the same principle in both rural and urban areas although what people were entitled to and how it was provided was subject to substantial difference. Although scholars do not have an extensive picture of the early years of post-revolution China by the 1960s the foundations for the social security, welfare and assistance system were in place. By employing urban workers in SOEs and absorbing surplus rural labour in the collectives the PRC government managed to arrive at a situation where the majority of those previously classed as poor had employment and the benefits of social security and welfare provision; as well as subsidised food or housing. The problem remained of those who were impoverished and did not have the ability to earn benefits through any form of labour. In order to resolve this problem the state developed an obligation to provide assistance for those who were “without” or, as it became known, the “Three Nos” (*Sanwu*). The Three Nos were no ability to work, no income, and no carer or guardian and typically only covered a select group referred to as orphaned, old, and disabled (*gulaoyoucan*) (Zhong, 2005, Wong, 1998). Although a common distinction was drawn between the provision through an earned right and provision for those who were unable to earn the mechanics of policy varied between the rural and urban areas.

Although the focus here is on the urban provision of social assistance it is worth noting what policies were in place in rural areas to illustrate the differences which existed before reform. In organisational terms rural areas were broken down into communes, collectives, work brigades and finally work teams as the smallest unit of production. All provisions in terms of social assistance were through the collective organisation and it was, therefore, subject to high degrees of variation between different areas. The common policy between all areas was that “Five Guarantees” (*wubao*) were in place for all those who could not earn entitlement to welfare through labour. The five guarantees would provide for: food and fuel, housing, clothes, medical, and burial expenses (Leung and Nann, 1995, Saich, 2004). It should be noted that these were provided *in kind* and on a household basis rather than in cash or on an individual basis.

Urban provision again consisted of two strands based on whether the recipient could

work or not. There were, however, significant differences to the system functioning in rural areas. For those who could work the so called “iron rice bowl” (*tiefanwan*) provided what was essentially a cradle to grave system of social goods provision centred on the individuals work unit. This provision provided benefits which included subsidised food, housing, education, medical care, pensions, and a form of unemployment insurance. The system was comprehensive because almost all urban employees and their families were included and it operated with the understanding that the state would support and absorb any costs in terms of provision. In contrast those who did not have the ability to earn their welfare through labour were subject to a minimal state provided assistance. To qualify an individual would need to be in one of the Three Nos groups. Individuals would be from very specific groups who had fallen out of the more comprehensive social security net constructed around the work unit. The funding and levels for social assistance during this period were not guaranteed and were subject to central Ministry of Finance (MoF) and local finance department allocations. The allocations were then paid out through the local government and neighbourhood offices under the administration of the MCA. At the administrative level the organisations can be understood to have had little control over how much could be paid and to whom; the system was extremely limited in scope and funds. The MCA also provided a number of additional elements which could be viewed as social assistance but are typically discussed separately as social welfare policies. These included managing welfare enterprises (*fuli qiye*) for the disabled to work in, care homes for some of the elderly, orphanages, and special payouts for those with family members who had either been injured or killed in military service (Leung and Nann, 1995, Wong, 1998).

Despite the tumultuous nature of the Maoist period this system of social assistance managed to be sustained throughout with the exception of the most chaotic period of the Cultural Revolution. At this point the idea of social assistance became politically unacceptable and, as a result, funding and administrative capacity were cut. The return of a relatively stable government in the 1970s saw the reintroduction of an essentially unchanged system of provision (Zhong, 2005). This continued into the early 1980s in spite of the beginning of the process of reform and opening implemented by the coalition of reformers and conservatives under Deng Xiaoping. However, as the reforms

began to deepen profound changes began to occur in the PRC in not only economic but also social and political terms. These impacts ultimately led to a reassessment of the provision of not just social assistance but the entire social security and social welfare system.

Social assistance policy remained constant during the transition from Mao to Deng and this was clearly set out in the redrafted constitution of the PRC which did not change the constitutional provision of social assistance. This was approved in 1982 and provides a limited institutionalised commitment to social assistance in the form of Article 45. This states that:

“Citizens of the People’s Republic of China have the right to material assistance from the state and society when they are old, ill, or disabled. The state develops social insurance, social relief and medical and health services that are required for citizens to enjoy this right.” (NPC, 1999)³

This commitment did not change the policy of social assistance as it stood in the early 1980s because it contained commitments from the previous three iterations of the Constitution and, as should be clear, does not include an outright commitment beyond the narrow limits of those who might be considered one of the Three Nos.

Developments in the area of social assistance, and social security and welfare more widely, began to occur as reforms in the structure and regulation of the rural and urban economy began to take effect (Saich, 2004). It was in rural areas where economic reforms first began to have a significant impact first with household responsibility contracts providing an incentive to increase agricultural production. By introducing a system where the household rather than the collective was responsible for production this initial reform undermined the pre-reform system of social provision. The household responsibility contracts ultimately saw the de-collectivisation of the countryside. This had a profound impact on the already limited welfare provision in rural areas as the institutional basis of the provision disappeared and was not immediately replaced.

³ It should be noted that Article 45 of the 1982 Constitution was part of a continuation which goes back to the founding of the People’s Republic. The 1954, 1975 and 1978 Constitutions all had an article with the same, or very similar, wording (China Law Information Online, 2009).

In urban areas reforms to the economic system were slower in being implemented but went on to have a significant impact. The first impact which was significant to the provision of social assistance was the introduction of greater labour flexibility with a new Employment Law in 1986. At the most basic level this allowed managers to terminate workers contracts and create, for the first time since 1949, a group who were technically unemployed although these powers were not used extensively until the 1990s. In addition SOEs were gradually given both greater fiscal autonomy and fiscal responsibility. This responsibility, when coupled with the need to meet increasingly heavy welfare demands, spurred further reform of the SOEs and also the wider social security system in the 1990s (Gao, 2006).

The reform of the SOE sector in terms of both working practice and the provision of social security did not have an immediate effect on social assistance policy as the system continued throughout the 1980s unchanged. However, by the early 1990s the decision to reform urban social policy provisions became apparent and this has been tied by Chinese scholars to three developments (Guan, 2000, Tang, 2003). The first of these would include those who were laid off or stood down from normal full employment at SOEs. These *xiagang* workers were not made formally unemployed and still received a basic living allowance and welfare provisions as their SOE could manage. Second, a growing number of pensioners whose pension payments relied on their former SOE either did not receive their funds or received reduced payments. Finally, the introduction of the market and the corresponding reduction in the SOE sector created a new group of urban workers who might be capable of work but who were temporarily unemployed or employed with a very low wage (Tang, 1998, Tang, 2001, Tang, 2003, Tang, 2005, Hurst, 2009, Hussain, 1998, Hussain, 2003, Guan, 2000). The introduction of unemployment insurance and changes to the minimum wage policy aimed to alleviate these pressures with some limited success (Interview BJ06-3).

The rapid development of many urban areas saw significant increases in the standard and correspondingly the cost of living for all urban residents. New costs such as housing were being coupled with increasing costs and expectations in terms of the consumption of consumables. This led to a growth in the numbers of working and unemployed

families who could be classified as living in poverty (Tang, 2003). These groups had previously been covered by the benefits of the old system and reforms of the social security system sought to address this (Saich, 2004). The initial attempts at introducing new pension provisions, medical insurance, and also unemployment insurance went some way to solving these problems within a limited context but did not occur until later on in the 1990s. In 1992 the first rumblings of what would go on to become one of the defining challenges to the Chinese leadership were, therefore, beginning to be heard (Tang, 2003, Yang, 2003). It was in this context that the MLG emerged in Shanghai.

Emergence and Development of the MLG

Emergence

The MLG first appeared in the city of Shanghai in June 1993. This followed investigations and discussions of possibly policy changes which had started in 1992. The policy was introduced as part of a two branch approach to alleviating local urban poverty. The other branch introduced was a minimum wage system. Together these two policies would in theory provide anti-poverty measures to both the working and non-working population of the city. These policies were introduced with little fanfare and received little attention although both would go on to become significant national policies. The MLG which was implemented on June 1st 1993 had the characteristic means tested format based on a locally set MLG line which has stayed with the MLG throughout its development. The initial line was set at 120 yuan per household member per month. Income would be topped up to the MLG line if the applicant was approved for the benefit. Applications were to be made to and managed by the Bureau of Civil Affairs who also managed the funds for the policy. Funds were to be raised by the local government and payments received from local enterprises (Shi, 2002). The MLG at this time was not a national policy nor was there any indication at this early stage that such a transition might occur.

Transition from Local to National Policy

The next point of significant development for the MLG occurred in April 1994 when the National Conference of Civil Affairs convened in Beijing. Up to this point the MLG had not spread much beyond Shanghai and was still a local innovation. The 1994 conference

marked a change because it was the first time that the central government publicly and officially endorsed the MLG. This endorsement was in two speeches, the first by then Minister Duoji Cairang's work report to the conference and the second in then Premier Li Peng's speech to the conference (Duoji, 1995a, Li, 1995). This was not an official announcement of a required national implementation and instead suggested that local government should carry out the policy. The content of the speeches was circulated by within the MCA as part of a circular on the conference as a whole (MCA, 1995).

During 1995 the focus of activity regarding the MLG was within the MCA as it hosted a number of meetings on the MLG and the policy was raised at other general meetings of MCA officials. In May 1995 the MCA held two meetings on the MLG, a Northern meeting hosted by Qingdao and a Southern counterpart in Xiamen, where the policy was discussed and calls for further implementation made. This was followed in July by a meeting on theoretical and research work relating to the MLG which was also convened by the MCA. The MLG was also raised later in the year when it was discussed at a symposium of provincial, city, and district civil affairs department heads (Hong, 2004).

The MLG did not receive any more attention during 1995 but there was a reaction to the 1994 conference and meetings of 1995 with the number of cities implementing a MLG system increasing. Although the response could not be described as spectacular by the end of 1995, a year after the call to increase the number of cities implementing an MLG system, the numbers of cities implementing a MLG system increased steadily if slowly (Hong, 2004, Leung, 2006, Tang, 2005). In 1994 this included Shanghai and Xiamen and one addition with Qingdao implementing a system in June. In 1995 Fuzhou, Dalian, Shengyang and Haikou implemented systems in January, Wuxi in April, Guangzhou in July, and Nanning following suit in September (Tang, 2005). Given that this still left approximately 20 Municipalities or Provincial capitals, as well as several hundred cities of county level or higher, the process up until the end of 1995 had been fairly slow.

In the following year, 1996, the character of the policy process surrounding the MLG began to change significantly. At a meeting of provincial, city and district civil affairs department heads then Vice-Minister of Civil Affairs Xi Ruixin announced that national

implementation of the MLG was an explicit goal (Xi, 1998). This was followed in March by the MLG being incorporated into the Ninth Five Year Plan (1996 – 2000) and the 2010 Long Term Development Goals (Li, 1998e, NPC, 1998). This was a significant development because it meant that the MLG was now part of the central government's plans for future policy. In effect the incorporation of the MLG into the plans was as much a call for national implementation as an individual central leader saying as much. There was a noticeable increase in the number of cities adopting MLG systems by the end of the year with the number breaking 100 (see Appendix B).

National Implementation of the MLG

The MLG became a policy of real national significance in 1997 with the publication of the “State Council circular regarding the establishing of a national urban resident minimum livelihood guarantee system” (State-Council, 1997). This document provided, for the first time, a centrally endorsed set of goals and design elements for the MLG which local government could follow as well as an explicit call for national implementation. It should also be noted that State Council documents are binding, lower tiers of government must comply with them, whereas Ministerial level documents are not. The specific details of this document will be discussed in depth in the final section of this chapter. Surrounding the publication of this State Council circular were a number of meetings convened by the MCA including Eastern and Western work report meetings in May and August respectively (Duoji, 1998c, Duoji, 1998d). Throughout November and December MCA officials continued to promote the MLG at meetings held on the policy and on plans for the Ministry's work in 1998 (Fan, 1998a, Li, 1998a, Duoji, 1998b). The MLG also received national attention in the press with Minister Duoji writing an editorial for the People's Daily in August (Duoji, 1998f). Of additional note was the appearance of members of the State Council discussing the MLG, notably Li Peng at a meeting on pension provision in July (Li, 1998f), and State Councillor Li Guixian (Li, 1998b, Li, 1998c), Vice-Premier Zou Jiahua (Zou, 1998) and Party General Secretary Jiang Zemin in September (Jiang, 1998). By the end of 1997 the number of cities with an MLG system had increased to 334.

If 1997 had been a year of increased and significant activity 1998 was a much quieter

affair in terms of public pronouncements, events or publications. Behind the scenes there were a number of research reports conducted on behalf of the MCA into the implementation of the MLG in the cities of Shanghai and Chongqing, and the provinces of Jilin, Shaanxi and Sichuan. According to an MCA official it was during the summer of 1998 that the MCA began to draft regulations for the MLG although there is no documentary evidence that this was the case (Interview BJ06-2). At the same time as the MCA was conducting investigations into the MLG and drafting regulations on the policy the number of cities adopting the MLG increased by 1500 over the end of 1997 to 1801.

Following this year of relative quiet 1999 saw three significant events occur. First, officials in the MCA began to discuss problems with the implementation and management of the MLG especially the exclusion of impoverished households who should receive the subsidy. Second, in August the MCA, MoF, MoLSS, National Planning Commission and National Economic Commission announced a national increase in the MLG line of 30% and provided central funding for the increase (MoF, 2000a). This was the first time the central government had intervened in the running of the ostensibly local MLG and also the first time that central funding was provided for the policy. Finally, on the 28th September the State Council published the Urban Resident Minimum Livelihood Guarantee Regulations (State-Council, 1999). This document, like the State Council circular in 1997 before it, provided details on why the MLG should be implemented, what its goals were, how it should be set up and the responsibilities for various levels of government regarding the policy. Significantly it also included a deadline for implementation requiring all cities in China adopt the policy by October 1999. On November 26th then Vice-Minister Fan Baojun announced in a speech to a national MLG work meeting that the deadline had successfully been achieved (Fan, 2000a).

The Post-Implementation MLG: Consolidation and Expansion

The years following 1999 saw a change in focus regarding the MLG. Having achieved full implementation concerns in the MCA moved to standardising or consolidating the programme especially overcoming the so called “Ought to protect, not protecting”

(*yingbao weibao*) problem (Tang, 2003). This was the name given to the problem of local authorities excluding MLG applicants who should in reality receive subsidies. In January 2000 the MCA published a circular “Regarding the implementation of the MLG regulations to step-by-step standardise and complete the MLG system” (MCA, 2000a). The circular focused in particular on removing practices which led to the *yingbao weibao* problem.

The visit of then Premier Zhu Rongji to Dalian in April 2000 is cited as being a significant event for the post-1999 MLG (Tang, 2003). Announcing that the MLG presented a means to provide social assistance to China's urban workforce without the need to involve their enterprises Zhu started the *yingbao jinbao* or “Ought to protect, fully protect” campaign. This campaign ran from 2000 to the summer of 2002 and saw a doubling of the number of urban residents receiving the MLG to some 21 million people. In addition there were significant injections of finance from the central government as it became, in 2002, the main provider of MLG finance. Finally, the campaign saw the MCA directing personnel resources toward the programme. By 2003 the MLG was a very different policy from the local innovation which first emerged in Shanghai ten years earlier.

2003: A Suitable Cut-Off Date?

This study of the MLG ends in 2003. This is because 2003 marks a particular end point in the development of the MLG and this can be illustrated in two ways. First, 2003 marked the end of the MLG's journey through the policy process from a local innovation to national implementation and ultimately a secure financial future. In addition, by 2003 the MLG had for the most part consolidated, in terms of function and objectives, into a programme which was replicated nationwide. Second, after 2003 I would argue that the MLG and the social assistance agenda in general have begun to diversify. At the national level the focus of the MCA and central government has turned to promulgating a social assistance law. In contrast at local level the policy has begun to stagnate and has struggled to cope with ongoing economic development and price inflation. The scope of social assistance has also been increasing since 2003 with new assistance measures introduced to cope with the diversity of the urban poor population.

The period from 1992 to 2003 is, therefore, distinct and marks the time that the MLG moved from local innovation to consolidated and secure national measure.

The MLG Policy – Design and Function

The final contribution of this chapter will be to describe in more detail what the MLG actually is. The main features of the MLG programme have already been outlined briefly but detail on the design and function of the policy is lacking. Because the programme did not formally change between its initial roll out as a national policy in 1997 and 2003, the end-date for this study, the following details will be based on the 1997 State Council Circular and 1999 State Council Regulations. The changes to the MLG described above, especially in the source of funding and administrative mechanisms, have not directly affected the way the programme is supposed to function and they have not been formally added onto the MLG as it currently stands. This may well change when the Social Assistance Law is promulgated but until this happens the core of the programme is outlined in these two documents and they are what are referred to when adherence to official policy is cited.

The 1997 State Council Circular

The 1997 State Council Circular is a short document of 1900 characters. Following what is format convention for official announcements it is broken down into five sections each with a subheading and dealing with a different aspect of the policy. Section one, called the “need for establishing an urban resident MLG system is important work that must be grasped”, sets out the rationale for the implementation of the MLG system. The section references the Ninth Five Year Plan and the 2010 Goals as requiring the construction of a national MLG system. The MLG is described as a reform and perfection of the traditional social assistance system in China reflecting the superiority of socialism and that the people's needs are a basic goal of the CCP and Government. The section also states that the MLG will also safeguard social stability and promote the smooth implementation of economic reform although this point is not developed further.

To achieve implementation within the scope of the Ninth Five Year Plan (1996-2000) a

timetable is set out. By the end of 1997 cities which have already implemented the MLG need to improve their systems; those which have not implemented the MLG need to do thorough preparatory work. Although this is not described it can be inferred that this would mean preparing a system for implementation and drafting the necessary documents and local regulations. Cities in China are assigned different administrative ranks reflecting where they stand in the hierarchy of the state. It is this ranking system which is used to determine when a city must implement the MLG by. At the end of 1998, all cities above the administrative level of prefecture level (*di*) must have established the MLG. By the end of 1999 all county level cities and county governments need to have established an MLG system. A final point is made stating that in all cases this needs to be done in a way which suits local circumstances so that all non-agricultural (urban) residents have access to the MLG. Again this is not particularly clear but suggests that cities need to adopt the MLG that best suits their local fiscal and administrative circumstances whilst at the same time ensuring that they do provide an MLG system.

Section two, the “need for rational decisions on the scope of guarantee targets and guarantee criteria”, sets out who is eligible for the MLG. The targets of the MLG are those whose household income is below the locally set minimum livelihood guarantee line and who are non-agricultural (urban) residents. The main targets are three distinct groups. The first group are those with no source of income, no ability to work, and no carers or guardians. This group can be recognised as the Three No group catered to by the traditional social assistance policy of the PRC. The second group are those who receive unemployment (UE) insurance payouts or whose UE insurance has expired before being able to find a job, and whose household income falls under the MLG standard for residents. Finally, workers and *xiagang* workers who receive wages, minimum wage, basic living guarantee and retired personnel who receive pensions whose household incomes fall beneath the MLG criteria for residents. The main consistent point here, in spite of groups being identified and described, is that in order to receive the MLG a household has to have a total household income which falls below the MLG line.

The local People’s Government, typically the highest level in a tier of local government,

decide on the local MLG criteria. These criteria are not defined but can be inferred by what is discussed later in the section as the MLG line, and details on funding and administration. The process for defining the MLG line and other criteria is described and should in theory operate as follows. The Civil Affairs, Finance, Statistics, and Commodity Pricing departments co-operate in setting the local MLG criteria and the MLG line. This is then submitted to the People's Government and once agreed on it is then publicly announced. The MLG line needs to be set according to both basic food needs and public finance's ability to cover the costs. If the standards of living rise in the area then there needs to be a "timely investigation" into the MLG line. Two final points finish the section. First, the MLG benefit needs to be paid to all those who fall in the quota; the benefit being the difference between the recipients income and the MLG line. Second, when assessing whether someone is eligible for the MLG, the assessment must not include benefits given under special circumstances due to national policies, examples would be special pensions to army veterans injured or the family of those killed in conflicts.

The "Need to seriously ascertain MLG funds" is the subheading for section three. Here the oversight responsibilities of the Finance bureaux and details on funding are described. Funds are to be sourced by the local People's Government finance budget and channelled into a special expenditure fund. Before the end of every year Civil Affairs departments at all levels submit their expenditure plans to the same level Finance departments or bureaux who "examine and verify" the plans. After this is done the plans are added to the budget. This process should be fixed to a regular time. It is stated that all Finance departments and bureaux at all levels need to oversee, strengthen, and control MLG funds. This is to ensure the proper use of MLG funds and to guard against funds being squeezed and embezzled. Section three finishes by calling for the finance of the MLG to be fully shouldered by public finance, therefore by local government, rather than the mixed system of public and enterprise financing in place in some areas as will be discussed in Chapter 4.

The title of section four is "Initiate social mutual help, encourage guarantee targets to work toward wealth" and it calls for the support of the development of the MLG on top of the Chinese tradition of mutual help. This section implies that China has a tradition of

social assistance that the people now have to live up to through the MLG. It also calls on people to accept a few difficulties, clarified by an MCA official as fiscal constraint (Interview BJ06-2), so that the MLG can be implemented.

The final part of the Circular, section five, is called “Strengthen leadership; ensure the MLG is smoothly implemented.” This section outlines the administrative roles regarding the MLG which are broken down by department and rank. These are set out as follows.

All levels of government are to help to establish the MLG. In addition they are to put establishing the MLG at the top of working agenda. It is therefore to be given priority by both central and local government. All levels of government are to work together and finally to use research to overcome major problems. These last two statements can be seen frequently in Chinese government announcements on policy and do not indicate any special characteristics of the MLG.

The Civil Affairs Departments are given the largest number of responsibilities of all the institutions specifically identified. The responsibilities of the Civil Affairs organisations can be split into two groupings. First, there are those responsibilities tied to setting up the programme. Specifically to fully develop the role for functional institutions, meticulously organise [these institutions], carefully arrange [these institutions], strengthen administration and establish and perfect rules and regulations. Although these points might sound somewhat abstract they are referring to the programme being set up and managed by the Civil Affairs departments.

The second group of responsibilities retains this focus on administration but on the day-to-day operation of the programme. Whilst operating the MLG the Civil Affairs departments should persist in open, public, democratic principles of government, ensure they make and meet guarantee targets, guarantee funds, administer developments and finally earnestly do well in this particular work. The main point to grasp here is that the Civil Affairs departments are being called on to adhere to the ideal of government in China (the open, public and democratic elements) and at the same time ensure that they establish targets which are then met when managing the programme. They are also

being required to ensure funds are used properly. Finally the point regarding “administer developments” is referring to the need for the Civil Affairs departments to either implement new developments in the MLG or prove responsive in reporting the need for change in the MLG if the local economic circumstances change. Either is a possibility and it is left unclear in the Circular.

The Finance Departments are given a shorter and clearer set of responsibilities. First they are to “energetically develop co-operative ties” with the MCA. This is for obvious reasons as the finance for the MLG will run from Finance to Civil Affairs and a degree of co-operation will be necessary for this to occur. Significantly the Finance Departments are given powers to “decide guarantee funds” which means that although it is Civil Affairs who manage and administer the programme it is Finance who have a large degree of influence over the programme in terms of funding and therefore the level of the MLG and the numbers who might receive it. Two last points are made regarding good administration requiring that the departments “strengthen guarantee funds administration and supervision” and “ensure funds are obtained rationally and used efficiently” effectively making the finance departments responsible for the good use of funds assigned for the MLG.

The Departments of Labour, Personnel, Statistics, and Pricing are required “to actively support the MLG” and “closely co-operate on MLG work.” Given that these bodies are given a fairly clear consultative role when it comes to establishing the MLG and then setting the MLG line these points merely reinforce that particular role. Although vague they do not suggest that these bodies will have any extra influence or specific role to play in the programme although if it was required then they would be obliged to co-operate.

Finally the “Basic Level” of the Civil Affairs organisation, the Street Committees, and the Residence Committees are required to implement the MLG at the basic level of organisation. This means that at the point of application, investigation and delivery – the most basic level the programme operates at – these three bodies have are responsible. The day-to-day running of the MLG is therefore clearly based in the most basic level of urban government in China. A final point states that “all levels of government need to

strengthen this level of government's leadership in order to ensure the MLG is smoothly implemented" suggesting that this level of government is to be supported fully and supervised by the rest of the state in order to ensure the policy is implemented.

The 1999 State Council Regulations

The 1999 State Council Regulations were published on the 28th September and were to be implemented on the 1st October. The regulations are composed of 17 clauses and the MLG policy is fundamentally the same as the version of the policy set out in 1997 State Council Circular. There are, however, a number of significant clarifications added through the regulations and therefore a review of the regulations is worthwhile. Clause one states that the MLG system and regulations have been formulated to guarantee all urban residents' a basic standard of living. Clause two outlines who is eligible to apply for the MLG. Applicants must be an urban resident holding a non-agricultural registration and the entire household income must be considered when applying. This includes the income of legal carers, foster carers and carers who receive fees. The income of carers who by national regulations are to enjoy pensions or compensation is not included. Clause three states the MLG system adheres to the principles of guaranteeing all urban resident's a basic living. Clause four outlines the duties of different government departments as stated in the 1997 State Council Circular. Clause five deals with the origins and use of funding as stated in the 1997 State Council Circular.

In clause six what the MLG is supposed to provide for is outlined officially for the first time. The MLG should provide enough for the basic living costs in that locality including the costs of clothes, food, utilities (water, electricity and heating), obligatory education costs and housing costs. The rest of clause six outlines how the formulation and announcement of the MLG line should proceed. This is the same process as the 1997 State Council Circular sets describes of setting the line through various involved bureaux or departments with the final decision and public announcement of the MLG line made by the People's Government.

Clause seven outlines the process that should be followed when applying for the MLG

and initial investigation procedures of applications. The head of a household needs to apply to their Street Committee by filling in the relevant application form and providing supporting documents. Their application is then investigated which can include entering the applicants home, interviewing neighbours and visiting the applicants work unit where appropriate. Clause eight clarifies who is eligible for the MLG and outlines how approval or rejection of an application for the MLG should be handled. If an application is rejected then the applicant should be informed in writing as to why. If successful then payments should start within thirty days, take the form of money payments and be a monthly payment from then on.

Clause nine states that any urban resident who applies for MLG benefits needs to accept that their status will be publicised and that they are subject to the supervision of the masses. In practical terms this means that MLG recipients will be publicised on local community notice boards and they can be reported on by other members of the public. If they meet the requirements then they should receive the benefit once their application has been examined and verified. Clause ten details how the MLG recipients must inform the resident's committee of their change in circumstance. Those who can work but are unemployed should attend organised public welfare service work. Those administering the MLG should regularly conduct checks on the income of recipients. Clause eleven states that all levels of the People's Government and related departments should treat those receiving the MLG as seeking re-employment. Clause twelve makes the audit department of the Finance Bureau responsible for ensuring the proper use of MLG funds.

Clause thirteen outlines the responsibilities of staff engaged with MLG administration. This is concerned with ensuring that funds are used properly and not for personal gain. Clause fourteen is the same but for a resident receiving the MLG. Recipients should return false claims, are subject to fines for false claims, and should not give false reports to gain the MLG. Recipients will also be treated as making a false claim if they do not promptly inform the MLG administrators of a change in their personal circumstances for the better. Clause fifteen states that urban residents who have had their MLG frozen or have not been approved for the benefit can, according to the law, apply for administrative reconsideration and as a final option can initiate an administrative law

suit.

Clause sixteen states that Provinces, Self Governed Areas and the Municipal Cities People's Governments can on the basis of the regulations integrate the principles with the administrative practicalities of their particular area implementing their own regulatory methods and measures. This can be interpreted as these particular areas being given a degree of flexibility in how they establish and run the MLG to reflect the greater degree of autonomy they enjoy. Finally clause seventeen states when the measures are to be implemented.

Calculating the MLG Line

The method for calculating the MLG line was never set out in either the 1997 State Council Circular or the 1999 State Council Regulations. Clause six of the 1999 State Council Regulations does outline the basics that should be covered by the MLG but does not elaborate on how local governments should use these basic goods. The problem of how to calculate the MLG line will be discussed in Chapter 4 because the way the MCA handled the question led to variations in the methods used during the early development of the programme. The main problem was that the central government never clearly set out, in either speeches or documents, how the MLG line should be calculated. This left local governments to implement their own methods and led to variations. To illustrate both the method and the variation of calculating the MLG line this final section will use three papers presented at the International Symposium on the Formulation of Standards for Urban Subsistence Security in China, Beijing, June 27 – 28 2006 to outline the methods used. The reason these papers are used is because they are the only clear announcements by officials on how the MLG is calculated which were found during both fieldtrips.

The papers were presented by officials representing the Civil Affairs Bureaux (CAB) from the cities of Beijing and Nanjing, and Zhejiang Province (Chang, 2006, Jin, 2006, Beijing-BCA, 2006). The papers presented for Nanjing and Zhejiang showed that the MLG line was calculated using a shopping basket (*shichang cailan fa*) method where a number of essential goods were collected together and costing calculated. The papers

discussed the shopping basket used by Zhejiang in 1999 and by Nanjing in 2003. The Beijing paper discusses the methods used to calculate the MLG line in 1996 and offers an interesting contrast because it uses four different methods. These are described as the shopping basket approach, Engels Index (*enge'er xi fa*) approach, the International Poverty Line (*guoji pinkun biao zhun*) approach and the Living Condition (*shenghuo xingtai fa*) approach.

The shopping basket was the same method as discussed above although there are interesting differences between what is included in each “basket.” Tables 2.1 – 2.3 below shows the contents of the three different shopping baskets which suggest a reason, beyond different economic development, as to why MLG lines vary so much between cities. In Beijing the shopping basket for 1995 set an MLG of 149 yuan. The Engels Index method uses the Engels Index for that year (the proportion of food costs in total living costs) for low income groups which is then divided by the food costs of those eligible for social relief that year. Through surveys the Engels Index was calculated for 1995 to be 61% and the food costs of an impoverished family was 109 yuan, the MLG line under this method would be 178.68 yuan. The International Poverty Line approach used the OECD poverty line to calculate the MLG line which is 1/3 of average disposable income. The MLG line was calculated as 190 yuan because the average disposable income was set at 574 yuan for 1996. Finally, the Living Condition approach used a survey of 1080 households to calculate the MLG line. Based on the survey results the poverty line was 130 yuan and the line for “having enough food and clothes” was set at 189.65 yuan. The MLG line in Beijing was calculated by first working out what the subsistence line under each of the four methods was and then deciding on a suitable “fit.” The figure arrived at for 1996 using the results from the four methods above was 170 yuan.

Table 2.1 Shopping Basket Contents for Beijing 1995

Item	Unit	Amount
Grain	Kg	15
Vegetable and soybean products	Kg	15

Meat, fish, poultry and eggs	Yuan	40
Oil	Litre	2
Condiments	Yuan	10
Rent	square metres per capita per month	6
Water	Ton	1.5
Electricity	Kilowatt hour	15
Fuel and gas	Yuan	20
Cleaning articles	Yuan	12
Toilet Paper	Yuan	5
Hair cut	Visit	1
Transport	Yuan	20
Winter clothes	Suit/ year	.25
Summer clothes	Suit/ year	1
Spring and Autumn clothes	Suit/ year	1/3

Source: (Beijing-BCA, 2006)

Table 2.2 Shopping Basket Contents for Nanjing 2003

Item	Unit	Amount
Grain	Kg/ day	0.4
Vegetables	Kg/ day	0.45
Fruit	Kg/ day	0.15
Meat	Kg/ day	0.075
Eggs	Kg/ day	0.04
Fish	Kg/ day	0.05
Soy beans and bean products	Kg/ day	0.05
Milk and Dairy	Kg/ day	0.1
Oil	Kg/ day	0.025
Rent	Metre square	8
Water	Ton/ month	1.5

Electricity	Kilowatt hour/ month	10
Fuel/ gas	Cubic metre/ month	13
Soap	Bar/ month	1
Perfumed soap	Bar/ month	1
Toilet paper	Roll/ month	3
Hair cut	Visit	1
Toothbrush	Unit/ month	1
Toothpaste	Tube/ month	1
Towels	Unit / month	1/6
Winter clothes	Suit/ year	¼
Summer Clothes	Suit/ year	1/12
Spring and Autumn Clothes	Suit/ year	1/3
Transport	Journey/ month	8
Education Costs	Yuan/ year	1000
Medical Costs	Visit/ month	10

Source: (Chang, 2006)

Table 2.3 Shopping Basket Contents for Zhejiang 1999

Item	Unit / Month	Amount / Month
Grain	Kg	15
Dried and fresh vegetables	Kg	15
Meat	Kg	1.5
Eggs	Kg	0.5
Fish	Kg	0.5
Sugar	Kg	0.5
Oil	Kg	0.5
Medical and education costs	Average per capita expenditure	60%
Clothes	N/A	Calculated according to need
Rent	Square metre	15

Water	Cubic metre	5
Electricity	Kilowatt hour	5
Fuel/ gas	Kg	60

Source: (Jin, 2006)

These documents set out what the MLG had become by 1999 and are still the standard documents outlining the design and function of the programme. The story of the MLG does not start in 1997 with the announcement of the State Council's Circular. The MLG emerged much earlier in the 1990s as a local innovation and in order to understand what the MLG went on to become examining and explaining the emergence of the policy is fundamentally important. The next chapter therefore focuses on the developments in social assistance provision during the early 1990s in the city of Shanghai.

Chapter 3

The Case of Shanghai 1992-1993: Sponsorship, feedback and decentralisation in local policy making

Introduction

This chapter will address two important issues in the history and development of the Minimum Livelihood Guarantee (MLG) in China. First, it will try to unravel the background to the emergence and design of the MLG and in Shanghai and second, it will then go on to explain the emergence and design of the MLG in Shanghai. This particular aspect of the MLG has been under reported and under researched. Understanding developments in Shanghai are important to an historical neo-institutionalist approach because they add to the history and our depth of understanding of the policy. This chapter will therefore contribute to the dissertation by adding empirical detail on the MLG which has been lacking and also developing an initial explanation for the MLG based on its emergence.

This chapter will also address the question of why the MLG emerged in Shanghai. The case of Shanghai presents a city which shared features such as increasingly decentralised decision making on policy and emerging urban poverty resulting from reforms in the state owned sector with other cities across China. The emergence of the MLG was also due to elements unique to Shanghai; specifically the role played by policy actors like the local Bureau of Civil Affairs (BCA) and the overarching role of Mayor Huang Ju as a policy sponsor for the emerging MLG.

The chapter will be structured as follows. First, the background to the emergence and development of the MLG will be discussed. This will focus on detailing the events and process which surrounded the development and implementation of the MLG between 1992 and 1993. Second, the MLG policy first introduced in Shanghai will be set out in as much detail as is possible. Third, as a point of comparison and to avoid too much repetition later in the chapter a brief discussion of the Three Nos policy and comparison between the MLG and the Three Nos will be made. The chapter will then become more analytical providing an explanation for the emergence of the MLG. This will first focus

on the role of individual and organisational actors, drawing a special distinction between those parties who can be seen as policy actors and those who appear as policy sponsors. Next, the role of the historical background to a policy and policy feedback is investigated. Following this the possibility of policy transfer is looked at and finally the importance of decentralisation in the Chinese state is highlighted as significant in the emergence of the MLG. The chapter will then conclude by drawing together these explanatory threads, presenting a counterfactual of what might have happened in Shanghai under different circumstances and setting out how these elements will be used in the chapters which follow.

Background to the Shanghai MLG

This section will introduce the historical background of the MLG's development in Shanghai for two reasons. First, the background to Shanghai's development of the MLG has been under-discussed in the English studies of the policy. Second, because it provides a basis for the analysis which follows. Shanghai is significant because it officially launched the first MLG system in June 1993. As well as being the origin of the MLG the developments in Shanghai during the early 1990s highlights the importance of policy sponsors, decentralisation and feedback which are also significant when discussing the national implementation of the MLG.

Problem Identification and Setting the Agenda

The emergence of a policy can be difficult to single out or may be part of much bigger historical processes. In the case of the MLG the policy is frequently tied to the processes of reform and opening up which have dominated China's recent history. For the People's Republic 1992 was a significant year following Deng Xiaoping's Spring tour in Guangdong province. The post Tiananmen clampdown on economic reforms began to relax as reform and opening up were re-established on the agenda. The reform process, having stalled in the aftermath of 1989, was resuscitated by Deng and the push to introduce market principles into China's state owned sector established.

The 14th National Party Congress, held in October 1992, firmly established the reformist agenda by setting economic policy on the path to establishing a "socialist market

economy with Chinese characteristics” (Chang and Lu, 2005). The decision to continue introducing market principles to the Chinese economy meant that State Owned Enterprises had to adapt to a new system of operating. In theory there would, ultimately, no longer be a planned economy supporting inefficient enterprises making surplus or sub-par products or overburdened with employees. It is this decision by the Chinese Communist Party (CCP), and the impact of the reform process that followed, which have been highlighted in both documentary (Tang, 1998) and interview (Interview GTJ06-3) evidence as being fundamentally important for the MLG emerging.

The 1992 Congress decisions were significant because rationalising state owned industries increased the number of unemployed as well as put significant economic strains on the system of enterprise based welfare provision (Gu, 2001). Enterprises were given “full power of labour utilisation” which meant enterprises could hire and fire with more freedom. The result of these new powers was an increase in the number of unemployed as enterprises sought to cut the numbers they employed in order to become more efficient (Gao, 2006). The precise numbers of unemployed is a difficult figure to arrive at as Hussain (2003) and Solinger (2001) both note. Alan Liu claims that in 1993 there were 3 million urban unemployed in China (Liu, 1996). In addition further reform of the economy saw the reintroduction of relaxation on price controls and a corresponding increase in the price of foodstuffs. In addition the economy began to overheat during 1992 and 1993 leading to price inflation (Yang, 2003).

With the benefit of hindsight it is perhaps obvious to associate increasing urban poverty with the beginnings of China's unprecedented economic transformation during the 1990s and this is supported by later research on poverty in China (Khan and Riskin, 2001). There is, however, no evidence that the Chinese government made links between the new reform agenda, increased urban poverty and any need to reform the existing urban social assistance system. This suggests that although the resurrection of the reform process may be one origin of the MLG identifying the problem of urban poverty and setting the agenda was the result of other events.

There are two pieces of evidence which suggest that in Shanghai the local government acted in a proactive manner regarding the problem of urban poverty. In one Chinese

article the point is made that a solution to the problem of increasing urban poverty was sought by Shanghai at the behest of an unspecified central government official in a phone call from Beijing in the second half of 1992 (Yang, 2003). An alternative suggestion from a think tank researcher claims that elements within the Shanghai city government decided, in light of the social and economic upheaval being caused in the North Eastern part of China (the *dongbei* area of China) by enterprise reforms, that the forthcoming rationalisation of the textile and steel industries could lead to significant social unrest under the traditional social security and assistance system (Interview BJ07-1). It is interesting to note that according to Liu (1996) in 1992 Shanghai had, officially at least, been relatively free of disturbances classed as illegal mass civil disobedience whereas in Heilongjiang, a heavily industrialised province in North-East China, there had been 32 instances.

Who or what set the agenda in Shanghai which led to social assistance reform? It has not been possible to clarify whether these two points are more closely related, whether the concerns of Shanghai followed the Beijing intervention or preceded it for example. The agenda in Shanghai therefore appears to have been set by a combination of external political pressure and internal local government concerns over forthcoming social and economic change. The problems of enterprise reform and rising prices had been experienced in the run up to 1989 and this would have added to concerns over coming rationalisation of local industry amongst the Shanghai government. I would contend that at that particular point in time a number of issues on the agenda had not yet manifested into actual problems, such as riots over food prices, but they had created the perceived need for policy change. This concern over possible future problems created what appeared a proactive response to a potential problem.

Developing a Response

The first recorded policy response to Shanghai's urban poverty problem was made by Mayor Huang Ju when in late 1992 he ordered a report by local Bureaux. The Bureaux were to report on what particular problems forthcoming enterprise reforms would cause and what possible government responses could be made (Yang, 2003, Shi, 2002). The report was to be presented by the Bureau of Civil Affairs, Bureau of Labour and the

local Trade Union working with the city Women's Federation, Industry Bureau, Commerce Bureau, and District Governments, and would present the potential impacts of enterprise reform on the social groups that these Bureaux were supposed to deal with.

In the report presented to the Shanghai government in January 1993, “Views regarding resolving elderly residents in our city facing livelihood difficulties” (*Guanyu jiejue benshi shiqu bufen laonianren shenghuo kunnande yijian*), three groups were noted which were inadequately supported – what were labelled as three groups under no jurisdiction (*san bu guan*) (Tang, 1998, Yang, 2003, Shi, 2002). In the report these groups were identified as the elderly poor who had children being outside the jurisdiction of the Civil Affairs Bureau, the population of workers who were unemployed (*wuye*) falling outside the remit of the Bureau of Labour but without other means of support, and finally those dependants of deceased workers who had received a pay-off (*faguo yishu fei*) were not being supported by their work unit (Shi, 2002, Tang, 1998).

The proposal put forward by the BCA in the report to resolve the elderly aspect of the *san bu guan* problem was notably different from the MLG which appeared later. The elderly with children but with “living difficulties” (a term which often refers to living in poverty) would be channelled into the Civil Affairs remit becoming their responsibility. In order to provide for them the District Governments and Street Committees would establish a “Relief fund for elderly people with livelihood difficulties” (*Shenghuo kunnan laonianren jiuzhu jijin*) which would provide this group with a subsidy. The BCA would retain the main responsibilities for administering the policy. This was justified by the BCA because they already had responsibility for social relief in Shanghai; specifically administering 16 relief target groups and 14 relief standards that were already being managed by the Bureau (Shi, 2002). It is not clear whether or not the other two groups in the *san bu guan* would be incorporated into this programme proposal. The existence of this proposal from the BCA shows that the MLG did not directly originate from proposals put forward in the report but must have emerged later during meetings and consultations within the Social Security Committee (see below), between the related Bureaux, and the Mayor.

The response to this report was made at a meeting in January 1993 of the Office of the City Government when Mayor Huang ordered a City Social Security Committee to be formed. The committee members were to be drawn from “related” bureaux with the BCA taking the leadership position. The committee would prepare a policy plan and the office of the committee would be run out of the BCA (Shi, 2002). Given the time line for the MLG the committee would have been running from January to at least April 1993 although this is not set out in the available documents.

In April 1993 the Shanghai City Government and related Bureaux involved in the Social Security Committee held a meeting where the fundamentals of what became the MLG were fleshed out. Two important decisions for the MLG were made at this meeting. First, the attendees decided that any policy response should be capable of dealing with changes in prices. The new policy should be able to adapt to increases in prices in a manner that the Three Nos had not. Second, the response should be a new policy and a single, city wide, approach to subsidies rather than an addition to the system operating at the time. This point made it clear that any policy to come out of the meeting would be new and not a tweaking of existing policy (Shi, 2002). According to one source the meeting discussed four possible policy responses although I was unable to find details on what the fourth alternative response was. The other three options considered might have been the Bureau of Civil Affairs proposal outlined above which by not being implemented we can infer was rejected, the MLG and the minimum wage systems which were introduced (Shi, 2002).

Although the meeting involved a number of actors including all the attending Bureaux the role of Mayor Huang Ju was of particular importance. One researcher close to the MLG in its early days highlighted the significant role that Mayor Huang’s written comments on the Bureaux report had on the options discussed and the decisions made (Interview BJ07-1). Unfortunately what exactly was written by the Mayor regarding the reports is not publicly available. The implication here is that the Mayor was influential in the eventual choices made through what he wrote regarding the options put forward.

The April 1993 meeting decided that the response to the *san bu guan* problem would be a two point policy. One point would be the implementation of a minimum wage system

of 210 yuan per month; a policy which was soon to become a national policy. The implementation of a minimum wage system would be based on its provision for workers who had no state owned employer by ensuring they received a living wage. This would help resolve at least two of the *san bu guan* as workers without a work unit and families who had lost an earner but continued to work would be protected through a living wage.

The second point was the construction of a city wide MLG system; the first time the name was publicly adopted for the policy. On the 7th May 1993 the Shanghai BCA, Bureau of Finance, Bureau of Labour, Personnel Department, Social Insurance Bureau and Trade Union produced the “Circular Regarding Establishing a Local Urban Resident Minimum Livelihood Guarantee Line” (*Guanyu jianli benshi chengzhen zuidi shenghuo baozhang xian de tongzhi*) which set out the details of the policy and how it was to be administered and funded. On June 1st 1993 Shanghai became the first city in the People's Republic of China to establish a Minimum Livelihood Guarantee system.

The Shanghai MLG

The MLG implemented by the Shanghai city government in June 1993 was a small scale subsidy which was initially awarded to 7680 recipients (Shanghai-BCA, 1997b). It was introduced in conjunction with a minimum wage system and the initial MLG line was set at 120 yuan per household member per month. Describing and analysing the initial Shanghai MLG is made challenging by the difficulty in tracking down some documents, specifically the report submitted in January 1993 and the April 1993 Circular. In order to build an understanding of what the first MLG system in Shanghai was like I use primary documents which were published later, such as the first publication of the 1996 Shanghai Social Assistance Methods (Shanghai-RenminZhengfu, 1996), with secondary sources and interview data to infer what the original MLG looked like. The problem with this approach is that some of the detail on the MLG is potentially lost because the available information does not fully describe the original MLG of 1993. However, with the sources that are available I have been able to build a relatively detailed picture of the first Shanghai MLG.

The MLG as implemented in 1993 was a break from the previous social assistance system, the Three Nos (*sanwu*), for a number of reasons. The most apparent difference is that the system was means tested. In order to be eligible for the MLG the total household income of an applicant would need to fall below the MLG line. The Three Nos had previously required that applicants fall into particular categories in order to be eligible for benefits. The MLG line was also flexible and could be adjusted in response to changes in local prices and the local government's financial capacity.

The earliest publicly available version of the MLG can be found in the 1996 Shanghai Social Assistance Methods and this describes a policy similar to the version of the original policy described in later texts on the Shanghai MLG (Shanghai-RenminZhengfu, 1996, Shi, 2002). In the 1996 Methods various levels of local government would operate the MLG. The Shanghai CAB was named as the main administrative arm. The District level of government would organise and carry out work regarding the MLG. Resident committees were to carry out the day to day administrative tasks of running the MLG. "Related" bureaux and the People's Government were to support and develop social assistance work. The enterprises and work units were also, somewhat vaguely, required to act in accordance with local regulations by supporting local workers and their families through social assistance work. Article 6, called "Work unit responsibility," of the 1996 Methods states that:

"Enterprises, work unit, organisations, social organisations and other organisations should follow the regulations in these measures to do a good job providing social assistance to these workers and families."

(Shanghai-RenminZhengfu, 1996).

District finance budgets and local enterprises, through so called "Welfare" fees (*fuli fei*), would provide the funding for the MLG (Shi, 2002). In the 1996 methods the People's Government would decide on government funding and these funds would then be drawn from the local budget. The work units would provide their contribution from their "own funds" (*ziyou zijin*). Contributions from the work units would then be channelled into the local finance bureau budget. This was set out in Article 25 of the 1996 Methods, called "Social assistance funds", stating that "City funding of social assistance at all

levels comes from the People's Government financial budget and work unit's own funds" (Shanghai-RenminZhengfu, 1996).

The MLG level and any adjustments would be decided locally and based on the average circumstances of social assistance recipients, prices and the costs of expenses associated with a minimum livelihood, the level of local economic development and the local fiscal circumstances. What could be understood as a shopping basket system set out at the end of Chapter 2. The BCA, in consultation with "related" Bureaux, would set a provisional MLG line and this would be sent up to the People's Government. The People's Government would ratify the MLG line and after agreement had been reached the level would be made public. If economic circumstances changed and the MLG line required an adjustment then adjustments were to be made according to the same process.

One year later the administrative structure of the MLG in Shanghai was much more clearly laid out possibly in readiness for the national roll out of the policy in late 1997. The Shanghai BCA was to have a mainly supervisory role ensuring policy was being carried out, inspecting the work of lower tiers of government, administering the MLG funds, and administering the social assistance computer network. The District responsibilities included supervision of administration of the MLG and funds. It was also responsible for preparing the end of year budget and statistical reports as well as investigating, researching and resolving problems in the operation of the MLG. Both the Bureau and District level were responsible for training subordinate levels of government. Finally the Street Committees were responsible for the day to day responsibilities of receiving, investigating and approving applicants. They were also required to follow work plans and demands of the District and Bureau. Finally the Committees were to ensure training of those with work abilities and collect statistical data for the higher tiers of government. Notably the role of the *danwei* and enterprises was removed completely (Shanghai-BCA, 1997a).

The main characteristics of the MLG were established in Shanghai in 1993 and this "Shanghai Model" would go on to influence the later development of the policy as will be discussed in Chapter 4. The Shanghai Model was characterised by the means tested format for deciding payment of the benefit and the local government involvement in

raising funds and setting the level of the MLG line and therefore the level of benefit that recipients would expect to be paid. The policy as it stood, however, did have some significant differences, notably in the mixed approach to funding the policy, with the versions of the MLG that would later be implemented.

Comparing the Three Nos and MLG

What was the policy which the Shanghai MLG detailed above replaced? The urban social assistance system was from 1978 and into the 1980s built around the provision of temporary relief to poverty stricken households and sustained regular relief to workers who had been laid off in the economic retrenchment of 1961 to 1965 and the Three Nos (*sanwu*). Relief for laid-off workers from the 1960s was fixed at 40% of their original income and this was treated as separate to the Three Nos (Wong, 1998). The Three Nos were those, as discussed in Chapter 2, who fell into one of three specific categories: no carers, no income or no ability to work. When urban social assistance before the MLG is discussed in China it is typically the Three Nos which is referred to.

Social assistance for the Three Nos was managed and distributed through the Civil Affairs bureaucracy with the local Civil Affairs departments operating the policy on a day to day basis. Funding for the Three Nos subsidy came from the state budget and the subsidy was paid out through local Civil Affairs departments. In 1992 the Three Nos was a policy which covered a very limited number of people and provided very limited assistance. Available figures show that in 1992 only 190,000 people received assistance covering 0.06% of the urban population at the time. The average payment made to recipients was 38 yuan per month or 456 yuan per year and the total expenditure on the Three Nos was 87.4 million yuan (Tang, 2003, Saich, 2008). Finally, in spending terms urban social assistance at this time was shrinking as part of overall government spending. In 1992 the total budget set aside 120 million yuan for spending on all urban social assistance (including the Three Nos) which was 0.005% of China's GDP and 0.03% of the total budget set out by the Ministry of Finance for that year (Tang, 2003, Zhong, 2005). In contrast, however, in 1978 the total budget was 102 million yuan or 0.28% of GDP (Zhong, 2005). Provision for urban social assistance can therefore be

seen as limited in the numbers it reached, restricted in the amounts paid out and relatively stagnant in terms of responding to China's developing economy.

The Shanghai MLG as set out above does share two characteristics with the Three Nos it replaced. In terms of similarities, first, it was administered through the Civil Affairs bureaucracy continuing an established pattern of which part of the state dealt with social assistance. Second, the MLG did contain provisions so some specific groups, the Three Nos essentially, would be provided for. Article 10 of the 1996 Methods has two clauses identifying who can apply for the MLG. The first clause identifies individuals who have no labour ability (*wu laodong nengli*), no income (*we shenghuo lai yuan*) and no carer or maintenance (*wuren fuyang, wuren zhaoliao*) as being eligible. This is essentially the Three Nos being made a group which can apply for the MLG (Shanghai-RenminZhengfu, 1996).

The MLG was markedly different in other respects. The means tested element of the policy meant that potentially many more urban residents could receive assistance. The second clause in Article 10 of the 1996 Methods identifies individuals or households who although they have an income it falls below the MLG line (*suiyou shouru, dan ren shouru diyu zuidi shenghuo baozhang biao zhun de*) as a group who should apply for the MLG (Shanghai-RenminZhengfu, 1996). In addition the MLG was designed to be adjusted in response to changing economic circumstances which is in stark difference to the relative stable spending figures of the Three Nos outlined above. Finally, the MLG was a wholly local policy in its funding and administration. There was no role for the central government as in the Three Nos. In these respects the MLG which emerged in Shanghai marked a distinct change in direction for social assistance policy in early 1990s urban China. The rest of this chapter will offer an explanation for why the MLG emerged in Shanghai at this point in time.

The Role of Individual and Organisational Actors

An important contributor to the agenda setting, development and eventual implementation of the MLG in Shanghai were policy actors and sponsors. Without individuals and organisational actors making decisions the MLG would never have

emerged. In the case of the MLG in Shanghai there were three key actors and sponsors that should be highlighted. These are the “Beijing caller”, Mayor Huang Ju, and finally the Bureau of Civil Affairs. Whilst other individuals and organisations did play an obvious role in the process these three were fundamental to setting the agenda and influencing subsequent policy developments. Mayor Huang Ju adopted a sponsorship role guiding and shaping the development of the MLG throughout the process. The influence of other actors, for example the Trade Unions or Bureau of Labour, appears to have been negligible and their involvement due to requirements of other actors rather than any sort of effort to influence the policy process. For the sake of clarity the following discussion will break down the development of the Shanghai MLG into the following stages which reflect the policy process: problem identification, agenda setting, idea development and implementation.

Actors in the Problem Identification and Agenda Setting Stage

Both the Beijing caller and Mayor Huang Ju helped set the agenda in Shanghai during the build up to implementing the MLG. The Beijing caller exerted what appears to have been a profound impact on the process by pushing the Shanghai officials into action. This suggests that an individual can and will force the agenda in Chinese politics if they so desire. Mayor Huang Ju then sustained this agenda by overseeing the initial investigation and subsequent discussions which helped develop the MLG. This does raise the question why did Mayor Huang respond to the call in the way he did? There are two possible reasons for the response. First, the Beijing caller was in a position powerful enough that such a suggestion would have been interpreted as an order. A member of the elite, the State Council or Politburo for example, would have had the political clout to make such a suggestion difficult to resist. Although at this point in time Huang Ju was in a position of considerable power as he was Mayor of Shanghai and a full member of the Central Committee of the CCP (China Vitae Online, 2009). Second, the request of the Beijing caller fitted with Shanghai’s social assistance agenda at the time. In this scenario the phone call would have acted as a green light for Shanghai to pursue solutions to problems it was already concerned about. These concerns could be that reform of enterprises in Shanghai might lead to mass protests like those seen in the North East (Interview BJ07-1). The reality could have been a

combination of the two with the caller picking up on concerns that may have been voiced in Shanghai or other cities and essentially giving tacit approval for any innovations that the city might come up with as a response.

Actors in the Development and Implementation Stages

The role that Mayor Huang Ju played in the process is more complex because he was active throughout the period leading up to the implementation of the MLG in 1993. As well as responding to the Beijing caller and starting the investigation process which eventually led to the MLG he was also active in responding to the reports from the BCA and other Bureaux, giving orders regarding the formation of committees, and providing comments on proposals which contributed to the design of the two branch approach agreed upon (Interview BJ07-1). The key feature of Mayor Huang's influence is that he oversaw the whole process which involved a large number of organisations and individuals from various branches of government.

The relatively smooth development of the policy and the provision of funding was due to Huang's involvement. Without a central figure with authority that superseded all the other involved individuals and organisations the process would hypothetically have, as suggested in the Fragmented Authoritarianism (FA) model, been subsumed by negotiation and consensus building resulting in a slow and incremental process (Lieberthal and Oksenberg, 1988). In addition the need for resources for the new policy could have broken down without the active involvement of an individual, such as the Mayor, who had the authority to direct funds and influence the city budget. Using the principles of the FA model it is important not to overplay the influence of Huang because the MLG in Shanghai might not have been objected to by other Bureaux and would have been supported by the BCA. This is because it did not take resources away from the other Bureaux and also provided the BCA with a new source of finance. The relatively quick development and implementation of the MLG is one of its noted features amongst Chinese academics and the role played by Mayor Huang helps explain this (Interview Grp1BJ06).

What motivated Mayor Huang Ju? There are three factors that can be inferred. First, without knowing the identity of the “Beijing Caller” it is possible to infer they were a politically significant individual who could influence Huang’s actions. Second, Huang might have been dealing with concerns raised by the Bureaux he was responsible for. This seems unlikely but it is possible that concerns about social stability in the city were being raised by local officials. Finally there are political reasons why Mayor Huang acted. Shanghai had seen significant unrest in 1989 and afterwards. Any new incidences of social unrest whilst Huang was in charge would have reflected badly on him and his prospects for future promotion. This is because local officials are held responsible for outbreaks of social unrest in their areas of responsibility and it can effectively end a career or promotion prospects. A recent example of how protests can affect a career in China can be seen in the recent sacking of Urumqi Party Secretary Li Zhi and Xinjiang Police Chief Liu Yaohua after the July 2009 protests in Xinjiang Province (Cheng and Gui, 2009).

In the case of the Shanghai MLG the rationalisation of state owned textile and steel production enterprises in 1993 combined with relaxation of price controls to create a possible threat to social stability. Although it is apparent that concerns over growing urban poverty did exist it was the potential shock to the system that rationalisation could bring which pushed the problem onto the agenda. The potential social instability that these changes would bring about, witnessed in the late 1980s, was such that as soon as such concerns were raised they were acted upon (Interview BJ07-1). If there had been no enterprise reforms then there would arguably have been no need for new policy developments. The failings of the previous system would have remained but the Three Nos and Iron Rice Bowl had arguably managed to provide both the welfare and relief requirements of Chinese urban society up until this point. The significance of the reforms in terms of creating an environment where a policy like the MLG was necessary is so great that one Chinese social policy expert cited the decision to reform in the 1980s when responding to a question on the origin of the MLG (Interview TJ06-3).

The actions of the Beijing caller and Mayor Huang would have amounted to little if it had not been for the investigative and development capacity of the line Bureaux, especially that of the Civil Affairs Bureau. Although acting on orders from above the

actual identification of specific problems and proposal of possible solutions was the work of the BCA. As well as providing information for the various reports and meetings requested the BCA also had an important role as it acted as a filter through which information and proposals would have passed. The identification of the *san bu guan* would have been influenced by the particular viewpoint and concerns of the BCA as an institution, focused on the Three Nos. The proposals put forward reflected the particular areas of expertise and influence specific to the BCA.

Whilst the influence of the BCA would not be as explicit as more senior officials or structures it would still have had the potential to profoundly affect the direction of the policy process. Arguably if the BCA had not put forward the subsidy type proposal discussed above which was administered by the Bureau of Civil Affairs at the basic level of urban government then it would not have been on the agenda to discuss. The apparent willingness of the BCA to be involved in the new policy would also have helped speed the process as their agreement would have been required. The high degree of involvement and apparent influence may have been a result of the BCA leading the Social Security Committee and thereby occupying a position of relative elevation in comparison to the other Bureau level actors involved. There is also the possibility that the BCA was acting out of rational self-interest by helping establish a policy that it would have responsibility for. Because of the apparently significant role played by Mayor Huang in deciding the ultimate design of the new policies this does not seem likely. Rational self interest may have been a contributing factor to the involvement of the BCA beyond it being ordered to fulfil such a role.

Policy Actor or Policy Sponsor?

From the above discussion I am able to draw three conclusions on the role and potential significance of policy actors and sponsors regarding the MLG. First, it is clear that very little would have occurred in Shanghai if it had not been for the actions of the Beijing caller, Mayor Huang and the later contribution of the BCA. Removing one of these actors from the process could have led to a radical difference in outcome and it is therefore important to consider the involvement of all actors. Second, what these actors do reflects their particular agendas and concerns. Third is a more general point; what,

how and why actors take actions is determined to a large degree by the position they occupy in the state structure. For example, Mayor Huang's role as an overseer of various processes and interests is a reflection of the Mayoral position; as would a concern over social stability connected to urban poverty because any unrest in the city would be his responsibility. In the case of the BCA the focus of their investigation and proposals which followed are an obvious reflection of part of the Civil Affairs remit. The Beijing caller reflects the difficulty of unravelling the policy process as they were obviously of some significance but because of the limited information in this case is difficult to make any conclusions such as those for the Mayor and the BCA. In short actors and sponsors are important to the policy process. How and why they are important reflects their institutional position as well as the individual or organisational characteristics, responsibilities and motivations.

Is it possible to class any of these three actors as a policy sponsor? Policy sponsors were defined in Chapter 1 as a policy actor who invests personal and institutional resources in support of a policy across multiple stages of the policy process. The "Beijing Caller" had a fleeting, if influential role, in the process and would therefore not fill the role without identifying who they were and investigating if they had been working towards social assistance reform for a longer period of time. The available evidence suggests that the "Beijing Caller" occupied only one stage of the process, setting the agenda, and should not therefore be considered a policy sponsor. The Shanghai BCA acted in a manner which was more in line with the policy entrepreneur generating a policy idea when the opportunity happened to arise and then slotting back into a more familiar role, managing their particular field and acting on orders sent down from the upper tiers of government, within the administrative structure as the policy developed. The influence of the BCA was mitigated by other policy actors, notably the Mayor, and they did not operate over multiple phases of the policy process outside of normal requirements. This would suggest that there was no special use of resources or particular exertion on the part of the BCA to influence the process and that they should not be considered sponsors.

This leaves Mayor Huang Ju who used his position within the institutional structure of the state to oversee the development and implementation of an alternative to the

traditional social assistance system. The Mayor through his actions straddled the gap between the policy entrepreneur and rational bureaucrat by being both an agenda setter, supporter of particular ideas and finally a decision maker. In this sense, by supporting a policy from the agenda setting stage through the developmental process to implementation using the resources, mostly the authority granted by his position, available the Mayor can be identified as a policy sponsor. Mayor Huang's sponsorship of the process and early MLG was significant because it brought authority, rank and the ability to direct resources to the process. If any of these had been lacking the result may have been various similarly ranked branches of the city government involved in the process cancelling each other out. A final point that might be elaborated upon in future research is that at present we do not know if Mayor Huang was sponsoring the MLG specifically or reform of the social assistance in general. This is something that could be illuminated if accesses to the earliest documents and minutes from meetings become available.

Historical Precedent and Policy Feedback

What explanations are there for the MLG emerging as it did? Even if we accept the response as being concern over the political problems raised by poverty the issue is more complicated than the relevant policy actors responding with an appropriate programme. I argue that there are three parts to explaining the emergence of the MLG in Shanghai. The preceding discussion of policy actors and sponsors has dealt with one of these factors. The remaining two are historical precedents and feedbacks and the importance of the decentralised state in China. The case of Shanghai demonstrates the significance of all of these points providing a basis for a more general explanation of the policy process regarding the MLG.

The role of historical precedents and policy feedback are significant because they act as, sometimes invisible, walls and doors in the policy process constraining and facilitating the choices that can be made by individual and collective actors. If we are to understand why particular issues are on the agenda, why policy sponsors act and what problems they might have to navigate then we must understand the historical background to a policy and any feedback which might be influential.

In Shanghai in 1992 and 1993 what explains the wider concern with unemployed workers and those who were falling outside of the work unit structure of welfare? The Three Nos policy was both a problem and influence on the emergence and design of the MLG. As the mainstay of urban social relief the Three Nos provided a material subsidy for three categories of people determined by the state as being vulnerable. These were, as noted previously, those without an income, without the ability to work and without a carer.

The problems with the Three Nos were based in what it was conceived to achieve and how it was operated. In terms of policy design the Three Nos sought to provide for a limited group of people who would have fallen out of the work based provisions established through the work unit. The problem was when operational, as identified in the work report presented in Shanghai, the policy was inflexible. If a household or individual was outside the work unit system and impoverished, but not one of the Three Nos, then they were not entitled to relief. In the period leading up to reform and a great deal of the 1980s this was a problem in theory only as the system acted in concert with the work based provisions of the work unit.

The design of the Three Nos became an issue only when the reforms of enterprises and employment began to deepen in the late 1980s and were reinstated in the post Southern Tour climate of 1992. At this point there were impoverished groups that the system did not cater to such as the *san bu guan* identified in Shanghai. The Three Nos was not only failing to accommodate the emergence of non-state employees, urban poverty, and residents falling outside of the traditional welfare and assistance structures but also funding limitations meant that it was failing to offer adequate provisions to the groups it did target (Tang, 1998, Tang, 2001). The Three Nos was a failing policy in the early 1990s because it could not provide the social relief that the state was obligated through Article 45 of the constitution to provide (NPC, 1999). Although the MLG was a response to these failings the Three Nos did have a heavy influence on what replaced it.

The Three Nos acted as a constraint on what policy makers could choose as an alternative policy once the decision to change had been made. The MLG does, however,

reflect some of the design of the Three Nos. One of the features of the Shanghai MLG is that it includes categories that are eligible to apply in spite of being a means tested policy open to anyone who fits the requirements. As noted above the category element was not a requirement but was redefined as targets for the policy and was set out as those who are the traditional Three Nos and households where total income falls below the MLG line (Shanghai-RenminZhengfu, 1996). This is a conflict at the heart of the MLG, a means tested policy with target categories but the explanation makes it clear why they are included. The categories fit with the previous Three Nos and a Chinese think tank researcher explained this as a necessary requirement because the MLG had to account for both those identified as new poor, the latter group, and what could be referred to as the old poor, the Three Nos, as well (Interview BJ07-1).

Although categories do exist in the Shanghai MLG they are not the means by which benefit entitlement is decided. The mechanism for deciding if subsidies will be paid is a means test based on the total household income falling below a predetermined MLG line as described in chapter two. The means test was put in place because it would, in theory, remedy the major problems of inflexibility that the Three Nos presented. By having a means tested mechanism the MLG would be open to everyone who fell within its definition of poor rather. This made the MLG very inclusive in comparison to the Three Nos which was exclusive in its provisions (Shanghai-BCA, 1997a, Shanghai-RenminZhengfu, 1996).

The funding and administration of the MLG also reflected the influence of the Three Nos and previous patterns of institutional practice. Problems with the inflexible and unresponsive Three Nos subsidy were reflected in the inclusion of local funding and adjustment mechanisms which would respond to local price changes reflected in the MLG. The lack of funding increases and the lack of adjustment for subsidies during the reform period were identified as issues in the Three Nos which had had the knock on effect of stagnating the actual subsidy available to recipients (Tang, 1998, Duoji, 2001a). The introduction of local funding provisions and price related adjustment mechanisms in the MLG meant that the new policy could in theory be more responsive than its predecessor.

The legacy of the work unit in local government structure is the final feedback to discuss. Unlike the later iterations of the MLG the Shanghai model had a role for the work units and their enterprises in both administering and financing. These requirements were set out in Articles 6 and 25 of the 1996 Methods which were quoted earlier (Shanghai-RenminZhengfu, 1996). Although what the work units and enterprises were specifically meant to do is not particularly clear in the available documents it is an important point to consider. In the iteration of the MLG which was rolled out nationwide in 1997 the work units were not involved in the policy at all. The decision to use the work unit was explained in one interview as being an efficient choice at the time (Interview TJ06-1). Although this was not probed at the time efficient might have meant that they were existing institutions which could be used. As a unit of social and economic control the work units were a powerful administrative tool available to the state in the early 1990s. In spite of the work unit being part of the state owned sector, which was part of problem, they were capable of providing administrative and financial assistance when there were few alternatives. The *shequ* (community or sub-district agency) which would be used later to administer the MLG were still being established as an informal administrative unit of the state and the street and residents committees were being used but as part of the overall administrative structure for the policy. The use of the work unit as a means to provide funds would have been as pragmatic as their use as administrative mechanisms. A local initiative would have to be funded locally and the enterprises in Shanghai would have provided an obvious means to raise that revenue.

Policy Transfer: Historical and International?

A Chinese researcher involved in work on the MLG throughout the 1990s highlighted the historical influence of previous social relief policies. In this interview the social policies of the 1930s Nationalist government were cited as providing a basis on which the MLG was built (Interview BJ07-1). Details on these particular policies were not uncovered during fieldtrips but the influence can be inferred in the language later used by policy makers regarding the MLG. The MLG was tied to traditions of community based care, mutual self help and state provision as a last resort which can be understood

in the context of social assistance traditions discussed in Chapter 2 (Duoji, 2001a). To what degree these links were constructed after the fact cannot be determined at present.

Historical Chinese links are further complicated by both the same and additional interviewees highlighting social relief policies from outside China as influential. Social relief in Australia was highlighted by one MCA researcher as influencing the Shanghai MLG to the extent that a research team had been sent out (Interview BJ06-2). Further investigation of this revealed nothing in the available documents or during interviews. One CASS based researcher followed up inquiries with their contacts in Shanghai and found that according to a senior city government official there had been no research team sent to Australia (Interview BJ07-1). The lack of evidence and conflicting reports regarding the study tour does, until further evidence is found, rule out the possibility that policy transfer from Australia to China occurred.

The other historical policy highlighted by Chinese social policy academics was the English Poor Law, specifically the Speenhamland system of 1795, which provided a supplement to wages in order to deal with fluctuating grain prices (Interview Grp2BJ06). The similarities between the Speenhamland system and the MLG are intriguing. It was also a local initiative introduced to deal with a perceived crisis through a means tested subsidy based on a minimal provision of food, specifically bread. The MLG as implemented in Shanghai in 1993 shows an obvious similarity because it is also closely tied to provision of a subsistence livelihood. The available documents on the Shanghai MLG at this time do not show what is required in order to ensure a subsistence standard of living but the connection between foods and subsidising the poor is clear. Article 8 of the 1996 Methods cites average standards of living, the cost of maintaining a minimum standard of living, the local level of economic development *and* the price index when calculating the MLG line. Article 9 notes that the MLG line needs to be adjusted so that it provides an appropriate subsidy if the economy changes (Shanghai-RenminZhengfu, 1996). Although interviews highlight the links between Chinese social policy and Speenhamland; the influence that historical social policy would have had is difficult to quantify because there is no evidence of this beyond the similarities and the interview data.

The Impact of the Decentralised and Fragmented State

The fragmented structure of the Chinese state and the increasing decentralisation of political and fiscal decision making during the reform period was a big influence in the development of the MLG. The city of Shanghai is classed as a Municipality (*zhixiashi*)⁴ for administrative purposes. This administrative classification and the structure of local government had a number of significant impacts on the Shanghai MLG was. Before assessing the impact that Shanghai's classification had on the MLG there are three characteristics of the relationship between central and local government which should be highlighted. First, the administrative rank that a Municipality carries means it has parity with Ministry level institutions and the Provinces. The Chinese state is structured so that each tier carries a particular rank. If an institution carries a higher rank than another body its decisions will supersede the subordinate. If both bodies have the same rank then they can effectively cancel each other out because they cannot force the other to act in a particular way. This is one of the situations where negotiation and bargaining as described in the FA model becomes necessary.

Second, the Bureaux at local level are responsible to the municipal (in the case of Shanghai) city government in addition to the higher tiers of their *xitong*. This is based in part on rank, but also reflects the local government responsibility for local appointments and control over the budget. The relationships between different parts of the Chinese state are complex and are dominated by not only the rank that an institution might have but also the *xitong* and local government lines of authority. The term *xitong* means literally "system" and refers to the vertical hierarchy of organisations that might share a common policy field usually organised below a Ministry. Pertinent to this case would be the Civil Affairs system and this would include all levels of the Ministry of Civil Affairs down to District level. Bodies within a given system typically report to their superior in the system rather than to equivalent level organisations resulting in what can be viewed as relatively closed policy systems (Lieberthal, 1995).

⁴ The term Municipality used here is the term for referring to the cities in China which have this classification (Shanghai, Beijing, Tianjin, and Chongqing). Other scholars use their own terms, such as "named city" in Lieberthal (1995). The term Municipality will be used throughout, with the capital "M", and will always refer to a city with the specific *zhixiashi* rank.

An additional complexity is introduced with the Bureaux being additionally responsible to the local People's Government. This results in Bureaux being subject to both their immediate superior within the system as well as being subordinate to the local government. Again this can be a potential point of conflict but it also creates space within which the lower branches of a system can experiment with policy with the support and endorsement of the local government. Figures 3.1 and 3.2 demonstrate these system and local government relationships visually. These are deliberately kept simplistic and are more to illustrate what might otherwise appear as abstract concepts of government. The reality of Chinese government and the relationships between different branches is more complex.

Figure 3.1 – A representation of different *xitong* and the place of Municipalities in the system

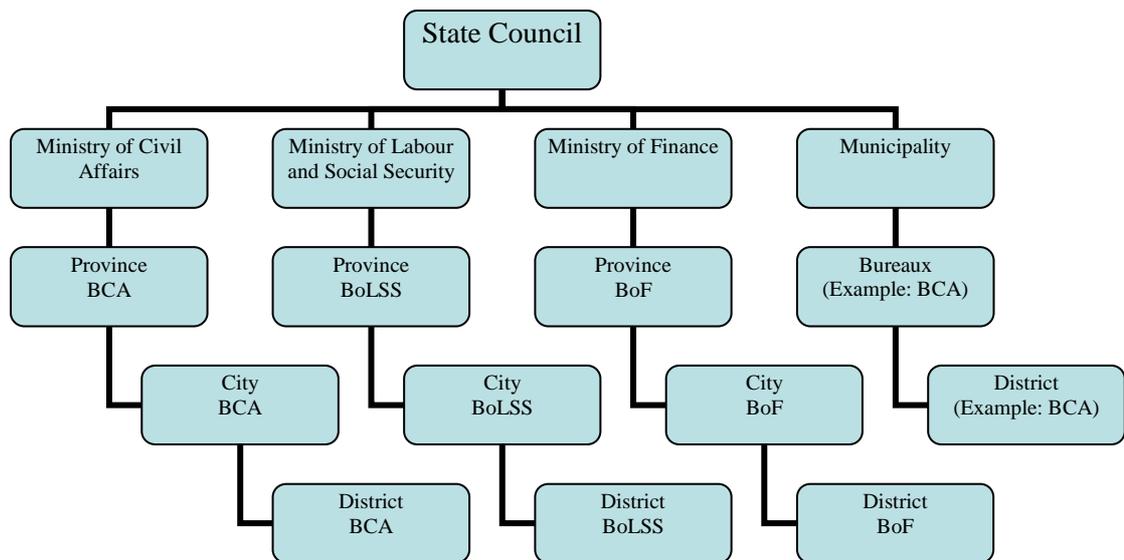
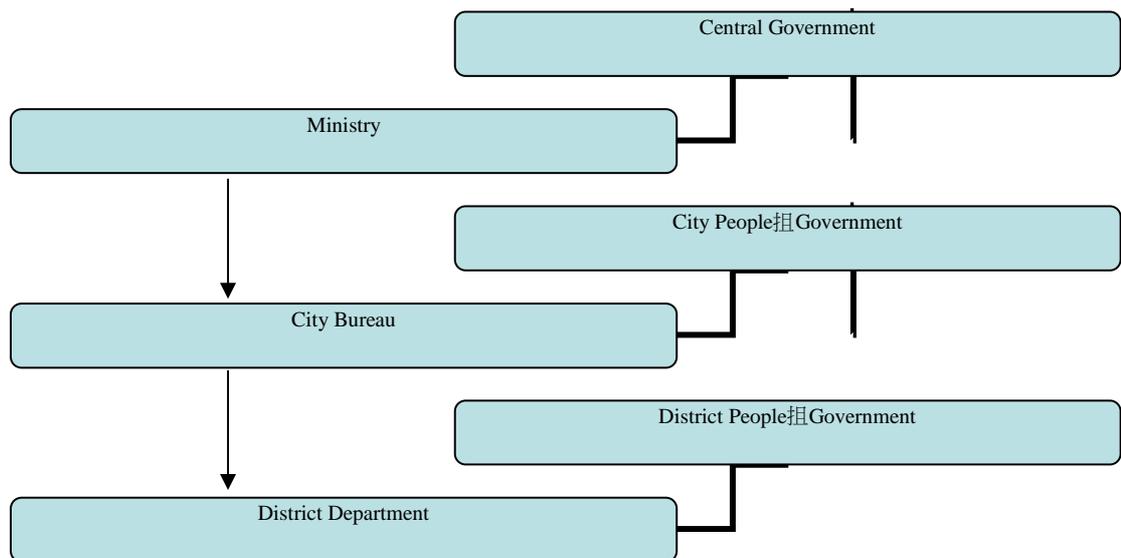


Figure 3.2 – A representation of local government and *xitong* relationships



Finally, the Municipality has extensive control over its own finances. As noted above the Municipalities like Shanghai carry the same rank as a Province or a Ministry and this meant, especially prior to the tax reforms of 1994, that Shanghai had extensive control over gathering and negotiating its share of the city's tax (Lieberthal, 1995). In the context of policy making the access to funding is an important point to note because a policy like the MLG would require funds that would need to be generated locally. When the MLG was being developed in Shanghai the city was extremely wealthy. The city was averaging GDP growth of 12% per year in the early 1990s and it was also generating significant revenues. In 1993 Shanghai's annual revenue was 43.9 billion yuan. This was roughly double the revenue of 1984. In 1993 Shanghai spent 12.9 billion yuan which is substantially less than its revenue but still a significant amount (Shanghai Statistics Bureau Online, 2009). Although figures for 1993 were not available online it is possible to compare Shanghai to other cities in 1995 when the city generated greater revenue and spent more than either Beijing or Tianjin, two cities of comparable size and administrative rank (China Statistics Bureau Online, 2009).

These factors meant that Shanghai was able to operate with a degree of space to innovate in terms of policy making. Obviously this does not mean that the city makes policy without any links to the central government's policy goals or decisions but it does mean that the city can, and frequently does, make decisions which create policy

that is innovative and new in comparison to other areas. In the case of the MLG how, specifically, did this relative independence affect the policy process?

In interviews with both Chinese and international researchers four different points were raised which support the idea of Shanghai innovating within the confines of the Chinese state. First, there is the point that Shanghai acted because it was one of the more advanced cities in China and was facing the social pressures of reform before other areas. Because the city had advanced further along the reform path it had become exposed to the negative outcomes like urban poverty sooner (Interview BJ06-3). Second, the proactive actions of policymakers in Shanghai were highlighted (Interview BJ07-1). As already discussed earlier in the chapter this could have been due to internal or external pressure to reform social assistance policy. Third, the idea that Shanghai could act with a degree of independence because of its status and fiscal strength as a Municipality was highlighted (Interview TJ06-3). Finally, it was argued that the reason for Shanghai's ability to act was because it had the political status to do as it pleased due to connections between the national and Shanghai's ruling elites (Interview HK06-2). The idea that Shanghai was, as an administrative unit, in a position to innovate in the early 1990s is clear although the reasons given are varied. What this does tell us about China is that the state should not be treated as a centrally administered unit with little space for variation. It would appear from the case of Shanghai's MLG that a homogenous state dictating policy from the centre to the local is not the case. It is clear in the case of Shanghai and the MLG that local innovation was both possible and allowed.

As discussed above, in one essay on the MLG, the intervention of a "Beijing Caller" was said to have initiated the process (Yang, 2003). Whilst the content of this call is unknown and the degree to which it did actually have an impact on the actions of Mayor Huang is open to question it does raise an interesting issue. To what degree was Shanghai innovating on its own as the interview data highlighted above suggests? Three Beijing based scholars argued that the role of Beijing as instigating the MLG process was of great importance, a position not supported in other interviews (Interview Grp1BJ06). These two points suggest that the relative independence of Shanghai may have been exaggerated. Alternatively they may indicate a historical revision of the MLG

story where the central government's role is exaggerated giving the impression of a more cohesive and centrally driven policy process. Without access to specific documents or individuals such as Mayor Huang it is almost impossible to determine whether it was Shanghai or Beijing that really started the processes which led to the MLG. The preceding discussion indicates that there is an interesting tension between the centre and localities in terms of policy making and who takes credit for successful innovations. It should also be noted that regardless of who, or which city, started the MLG process the structure of the Chinese state did facilitate the degree of independence and city level guidance which characterised the process leading to the MLG.

Conclusion

Understanding Shanghai's development of the MLG is important for two reasons. First, understanding the origins of the MLG is a part of the story of China's social assistance policy which has been largely ignored. As part of the discourse on the MLG what occurred during 1992 to 1993 in Shanghai has become a footnote, a paragraph, or part of a wider reconfiguration of the MLG story to better fit the tendency of the CCP to present policy as coherent in its long term development.

By seeking to understand the origins of the MLG we are able to form the basis of a wider explanation of why the policy emerged and developed as it did. We are also able to contribute to a wider and deeper understanding of the Chinese policy process than that offered by a rational explanation. The Shanghai case highlights three important areas that need to be considered when seeking an explanation for a policy.

First, the role of individual actors is fundamental to understanding how a policy gets onto the agenda, the processes it goes through and how it eventually emerges in terms of design. In the Shanghai case the policy was put on the agenda by individuals, the process was directed by individuals and the problems identified, proposals put forward and policy decided upon were all made by individuals and organisational actors. The ongoing sponsorship of the process throughout by Mayor Huang also ensured that the process could navigate the potential difficulties of the Chinese policy process. In order

to explain why and how a policy emerged the motivations and actions of these individuals need to be explored as fully as possible.

Second, the impact of feedback is significant in setting the context for the policy agenda and constraints on policy decisions. Previous commitments form the foundations on which concerns for social assistance are based. Outcomes and content from previous policy decisions can have a profound impact in constraining the choices that are available to policy makers. In the case of Shanghai and the MLG the previous Three Nos policy both created the need to change policy through its limitations but also limited the choices that could be made helping to explain the particular design of the MLG.

Finally, the structure of the Chinese state facilitates policy innovation at the local level. In Shanghai its status as a Municipality allowed for a high degree of flexibility in policy making, in responding to local concerns and raising funds which meant innovations such as the MLG could emerge without the need for approval or funds from other sources. The decentralisation of responsibility and powers by Beijing also appears to have created the situation where policy innovation was necessary. This was because the city was developing faster economically and pushing further ahead with reforms than other parts of the country and therefore Shanghai had to innovate on social assistance because it was facing the potential of social unrest resulting from urban poverty earlier than other cities.

These three elements explain both the reason for the MLG emerging and taking the form that it did in Shanghai and also why the policy emerged in Shanghai at all. If we consider a brief counterfactual the removal of one of these elements would have led to a different outcome. The favourable institutional context of decentralisation and Shanghai's status in the bureaucracy allowed for policy innovations to emerge. Without this element new policy innovations may have been stifled by other more powerful interests or a lack of funds. The feedback from the Three Nos influenced the design options that were considered. If the Three Nos had not been failing in the manner that it was then the need for a means tested locally focused measure may not have been considered. Finally, if the influence of Mayor Huang Ju as a policy sponsor had been

lacking then the development of the MLG, or an alternative policy response, may well have been bogged down in negotiation and bargaining between different Bureaux resulting in a prolonged policy development in contrast to the relatively quick development and implementation of the MLG.

Altogether this presents a much more complex explanation for Shanghai's MLG and offers the basis for a more generalised explanation of the wider policy process regarding the MLG. In Chapter 4 the application of this basis will be explored when the processes leading to the national roll out of the MLG in 1997 are discussed.

Chapter 4
The MLG 1994 – 1997:
Challenges and Sponsorship in the local to national transition of
policy

Introduction

In Chapters 2 and 3 the discussion of challenges to the traditional system of social assistance and the emergence of the MLG highlighted the particular influence of individual policy sponsors, feedback from previous policy decisions, and the structure, hierarchy and relationships of government on policy making in the PRC. These features continued to influence the development of the MLG as it moved from a local level policy experiment to a centrally supported national policy – a phase that will be referred to hereafter as the transition.

The period of transition is important to any understanding of the MLG for four reasons. First, it is frequently omitted in discussions of the development of the MLG with the policy somehow getting from Shanghai to national implementation without much explanation. Second, the transition influenced the design of the MLG and level of standardised implementation at the end of the transition has been profoundly important in later developments affecting the policy. Third, the transition saw a move away from the Shanghai Model of the MLG toward the Dalian Model which formed the basis of the policy design implemented nationally in 1997. Finally, the transition highlights the importance of a policy having a policy sponsor in the PRC but also emphasises the significant impact on policy development and outcomes the institutional position of a sponsor can have.

The transition of the MLG from a local innovation to full national implementation began in 1994. The eventual adoption of the MLG as a nationwide measure was due to the actions of two policy sponsors who, for different reasons, used the MLG as a means to ensure urban social stability in light of the ongoing impact of economic reforms. This specific period can be treated as distinct for two reasons. First, it saw the actual development of the MLG from local experiment to national policy implementation as

set out on the 2nd September 1997 in the “State Council Circular regarding the establishing of a national urban resident MLG system,” 1997 State Council Circular hereafter (State-Council, 1997). Second, the period is characterised by the actions of specific policy sponsors, Minister Duoji Cairang and Premier Li Peng; as well as the continued influence of the decentralised state in China. This chapter also examines in depth the impact that routines in the bureaucracy can have on policy, the role of policy actors who are not sponsors but still influential and examines how these factors contributed to the transition of the MLG from local to national policy.

This chapter will be structured as follows. First, I will introduce the significant events, documents and statistical data relevant to the period which will provide a short introduction to the period and key trends that will be analysed later. As part of this section the transition phase will be investigated in more depth outlining the logic of identifying particular policy sponsors as significant in the development of the MLG as a national policy. The chapter will then discuss the role of Duoji Cairang, Minister of Civil Affairs at the time, as a policy sponsor exploring his actions, motivations and the influence his role had on the policy process. The sponsorship of Duoji will then be contrasted with that of then Premier Li Peng’s role in helping the MLG become national policy. Following from this the influence of a number of smaller policy actors, researchers and MCA officials, will be examined and the analysis of the transition will finish by assessing the impact that the institutional position occupied by the MCA had on the policy. The chapter will conclude by drawing these various points together and relating them to the findings outlined in the preceding chapters.

Developments during the Transition

The transition of the MLG from local to national policy was marked by increased activity by officials related to the policy and the expansion of the MLG. In May 1994 the MCA held its Tenth National Conference in Beijing and the MLG was discussed both at national level and in public for the first time by Minister of Civil Affairs Duoji Cairang (Duoji, 1995a). The conference was followed by an MCA circular extolling officials to implement the spirit of the conference (MCA, 1995). In 1995 MLG activity was confined to the MCA with meetings held during May in Xiamen and Qingdao

which were attended by Minister Duoqi and Vice-Minister Fan Baojun (Fan, 1998b, Duoqi, 1998a). Duoqi published an editorial in support of the MLG in the *Economic Daily* newspaper in June and in August a speech given by Duoqi at a symposium of Provincial, City and District civil affairs department heads was published in an MCA circular (Duoqi, 1995c, Duoqi, 1998e).

In 1996 and 1997 the MLG began to get discussed at a higher level of government and in late 1997 one of the key documents on the policy, the 1997 State Council Circular, was published. In March 1996 then Premier Li Peng mentioned the plan to implement the MLG during his report to the NPC on the Ninth Five Year Plan (1996-2000) and the 2010 Long Term Development Goals (Li, 1998e). This was the first time since 1994 that a leader outside of the MCA publicly discussed the MLG. Premier Li's speech was followed by the NPC ratifying the Ninth Five Year Plan and the 2010 Development Goals. The MLG was therefore part of the official plan from 1996 onwards. It was to be implemented nationally at some point in the following five years although at the time it was not mentioned specifically when this would happen (NPC, 1998).

In 1997 the level of activity related to the MLG increased again with Premier Li Peng and Minister Duoqi both giving speeches in the first eight months of the year (Li, 1998f, Duoqi, 1998c, Duoqi, 1998d). In addition Minister Duoqi penned an editorial on the MLG for the *People's Daily*, the main party paper in China, in August (Duoqi, 1998f). On the 2nd September 1997 the State Council published its "Circular regarding the establishing of a national urban resident MLG system" which outlined the policy design and objectives, methods of implementation and an initial timetable for implementation (State-Council, 1997). The timetable set out in the 1997 State Council Circular called for all prefecture level (*di*) cities to have implemented MLG systems by the end of 1998 and for all county level (*xian*) cities to have followed suit by 1999. This was followed by a press conference attended by State Councillor Li Guixian and Vice-Premier Zou Jiahua (Li, 1998b, Zou, 1998); in addition Party General-Secretary Jiang Zemin mentioned the implementation of the MLG in his report to the 15th Party Congress (Jiang, 1998). The year finished with MCA officials Fan Baojun, Li Bengong and Minister Duoqi giving speeches to members of the civil affairs bureaucracy extolling implementation of the MLG (Duoqi, 1998b, Fan, 1998a, Li, 1998a).

Statistical information for this period is extremely limited. Collection of data by national, provincial, city and ministerial yearbooks was haphazard or non-existent when it came to the MLG. Because of this it is impossible to offer any kind of consistent data other than the information on the number of cities adopting an MLG system which is discussed below. Appendix B offers more discussion on the sources and limitations of statistical data regarding the MLG.

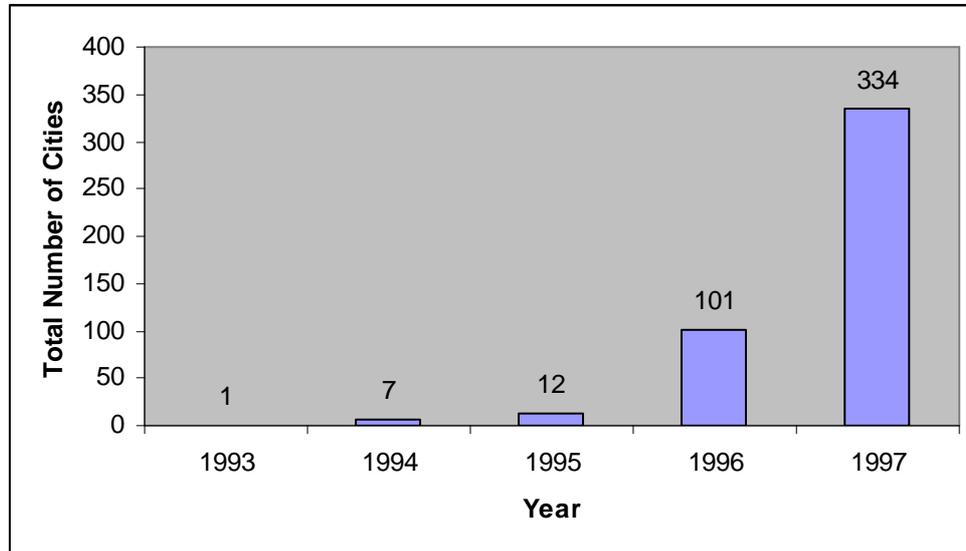
There are some statistics, other than the number of cities implementing the MLG, which can be gleaned from speeches on the MLG. As noted in Chapter 2 we know that the MLG initially reached 7680 recipients when first implemented in Shanghai in 1993 (Shanghai-BCA, 1997b). In August 1997 the number of recipients nationwide was quoted as 2 million by Minister Duoqi (Duoqi, 1998e). By late 1997 there are two speeches citing the total number of MLG recipients as 2.02 million in November and 2.2 million in December (Fan, 1998a, Duoqi, 1998b). In terms of funding there are only two figures given for the entire period and these are again provided by speeches. In November and December 1997 the total annual amount being spent on the MLG was 1,150 million and 1,250 million yuan respectively (Fan, 1998a, Duoqi, 1998b). Because of the problem with the spending and recipient statistics it is the number of cities implementing the MLG which will be used to form the basis of a deeper understanding for the transition of the MLG from local to national policy.

The Transition in Numbers

When looking at the number of cities implementing the MLG it is clear that the periods 1994-1995 and 1996-1997 were distinct. The first period, as illustrated by Figure 4.1, was from 1994 to 1995 and was characterised by a very low take up of the MLG policy. I do not start this first phase in 1993 because at that point the MLG was still an innovation unique to Shanghai. The year is included in the graph to contrast with the development of the MLG during the transition period. Although numbers adopting the policy were low, they were not stagnant and continued to increase throughout the time period. The increase through this period was from a single city (Shanghai) to 12 cities at the end of 1995. The majority of these were either prosperous, provincial capitals or on

the Eastern seaboard. The cities of Xiamen, Dalian, Guangdong and Shenyang are examples named in sources (see Appendix A).

Figure 4.1: Total Number of Cities Implementing the MLG 1993 – 1997



See Appendix B for data sources.

As can be seen in Figure 4.1 from 1996 onwards there was a steady increase in the number of cities implementing the MLG. By December 1997 334 cities had implemented the policy including all Municipalities. The vast majority of cities that had not implemented were at county level although some provinces, such as Guangdong, had achieved complete implementation (Interview HK06-1). This difference in implementation numbers is one example reflecting two distinct phases of development from 1994 to 1997. To reflect these differences the phases will be referred to as the “pushing” phase for the period 1994-1995; and the “establishing” phase for 1996-1997.

The Transition in People and Institutions

During the pushing phase, what has been highlighted as the MCA phase by Chinese researchers active during the time (Tang, 2003), the policy was pushed rather than ordered in terms of implementation. Speeches, circulars and research reports suggest a promotion or encouraging of local government to adopt the policy rather than it being ordered. Activities regarding the policy, such as meetings and publications circulated within the government, were limited to within the MCA and a small number of official

researchers spending time in the field. The most visible figure operating at this time was the Minister of Civil Affairs Duoji Cairang and interviewees close to the policy at the time highlighted the significance of his role (Interview BJ07-3). In the majority of documents available on the MLG at the time Duoji Cairang was the individual giving the speeches (I have calculated 50% of available speeches covering the MLG distributed by the MCA during the period 1994-1995 were by Duoji Cairang) or cited in terms of influencing the development of the policy at this time (Xi, 1998).

The establishing phase as represented in Figure 4.1 reflects a significant development in terms of the number of cities implementing the MLG and culminated in the September 1997 announcement of the 1997 State Council Circular. In addition the participants involved in the process and the level of government they were operating at changed. The activities of the state moved from the local level and MCA at national level and began to focus around the State Council and the legislative mechanisms of the state such as the National People's Congress and the state's five year plan. The MCA continued to be active during this period as a key institutional actor in the development of the MLG. In addition the notable individual participants expanded beyond the activities of Duoji Cairang.

In half of the 21 interviews conducted, including all those with MCA officials, the actions of then Premier Li Peng were highlighted as being crucial to the national implementation of the MLG. Documentary evidence supports the increased activity of this leader as he began giving speeches and comments in meetings as well as being involved in the legislative and planning functions of the State (Jiang, 1998, Li, 1998d, Li, 1998f, Li, 1998e, MCA, 1998, NPC, 1998). This may appear an obvious conclusion yet the role of elite leaders, as well as those at ministerial level, is an area that has been neglected in discussions of the MLG – especially in English language studies. The following discussion will, therefore, explore the roles and actions of Duoji and Li as policy sponsors in greater detail.

Throughout both the push and establishing phases the transition of the MLG was also influenced by the actions of other policy actors, the routines of the bureaucracy, the continued influence of the decentralised state and feedback from multiple MLG models.

These features are significant in helping to explain the spread of the MLG and development in the MLG policy design. The spread of the policy was facilitated by policy actors within the MCA bureaucracy and also by researchers investigating the MLG. These actors, using the routines of meetings, research reports and materials circulated in the bureaucracy maintained some pressure to implement the policy beyond that exerted by the active policy sponsors. Variation in the MLG, particularly in funding and administration, emerged during this period due to decentralisation and also the conflicting message produced by policy actors and sponsors regarding the use of different approaches to the MLG. The MLG was therefore influenced not just by sponsors but also by other policy actors and the structure of the Chinese state.

The final area that will be examined is why the MLG, having transitioned to national policy in 1997, did not rapidly spread to other cities in China that year. This is clear from Figure 4.1 where at the end of 1997 only 334 cities had implemented the policy whereas complete implementation required 2310 cities (Fan, 2000a). The MCA was given the role of overseeing implementation and this slow implementation was due to the position of the MCA as a relatively weak ministry with limited access to resources. The implementation of the MLG in the wake of the 1997 State Council Circular (State-Council, 1997) faced a number of institutional challenges that had long term impacts on the policy. The lack of fiscal and personnel resources, local level obstruction through non-compliance and incorrect implementation, and the innovations developed to cope with these issues will be discussed in the final section of this chapter. Each of these issues had institutional origins and demonstrates the impact that previous policy decisions, policy design and the structure of the state can have on policy in the PRC.

Ministerial Level Sponsorship: Duoji Cairang

Background

Duoji Cairang became Minister for Civil Affairs in 1993 after a long political and administrative career which started in 1959. After being transferred from Gansu Province Duoji spent the best part of 30 years working and developing his career in the Tibetan Autonomous Region. In 1960 he joined the CCP and from 1965-66 he was Head of Gyaca County Office and a Magistrate in the County People's Court. From

1969 to 1973 Duoji took on multiple roles as chairman and secretary for various committees including the Cultural Revolution Revolutionary Committee and Autonomous Prefectural Committee in Shannan District. During this time he was also the Deputy Leader of a production group in Gyaca County. Duoji moved up to provincial level government in the region in 1973 where he was secretary of China Youth Communist League for Tibet until 1977.

The first decade of significant reform saw Duoji promoted to the highest levels of Tibet's autonomous-region military political administration (First Political Commissar PLA 1977-83 and First Secretary 1982-87) and within parts of the regional CCP structure (First Secretary of the CCP for Xigaze 1977-1983 and Member of CCP Standing Committee in Tibet 1977-1985) as well as entering politics at a national level in the Central Commission for Discipline Inspection from 1982-1987. The late 1980s saw this trend continue and by the time of the 1989 protests he had become Vice-Chairman of the region's People's Government (1983-85) before becoming Chairman (1985-1990) and Deputy Secretary of the CCP's Leading Party Group in Tibet (1985-1990). He was also elected to the 13th CCP Central Committee in 1987; a position he has held through the 14th, 15th and 16th CCP Central Committees until 2007.

In 1990 he moved to Beijing and the MCA where he moved from Deputy Secretary (1990-1993) to Secretary (1993-2003), Vice Minister (1990-1993) and eventually Minister in 1993 where he continued in the post until 2003. His last recorded positions were as Chairman of the 10th Ethnic Affairs Committee of the NPC from 2003 and as Vice-Chairman of the China International Committee for Natural Disasters which he was reappointed to in 2000. Apart from being a commune head in Gansu from 1957-1959 and, prior to that, a clerical worker and work team leader in the 1950s Duoji has spent his career within the CCP and State structure. The emergence of the MLG coincided with his promotion to Minister and the development of the MLG into a national measure was one of the key features during his time as Minister until 2003 (China Vitae Online, 2009).

Identifying Duoji Cairang as a Policy Sponsor

As Minister for Civil Affairs during the MLG policy's transition from local to national level Duoji Cairang occupied a position of institutional and administrative significance. As noted previously, during interviews conducted with officials and researchers in the PRC regarding the MLG it was the personal role of Duoji which was repeatedly noted rather than that of the institutional position of Minister. This implies that the influence of the Minister regarding the MLG extended beyond the pragmatism of bureaucratic office. This active role and influence identified in interviews (Interview BJ07-3) is also evident in the available documentary materials (Xi, 1998). At the most basic level Duoji has written and published two books on the MLG, social assistance, social welfare and the reform process (Duoji, 1995b, Duoji, 2001a). He also published editorials on the MLG in the *Jingji Ribao* (Economic Daily) and *Renmin Ribao* (People's Daily), setting out the aims of the state, MCA and the CCP through these mouthpiece publications (Duoji, 1995c, Duoji, 1998f). Duoji attended and gave speeches at various meetings related to the MLG and wider social assistance policies which will be discussed in more detail below. Finally, Duoji was visibly active on the MLG over a sustained period of time which straddled multiple stages of the policy process giving speeches and writing on the policy in 1994 through to 2001. This combination of perceived influence on the MLG, interest in the policy sphere in general, actual activity and time commitment does support the idea that Duoji was a significant policy sponsor regarding the transition.

It could be countered that Duoji was, in this instance, acting as representative of the MCA and should not be treated as an individual sponsor. Whilst the available evidence is limited a case can be made for Duoji being seen as the policy sponsor rather than the MCA. First, the activity of Duoji regarding the MLG was significant in numerical terms. As noted over 50% of available speeches and editorials released by the MCA on the MLG from 1994-1995 were delivered or written by Duoji Cairang⁵. The speeches given, work meetings attended, and editorials written could have all been dealt with by

⁵ This claim is based on analysis of available materials regarding the MLG. These materials included all MCA yearbooks as well as collected internally published collections of documents on the MLG (the *Chengshi jumin zuidi shenghuo baozhang zhidu wenjian zike huibian* referred to in the bibliography). During this time Duoji did deliver speeches on other aspects of the work of the MCA and in some cases the MLG was a specific part of a speech which touched on other aspects of the MCAs work. The indication is that whilst Duoji did focus on the MLG during this time, more so than other actors in the MCA, he was not focusing solely on this particular policy.

another more junior member of the MCA bureaucracy. As Minister Duoji could have delegated authority to a Vice Minister or even the Departmental Director for Disaster Relief and Social Relief, which would have day to day responsibility for running social relief at the time, in order to push the MLG within the MCA. This was not the case, it was Duoji Cairang who gave the speeches, wrote editorials, and actively connected himself with the policy.

Second, it is only in 1997 and the period post implementation that less senior members of the MCA become visibly active on the MLG (Fan, 1998a, Xi, 1998). This suggests that preceding this activity it was Duoji taking a front line role on the policy but also that it was not seen within the MCA as being a policy to expend personnel resources on because it was not being formally implemented. Third, the books referred to above are apparently the only published texts written by Duoji⁶. This supports the idea that he took a particular interest in social welfare and social assistance policy. Finally, the actual content of speeches given has a qualitatively different substance to the speeches given by Vice Ministers and eventually the Ministers who succeeded him. Whilst open to some interpretation the content of the speeches, in the push phase, gives the impression of a dialogue and persuasion taking place rather than a command and comply or listing of goals style found in other speeches by top officials like Premier Li Peng, who it should be noted had the authority to demand that local government act. A particular example would be Li Peng in May 1997 ordering poorer central-west cities to implement the MLG in contrast to Duoji's negotiated stance on the issue (Fan, 1998a, Li, 1998d, Xi, 1998). This suggests that Duoji was in the process of actively promoting the policy rather than seeking the compliance of those lower down the bureaucratic hierarchy.

In interview and documentary findings Duoji Cairang had a significant role in the emergence of the MLG but what specific impacts can be associated with his sponsorship of the MLG policy? The impacts of Duoji as a sponsor on the MLG can be categorised into four specific areas covering the period 1994-1995; setting the agenda,

⁶ To explore this further during fieldtrips I made finding additional texts published by Duoji part of my routine search for documents. This included accessing library resources at the Chinese Academy of Social Sciences, Nankai University in Tianjin and the Universities Service Centre at the Chinese University of Hong Kong.

maintaining the agenda, tailoring presentation of the MLG and finally directly intervening in local government. It is these four areas which will now be discussed.

Setting and Maintaining the Agenda

The first impact Duoji had on the MLG was in 1994 when he shifted the policy on to the national agenda by discussing the policy briefly at the 10th National Civil Affairs Conference. The exact status of the MLG at this point is unclear because in 1994 Duoji calls for the policy to be “progressively introduced” (*zhuba shixing*) (Duoji, 1995a) and although in later documents a number of terms used by Duoji imply the policy should be implemented, such as *shixing* and *tuixing* (Duoji, 1995c, Duoji, 1998e), there is no specific call by any authority higher than the MCA or the use of language stronger than this. A phrase used later for implementation of the MLG, *guanche*, is not used during this push phase at all. State Councillors and other members of the Government are also absent in supporting the MLG during this period, even Premier Li did not reiterate his support of the MLG until 1996. The unclear position of the MLG is further supported by other written sources (Tang, 2003) and also interviews (Interviews TJ06-1 and BJ06-3) which suggest that at this time the MCA was pushing the policy without the State Council explicitly supporting the policy or calling for its implementation. The pushing phase is labelled as such because of the unclear status the MLG had.

This shift onto the national agenda occurred at the Tenth National Civil Affairs Congress held in May 1994 when the MLG was given a few lines in Duoji’s main speech, where he stated that the MCA should: “...target urban social assistance through the progressive introduction (*zhuba shixing*) of local minimum livelihood guarantee relief” (Duoji, 1995a). There was no other mention of the MLG and no reference to the system operating in Shanghai or any other model of the MLG that might be adopted. Although a minor mention in a speech dominated by other concerns and MCA responsibilities, categorising the MLG as a policy to be introduced was a significant development. This is because, whilst a local level experiment, the MLG would have had neither widespread coverage nor official endorsement and this would limit the policy in terms of expansion. It would remain an option for local policy makers to implement if they were even aware of the policy. However, once it became a policy on the national

agenda it gained both in terms of information being spread and from being endorsed by a central level authority.

Having put the MLG on the national agenda the second impact Duoji had was to ensure that the policy remained on the agenda. This was managed through maintaining a visible presence supporting the policy. Due to the unclear status of the MLG it occupied a grey area in the policy process. This was because, without the status associated with a State Council order to implement, the policy was an option which ought to be implemented rather than must be implemented. This meant that the MLG could arguably have slipped in terms of coverage and implementation if a certain level of activity was not maintained by interested parties.

By maintaining a policy on the national agenda a Minister makes a very clear statement of intent. In interviews conducted with both officials and researchers (Interview BJ06-2 and BJ07-3) within the MCA the individual role of the Minister in this example is made very clear. Whilst it might be anticipated that a Minister would only take these actions with the support of a member of the elite leadership the only indication that this was the case was Li Peng's support of Duoji in 1994. In his speech to the 10th National Civil Affairs Conference Premier Li discusses the MCA's work on social and disaster relief. He then says that the problem of elderly and working age people without work needs to be addressed, stating that: "We ought (*yinggai*) to give these people a basic livelihood guarantee" (Li, 1995). Despite not providing fiscal or legislative support for the policy at this stage, because this would be impossible for a Minister to do, pushing a policy up the agenda is still a significant act and there was a corresponding, albeit initially small, response to this as the number of cities with MLG systems increased. As a Minister, Duoji Cairang was required to make a lot of speeches, could write editorial content and publish (perceived as) influential materials on policies. With regards to the MLG this took place frequently across all fronts during the period in question (Duoji, 1995c, Duoji, 1995b, Duoji, 1998f, Duoji, 2001a). In this example we have a policy sponsor who has the position within the state to exert influence on the policy process within his particular sphere of interest. This influence was based both on the status that was associated with an administrative position of state but also through the use of available

resources, even if they are in comparison to some leaders limited, to make it clear what the sponsor's views and wishes were.

Tailoring Presentation of Policy

In addition to putting and maintaining the policy on the agenda Minister Duoji also had significant influence in tailoring the presentation of the MLG during the push phase, in order to negotiate opposition and problems that emerged. In tailoring the presentation of the MLG Duoji, put forward a specific interpretation of the MLG policy to counter emerging obstruction from local government and incorrect implementation of the measure. The main means to manage problems with the MLG was to tailor the spread and expectations surrounding the MLG so the policy would better suit local circumstances in areas resisting the call to implement the MLG. Resistance to implementation was highlighted during an interview with one MCA official (Interview BJ06-2) and also by the problem being addressed in speeches and editorials by Duoji at the time (Duoji, 1998e, Duoji, 1998a, Duoji, 1995c).

There were four significant problems facing the MLG during the push phase which Duoji tailored discussion and development of the MLG to overcome. The first problem was the perception by some in local BCA offices that the MLG was not the responsibility of the MCA. Second, the MLG was too much work and too troublesome to be a worthwhile investment of resources for local governments and the BCAs. Third, it was a new policy that had no guidelines, regulations and was unfamiliar. This is an interesting issue because typically policy, when announced, would come with a corresponding set of objectives and methods. In the case of the MLG this material was, in the push phase, conspicuous by its absence. Finally, the policy was viewed as being inappropriate to certain areas in terms of their development (Duoji, 1998e). This is a financial concern as underdeveloped or impoverished areas would have populations that would be more likely to receive the policy. The financing of the policy would be a point of contention as these poorer areas would have smaller budgets with which to finance what could be significant spending on the MLG.

Duoji Cairang specifically countered each of these points throughout 1995 in speeches to Civil Affairs bureaucrats. Directing his arguments at the Civil Affairs bureaucracy is an interesting tactic by Duoji as the real decisions on introducing new policy in local government would be in the People's Government and the Finance Bureaux. Furthermore Duoji could not order local governments to carry out any policy. Duoji may have been hoping that his arguments would be transferred by officials when they returned to their localities or it may be that he was facing intransigence on the MLG from within the MCA as well as from local government. Ultimately the target audience of Duoji's speeches on these problems reflected the limitations of influence that came with his position as a Minister.

Duoji used three approaches to counter challenges to getting the MLG implemented. First, Duoji tied the MLG to three core aspects of the CCP-State's overall policy aims at the time. Duoji connected the MLG to the overall objective of ensuring continued social stability using the specific phrase *baochi shehui wending* ("maintaining social stability") on a number of occasions when outlining the benefits of the policy (Duoji, 1995c, Duoji, 1998e). He also presented the MLG as a policy which tied into the CCP-State's responsibilities to the urban poor and would therefore benefit all involved as it would encourage positive perceptions of the government arguing that:

“...this work [the MLG] reflects the party and government care for the masses and the superiority of the socialist system” (Duoji, 1998a).

And that:

“Carrying out the urban resident MLG line system is important to both our nation and to guaranteeing human rights, because the right to life and to development are the most basic human rights. Carrying out the MLG is a major initiative for guaranteeing the right to live, it will have extensive and far reaching impacts both internationally and domestically” (Duoji, 1998e).

Finally, Duoji tied the MLG to the continuation of the reform project by providing social stability and, therefore, was linked to arguably the core policy concept of the post-Mao era. The MLG was indicated as a policy that both guaranteed the continuation of the reform process and also an indication of China's development. In a speech to a symposium on the MLG Duoji stated that: “Establishing a complete social security

system is an important project which complements the deepening of economic reforms and establishing a socialist market economic system” (Duoji, 1998e). Using other countries social assistance policies as the basis for this Duoji also made the point that MLG-type policies were a global standard amongst developed nations and something that China should aspire to (Duoji, 1995c, Duoji, 1998e). By configuring the debate surrounding the MLG in such a way Duoji ensured that resisting the MLG for whatever reason would be unlikely as it would be the equivalent of questioning core party-state doctrine.

In addition to linking the MLG with the wider policy objectives of the CCP-State Duoji took two further steps to counter local level intransigence regarding the MLG. The arguments that the MLG was outside the responsibility of the MLG, additional work and troublesome were countered together. This counter-argument was based around the previous MCA commitment to urban social assistance through the “Three Nos” policy. Essentially the MCA already had responsibility for the poorest and most vulnerable in China’s cities and the MLG was, therefore, not an extension of responsibility but instead a continuity. In addition, the MLG was presented as an reform of the *sanwu* policy rather than a new policy in its own right (Duoji, 1995c, Duoji, 1998e). In one speech Duoji presented this argument as:

“We can very clearly say this work [the MLG] is a functional responsibility of the Ministry of Civil Affairs. Because the MLG is a reform of the traditional social assistance system it is not a new or increased responsibility” (Duoji, 1998e).

This might also be understood as Duoji laying claim to urban social assistance as part of the MCA’s remit during the run up to the establishing of the Ministry of Labour and Social Security (MoLSS). The implication of MoLSS being established was that social security responsibilities were being reconfigured and the MCA might have lost out in this process. As it was they retained their main responsibilities. In the same speech Duoji argues that carrying out the MLG was not without guidelines and should not be troublesome because: “The practical experience of Shanghai, Dalian and other cities already answers the problem” (Duoji, 1998e).

Finally, dealing with opposition from local government because of varied levels of development elicited a very practical response. Implementation was staggered nationally in order to allow under developed areas time to adapt to implementing the MLG. Focus was put on those cities seen as developed – predominantly on the Eastern Seaboard and the municipalities. Those cities labelled as under developed, mainly in the Central-West of the country, were permitted to follow later when circumstances would allow it (Duoji, 1995c, Duoji, 1998d, Xi, 1998).

Direct Sponsor Intervention in Local Government

A final means by which Duoji can be seen to be exerting influence over the development of the MLG was by personal interventions in two cases. For example Duoji is cited as personally intervening in order to see the MLG implemented in Beijing. In this particular case it is implied that pressure was exerted on the government of Beijing to implement the MLG. Given the status of Beijing as the political heart of the Chinese state and one of the Municipalities it would have been of great significance if the city had not implemented the policy. In terms of seeking national implementation establishing a base of successful implementations in the municipalities would have benefitted the process. Not only would it have lent weight to the push for the policy to be established but it would also expand the experience, methods and support that could be drawn upon when other cities began to implement (Liu, 1997).

In addition Duoji is cited by a report published in 2002 on the MLG in Liaoning as having intervened in the development of the policy in the Province. In this example Duoji is cited as having suggested in 1995 that the city of Dalian establish an MLG system to provide an example to the other cities in the area on how to set up and manage such a system (Zhang, 2002b). The local government in Dalian subsequently established an MLG system which was used as an example for not only cities in Liaoning but also in the rest of China (Interview BJ06-1). The development of Dalian's MLG system is discussed in more detail in Chapter 6.

Both these cases suggest that although Duoji might have been limited in his ability to push the MLG in some areas in others he was more successful. This raises two points.

First, Duoji was capable of persuading cities who were under no obligation to follow his instructions to implement MLG systems. This implies that he was either persuasive or had significant political capital in these cities where officials would listen to his suggestions. Second, Duoji may have been tapping into the particular agendas of these cities when he made his interventions. It is entirely possible that both Beijing and Dalian were at the time prepared to invest in establishing MLG systems because the cities were facing enterprise reforms and the potentially destabilising affects of increasing urban poverty, like Shanghai before them.

Sponsor Motivations

This leaves what is perhaps one of the most challenging aspects of understanding policy sponsorship or of any explanation of policy actors – why. There are four possible explanations based on the available evidence. The first explanation to consider is that establishing the MLG really was linked to the objectives of sustaining social stability and the continuation of the reform project. Social stability and the continuation of the reform project were, therefore, the core reasons for the MLG being established (Duoji, 1995c, Duoji, 1998a, Duoji, 1998e). Given that Duoji Cairang was a leader, in Tibet, during the 1989 disturbances and then went on to become a senior leader and Minister, it is reasonable to assume that social stability and the reform project were a genuine concern for him as he would have experienced social instability first hand in a position of responsibility.

Second, it is also worth noting that having written two books specifically on the subject of social welfare and assistance Duoji did appear to have a genuine interest in this particular policy area (Duoji, 1995b, Duoji, 2001a). As Minister of Civil Affairs Duoji was responsible for a broad number of policy areas including for example marriages, managing non-government organisations, relief from natural disasters, and the social welfare system for the disabled, elderly and army yet he does appear to have had a particular interest in the provision and reform of social assistance in China. I would argue that social assistance was of special interest to the Minister and this is another reason that explains why he took such an active role in the development of the MLG.

The third possibility is that promoting the MLG would secure resources and empower the MCA; essentially a self interested choice by the Minister in question. There is no real evidence that this was the case with Duoji and the MLG beyond the claiming of the MLG as a responsibility of the MCA (Duoji, 1998e). Prior to this point the MCA has been noted as lacking in stature (Wong, 1998) which might explain why Duoji would seek a new policy tied to the Ministry. Whilst this could be construed as a self interested action it does not make sense when considering Duoji's support of the MLG in the mid-1990s. Although the MLG has gone on to become a prestige policy which attracts central budget allocations, praise amongst China's leaders and international attention this was not the case in the early to mid-1990s. In fact the policy could be viewed as having been a potential problem to get implemented because it relied on local government compliance and financing; neither of which are things the MCA had influence over. Whilst there does not appear to have been anything to gain from the promotion of the MLG it is conceivable that it did protect or guarantee the MCA's continued role in urban social assistance at a time when the future roles of Ministries was being debated amongst the elite leaders; as noted above the emergence of MoLSS saw a major change in the configuration of social security responsibilities and Duoji may have been making this argument as a means to protect what he perceived as the MCA's interests.

The fourth explanation to consider is that ideological commitments were the driving force behind support for the MLG. Ideological here refers to a commitment to the MLG that is based on concepts associated with the PRC governing Communist ideology. Speeches given by Duoji show a strong undercurrent of socialist thinking and nationalist pride that is tied into the implementation of the MLG. The MLG was put forward as a means to demonstrate the state's care for the people (Duoji, 1998c) and establish a policy that would reflect well on the Chinese reform project in an international setting (Duoji, 1995c). Duoji would use phrases like: "...this work [the MLG] reflects the party and government care for the masses and the superiority of the socialist system" (Duoji, 1998a) when discussing the merits of the MLG. The MLG presented here is a tool which strengthens the legitimacy of the status quo and supports the people. Politically Duoji presents the MLG as an almost perfect policy for the Communist Party.

These points run counter to the strong neo-liberal nature of social security reform of the 1990s and disappear from the language of the MCA and other state organs once the MLG moved out of this particular phase of its development. For example Premier Li refers to the policy as “efficient” (*you xiao*) in 1997 during a State Council Office meeting but there is no rhetoric regarding the care of the Party or the superiority of socialism (Li, 1998d). This implies that these particular lines of argument in terms of supporting the policy were unique to the pushing phase and, given the primary role of Minister Duoji, his particular efforts in sponsoring the MLG.

The most likely reason for Duoji supporting the MLG, on the understanding of the evidence that is available, is that it was a combination of factors. Post-1989 pragmatism and concerns over continued social stability fused with a strong ideological commitment to social assistance. This combined with a concern for supporting the legitimacy of the Chinese state both in the domestic and international arenas to create a complex set of motivations for the Minister who pushed the MLG from 1994.

Outcomes of Duoji's Sponsorship

What outcomes did Minister Duoji's sponsorship have on the MLG? The main outcome of Duoji's sponsorship of the MLG, using non-confrontational persuasive means to negotiate implementation as well as accepting implementation based on local developmental circumstances, was a relatively low level of implementation by the end of 1995. The other major outcome of this sponsorship was an uneven national implementation and local variations in financing and coverage within the core concept of the MLG policy. Provided the core concept, a means tested locally administered and funded measure to provide subsistence subsidies to the urban poor, was followed variations were allowed. This can be put down to the fairly relaxed response to concerns over a lack of regulations. In addition it reflects that without a State Council or CCP Central Committee decision on a policy there was no real pressure on local governments to comply with the wishes of a Minister. The MLG was allowed to spread with a main aim attached to it but beyond this no centrally dictated methods were attached. This in combination with the specifics of local circumstances led to variations emerging in the MLG in different parts of the PRC. The methods and outcomes of Duoji's sponsorship

of the MLG contrast sharply with that of Li Peng and the discussion will now turn to his elite level sponsorship of the policy.

Elite Sponsorship: Li Peng

Background

Similar to Duoji Cairang Li's career development was through various state and Party positions. Li Peng's background was predominantly in the energy sector with a particular interest in hydro-electric power. Li joined the CCP in 1945 and from 1948 to 1955 he studied at Moscow Institute of Power before returning to the PRC. From 1955 to 1966 he was Chief Engineer and Deputy Director at Fengman Hydroelectric Power Plant in Jilin Province. In 1966 to 1976 he occupied a number of senior positions in the Beijing Power Supply Bureau and Power Administration as well as being Director of Fuxin Power Plant in Liaoning Province and Director of the Northeast China Power Administration. From 1979 to 1983 he was both Secretary and Vice-Minister of Power Industry. In 1982 he was elected to the Central Committee of the CCP for the first time and in 1985 he became a member of the CCP Politburo. Between 1983 and 1987 he was Vice Premier of the State Council. In 1985 he was appointed as Minister of the State Education Commission and Power Industry and as Vice-Minister and Deputy-Secretary in the Ministry of Water Resources. In 1987 he became Acting-Premier of the State Council and from 1988 to 1990 he was also Minister for the State Commission for Restructuring the Economy. In 1993 he became Premier of the State Council and held the position until 1998. His last post was as Chairman of the Standing Committee of the NPC which he held from 1998 to 2003 (China Vitae Online). Li was integral to elite level politics during the 1980s and 1990s reforms of the post-Mao era. In the recent memoirs of Zhao Ziyang, purged from the government in the aftermath of Tiananmen, Li is presented as one of the key actors during the Tiananmen protests and events of 1989. He is portrayed as being active in orchestrating Zhao's purge, the actions taken against the students and the subsequent economic and political clampdown (Zhao, 2009). Finally, as with Duoji it should be noted that Li came into his most senior position from which he could significantly influence policies such as the MLG in 1993 just as the policy emerged.

Identifying Li Peng as a Sponsor

The establishing phase was one of rapid change, increased coverage, and national implementation of the MLG and it was dominated by the actions of Premier Li Peng. Li took an active part in overseeing the accelerated development of the MLG into a national policy and, therefore, his actions and motivations need to be considered. Whilst it is difficult to qualify a lot of information regarding these elite level leaders, interviews conducted in 2006 and 2007, as well as texts on the subject (for example Tang, 2003), make it very clear that he was fundamental to the process. The role of Li Peng was highlighted in over 50 per cent of interviews conducted and was the most mentioned individual leader brought up in interviews (Interviews Grp2BJ06, TJ06-3, TJ06-1, BJ07-1, BJ06-2, and BJ07-3). These particular interviews consisted of MCA officials, think tank researchers and academic researchers who have been active in the MLG policy process throughout the 1990s and 2000s. Using these interviews and available documents it is possible to construct a picture of actions, outcomes and possible motivations surrounding these two policy sponsors regarding the MLG and this offers both explanation and a comparison to other policy sponsors.

Impact of Li Peng as a Sponsor

The impact that Li had as a sponsor is very apparent when the developments during the establishing phase are considered. Premier Li had four discernible impacts on the development of the MLG: pressuring areas to implement the policy; consolidating justifications of the MLG, incorporating the MLG into the Ninth Five Year Plan and 2010 Development Goals; and finally, by working towards the publication of the 1997 State Council Circular. Demands and pressure on areas, especially in the Central West, to catch up and implement the MLG appeared and the language used by Li Peng on this issue was less than accommodating. At a meeting in May 1997 of the Office of the State Council Li made it explicitly clear that such delays were unacceptable and that it was the Council's intention to see a national implementation:

“Currently still only comparatively developed areas have implemented [the MLG] the number of central-west areas which have carried out this system is small... This measure does not spend a lot of money, its effectiveness is extremely good, it is a capable measure beneficial to

social stability, and it ought to be carried out nationally. Please would the MCA investigate putting forward this plan.” (Li, 1998d)

The justifications for the MLG put forward by the state also consolidated into what are now familiar points of ensuring social stability through the protection of those who were formally Three Nos and those who were impoverished through unemployment, being laid off, or through non-receipt of pensions (Li, 1998f). The international/developmental comparison and concerns over the party-state legitimacy were no longer as explicit in terms of justifying the policy.

Following his work report to the NPC in March 1996 the highest level legislative institution in China began to mention the MLG (Li, 1998e). The policy was incorporated into the 2010 Development Goals and the Ninth Five Year Plan for 1996-2000 (NPC, 1998); a marked difference from the primarily ministry based push of the preceding two years. Li’s role here is inferred from his high profile in interview data and the fact that the NPC is often seen as a rubber stamp institution for decisions that have already been made by the central leadership. Because the MLG is mentioned at this time it indicates the policy is to be implemented but it also indicates that the decision on the policy has already been made even if the specific timetable or regulatory documents have not been published. Li’s association with the MLG in interviews, his support of the policy in 1994 and his speeches supporting the policy in the lead up to 1997 suggest that Li was fundamental to getting the policy into the national plan and persuading other members of the State Council and CCP Central Committee that it should be implemented.

The final part of establishing the MLG as a national policy and completing the transition was the State Council publishing its 1997 Circular on the MLG and announcing that it was to be established nationally. Again Li’s role here is not clearly set out but the significance attributed by interviewees and the fact that he was the head of the State Council at the time suggest a significant role. The 1997 State Council Circular was published on 2nd September and this had two important impacts on the policy development of the MLG. First, it provided a clear and centrally endorsed set of core values and implementation methods, such as administration of applications and funding, for the MLG. Second, it also provided a solid timetable for the national implementation

of the MLG which built on the 2010 Goals and Ninth Five Year Plan that the policy should be implemented by the end of the century (State-Council, 1997).

Sponsorship Methods

The methods used to achieve the transition by Li are much the same as those utilised by Duoji Cairang. Speeches which made reference to the MLG (Jiang, 1998, Li, 1995, Li, 1998e, Li, 1998f), comments recorded in meetings (Duoji, 1998d, Li, 1998d) and the additional use of legislative institutions such as the NPC (Li, 1998B; NPC, 1998; MCA, 1998) as well as the eventual emergence of a State Council Circular regarding the MLG (State Council, 1997) all contributed to the change in focus regarding the MLG.

The decision to implement the MLG nationally was made during the 64th meeting of the State Council cited by Minister Duoji in a work briefing on the MLG (Duoji, 1998d). Although the date of the meeting is not given it can be assumed, because the MLG was incorporated into the legislative activities of the NPC in March 1996, that the meeting took place some time in early 1996. It is notable that Premier Li was associated with the MLG and took action on the policy before this meeting took place whereas in the case of General Secretary Jiang Zemin and other central leaders the only documented speeches were a long time after the meeting around the time of the publication of the 1997 State Council Circular (Jiang, 1998, Li, 1998b, Zou, 1998).

The language used to promote the MLG changed during the establishing phase reflecting a shift toward a more demanding style of language. For example in Premier Li's statement quoted above there is no accommodation of regional developmental disparities and an order that the issue be investigated and resolved (Jiang, 1998, Li, 1998d). A great deal of activity occurred around the time of the 1997 State Council Circular being published which would be expected but also suggests that the MLG was viewed as a significant event which warranted press conferences and the attendance of State Council members (Li, 1998b, Zou, 1998). Whilst these efforts do bear similarity to the previous push phase of the MLG it is the use of institutional venues outside of the narrow confines of the MCA to promote the policy and differences in outcome, notably a move to national implementation, which are of significance.

Sponsor Motivation

The motivations of elite leaders such as Li are very difficult to determine beyond making informed inferences. There are four reasons why the elite leadership might have swung behind the MLG at this particular time. First, there was a standing commitment by Li Peng to the MLG when he supported Duoji's call to implement the policy in 1994 (Li, 1995). It is assumed that Premier Li would have been monitoring the policy from this time onwards and it is known that he did receive reports from the MCA and members of NPC on the development of the MLG (Interview BJ06-2). Although this does not necessarily mean a commitment to implement the MLG it does show a long standing support, interest and awareness of the measure. When difficult decisions on the reform of the state owned sector were to be made Li would have been aware of the MLG as a measure that could help alleviate some of the potentially destabilising social outcomes.

Second, the policy success was being reported up the bureaucracy through research reports and work meetings held by the MCA. In addition the MCA was actively reporting on the MLG as part of its routine responsibilities to the State Council (Interviews BJ06-2, TJ06-1 and BJ07-1). This meant that the elites would have been aware of a successful policy and receiving regular information on it. Again this does not make a commitment to implement the MLG but it does suggest that when decisions were being made on reforms in 1996 and 1997, as part of the Ninth Five Year Plan and the build up to the 15th Party Congress in September 1997, the MLG would have been on the agenda (Saich, 2004).

Third, the MCA was already pushing the MLG and was working towards some means to ensure national implementation (Interview BJ07-3). This meant that it was not only on the agenda being put to elite leaders but that in terms of implementation there was already a ministry fully supporting the policy and a certain amount of the required work already done. It would have been attractive to central leaders to have what could be seen as a ready made solution to increasing urban poverty and potential social unrest which could be implemented nationally if necessary.

Finally, the years 1996 and 1997 saw the reform process push the SOE sector almost to breaking point with 50% of SOEs losing money and the sector as a whole losing money for the first time. This crisis saw corresponding concerns over the possible impact on social stability that further rationalisation might have. Duoji noted that enterprises were struggling to provide for their workers before these in early August 1997 just before the MLG was announced as a national policy (Duoji, 1998f). The 15th National Party Congress in September 1997 saw Jiang Zemin and Zhu Rongji announce that they were committed to establishing a mixed economy; and in March 1998 Premier Zhu Rongji announced an end to the cradle to grave social security system provided by state owned enterprises (Saich, 2004). The leadership who would have signed off on the MLG, including Premier Li, would have been aware of these upcoming announcements and the implications of continued economic reform and the deconstruction of the iron rice bowl.

MCA officials and Chinese researchers reported that concerns were especially focused on the projected massive increase in laid off workers as well as those affected by losing welfare benefits and pensions through their former work units struggling with market conditions (Interview Grp1BJ06, BJ07-1 and BJ07-3). These concerns are also reflected in Chinese texts on urban social assistance with the growth of both urban unemployment and laid off workers being tied to increasing prices to create a potentially destabilising social situation (Tang, 1998, Tang, 2003). These concerns over the collapse of the SOE sector ultimately led Zhu Rongji to announce in 1998 that the problem of the state owned sector would be resolved in three years (Saich, 2004). It is fair to assume that during the run up to the national implementation of the MLG the crisis affecting China's SOE sector was high on the agenda for all of China's policy makers not least Li Peng.

The additional pressure being brought to bear on Chinese society by the reform of the SOE sector was arguably the most important motivation to consider. The threat of an unstable society brought about by the reforms would have resonated with the leadership of 1997 as it echoed the concerns over worker protest and inflationary pressures of 1989. This concern with the social welfare impacts of reforms was reflected in the

reform and experimentation in other areas of the social security system for example in pensions, health insurance, and unemployment. Without this concern to contain current problems and pre-empt future instability the MLG would likely not have made it onto the agenda. Once it was on the agenda, however, the factors noted above would have come into play to further support its case for a rapid, State Council supported national implementation.

Comparing Li's Sponsorship to Duoji's

The comparison with the actions and outcomes of the MCA Minister Duoji Cairang allows some interesting conclusions to be drawn. Many differences are apparent and extend to the level of implementation or outcomes achieved as noted, the method of implementation and mechanics of government used, as well as the rationale and presentation of the policy. In these particular cases the methods used to sponsor the MLG and the outcomes achieved were noticeably different. What probable factors would allow for these differences in methods and outcomes within the central level of the state?

When assessing the potential impact that a policy sponsor can have on a policy the following points need to be considered. The institutional position occupied by the policy sponsor in question as this not only places them within the overall structure of government, which is a significant issue in terms of who can be influenced and addressed, but also contributes to other factors. One such factor is the power associated with the position in question. As noted above the differences in terms of using certain tools of government or resources that are available will have an impact on a policy. A sponsor who reports to the State Council for example will have different issues to overcome and different outcome objectives to a sponsor who presides over the State Council. The influence of a policy sponsor is not, however, bound entirely in their institutional position but also by their latent or inherited political power. Both of these can be used to influence those around them without having to rely on the mechanics of the state which may or may not be available. In the cases discussed above it is clear that Minister Duoji relied on a combination of the influence granted by being a minister as well as the persuasive motivations he could mobilise through ideological rhetoric and

political abilities to manipulate the situation to best serve his interests. In the case of Premier Li the reverse is more apparent with the position of state and the powers it granted being the primary source of influence.

Beyond Sponsors: Explaining Policy Spread and Policy Variation

Although the influence on policy sponsors on the MLG during the transition to national policy was significant analysis of just Duoji Cairang and Li Peng does not provide a full explanation. The following section seeks to develop further an explanation for the spread and variation in the MLG by assessing the role of policy actors, notably those in the MCA and research community, and what can be understood as institutional factors such as the routine of the bureaucracy.

Policy Spread

Policy spread for the MLG was facilitated not only by official endorsement and encouragement by Minister Duoji and the MCA but also by the institutional features built into the routine of the Civil Affairs bureaucracy. This includes the internal circulation of speeches and reports; work meetings; the operation of research teams and the dissemination of their findings (for example see Tang, 2003 for a collection of work on the MLG begun in the period).

Although there was never, at this stage in the policy process, an order requiring national implementation an MCA official reported that the content of speeches, reports, circulars and work meetings did persistently push the agenda of implementing the MLG (Interview BJ06-2). Although this did mean there was pressure being applied from a central level regarding the implementation of the MLG it also meant that this pressure was applied in short intense bursts periodically throughout the year. In August 1995 there was a work meeting of Civil Affairs Bureaux (BCA) Directors where the MLG was discussed. This was followed by a similar meeting in January 1996. There were also work meetings convened specifically by the MCA to discuss the MLG in May and July 1995 (Xi, 1998). The timing of meetings on the MLG does suggest another reason why implementation took place but only at a low level; the pressure for implementation was there but only coming from within the MCA and only in intermittent bursts.

Policy spread was also facilitated by researchers who were investigating the MLG. The role of researcher groups in spreading the MLG is harder to pin down specifically although it is apparent that in terms of being a vehicle to transport the idea they did have influence. One researcher reported that there was a degree of luck involved in this process as researchers could in their official capacity choose where they investigated policies and motivations for investigating the MLG could come down to professional interest (Interview BJ07-1). In spite of this haphazard capacity to disseminate the policy concept the findings and resulting research reports did find internal circulation and the researchers themselves argue that they contributed to the fleshing out of the policy design (Interview TJ06-1 and Grp2BJ06). Operating in this capacity these researchers should be considered policy actors rather than policy sponsors. Their intervention in the MLG was haphazard and not sustained over long periods. In addition they did not have to expend resources to investigate the policy and there is no real evidence of a case being made for particular ideas being adopted beyond the normal recommendations and voicing of ideas in these reports (Tang, 2003). The spread of the MLG was therefore facilitated and influenced not only by pressure from sponsors but also by bureaucratic routine and the activity of Chinese researchers.

Policy Variation

Variations in the MLG policy began to emerge at this stage as it spread beyond Shanghai and the impact of decentralised local government and local finance was felt. There were numerous variations which emerged including different mixes of funding responsibility between different parts of local government. Wong (1998) notes three early models of MLG finance in her discussion of the privatisation of social welfare in China. The first of these was the Dalian Model which was funded 100% by the state. The Fuzhou Model was complex and fragmented funding and administrative responsibility amongst all stakeholders. For example, trade unions supported retired workers; workers from insolvent enterprises were supported by the enterprise's responsible Bureau; workers on insurance schemes were taken care of through insurance payments and workers were funded by their work unit. Finally, the Benxi

Model relied on an initial fund set up by the city government which was then sustained through an income tax and social insurance payments.

In his research on Chinese poverty Tang Jun highlights just a small number of variations in the Shanghai, Wuhan and Chongqing Models of the MLG. Shanghai as noted previously presented a mixed funding model with funds raised from the city budget and local enterprises and Wuhan used a model based entirely on government funding. Whereas the Chongqing Model was not distinguished by its funding, which appears to have been initially based on fees levied on enterprises, but by its inclusivity and generous provisions (Tang, 2003). Variation also appeared in eligibility with restrictions introduced in Tianjin, for example, where families with pets were excluded from receiving the policy (Interview TJ06-4). In other areas, for example in Shanghai and Dalian, the MLG was supplemented by the introduction of additional subsidies on top of the basic benefit (Tang, 2003, DalianCAB, 1999). Some of these variations, especially the restrictions on eligibility, would go on to have a negative impact on the policy and will be discussed in the next chapter.

The main variations which emerged were between the Dalian and Shanghai Models, the differences of which revolved around the financing and administration of the MLG (Duoji, 1998a). The Shanghai Model, as discussed in Chapter 3, was characterised by a mixture of local government and local enterprise in the division of financial and administrative responsibilities. Dalian used the emerging sub-district agency (*shequ*) level of informal local government and full local government responsibility for funding. The two models did impact on the eventual design of the MLG when it was rolled out nationally as they formed the basis for the policy design. Shanghai provided the core concept of means testing and local adjustment and Dalian provided the financing and administration model (Interviews BJ06-1 and BJ06-3). This is an important point to consider because although Shanghai is cited as the birthplace of the MLG and did set out the fundamentals of the policy it was the Dalian Model which went on to become the national standard. This is something that is often ignored in discussions and reviews of the MLG but it is a significant development of the transition stage.

How exactly the decision to use the Dalian Model occurred is not clear but I would argue three points. First, the only time different models of the MLG were discussed by Duoji it was these two possibilities which were raised as options (Duoji, 1998a). This suggests that they were the favoured options within the MCA. Second, one researcher reported that the Dalian model was eventually adopted because it was seen as the most “efficient” although this was not elaborated on (Interview TJ06-1). Finally, the adoption of the Dalian model arguably reflects the influence of other policy decisions by the Chinese government. In 1997 the work unit was becoming less important as a mechanism of social control and the sub-district agencies were beginning to be used for more welfare provision. Similarly, the decision not to use enterprises reflects the lessening role that enterprises were playing in social provisions toward the late 1990s. In this context, the rolling back of the work unit in managing urban residents on a day-to-day basis and the emergence of the sub-district agencies in the MLG reflected a wider change in the management of urban life in the People’s Republic.

These variations in the MLG can be explained by three institutional impacts. The first is the decentralisation of government responsibility and finance which has been a feature of the post-Mao era of China’s development (Saich, 2004, Lieberthal and Oksenberg, 1988, Lieberthal, 1995). The development of greater fiscal and political autonomy throughout the system of government allows for a degree of variation in the interpretation and implementation of policy, be it in funding mechanisms or eligibility criteria, because local government can misunderstand new policy, misinterpret new policy or deliberately adapt a policy to suit local circumstances. Second, in addition to the greater degree of flexibility in spending and policy decisions at the local level of government ideas and findings on research into the MLG were feeding into the nascent discussion of the policy which would have created both confusion over what was the ideal approach to the MLG but also created possible alternatives that could be adopted (Interview TJ06-1, Wang, 1996b, Wang, 1996a).

Finally, changes brought about by the 1994 reform of the tax system impacted on both variations in the MLG and also on the spread of the policy. One senior China expert suggested that the 1994 tax reforms shifted the central government view of the MLG from a long term possibility to a short term goal (Interview BJ06-3). The tax reforms

may also have contributed to the regional variations in actual implementation and the extent of the policy once carried out. Wealthy areas, which benefitted from the reforms, had funds that could be channelled into projects like the implementation of the MLG (Interview BJ07-1, BJ06-2 and TJ06-3). The reverse, however, was also the case and the extra limitations placed on poorer/ less developed regions resulted in the extra financial resources needed for the MLG not being available and a corresponding retardation in the policy's implementation occurred (Wang, 1996b, Wang, 1996a).

Variation in the MLG was also a result of how developments in the MLG were handled by the MCA. In both the funding mechanism used and also the decision about calculating the MLG line the MCA either did not provide guidance or left a number of options open for cities to implement. As noted above in the case of funding the MLG there were two dominant models which emerged between 1995 and 1997 reflecting the original policy as implemented in Shanghai and another model which was named after innovations which emerged in Dalian. In May 1995 Minister Duoji made it clear that the choice of which model to follow was open to question (Duoji, 1998A). How to finance the MLG was not clearly resolved until 1997 with the publication of the State Council circular on the policy.

The calculation of the MLG line is the other area where the MCAs handling of the issue arguably led to variations. As noted at the end of Chapter 2 there were different methods being adopted by different cities. Various options emerged, from household surveys to calculate the needs of the local poor, "scientific" means to calculate the MLG line which would be a system (like the Engels Index) or shopping basket system, or a "rational" approach which is never expanded upon (Xi, 1998). The calculation of the MLG line is extremely important because it determines the potential number of MLG recipients and what level of subsidy they would receive. The search for a calculation method is also significant because it is an area where local interests, such as how much money is available for the MLG, would become influential. What is of interest is that during both the push and establishing phases the calculation method was never resolved but, as Xi's speech in 1996 suggests, the government was aware of and disseminating ideas on the issue from local level initiatives. This approach to the calculation method invites variation to occur because no clear path was set out by the MCA. Instead the

various options that are being used are mentioned, which as Chapter 2 shows already allows a large degree of variation in what the MLG might provide, without any guidance being provided.

The difficulty later faced by the MCA and central government in resolving variations in the MLG was a result of the MCA's handling of these two issues during the development of the policy. The emergence of different approaches to financing and administering the MLG occurred because the fragmentation of the state and the decentralisation of some decision making powers left the space for such developments to appear. The problem was compounded by actors in the MCA failing to make a clear decision or raise a preference on which model and methods should be used to manage the MLG until the policy had spread to a large number of cities. The problems with the MLG, especially in the lack of a standard implementation of the policy, can be traced back to this aspect of the transition of the policy.

The MCAs Place in the Hierarchy: The Impact of Limited Means

The initial phase of the MLG's State Council endorsed national implementation, essentially from the 1997 State Council Circular's publication onwards, was carried out with no additional personnel or fiscal resources provided by the central government. Because the MCA was a resource poor institution (Wong, 1998), by design it spends funds rather than raises them, this had three impacts on the implementation during the post 1997 period which had to be resolved later. First, the MCA struggled to get the MLG implemented in some areas. Second, the MLG was implemented in a non-standard way in some areas. Finally, the lack of resources meant that the MCA had to adapt its approach to getting the policy implemented.

The lack of specific resources for the MLG was due to two factors. The first was a result of the design of the policy which was based around the decentralised fiscal and administrative system. The MLG as designed in 1997 relied on local level financing (normally a combination of city funds with some provincial input) and management as well as the residence and street committee's level involvement for basic administration in order to operate. This was the Dalian Model which had emerged in the push phase.

The reason this model was adopted is not explicitly set out anywhere but it can be inferred that it best reflected the reality at the time. Enterprises were being removed from the day to day provision of welfare and assistance to urban residents and the sub-district agencies were only just emerging in their stead. Using local government to both fund and administer the policy would therefore reflect the reality of Chinese local government and the splitting of the state from the enterprises and decline of the work unit.

The second factor contributing to a lack of resources for the implementation of the MLG was the MCA. As noted above the MCA was a resource poor institution but this was further exacerbated by the MCA being given the responsibility for overseeing the implementation of the MLG but not receiving additional resources for the purpose (Interview BJ07-3). This suggests a lack of willingness on the part of the central government to fund the MLG or, perhaps more likely, that the central government did not feel the need to fund a locally funded and administered policy. The MCA was, therefore, faced with getting the MLG implemented within a two year time frame but with no additional resources to help. This chapter has already argued that Minister Duoji's sponsorship of the MLG was in part hampered by a lack of resources and this continued to be the case after the 1997 State Council Circular.

The extensive delegation of authority in overseeing and enforcing the implementation of the MLG combined with the lack of financing to create three major issues for the MLG. The first of these was the slow implementation of the MLG. Despite the clear objective for establishing the MLG nationally, available figures show that the extension of the policy did not achieve this until late 1999 (Fan, 2000a), just achieving the objective of the 1997 State Council Circular. The MCA did not have the incentives nor the political power to force areas to implement the MLG quicker than was absolutely necessary and, as will be discussed below, had to resort to public naming and shaming of cities in order to speed up implementation.

A second impact was the incorrect implementation of the MLG policy as set out in the 1997 State Council Circular. The major problem in this instance was the consistent exclusion of groups that should have been receiving the MLG. The most frequently

cited problems are those who had been entitled to other benefits like unemployment insurance but the benefit had now expired, those who were receiving benefits or incomes that were below the MLG line, and laid off workers applying for the benefit but being refused in spite of passing the means test (Interview BJ06-2, Fan, 1998b, Tang, 2003). This incorrect implementation of the MLG was a result of the MCA lacking resources to either support the policy in areas that decided they could not afford to implement the policy or push the policy through in areas that decided they did not want to implement the policy (Interview BJ06-2). Guan's study of the difficult relationship between the central government and localities regarding getting a standard or correct form of the MLG implemented supports this conclusion and these issues will be discussed in more detail in the next chapter (Guan, Forthcoming).

The delegation of policy responsibility to the local level government therefore allowed for deliberate and accidental delays in the policy being implemented as well as similar problems with interpretation of how the policy should be operated. A major sticking point which contributed to these problems was the lack of funding outside of what could be allocated at the local level. Due to some areas facing fiscal difficulties or being unwilling to contribute to required funds MLG lines were set low, groups excluded and implementation was slowed through the policy existing on paper only (Interview BJ06-2, Duoji, 1998b, Fan, 1998a, Li, 1998a, Li, 1998c).

The third impact is how the lack of resources determined the actions of the MCA. Due to restricted personnel and the lack of funds the MCA relied on alternative means to work towards implementation. In some respects the MCA relied on similar methods to those which it had been using in the period preceding 1996. This primarily consisted of pressure being applied through repeated calls for implementation to be carried out in speeches and circulars on the subject (Duoji, 1998b, Fan, 1998a, Li, 1998a, Li, 1998c). Innovating on the situation the MCA also used varying degrees of naming and shaming cities into speeding up their implementation. Using both circulated speeches (Duoji, 1998b, Fan, 1998a, Li, 1998a, Li, 1998c) and also the *China Society* newspaper (*Zhongguo Shehui Bao*) to publicise on a regular basis where the policy had been implemented successfully and those areas that had not (Interview BJ07-3). The work of the Department for Disaster and Social Relief (*Jiuzai Jiuji Si*) in the MCA was

important during this time as they were tasked within the MCA with overseeing the implementation. From firsthand observation the department is small and the task would have been a significant undertaking. The adoption of these methods for implementation reflects the circumstances that the institutional setting of the situation helped to determine. The result of these issues as they developed was that there was a national implementation of sorts but it was limited and incomplete/ incorrect in some areas.

Conclusion

The case of the MLG transition from local to national policy is illuminating for a variety of reasons. It provides a number of insights into the importance of both policy sponsors and institutional features in determining the outcomes for a policy as it develops. With regards to policy sponsors the main conclusions that can be drawn are as follows. First, there is variety in how a sponsor may behave and what they achieve. It is not a matter of a policy sponsor simply being an agent for a particular policy. There are other policy actors which are important such as the local government and Bureaux leaders who can influence the policy process. Second, differences between policy sponsors are determined by a number of factors. In the cases covered here these included the institutional position occupied, style and attitude in pushing their agenda, as well as the particular objectives that the policy being sponsored will hopefully achieve. In the case of Duoji this led to a persuasive, low key but sustained use of speeches and work meetings; this was contrasted by the actions of Li which were blunt, demanding and utilised aspects of the state that were available at elite levels such as setting the agenda for the Five Year Plans and the NPC. Finally, motivations for sponsors are the most difficult, in these cases, issue to explain. Taking available evidence and circumstances into consideration it is apparent that both sponsors shared concerns over social stability with the growing crisis of the SOE sector providing the ultimate motivation for implementing a national MLG system.

The impacts of China's institutional structure on the MLG as it transitioned were multiple and meant that the policy had a slowed implementation initially. Following the interest of the elite central leadership taken in the policy the situation surrounding the policy changed but the slow policy implementation continued. Throughout both phases

during the transition variations in the MLG emerged. The interesting point to consider is that the institutional causes of these issues were consistent throughout the period. Although developments in the MLG did feedback from previous decisions and policy developments and had a role in the explanations of the MLG offered they were not the primary reason for the constraints the policy had to contend with. The main causes of non-implementation or variation were repercussions from the reform era decision to decentralise responsibility to the local level which was itself enshrined in the design of the MLG. The combination of an increasingly devolved local government and a policy which was, in many senses, a representation of this decentralising principle provided the opportunity for cases of variation or opposition. This tendency for variation was compounded by actors in the MCA failing to take a firm lead on what model of the MLG they would prefer to see. In addition, institutional inequalities in available resources for both the MCA and the Provinces further contributed to the variations and limitations in implementation which characterised the late part of the transition.

The transition also saw the adoption in the 1997 State Council Circular of a version of the MLG which was similar to the Dalian Model of the policy. This contrasts with how the development of the MLG is typically presented where the evolution of the policy from the Shanghai Model to the 1997 State Council Circular is not really discussed. As noted it is difficult, because of the lack of explicit explanations, to explain why this happened. This chapter does suggest that the Dalian Model “fitted” best with institutional context of the time, notably in the lack of roles for enterprises and work units at a time when it was central government policy to remove these elements from the day-to-day running of social policy.

A final point to note is whether or not the transition of the MLG would have happened differently if it was not for the elements discussed above. I would suggest that each point made was fundamentally important in the process occurring as it did. Without the sponsorship of Duoji Cairang the policy would probably not have spread beyond a small number of resource rich cities which were willing to innovate on social assistance. Furthermore, without the intervention of Li Peng it would have been unlikely that the MLG would have overcome local government intransigence to get implemented in more than a few hundred cities. Finally, without the ongoing influence of decentralised

government or the actions of certain policy actors the MLG might not have developed beyond the Shanghai Model.

Chapter 5
The MLG 1998 – 2003:
Consolidation, Expansion and Variation through Elite and
Administrative Sponsorship

Introduction

The transition of the Minimum Livelihood Guarantee (MLG) to national policy discussed in Chapter 4 illustrated the importance of understanding the roles played by policy sponsors, the influence of policy feedback and the decentralised structure of the state in shaping policy developments and outcomes. These explanatory elements continued to influence the development of the MLG after it had been earmarked for national implementation in 1997 and this period of consolidation, expansion and variation will be the focus of the following chapter. Between 1998 and 2003 the MLG was characterised by achieving national implementation, expansion in the number of recipients and the amount spent on the policy and significant developments in the administration of the policy by the Ministry of Civil Affairs (MCA) as well as the emergence of new variations in the delivery and scope of the MLG which were officially supported by the central government.

This period is important because it is during this phase of consolidation, expansion and variation between 1999 and 2003 (expansion phase hereafter) that the MLG was shaped into the policy which is operating in China in late 2009. Whilst the emergence of the MLG in 1993 and the transition of the policy between 1994 and 1997 are fundamentally important to understanding where the policy came from, how it came to have the design and scope it does, and why it faced particular challenges after national implementation the MLG of the late 2000s was defined by what happened during the expansion phase. Explaining how national implementation was achieved, how and why the policy expanded in recipient numbers and spending and how and why the MCA managed to computerise the administration of the MLG whilst also managing to develop new provisions within the policy is fundamental to explaining the policy which affects millions of urban Chinese today.

This chapter will be structured as follows. First I will introduce the background to the period discussing significant events, speeches and developments. This section will be followed by an analysis of three areas of significant development in the MLG during the expansion phase: the scope of implementation, the numbers receiving the MLG, and the funding of the MLG. Second, the developments leading up to the promulgation of the 1999 State Council Regulations of the Urban Resident MLG (1999 State Council Regulations hereafter) will be discussed focusing on the continued challenge to implementation presented by decentralisation in the Chinese state. Next I will introduce and analyse the first intervention in the running of the MLG by the central government, what can be viewed as an extremely significant event in terms of the precedent it set for later actions towards the MLG. The fourth section of the chapter seeks to explain the context and motivation for the sponsorship of Premier Zhu Rongji during this period. Having established this background to Zhu's sponsorship the next section will discuss his sponsorship of the MLG. Drawing a distinction with the sponsorship of Zhu Rongji the final section of the chapter will look at the sponsorship of the MLG by the MCA during the expansion phase. This offers an interesting contrast in motivations, means and outcomes in how sponsors operate in China and what they can achieve. The chapter then concludes drawing these multiple threads together and suggests what might have occurred during this period if there had not been two policy sponsors active within the policy sphere.

Developments during the Expansion Phase

As noted in Chapter 2 1998 was a year of minimal public activity regarding the MLG. For the MLG 1999 is typically characterised as the year when the State Council Regulations on the Urban Resident MLG (State-Council, 1999), 1999 State Council Regulations hereafter, were promulgated and national implementation was achieved. The year did in fact feature three distinct aspects reflected in developments affecting the MLG. The first aspect was the MCA continuing to push implementation of the MLG and increasingly struggling to achieve a standardised implementation of the policy. In January 1999 Duoji Cairang exhorted regional departmental heads to implement the MLG as the State Council demanded during a teleconference meeting (Duoji, 2000). Later in January the MCA published two circulars on the MLG. The first, the "MCA

Disaster and Social Relief Office Circular Regarding the Establishing of a MLG Information Administration System” published on the 22nd of January was the first time computerised administration of the policy was discussed within the MCA (MCA, 1999b). This was followed soon after by the “MCA Circular Regarding Accelerating the Establishing and Completion of the Urban Resident MLG System,” 1999 MCA Circular hereafter, on the 28th January (MCA, 1999a). As will be noted later in the discussion this was an important document highlighting frustrations with the lack of progress in implementation and concerns over incorrect implementation in some areas. During the middle part of the year the MCA concerned itself with addressing what it viewed as incorrect implementation of the MLG in some areas. This was normally done through speeches given at work meetings for example by Vice-Minister Fan Baojun or Li Bengong, a departmental official responsible for the MLG (Fan, 2000c, Fan, 2000b, Li, 2000). The year finished triumphantly within the MCA with the announcement in November of full implementation being achieved (Fan, 2000a). The second aspect was the announcement in July by the State Council, Central Committee of the Chinese Communist Party (CCPCC) and Ministry of Finance (MoF) that three social policy provisions, the MLG, the *xiagang* Basic Living Guarantee (XGBLG) and unemployment insurance (UEI) would have their subsidies increased by 30% (CCPCC, 2000, MoF, 2000a). Finally, 1999 was characterised by the promulgation of the 1999 State Council Regulations which set out the way the MLG should be operated and demanded national implementation by the October of 1999 (State-Council, 1999).

Between 2000 and 2003 documents on the MLG switched in their focus to deal with three particular problems. First, there was increasing discussion in speeches and documents of the so called “ought to protect, not protecting” or *yingbao weibao* problem. In 2000 four speeches and one circular produced by the MCA covered the topic (Duoji, 2001c, Duoji, 2001b, Duoji, 2001d, Li, 2001a, Fan, 2001b). In April 2000 Premier Zhu Rongji visited Dalian and announced that the MLG was a good policy to break the ties between state owned enterprises and provisions of subsidies to laid-off workers. This announcement saw the beginning of the “Ought to protect, fully protect” or *yingbao jinbao* campaign (Tang, 2003). Although not explicitly tied to the “Ought to protect, not protecting” problem the “Ought to protect, fully protect” campaign did touch on some of the same issues, such as groups being excluded from the MLG. Work

on the MLG in 2001 focused on achieving a significant expansion of subsidy coverage with five documents released by the MCA focusing at least in part on achieving “Ought to protect, fully protect” (MCA, 2001h, MCA, 2001b, MCA, 2001a, MCA, 2001f, MCA, 2001e). At the end of the year it was set out that the “Ought to protect, fully protect” campaign should be complete by the 30th June 2002 with coverage of approximately 23 million people the target (MCA, 2001e). In October 2002 Vice-Minister Yang Yanyin announced that the target had successfully been achieved (Yang, 2002b).

Second, the MCA continued to push the development of an information administration system. In 2000 two circulars were released discussing the development of the system with the specifics for how information would be submitted to the MCA outlined in September of that year (MCA, 2001d, MCA, 2001g). In 2001 the MCA published its plan for the development of a national information system which would cover the period from 2001 to 2005 (MCA, 2001a). Finally, in 2002, the MCA released the last document of this period on the computerisation of information gathering regarding their work on the MLG (MCA, 2002a). This document suggests that whilst the main work was done in establishing the system and the wealth of consistent statistical data available from this time on would support this there were still concerns about the level of local official’s training and operation of the system.

Finally, from 2002 MCA documents began to reflect a new focus on expanding the scope and subsidies delivered through the MLG. The first mention of this change appears in Vice-Minister Yang Yanyin’s speech of October 2002 which highlighted the work of Shanghai, Beijing and Guangdong in establishing medical relief, with other unnamed areas providing subsidies for children in education and rent relief as well (Yang, 2002b). These measures, which went on to be collectively referred to as the “classification guarantee measures” (*fenlei baozhang cuoshi*) reflecting developments in the city of Daqing, were developed further in the MCA during 2003. The costs of medical care and establishing a system of relief were addressed in MCA circulars (MCA, 2003e, MCA, 2003d). In addition the use of the MLG as a temporary relief measure for high school graduates was developed during this time (MCA, 2003c). It is at this point that the delivery of the MLG begins to transform again from a basic

subsistence policy to a means that might deliver comprehensive social assistance. The study of the MLG therefore stops at this point. During this expansion phase of the MLG there are three changes that are noticeable in the policy; these are the scope of the policy, numbers receiving the subsidy and the funding it received. The final part of this background discussion to the expansion phase will focus on these three points in more detail.

Scope of MLG Implementation in 1998 - 1999

The changes to the MLG during the expansion phase can be broken down into scope of implementation, the numbers receiving the MLG, and finally source and amount of funding. In terms of scope of implementation in early 1999 the MLG had still not achieved national implementation although the policy was much more widespread than in late 1997. Large numbers of cities had still not established MLG systems leaving the implementation rate at roughly 50% in October 1998. The available data shows that the majority of these late implementers were cities lower down the administrative structure and low levels of implementation were an especially big problem in cities classed at county level (*xian*). The *zhixiashi*, *jihua danlie shi* and *di* level cities had already, for the most part, carried out the policy (see Appendix A).

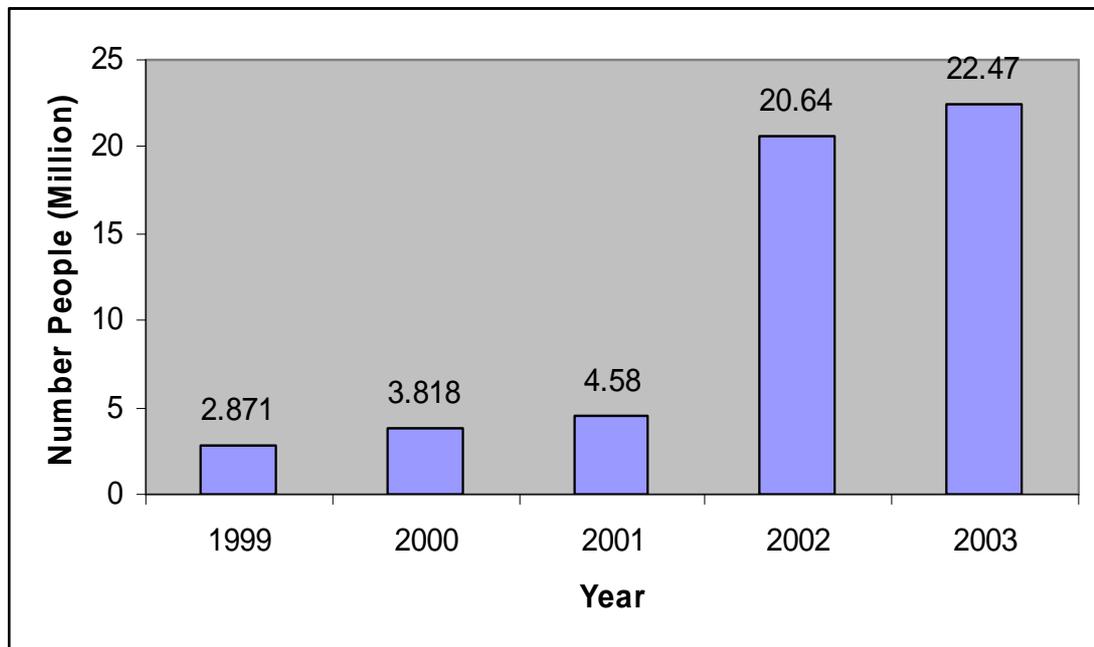
During 1999 the number of cities classed as having implemented the MLG picked up substantially; by October 1999 full implementation in terms of cities carrying out the policy had been achieved. Full implementation meant that a total of 2310 cities in China had established MLG systems (Fan, 2000a). It should be noted that this successful achievement closely followed the publication of the Minimum Livelihood Guarantee Regulations in September 1999 (State-Council, 1999) which required full implementation a month after the promulgation. This success also ensured that the goal of national implementation was achieved by the end of the 1990s as set out in the 9th Five Year Plan (NPC, 1998).

Numbers Receiving the MLG 1999 – 2003

Due to improved and consistent data collection carried out by the MCA regarding the MLG which was then made publicly available the amount of statistical data available

improves significantly from 1998 onwards which helps make a number of points clearly. The first, as illustrated by Figure 5.1, is that the numbers on the MLG increased substantially in the period 2001 to 2003 from around 4.5 million recipients in 2001 to 22 million in 2003. Using population statistics from the Asian Development Bank this was an increase from 0.23% of the total population or 0.68% of the urban population in 1999 to 1.7% of the total population and 4.29% of the urban population in 2003, a dramatic increase (ADB Online, 2009). What is even more dramatic is the change in terms of the urban poor population. This is a contentious point but an official closely tied to the MLG at this time suggested in interview that the number of urban poor who should receive the subsidy is 30 million people (Interview BJ07-3). Taking 30 million as one estimate of the urban poor population the increase in numbers between 1999 and 2003 was from 9.57% to 75%. This is a significant increase. Given that this substantial increase in the MLG occurred during the same time period of a concerted campaign orchestrated by the central government and MCA, the “Ought to protect, fully protect”, it can be inferred that the two are connected.

Figure 5.1 – Total Number of MLG Recipients 1999 - 2003

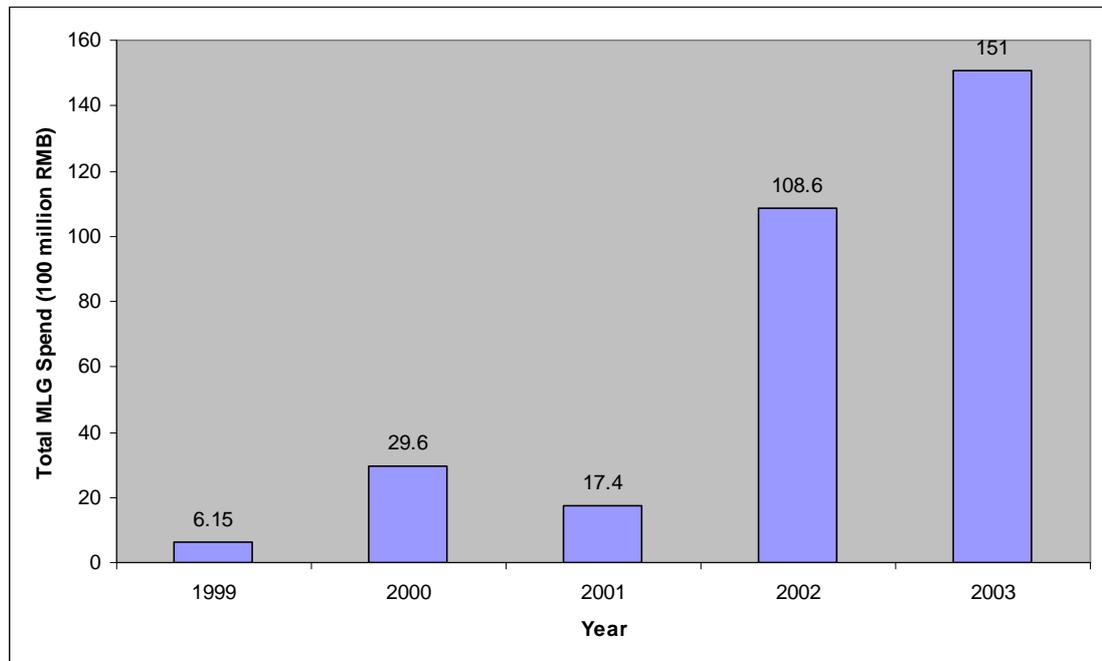


Sources see Appendix B

Spending on the MLG 1999 – 2003

In addition to the numbers receiving the MLG increasing there was a corresponding increase in the amount spent on the policy. As Figure 5.2 indicates there is a substantial and as far as the data shows continuous increase in funds spent on the MLG.

Figure 5.2 – Total Annual MLG Spend 1999 - 2006



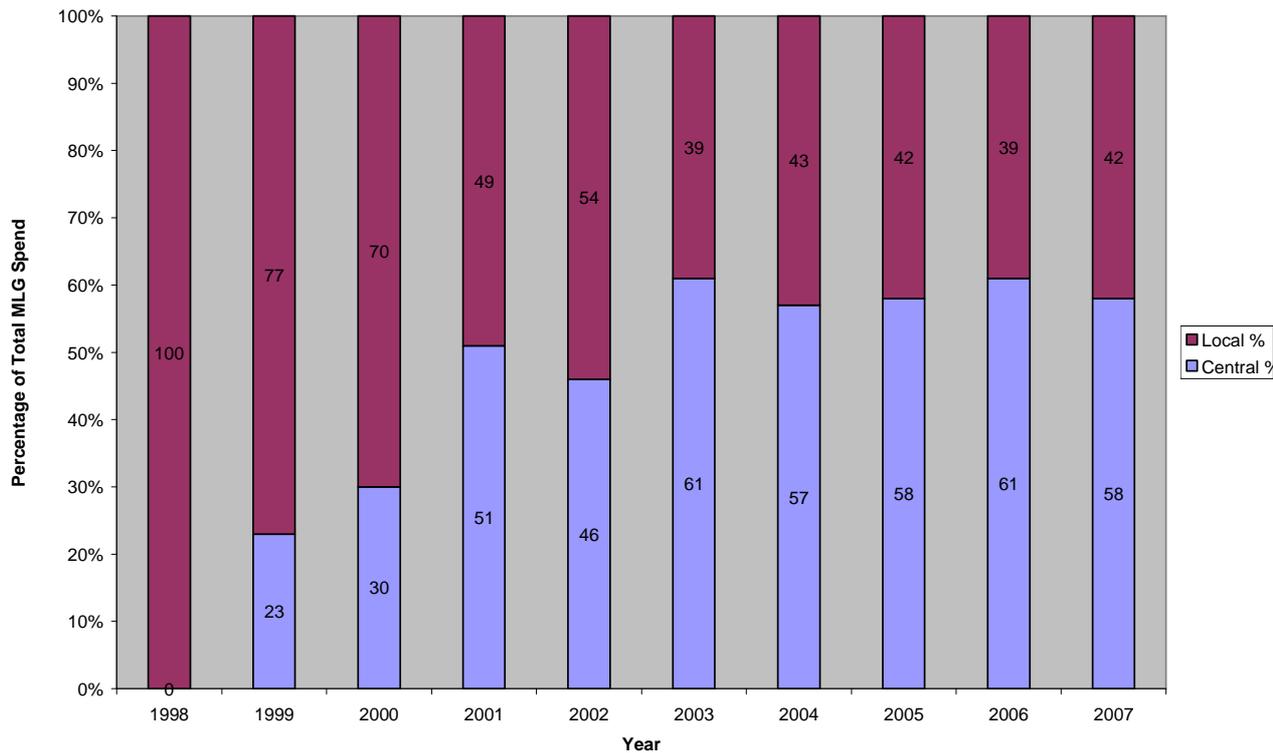
Sources see Appendix B

The changes in total spending on the MLG are significant when viewed as part of the overall budget. Again using the Asian Development Bank figures funding increased as part of the main budget from 0.05% of the total in 1999 to 0.7% in 2003. As part of the social security and welfare budget the increase was from 0.76% in 1999 to 8.57% in 2003 (ADB Online, 2009). The changes in the total spending on the MLG raise two interesting points for discussion. First, the available data on MLG spending shows a significant jump in spending from 2000 to 2002 but there is also a dip in 2001. The dip in 2001 is interesting when the design of the MLG is considered, intended to respond to inflation amongst items considered necessary for a minimum livelihood, decreases and increases in funding might be expected. This is because funding fluctuations could reflect variations in prices and therefore the MLG in some areas. In addition fluctuations in the level of funding for the MLG before 2001 – 2002, and the launch of the “Ought to

protect, fully protect” campaign, might reflect fluctuating priorities in spending at the local level where spending decisions on the MLG are made and can be influenced by concerns contrary to the MLG covering as many people as possible. This issue will be discussed in more depth below.

A second point to consider is that the increase in spending must be financed from somewhere. Fortunately the information is available to show where the funds for the MLG during this time originated. I include the data for 1998 through to 2007 in Figure 5.3 because it helps better illustrate the development of funding in the MLG. The chart in Figure 5.3 indicates that the central government began to take on an increasing financial responsibility regarding the MLG from 1999 onwards. From 2001 onwards the responsibility for funding the MLG increasingly becomes the responsibility of the central government and this does not change. Given that the MLG was originally designed as a policy that would be funded and administered locally this is a fascinating development. It also explains how large increases in spending could be increased and sustained as localities would not be shouldering the responsibility alone.

Figure 5.3 – Proportion of MLG Financing 1998 - 2007



Source: (MoF, 2005)

The data discussed suggests that between 1999 and 2003 not only did the MLG achieve successful nationwide implementation but there was also a substantial increase in the number of recipients receiving the MLG. Implementation was successfully achieved in late 1999 and corresponds with both previous policy goals and the announcement of the MLG Regulations in September 1999. The increase in numbers took place after national implementation during the period 2001 – 2003 and saw a corresponding rise in funding which was increasingly sustained by the central government. As discussed earlier in the chapter it was also during this time that the MCA began to pursue a computerised administrative system for the MLG and increase the scope of the MLG assistance. The issue is what, if anything, explains these various developments and are there any links between them?

Feedback from the initial design of the MLG and the continued challenge of decentralisation

The initial implementation of the MLG was characterised by the challenges of slow implementation and uneven administration throughout China's myriad localities (Wang and Wang, 1998, Lv, 1998, Wu, 1998, Ma, 1998, Wang, 1999, Li and Zhu, 2000, Li, 2001c, Zhang, 2002a, Lv, 2003, Qiao, 2003, Interview Grp1BJ06; TJ06-3; AQ06-1; BJ07-1; BJ06-2; BJ07-1). Throughout 1998 and 1999 the MCA focused primarily on getting cities to first implement the MLG and only then focusing on ironing out inconsistencies in the administration of the policy. Problems with administration were primarily concerned with the application and allocation procedures being varied, groups who should be receiving the MLG being excluded either through ignorance or design, and some concerns over the low level that the MLG was being initially set at in some areas (Interview BJ07-3 and BJ06-2).

These challenges for the policy were a result of the decentralisation of fiscal and political authority during the reform era in China combined with the local focus of the MLG design. The lack of fiscal power in some parts of China, primarily areas in the centre and west, impacted on the MLG because it directly affected their ability to adequately fund the policy (Interview BJ06-2). The local basis of the 1997 MLG design meant that if an area was under tight fiscal constraints the ability to raise adequate funds for new social assistance requirements would be a significant challenge. Because of the decentralised nature of policy implementation where localities are left with a degree of space to implement central directives the situation emerged where there was significant drag in terms of national implementation being achieved. This was because if a certain area did not want to fund the implementation of the MLG, or they could not fund implementation of the policy, they could resist implementation by not establishing a system or carrying out the policy with limited provisions. Such a stance was supported by the design of the MLG and the lack of a hard timetable for implementation.

Concerns also began to appear in the *Zhongguo Minzheng* (ZGMZ) magazine, a national monthly publication of the MCA, regarding both lack of implementation and inconsistencies in implementation (Wu, 1998, Wang, 1999, Wang and Wang, 1998). The concern was rather than a lack of local funds resulting in failure to implement the

MLG some areas implemented the policy but in a manner which they could afford. This meant that certain areas made it standard practice to discourage applications from groups like laid-off and unemployed workers even if their household income fell below the local MLG line. Other tactics used were to reject applications made by these groups or to introduce stricter criteria determining awarding the MLG than had originally been envisaged by the government. A leading researcher on the MLG pointed out that in the city of Tianjin for example a long list of items, including phones and any kind of pet, was introduced to exclude MLG applicants. This meant that if a household had one of these items in their home when it was inspected their application to receive the MLG would be rejected (Interview TJ06-4).

There was also “game playing” in the system reported by an MCA official. In this case certain areas were assumed to be using failure to implement or incorrect administration as a means to push higher tiers of government to fund the policy (Interview BJ06-2). This exhibits behaviour which would be expected in the FA model. By manipulating the arrangements between local and central government lower level officials apparently sought to push their own agenda through non-compliance with central demands. In the example cited the unnamed province in question resolved the problem when the MCA appealed to the Provincial Governor to resolve the problem.

The initial response by the MCA regarding these problems was the issuing of the January 1999 “MCA Circular Regarding Accelerating the Establishing and Completion of the Urban Resident MLG System” (MCA, 1999a), 1999 MCA Circular hereafter, and in September 1999 the State Council Urban Resident Minimum Livelihood Guarantee Regulations (State-Council, 1999), 1999 State Council Regulations hereafter. The 1999 MCA Circular was addressed to authorities with responsibility for implementing and administering the MLG and highlighted problems with the MLG not being implemented at all in some areas or incorrectly in other areas. The main problem identified was the exclusion of certain categories of people from receiving the MLG when the system was supposed to be means tested and not category based – the “Ought to protect, not protecting” problem. In addition it dealt with the first significant post-1997 intervention in the MLG by the central government but this will be discussed more below. The 1999 State Council Regulations did not address a particular issue because they were a legal

document. The 1999 State Council Regulations provided a re-iteration of what had already been set out in the 1997 State Council Circular (State-Council, 1997) and can be considered as an effort to move the MLG onto a formal footing by making the guidelines for the MLG a legal document. As one MCA official reported the functional difference between the MLG as set out in the 1997 State Council Circular and the 1999 State Council Regulations are negligible – as should be apparent from the discussion of the 1997 State Council Circular and 1999 State Council Regulations in Chapter 2 it was the same policy design but with clarifications (Interview BJ06-2).

The important difference was how the MLG was referred to after the 1999 State Council Regulations was announced and how the policy would be viewed by those who were tasked with carrying it out. In one interview with a group of Chinese researchers the participants made it very clear that the difference between policy, regulation and law is something of considerable importance in the policy process (Interview Grp1BJ06). An MCA official interviewed stated that the MCA had sought that the MLG become more closely tied to the “force of law” during 1998-1999 and the State Council suggested they draft regulations in order to achieve this (Interview BJ07-3). The 1999 State Council Regulations therefore served the purpose of moving the MLG further away from the “request” it was perceived as being viewed as by some localities and closer to a legal requirement of the state.

The background to the 1999 State Council Regulations saw the MCA trying to resolve problems which emerged because of both the design of the MLG and the impact of decentralisation in the Chinese state. This gives the impression of a proactive Ministry actively pushing its agenda as well as following orders from the State Council. What is questionable, however, is whether the 1999 State Council Regulations had the impact which was desired when they were being drafted. The clauses did call for national implementation to be achieved by a certain time, October 1999, and this was duly achieved which gives the impression of success.

There are, however, two issues which challenge the possibility of a standardised MLG envisioned by the 1999 State Council Regulations. First, the problem of incorrect administration of the MLG remained beyond the promulgation of the 1999 State

Council Regulations. The exclusion of potential recipients and inconsistent application and screening procedures were a consistent headache showing up in both circulated speeches and documents (Li, 2001a, Fan, 1999a, Fan, 1999b, MoLSS, 2000, Fan, 2000c, Fan, 2000b, Fan, 2000a, Fan, 2001b) and articles published in ZGMZ (Wang and Wang, 1998, Lv, 1998, Wu, 1998, Ma, 1998, Wang, 1999, Li and Zhu, 2000, Li, 2001c, Zhang, 2002a, Lv, 2003, Qiao, 2003, Wang, 2002, Shu, 2002). Second, the challenge of financing the MLG was not resolved by the 1999 State Council Regulations, in fact it sustained the issue by continuing the locally funded design concept in spite of central government subsidies having started earlier in the year, and this only began to get resolved with the intervention of the central government.

The First Central Government Intervention and Implications for the MLG

With the exception of the promulgation of the 1997 State Council Circular and 1999 State Council Regulations the MLG operated as a locally managed policy with no involvement from the central government. From July 1st 1999 the central government, through the State Council, MoF and Central Committee of the CCP, announced a 30% increase in the MLG line nationwide as apart of a general increase in social policy provisions (CCPCC, 1999, MoF, 2000a). Baumgartner and Jones argue significant changes in policy, so called punctuations, can have their origins in seemingly innocuous developments and I would argue that the first central intervention in the MLG would be an example of such a development (Baumgartner and Jones, 1993, Baumgartner and Jones, 1991). There are three important points resulting from this development; a break with MLG convention in administration and funding practices, the central government viewing the MLG as a policy it could and should intervene in, and set a precedent for central intervention.

This was a significant moment in terms of breaking with convention and setting a precedent for central government intervention in a locally administered policy. The 1999 MCA Circular dealt with funding of the MLG and also the specific direction of the policy marking a deviation from the primarily local nature of the initial MLG design. Regarding the direction of the policy the 1999 MCA Circular called for a blanket national 30% rise in the MLG level. In addition the XGBLG and UEI benefits were also

subject to a 30% increase (MCA, 1999). The central government committed to funding the increase. Funding for the increase was provided for by allocations from the central government budget for areas that would be unable to fund the increase themselves. Areas which were to fund themselves were Beijing, Shanghai, Shandong, Jiangsu, Zhejiang, Fujian, and Guangdong. For all other areas an application procedure and guidelines were outlined in material circulated throughout the bureaucracy and the entire process and funds were to be administered by the MoF (MoF, 2000a).⁷

The 1999 intervention is interesting because it implies that the higher echelons of the state were involved. Although it was suggested by an MCA official that this increase was an internal decision resulting from dissatisfaction with the levels that the MLG line was being set at this does not appear to be the case for four reasons (Interview BJ06-3). First, the increases were announced for three different policies with two falling under the remit of the Ministry of Labour and Social Security (MoLSS), the XGBLG and UEI, and only the MLG being a responsibility of the MCA. Given the general understanding from the FA model that cross system co-operation can be difficult this implies that the higher echelons of the state were involved. Second, the funding and details on how to administer the increase came from the MoF implying that they had a high degree of control over the projected increases rather than the line Ministries that were to administer it (MoF, 2000a). In addition the MCA would not be able to issue such an increase even if they had wanted to because of their position in the state hierarchy.

Third, both the State Council and the Central Committee of the Chinese Communist Party released a joint circular on the matter indicating they had a high degree of involvement beyond just the MCA being active (CCPCC, 2000). This document is significant because it indicates that both the state and the party were involved in the increases, previous developments on the MLG had tended to come from the state only. This is not to diminish the role played by the MCA as their co-operation would have been forthcoming so that the increase in the MLG was carried out correctly. The document justified the increases as a means to ensure social stability by increasing the

⁷ The formula for increases in funding was set out by the MoF (2000a) as:
(MLG Line at end of June 1999 * 1.3) * (MLG Target Numbers at end of June 1999 * 1.2)

* 6

= Six month funding allocation

income of poor workers and “strengthen the confidence of urban residents regarding the outcomes of economic development” (CCPCC, 2000: 14). Finally, the timing and reasoning given by the MCA, MoF, State Council and CCPCC for the increases shows that the increases were linked to the 50th anniversary of the People’s Republic that year (MCA, 1999a, MoF, 2000b, Unknown, 2000). Whilst it is conceivable that the MCA could have secured funding independently for the increase the involvement of three ministries, the State Council, the Party and the link with the anniversary of the founding of the PRC points to this being a clear intervention by central authorities further up the chain of command than the line ministries.

Why should we consider this intervention as a significant event for the MLG? There are three reasons why the decision of the central government to manipulate the funding and payouts associated with the MLG should be considered important. First, the decision to intervene was a major break with the initial convention established regarding the function of the MLG. The policy was supposed to be managed locally in all aspects but the decision to force a rise in the MLG line and also establish central funding broke with two of the core conventions regarding the policy.

Second, these actions show the influence that the central government can have over local processes if it so desires. This might be considered a point of interest and no more but the fact that the central government could, if it wanted to, break with the core conventions of a policy through the use of its political and fiscal resources is an important point to consider. This is because of the third reason the intervention is important, a precedent was set for intervention by the central government. With the benefit of hindsight during the last ten years the MLG has become subject to increasing central control, dependent on central resources and hamstrung at times by an expectation of central interventions.⁸ It is arguable that without the precedent set in 1999 for central interventions future interventions may not have occurred or been more difficult to bring about. The policy sponsor that will be discussed below, Zhu Rongji,

⁸ An example of this precedent affecting future policy developments, beyond the scope of the present study, was the protracted response to rises in pork prices and other foodstuff inflation during 2007. Ultimately the MLG was adjusted by a central government intervention but only after price increases had undermined the benefit for the first 7 months of 2007 (Interview TJB07).

would have been involved as Premier in this increase in the MLG and so the precedent would not have been lost on him either as will be highlighted below. At the very least the idea of central government intervention has become part of how the MLG now operates and this precedent paved the way for more significant interventions such as the one made by Premier Zhu Rongji in 2000.

Context and Motivation for Zhu Rongji's Sponsorship of the MLG

Before discussing the intervention of Premier Zhu two points need to be made regarding the context his sponsorship took place in. First, the increase in the level of the MLG and the tighter regulatory framework provided by the 1999 State Council Regulations did not successfully resolve the problems facing the MLG. This is because the main problems of funding and local administration practices were not effectively addressed. Second, the exacerbation of problems in policies outside of the MLG provided a driving force on the political agenda which eventually led to decisions being made with long term implications for both the nature and funding of the MLG. This can be understood as exogenous feedback or at the very least the setting of a political context for understanding the motivations behind Premier Zhu's sponsorship of the MLG. The discussion will now focus briefly on the wider state of social security and social welfare policy in the People's Republic at the turn of the century.

The 1990s were a period of uncertainty and change regarding the direction and success of China's reform project. The post-Tiananmen uncertainty of the early 1990s gave way to an unprecedented boom and massive restructuring of the state owned sector. It was this dynamic of change that had contributed to the initial emergence of the MLG in the early 1990s. The continued repercussions of the Iron Rice Bowl's deconstruction and attempts at constructing a new social security system provided challenges which led to the MLG emerging as a major investment of the central government in the early 2000s, as noted in the early part of this chapter. The "Ought to protect, fully protect" campaign which ran in two cycles from 2000 – 2003 saw unprecedented investment in the MLG and massive increases in numbers receiving the MLG and funding as discussed at the start of this chapter. This expansion was the result of political and fiscal interventions by the central government and notably Premier Zhu Rongji but it was the challenges

presented by the faltering attempts at social security reform and the continuation of deepening state owned enterprise reform, essentially the ending of state support for failing state owned enterprises, which provided the need to bring about such a mobilisation of resources. In short the failure of the laid-off worker basic living guarantee (XGBLG), unemployment insurance (UEI) and other social security reforms within the context of continued SOE reform created a political agenda regarding the future direction of basic level social welfare and the MLG.

What then were these failings and how did they present a challenge to the government? I will briefly discuss challenges which emerged in the reform of health insurance, the development of the unemployment insurance system, problems with pension provision and finally, perhaps most significantly, the twin failure of the XGBLG and the re-employment service centres. Taken together the general failure of the government to adequately replace the previous system of social provision, discussed in Chapter 2, created a major challenge to the central leadership and especially Zhu Rongji. This was for three reasons. First, the reforms to enterprises were creating an increasingly impoverished and agitated urban group which was perceived as threatening to undermine social stability. Second, measures introduced to compensate for the disappearance of the Iron Rice Bowl had not proved effective at providing comprehensive coverage leading to widespread discontent and uncertainty for the urban population regarding the social security system. Third and finally, the two points above created the potentially disastrous consequence for Zhu Rongji of derailing his efforts to effectively introduce the market into the state owned sector. This is because Zhu was from 1993 inextricably linked with the economy and efforts to reform the state owned sector (Naughton, 2002).

The first area to be discussed is health insurance. In terms of the MLG there was increasing recognition, especially amongst researchers and the MCA, that being sick might not only impoverish urban residents but also made the benefit provided by the MLG ineffective in terms of providing a minimum livelihood (MCA, 2003d, MCA, 2003e, Ken and Zhang, 2002, Zhu, 2003, Wang, 2003). The connection between poor health whether it be through chronic illness or that of a family member meant that the dismantling and subsequent reconstruction of the Health Insurance (HI) system had a

profound impact on certain urban groups (MCA, 2003d). The issue was that the original link between the work unit and health provision was cut and had subsequently been replaced with an insurance system which faced challenges in terms of providing coverage close to the previous practically universal system. The main problem was first that the new insurance based system required people to be employed in the first place so that they could pay into the system and establish an account which people would draw on in the future. Second, provision was not necessarily enough to cover long term illnesses because payments were limited. Additional problems included enterprises not signing up for the policy and complications in terms of finding a system which was functional (Duckett, 2001). Finally, the actual system of medical provision in China has undergone substantial change and treatment has been determined at this point largely on an ability to pay. This had multiple repercussions for marginal urban groups. For those who had not been lucky enough to get HI in the first place a chronic illness would be crippling financially as income would be lost but also medical costs would need to be accounted for. Even for those who did have some form of HI the loss of income to a household and the limited amount of provision that HI gave would mean that eventually, given the relative costs of medical care in the PRC, getting sick could impoverish a household.

The problem of being unemployed and the provision of insurance payments was another area where reform, or in this case the construction of an entirely new system, faced unintended problems that reflected onto the MLG. The MLG was affected by the state of the UEI system in two ways. First it soaked up the unemployed who were not provided for by the system and second, it was intended that those with UEI who had exhausted their three years of benefits would move onto the MLG (Duoji, 1998a). Similar to the case of HI the UEI system has gone through a variety of iterations as the state has sought a system which worked without being exceptionally expensive. The challenge of getting enterprise compliance and finding effective mechanisms of administration has meant the UEI system did not have a particularly smooth development. The system that is in place does provide for three years of benefits but as with HI this does require that the person in question has had an UEI account and a job to provide funds for it. In 2000 for example the number of people receiving unemployment insurance payouts was 3.2 million when the actual estimated number who were

unemployed at this time was over 14 million (Hussain, 2003). For those who were unemployed before UEI was put into practice there is no provision and, as one experienced China specialist suggested, the MLG has become a fallback unemployment provision to make up for this shortcoming (Interview BJ06-3). Finally, the problem of what happens to UEI recipients after the three years of benefits finishes impacted on the MLG as the policy was supposed to provide this group with support according to the original 1997 State Council Circular and 1999 State Council Regulations (State-Council, 1997, State-Council, 1999).

The provision of pensions was traditionally tied to the work unit in the pre-reform period and, as with HI, the exposure of the SOE sector to market pressures meant that there was both increasing pressure on pension provision as well as efforts made to reconfigure the mechanics of provision. In the case of pensioners who fell into poverty because of non-payment by their enterprise the MLG was supposed to act as a safety net to ensure that there was some provision. Non-payment of pensions was the result of major problems in getting a functional replacement to the original pension system working with the main outcome being the non-provision of pensions by SOEs facing economic difficulties (Li, 1998f, Cai, 2006, Saich, 2004). This affected older enterprises disproportionately who typically had a larger pension responsibility built up as a result of their longer existence. Pensioners for these enterprises would be expecting to receive payments from their old enterprise that would in turn, because of exposure to market pressures and a massive welfare responsibility built up over the preceding decades, be unable to cope financially with the burden. This particular problem emerged relatively early in the reform of the social security system with Saich (2004) noting the problem had become critically important by 1995 with 70-80% of pensions being unpaid and Premier Li Peng raising the issue in 1996 (Li, 1998f).

The biggest challenge presented to the state was that of laid-off workers and the failure of efforts designed to smooth over the transition from SOE employee to laid-off worker to, ideally, new employee in the private sector. In order to make the transition easier for all involved (state, society and the workers in question) the state provided both a benefit in the *xiagang* basic living guarantee and also the re-employment service centres (RSC) to help find new jobs. The RSC were an innovation adopted from Shanghai and

introduced nationally in 1998 with the idea that laid-off workers could sign up at a centre and then find work (Cai, 2006). The RSC and XGBLG were funded by the central government with the laid-off worker's enterprise acting as the administrator of the funds and managing the RSC. The problem was that the scale of the laid-off problem was enormous and the policies put in place failed. As far as such calculations are possible the number of laid-off workers in 2000 is estimated at 10 to 12 million urban workers (Cai, 2006, Shu, 2002, Zhao, 2002, Unknown, 2000 and Interview BJ07-1) and the XGBLG and RSC were designed to deal with their transition out of the state owned sector.

There were two areas where these policies fell down severely thereby leaving the problem of laid-off workers unresolved. First, the RSC were not particularly successful in re-employing those laid-off workers in need of new work. The causes for the RSC policy failure are complex but can be boiled down to a combination of inadequate funding, a lack of desire by laid-off workers to sever relations with their SOE to join a RSC, and finally the inability of the RSC to actually find jobs for laid-off workers (Cai, 2006, Song, 2001, Unknown, 2000). Second, the XGBLG funds made available (ultimately by the central government from 1998 onwards, see Cai, 2006: 20) were absorbed by SOEs facing financial difficulties. This created what Premier Zhu Rongji termed a "debt conflict" which would form the basis of his choice to use the MLG to deliver social assistance payments, as discussed below (Interview BJ06-2 and 3). The "debt conflict" where an SOE would use funds provided by the government to service existing debts rather than social assistance commitments resulted in either reduced or non-payment of benefits to laid-off workers. These workers therefore found themselves not only without work and social security but also actively impoverished by the failure of a support system that should have been in place.

Overall the reforms of the social security system and the state owned sector had three outcomes for the urban population that were not desirable for either the state or the Communist Party. First, the emergence of unemployment combined with the deconstruction of the Iron Rice Bowl created a situation where urban residents, under certain circumstances such as being made unemployed, being laid-off or becoming sick, could find themselves substantially poorer as a result of changes brought about by the

reform process. Second, failings in the state owned sector meant that groups such as pensioners and laid-off workers were not receiving, or receiving sporadically or in reduced form, the benefits they were entitled to. Finally, efforts to resolve some of these challenges such as the implementation of the RSC or the unemployment insurance system were not successful due to issues with funding, coverage and design.

The overall situation meant that social stability, far from being resolved, was in danger of becoming a problem that the state could not cope with in a variety of urban social groups such as pensioners (Hurst and O'Brien, 2002). The desire to see the reform of the state owned sector through and ensure continued social stability during the process was the motivation for Premier Zhu when he began the “Ought to protect, fully protect” campaign in 2000. This impact on the MLG can be viewed as feedback from policies external to the social assistance sphere. These policy outcomes, especially the failure of the XGBLG and RSC policies, impacted on the MLG by being the motivation for a massive increase in funding and scope for the policy. The MLG was attractive because of its capacity to deliver social assistance to groups who had previously been catered to by the SOE sector without the involvement of enterprises or any “debt conflict”. In addition these failures in the social security system can be understood as motivating developments in the MLG seen after 2002. This was because of a burgeoning understanding within the MCA and research communities that the problem of urban poverty was more complex than had previously been accepted and the reforms of the social security system had played a significant role in this problem. Before discussing actions of the MCA which sought to address some of these problems we will first focus on the sponsorship of Zhu Rongji and the significant impact he had on the MLG.

Elite Sponsorship 2000-2002

Zhu Rongji's Background

Zhu's career encompassed a variety of positions including Director of the Chinese Academy of Social Sciences Industrial Economics Institute in the 1970s to Mayor of Shanghai in the late 1980s and a variety of central positions until promotion to the Central Committee of the Party in 1991. From 1993 to 1995 he was governor of the Bank of China. Zhu became a figure of major importance when in 1993 he became

Vice-Premier and inherited responsibility for the economic portfolio (Naughton, 2002). He succeeded Li Peng as Premier of the People's Republic in 1998 a position he would hold until 2003. During his time in office Zhu was closely associated with the overhaul of the state owned sector (China Vitae, 2006).

Identifying Zhu Rongji as a Sponsor

It was against the backdrop of increasing concerns about the fate of the laid-off worker that the most significant central intervention in the MLG occurred through the sponsorship of Premier Zhu Rongji. As with the sponsorship of Duoji Cairang and Li Peng discussed in Chapter 4 the sponsorship of Zhu is inferred from both the interviews conducted (Interviews TJ06-1, 3, 4; Grp1BJ06; Grp2BJ06; BJ06-2, 4; BJ07-1, 2) and also the documentary evidence (Benkanpinglunyuan, 1998, Wang, 1999, Gu and Liu, 2001, Shu, 2002). He is repeatedly cited by both as having a significant impact on the direction the MLG took from 1998 onwards. Zhu was also associated with the MLG and “Ought to protect, fully protect” campaign of 2000-2002 in the official press (Liu, 2002, Li, 2002, Zhu, 2003). This sponsorship of the MLG was also over a sustained period of time, at least two years, where Zhu was closely involved in multiple stages of the policy process including problem identification, setting the agenda, developing a response and overseeing implementation. Zhu Rongji's activities with regard to the MLG between 2000 and 2002 do fulfil the criteria of a policy sponsor.

Premier Zhu's role in the MLG is important for two reasons. First, he tried to incorporate the MLG into the wider social security provisions of the state with the concept of the three security lines. The MLG was to be the final security line for urban workers once the minimum wage, XGBLG and UEI had been exhausted (Fan, 2000c, MoF, 2000b, Li, 2000, Fan, 2000a, Li, 2001b, Unknown, 2000). Second, the “Ought to protect, fully protect” campaign of 2000-2002 was a result of his intervention in the policy both politically in calling for the establishing of a social security system independent of enterprises (*duli yu qiye zhiwai de shehui baozhang zhidu*) during his Dalian visit in April 2000 (Fan, 2001a, Song, 2001) and financially by releasing funds for the MLG.

Zhu's Sponsorship and Impact on the MLG

As with the assessment of Duoji and Li the first aspect of Zhu's sponsorship to consider is what did he do? First, academics, government researchers and officials were very clear about Zhu's role in setting the agenda for expanding the numbers receiving the MLG. The impact that the trip to Dalian and comments made there had upon the policy community surrounding the MLG was very clear when discussing the development of the policy (Interviews BJ07-2 and BJ07-3). The MLG was put onto the agenda in a particular manner by Premier Zhu as he tied the policy with a particular policy outcome, the construction of a social assistance system with no "debt conflict" or ties to enterprises (Interviews BJ07-2 and BJ07-3), rather than just opening up the policy for discussion in a more general manner. Debt conflict was the term given by Zhu to the problem of funds for social benefits like the XGBLG being swallowed up by an enterprise's existing debts and/ or financial commitments.

Premier Zhu supported the expansion and development of the MLG through a number of practical financial measures. As noted in Figure 5.2 above there was a massive injection of funds from the central budget for the MLG and "Ought to protect, fully protect" campaign from 2000 onwards. Not only was there an injection of funds but this money, fundamental to expanding and sustaining the MLG in many areas, was guaranteed by Zhu Rongji for the future (Interview BJ07-3 specifies that funds were guaranteed and would only increase, not decrease, in future). Finally Zhu took an active role in the mobilisation campaign which surrounded this expansion of the MLG, the "Ought to protect, fully protect" campaign which effectively ran twice (Interview BJ07-3). All of these actions by Zhu worked to consolidate the principle of central government intervention in the MLG as well as incorporating the policy into a general vision of how social security should work in the PRC.

How did Zhu Sponsor the MLG?

Zhu was noted as a leader who tended to have one policy priority at a time which occupied his attention. The chosen policy would benefit not only in terms by being sustained on the agenda but also through a massive input of resources (Naughton, 2002). The perceived uniqueness of how Zhu operated was highlighted by a

departmental director in the MCA who noted it as “interesting” because of the single minded manner in which the Premier focused resources on the policy preference of the moment (Interview BJ07-3). This focus on an individual policy or problem is perhaps not that unique when one considers the distinction made in Lieberthal and Oksenberg between generalists and specialists within the elite ranks of China's leadership (Lieberthal and Oksenberg, 1988). For the Premier of the PRC to behave as a “specialist” is of note because he occupies such a senior position in the government. Given the considerable political and financial resources associated with those in the elite levels of the state the active focused interest of a Premier in a policy would have a significant impact.

The first impact in the case of Premier Zhu and the MLG was the intense focus that was brought to bear on the laid-off worker problem and decision to use the MLG as a means to provide increased state welfare provision. The release and guarantee of funds from the central budget would require a considerable amount of political authority given that agreement would be required from the State Council as well as compliance from the Ministry of Finance. In addition the money would need to be found from somewhere which implies a degree of oversight and authority that not many within the national level of government wield. Although it is apparent that, through association, Premier Zhu was responsible for both pushing the idea of using the MLG to resolve the laid-off worker problem and releasing the required funding exactly how this was done is not.

Information from interviews conducted implied that Zhu's sponsorship of the MLG occurred very much from above with funds being released with specifics attached leaving the MCA to get on with implementation. Zhu did continue to show an interest in the development of the “Ought to protect, fully protect” campaign throughout the period with communication and meetings between Zhu, the Minister of Civil Affairs and the MCA Department for Natural Disaster Relief and Social Assistance (*Jiuzai jiuji*) departmental director conducted to track progress (Interview BJ07-3). It can be assumed that given the initial phase of the expansion faced some difficulties in 2001-2, mainly due to concerns over funding, the continued impetus for the expansion through 2002 would be in part due to the requirements of an elite leader actively involved (Interview BJ07-3). Apart from the initial visit to Dalian which effectively kick started

the campaign Zhu did not take a particularly visible public role only appearing to deliver speeches being given at large scale Civil Affairs events (Li, 2002) or at meetings of involved participants (Li and Zhu, 2000).

Zhu Rongji's Motivations as a Sponsor

The reasons given for why Zhu acted on the MLG were consistent in interviews and documentation. The fundamental issue was securing a resolution to the laid-off worker problem but why would this motivate Zhu Rongji specifically to take an active role in the MLG? In one interview conducted with a group of Chinese researchers involved in the MLG the idea that the position of Premier required acting on the problems being faced by the social security system was put forward. The implication was that, and was stated as such, it did not matter who was Premier at this time they would have had to act on the laid-off worker problem (Interview Grp1BJ06). The circumstance of increasing concerns over social stability due to the continued problem of urban poverty in a multitude of groups does suggest that it was a problem that any leader would have had to eventually address. However, the issue of why Zhu became involved in the MLG is more complex than association through occupation.

The previous intervention in the MLG by the central government would have set a precedent which Zhu would have been able to follow. Although not a motivation as such the significance of previous central level interventions in the setting and funding of the MLG should not be underestimated. Zhu's actions can be better understood in a context where there was a precedent for central leaders to take actions which intervened in the operation of the MLG even if this did go against the initial concept of the policy. It is also likely that Zhu would have been closely involved in the 1999 intervention in the MLG discussed earlier in the chapter because of his elite status. Zhu would therefore not have had too much of a problem with the idea of manipulating the MLG to a particular goal.

There is an implied personal motivation in Zhu's involvement because of his association with the reform of SOEs and resulting failure of the XGBLG through funds being swallowed up. By this line of thinking Zhu needed to resolve the problem because

otherwise he would be held responsible for any difficulties from the resulting social instability. Given the circumstances of Premier Zhu's association with the reform of SOEs throughout his time in the office (Saich, 2004, Naughton, 2002), the concerns he raised specifically on the problems of the XGBLG in the Dalian visit, wider concerns over the laid-off worker problem pervasive in the Chinese government, and his previous incorporation of the MLG into the wider social security system through the three security lines concept where workers would be protected by three lines, the minimum wage, UEI and MLG systems (Fan, 2000c, MoF, 2000b, Li, 2000, Fan, 2000a, Li, 2001b, Unknown, 2000), it is not unreasonable to infer such a motivation.

In addition to ensuring social stability the expansion of the MLG might also have served the purpose of allowing reform of the state owned sector to continue. Zhu's close association with the economy and the reform of the SOE sector in particular would have provided a strong motivation to ensure the reforms were successful. Not only would failure have severely damaged China's reform era development but his legacy was at risk. Three years from his retirement in 2000 Zhu would not have wanted his legacy to have been the collapse of China's state owned sector under the weight of its obligations to former workers. Rather he would have wanted to successfully drive through marketisation successfully and secure his legacy as one of the "architects of post-Deng" China (Naughton, 2002).⁹

Finally, the option to inject finances and increase coverage would not be possible without funds being available. The existence of sufficient funding or the ability to negotiate the release of funds could be a motivation for an elite leader. Whilst it is not apparent where funds came from for the increases the corresponding winding up of the XGBLG and RSC would have in theory released those funds for reallocation. The reality may well be different with the funds released from another part of the budget or from a central windfall resulting from the continued development of the economy.

The likelihood is that there was some combination of the three occurring because the funding mechanisms for the "Ought to protect, fully protect" campaign being similar to

⁹ I would like to thank Jane Duckett for highlighting and discussing this particular point with me.

previous central interventions in the MLG and XGBLG/ RSC policies. In 1999 certain areas, well developed Provinces and Municipalities such as Beijing, Shanghai, Shandong, Jiangsu, Zhejiang, Fujian, and Guangdong were specifically named in relevant documents as being capable of funding increases themselves whereas all other areas would be able to seek allocations from the central government to cover any shortfall due to their own financial difficulties (MoF, 2000a). Although it is not explicitly set out it is likely that the increases in funding for the “Ought to protect, fully protect” campaign were managed in a similar manner to the 1999 increases. This was combined with guarantees that the input would be sustained suggesting money was perceived as being available in the budget both in the short and long term (Interview BJ07-3).

The activity of Zhu, therefore, covered actions such as managing the overall developments in the MLG during this time, as well as agenda setting through a high profile political position and using his position to allocate and channel resources towards a particular end. These activities, particularly the ability to secure resources for a policy, can be closely associated with sponsors who occupy elite levels of the state. As noted the Premier did have a relatively low profile in terms of how the campaign was managed dealing with representatives from lower tiers of the bureaucracy in order to ensure developments were kept on track. It was the MCA that managed the day to day running of the “Ought to protect, fully protect” campaign ensuring that it was a success. In addition the MCA developed new means to manage the MLG and oversaw the emergence of a more dynamic version of assistance that could respond to the challenges facing the urban poor in reform era China. In this sense the MCA fulfilled a dual role in the development of the MLG as a policy sponsor but also an implementer.

Administrative Sponsorship 2000 – 2003

The developments highlighted at the beginning of this chapter associated with the MCA such as the introduction of computerised administration system and developments like the “classification guarantee measures” will now be discussed. Unlike early developments in the MLG which were closely associated with the sponsorship of Duoji Cairang during this period sponsorship of new developments came very clearly from the

MCA and the Department of Disaster Relief and Social Assistance. This section of the chapter will therefore discuss the MCA's sponsorship of the MLG rather than that of a particular individual official.

Initially the MLG was administered through the MCA Disaster Relief and Social Assistance Section (*Minzhengbu Jiuzai Jiuji Chu*, JZJJ hereafter) and this continued to be the case until 2004 when a specific section (the Urban Resident MLG Section (Interview BJ07-3), was established for handling the MLG. The period discussed here only takes us to 2003 and, therefore, whilst readers might be aware of a separate MLG department existing now this was not the case between 1999 and 2003.

The role of the MCA, and JZJJ, as an organisation was significant during this period because it had three significant impacts on the nature of the MLG. First, it administered the "Ought to protect, fully protect" campaign carrying out the orders of Zhu Rongji and fulfilling a role of a policy actor. Second, it facilitated the transfer of new variations in the MLG from local to national level like the "classification guarantee measures" by supporting new ideas and encouraging their adoption. Finally, it established a centralised data collection network for managing the MLG allocating resources from within the ministry and pushing the policy over a number of years. Although elite input was fundamental to the development of the MLG its success and further evolution was due to the work of the MCA. The behaviour of the MCA during this period therefore filled two roles. First, it acted as the administrative arm of the central government in this policy sphere essentially doing the job that was required of it. Second, the MCA actively pursued its own agenda regarding the MLG and used the resources it had available to achieve these goals. The MCA therefore behaved as a normal policy actor but also as a policy sponsor.

During the 2000 – 2002 "Ought to protect, fully protect" campaign the MCA was the primary implementer of the expansion of the MLG. This was mainly an administrative task of channelling households onto the MLG and in the first year the methods sought by the MCA was a low level publicity campaign in factories where affected householders were thought to be working or had been laid-off from (MCA, 2002b, Unknown, 2000, Yang, 2002b, Yang, 2002a, Unknown, 2001, Zhong, 2002). The

initially slow upturn in numbers meant that the MCA decided or was ordered by Zhu, it is not entirely clear although the latter seems more likely, to take a more active hand in the process. An MCA official reported that this saw the sending of JZJJ section members and heads of other sections in the MCA to the provinces in order to oversee the implementation of the campaign during 2002 (Interview BJ07-3). This personal involvement meant that members of the MCA were actively operating as the relay between elite leaders and the local level of government in personal face-to-face meetings on the ground – something that had not occurred previously with the MLG; normally leaders met officials during work meetings or specific conferences. The same official reported that the goal of the “Ought to protect, fully protect” campaign was very clearly tied to resolving the problem of laid-off workers, stating that in September 2001 the JZJJ section head informed officials that when on visits to the provinces they were to ensure that: “If laid-off workers qualify for the MLG, as their income was low enough, then they must be covered, no excuses.” This focus was because Zhu had very clearly set out to the Minister for Civil Affairs that the MLG and subsidies for the MLG were to be used as a means to resolve the problem of laid-off workers and this was reported to the JZJJ section head (Interview BJ07-3).

During these meetings the main goal was to get the message across households, especially those with laid-off workers, which fell into the remit of the MLG, *had* to be brought onto the benefit. These personal meetings were also used to convey reassurance and guarantees regarding the funding of the expansion. Essentially the personnel involved were conveying the message that the funding was coming from the centre and was guaranteed over the long term; local officials just had to get the required groups and numbers onto the MLG as quickly as possible (Interview BJ07-3). Local level officials were also requested to go into factories and sign up householders who might be entitled to receive the MLG (Interview BJ07-3, Zhong, 2002, Unknown, 2001, Yang, 2002a, Yang, 2002b) – a mechanism that had not been seen before or since given the MLG was supposed to be a means tested benefit sought by the applicant.

The MCA exhibited behaviour more in line with that of a sponsor in the other two areas identified as significant during this period, especially after 2002 and the completion of the “Ought to protect, fully protect” campaign (Interview BJ07-3). The development

and implementation of the “classification guarantee measures” for the MLG are worth discussing because it helps illustrate the pro-active stance of the MCA during the period in question. The “classification guarantee measures” are at their most basic level recognition that there are specific categories within the mass of MLG recipients who have specific needs that place additional financial pressures on their households. These groups included urban residents with long term illnesses, pensioners, those with dependents such as disabled children and those with children of school age (Zhu, 2003, Yang, 2002b, MCA, 2003e, MCA, 2003f, MCA, 2003a). The concept behind the “classification guarantee measures” was that a household which falls into one of these groups would incur additional costs that would further impoverish them. The “classification guarantee measures” would allow for additional benefits, determined at the local level, to be paid to these households if they were on the MLG. Examples of such a system in operation can be found in the cities of Dalian with their Four-in-one system which will be discussed in the next chapter (Interview BJ07-2), Nanjing which supplemented MLG recipients who worked with a lunch time subsidy (Symposium Observations, Beijing, 2006) and Daqing which developed the actual concept of “classification guarantee measures” (Interview BJ07-3).

The “classification guarantee measures” are another example of the MCA working to counter perceived problems with the current system of the MLG this time using the example of work carried out in Daqing City, Heilongjiang Province and promoting it through the work meeting system (Interview BJ07-3). The measures were to be supported on the ability to pay by region so whilst supported as a national development it was more in principle than the sort of support the central government could provide, for example in the “Ought to protect, fully protect” campaign. There are similarities to the early development of the MLG but the “classification guarantee measures” occurred within the context of the MLG this time. The MLG had, by the early twenty first century, become a policy sphere in its own right and subsumed the previous social assistance sphere.

It is interesting to note that the introduction of the “classification guarantee measures” reintroduced a category element to the urban social assistance system that the MLG had originally been designed to work around because of the limits it placed on the provision

of benefits.¹⁰ The “classification guarantee measures” could be understood as a feedback from the previous system of social assistance measures with local officials, who may well have been working under the old system prior to 1997, introducing these categories as an innovation when in fact they were nothing of the sort. There is a difference between the 2 periods though with the Three Nos determining who gets social assistance and the “classification measures” determining who might be entitled to extra assistance. The interesting point is that there is an apparent continuity in the methods developed, categories in this case, through the Civil Affairs bureaucracy at the local level. The “classification guarantee measures” were a development which demonstrated the MCA was willing to back variations in local level policy which were seen to benefit or resolve the challenges of coping with urban poverty.

The development and implementation of improved data collection and computer network systems to help administer the MLG began as early as 1999 (MCA, 2000b) but it was during the “Ought to protect, fully protect” campaign that the system was heavily pushed by the MCA (Interview BJ07-3). The implementation of routine data collection on the number of MLG recipients, spending on the MLG and the level of benefit paid out benefitted the MCA in two ways. First, it helped collect figures on the MLG which were more accurate for reporting to the State Council and other government bodies. The collection of data also provided a means for the central government to make sure that the expansion required by the “Ought to protect, fully protect” campaign was being met. Second, the implementation meant that there was greater oversight possible by those administering the MLG and would, in theory, make defrauding of MLG funds easier to detect (Interviews BJ07-3 and BJ06-2). The promotion of the computer network was pushed solely through the MCA in circulars distributed through the civil affairs system during the early 2000s (Unknown, 2000, Zhao, 2002, MCA, 2002a, MCA, 2001c, Song, 2001, MCA, 2000b, MCA, 2001d). It is also apparent that the funds were made available for the system which suggests that the MCA had lobbied the State Council and MoF to release finance (MCA, 2001d, MCA, 2002a, MCA, 2000b). These funds would pay for the equipment (basic PCs and a software package distributed online by the MCA (MCA, 2002a)) and also required training to use it. The push to computerise the MLG

¹⁰ I would like to thank Jane Duckett for highlighting and discussing this particular point with me.

appears to have been entirely down to the MCA and reflects long term concerns with the way the policy was being administered, the lack of oversight possible and the actions of low level administrators of the policy (Interview BJ06-2 and BJ07-3, MCA, 2001d, Yang, 2002a, MCA, 2002a, Ma, 1998, Zhong, 2002). Given the timing of the concerted push to improve data collection and network building, from 2000-2002, it can be inferred that the “Ought to protect, fully protect” campaign was a key issue in why it was made then. However, the issues that the push resolved were part of concerns that the MCA had been trying to cope with since the inception of the MLG on a national scale and this would have been an additional motivation for the MCA.

If the MCA is to be treated as a policy sponsor then the motivation of the MCA, as far as a Ministry can be treated as a single entity, should be discussed. In the case of the MCA response to the “Ought to protect, fully protect” campaign it made sense for the organisation to collectively follow directions from the higher tiers of government because this is their job. However, as has been discussed previously there had been obstruction to various developments in the policy so the question to ask is not only why did the MCA so willingly comply with the expansion requirements of Premier Zhu and why did local government comply? For the MCA there are three reasons. First, the expansion of the MLG benefitted the MCA in general terms. The money and successful implementation of the campaign would bring prestige to the Ministry – both Premier Zhu and Hu Jintao were noted as having been impressed by the actions of the MCA regarding the “Ought to protect, fully protect” campaign (Interview BJ07-3). Second, it secured the policy long term through the financial input from central government which guaranteed future central government funding subsidies. Finally, the “Ought to protect, fully protect” campaign resolved challenges with the MLG the MCA had been facing in funding and also provided an additional policy goal which was concrete and achievable – the incorporation of the 10 million or so urban laid-off workers who were in need of subsidy from the government.

The reason for local government compliance would have been the “Ought to protect, fully protect” campaign resolving both a policy problem and guaranteeing long term funding. As one MCA official noted because the “Ought to protect, fully protect” campaign would help resolve what could be career ending social instability it was

popular with local officials (Interview BJ06-3). What the “Ought to protect, fully protect” campaign also brought, which would have ensured compliance, was the guarantee of central subsidies for the MLG in areas which were having difficulty funding the policy. This was something the MCA had not been able to provide previously and as a result the MCA had faced severe difficulties in securing local compliance on the MLG as demonstrated throughout the 1990s.

There is another possible motivation for the MCA sponsoring the MLG during this time. There was a change in thinking within the MCA and research community associated with the MLG. Additional developments in the MLG such as the construction of a computer network, improved data collection, and developments like the classification guarantee measures reflected debates taking place in the MCA and official publications during 1999-2003 that addressed issues of MLG administration (financial sources, personnel training and behaviour) and aims (who to provide for and to what end). It was argued that the policy needed to move beyond the “food only” concept as poverty was more complex than this (Interview BJ06-2), the actual well-being of people was felt significant (as witnessed at research symposiums attended during fieldwork), and in addition there was a view in the MCA that the MLG could be used as a means to boost domestic consumption (Interview BJ06-2). There were repeated concerns regarding the administrative capacity of those at the basic level of the implementation of the MLG which had concerned the MCA for a prolonged period (Lv, 2003, Zhang, 2003, Qiao, 2003, Luo, 2003, Gong, 2000, Zhao, 2002, Ken and Zhang, 2002, Zhu and Sun, 2002) and the computerisation of the MLG was felt to help resolve this problem (Zhao, 2002, Zhong, 2002, Ma, 1998). The “classification guarantee measures” and “Ought to protect, fully protect” campaign helped the MCA meet the challenge of defining what the MLG was supposed to be achieving in terms of objectives, provided resources to achieve these goals and provided a means for local level officials to resolve the potential social stability crisis that laid-off workers and increasingly varied urban poverty presented. The actions of the MCA in supporting the expansion, administrative development and evolution of the MLG is, therefore, understandable in the wider context of the challenges that the MLG had been presenting, the structure of the Chinese state and the ideas being discussed at the time.

During this period the MCA operated in a manner which could be considered as that of either an actor or a sponsor and making this distinction is an important part understanding the developments during this period. In the case of the “Ought to protect, fully protect” campaign we should not consider the MCA a sponsor because the MCA did not actively pursue or formulate the particular policy solution in question but acted as the administrative arm of the central leadership and Premier Zhu. This provides a point of comparison with the MCA behaviour toward other developments which appears more sponsorship than rational administrative behaviour. With regards to these other developments regarding the MLG, including the developments leading up to the 1999 State Council Regulations, the computerisation of MLG administration, increased data collection, and the “classification guarantee measures” the MCA did act in an independent manner seeking and promoting resolutions to challenges it was facing at the various levels of the system. Whilst these measures might have increased the prestige of the MCA they were also costly in terms of resources and time invested. The motivation of looking like an effective organisation and developing policies which would have ensured social stability would have been a powerful motivation. The MCA used resources it would have had to secure from the State Council and MoF to achieve these particular goals investing in training and new equipment for the administration of the MLG and promoting ideas through the routine mechanisms of government available to it. In this respect the MCA does exhibit behaviour that should be considered similar to that of the individual and elite policy sponsors.

Conclusion

This chapter has argued that the developments the MLG went through during the late 1990s and early 2000s were the result of the continued influence of the decentralised state, feedback from the design of the MLG, the influence of policy outcomes beyond the social assistance sphere and the actions of policy sponsors. Feedback from the local focus of the MLG reinforced the tendencies of decentralised local government to adapt and adopt policy as best suited their particular agenda. In addition policy failures in policies outside of the MLG, most notably in provisions to laid-off workers but also in the provision other social goods like healthcare, fed into an agenda where social concerns might undermine the reform process. This could be understood as an

exogenous feedback on the MLG affecting an agenda which then went on to impact on the policy. A final area of feedback which might be considered is the development of the “classification guarantee measures” which expanded the scope of the MLG through a category based system of additional subsidies. Although there is no explicit tie to the Three Nos the similarities are striking with the “classification guarantee measures” echoing the provisions of the traditional social assistance policy.

A combination of state fragmentation and an agenda conducive to policy developments provided the context within which both Premier Zhu Rongji and also the Ministry of Civil Affairs created policy developments which radically altered the MLG in terms of how it operated, who it provided for, and what its objectives were. These two sponsors, reflecting their different position within the political system, utilised their available resources to pursue their particular objectives. Premier Zhu was motivated by wider concerns regarding the success of reforms in the state owned sector which were being undermined by the SOE commitment to their former workers. The expansion of the MLG allowed the reforms to continue and dissipated political tensions within the laid-off workers. In the case of Premier Zhu the position he occupied provided access to and authority over enormous political, fiscal and personnel resources; the position of Premier also conferred a degree of responsibility for previous policy decisions and their outcomes that provided the motivation for sponsoring the expansion of the MLG through the “Ought to protect, fully protect” campaign.

In the case of the MCA the ministry responded to the continuous challenge of administering a policy which had to reflect both the local focus of its basic design, the national aspirations of the central government, and the changing nature of poverty in the PRC. The MCA was probably motivated by a desire to do its assigned job well by following orders and when it could by innovating. This led to a number of developments which were promoted within the Ministerial system and, with the drive for increased computer administration for example, were pushed over a number of years. These differences between sponsors reinforces one of the conclusions from Chapter 4, that there are policy sponsors at all levels of the Chinese state, but their ability to shape policy is restricted by the position they occupy. This distinction holds

for organisations as well as individuals in the Chinese state where state organisations are subject to ranks and restrictions up to the State Council.

Without the sponsorship of Zhu or the MCA it is unlikely that the MLG would have developed in the way it has. The differences between the policy in 1999 and that of 2003 are dramatic and have stayed with the MLG since. Without Zhu's political and financial power the expansion of the MLG would not have been possible. In all likelihood Zhu not becoming a sponsor would also have resulted in the MCA continuing to struggle with incorrect implementation of the MLG to the detriment of the urban poor. Because the focus of the MCA would have been on the same problems which had dogged the MLG since the mid 1990s it is likely that new measures such as the "classification guarantee measures" would not have emerged nor would resources have been directed into modernising the administration of the MLG. In such a counterfactual the importance of both these sponsors, especially Zhu Rongji, cannot be underestimated.

Chapters 4 and 5 have discussed the significance of institutional features and policy sponsors at a national level affecting the development of the MLG since its initial emergence in Shanghai. They also focused on the relative success of the MLG as a policy – success in the sense of the policy surviving over a period and attracting increased resources as opposed to any judgement on achieving particular policy goals. Any explanation of the policy process needs to be able to deal with both policy success and policy failure, or the grey shades of limited implementation and unintended consequences for example. An explanation of policy also needs to address developments at the local level as well as at the centre. In order to further explore the possibility of policy sponsors and institutionalism as an explanation for policy processes in the PRC a return to the local level of policy making and implementation is necessary. As was noted above the MLG saw a variety of new variations in provision appear during the early 2000s. The next chapter will use a particular local innovation, the Community Public Service Agency in Dalian City, to explore further the synthesis of institutional and policy sponsor concepts.

Chapter 6

Local Variation and non-transition of policy: Dalian's Community Public Service Agency

Introduction

Chapters 4 and 5 have focused on the processes that dominated MLG policy making at the national level in China. Because this dissertation is relating to both studies of social assistance and theories of the policy process in China the explanation for the development of the MLG should be able to account for both local and national level developments in both social assistance and other policy areas in order to have more than token explanatory value. In the case of the synthesis of policy sponsor and institutional concepts the case of Shanghai does provide evidence that the approach can explain local level developments. The case of Shanghai is, however, limited in some regards because it is a case of a local level innovation which went on to spread nationwide. The MLG made a successful transition to national level. For an explanation of the policy process to be useful it should not only be able to explain policy “success” but also “failure”. In the case of the Community Public Service Agencies (*gonggong fuwushe*, CPSA hereafter) in Dalian, a city in Liaoning province, we have a case of both success and failure. The CPSAs were successful in their development and implementation in Dalian during the early twenty first century. The policy, however, did not transition to national level and has since been adopted in only a small number of cities other than Dalian in spite of being seen as a good policy by central and local government officials. The case of the CPSA policy therefore provides an example where the findings developed in the preceding three chapters can be put into practice explaining not only a successful policy development but also a failure to transition.

This chapter is structured as follows. First I introduce details on the operation and objectives of the CPSA policy in the city of Dalian. In the next section, I provide some background to the context of the CPSAs development and then outline the phases of development the CPSAs went through highlighting in particular the cooperation between local government and the research community. A section on institutional elements will follow where I will first argue that the decentralised nature of the Chinese

state and the structure provided a context where variation could occur. I will then argue that feedback from the original MLG policy, in terms of both design and outcomes, and also failings in policy toward the laid-off workers provided an agenda for policy change. The role of two different policy sponsors is discussed in contrast to the role played by policy entrepreneurs in the policy process. The case is made that it was the action of this combination of sponsors and entrepreneurs, operating in the space and on the agenda created by institutional features such as decentralisation and feedback, which led to the CPSAs being implemented.

Finally the discussion turns to why the CPSAs remained a policy which was only adopted in a limited number of cities. There are four reasons why the policy did not make a national transition. First, the policy occupied a space which would have been contested by a number of different institutional interests. Second, the policy was complex and unfamiliar making it difficult to sell to other policy actors. Third, the CPSAs fulfilled a specific role which may not have been of interest to other cities. Finally, the policy did not have a policy sponsor at the national level that would have been able to negotiate the challenges facing a CPSA policy transition. The chapter concludes by drawing together the discussion of the CPSA in the context of the wider findings on the MLG in China.

The CPSA Policy

The CPSAs goal was to solve three challenges faced by the MLG policy at a local level. First, the policy seeks to ensure that those on the MLG are not boosting their income in some other way – for example through the non-reporting of work which improves the household income above the MLG line. Second, the CPSAs was to ensure that those who are on the MLG participate in the community through altruistic projects; thereby challenging any negative perceptions of the MLG or of those receiving the benefit. Finally, the CPSAs are to provide a means through which those on the MLG can seek work. These last two objectives also seek to build feelings of community, integration and psychological well being amongst CPSA members (Pei, 2002, SPRCCASS, 2001d). As Solinger points out the day to day pressures faced by MLG recipients are psychological as well as economic (Solinger, Forthcoming). A final wider objective of

the CPSAs was to ensure continued social stability by continuing to provide the MLG and also counter the specific problems highlighted above. These aims are achieved through the establishing of CPSAs at the 'Community' (*shequ*) level of urban government. The *shequ* are not officially a level of government although they do carry out policy on the governments behalf. Instead they are classed as agencies for the sub-districts (*jiedao banshiqu*) themselves agencies of the District (*qu*) level of urban government (Derleth and Koldyk, 2004).

A CPSA is registered as a non-profit non-governmental (*feizhengfu*) organisation (hereafter, NGO) (SPRCCASS, 2001a) with the local district BCA operating as the administrative supervisor of the organisation (SPRCCASS, 2001c). The CPSA is run by and on behalf of the MLG recipients with the support of the local BCA and Community. The MLG recipients themselves organise the CPSA whilst the BCA and Community provide required funds, the space for meetings and also community based work. Recipients are required to attend and can be monitored through the community work projects organised through the CPSAs. Any resident on the MLG who is in employment will, in theory, not be able to attend required work projects and will forfeit MLG payments after missing three of these community work assignments (SPRCCASS, 2003a).

In addition these opportunities to work for the community are perceived by the CPSA designers as helping resolve the issue of negative perceptions of MLG recipients. Through the organisation of the CPSA, it is argued by BCA officials and SPRC researchers, MLG recipients themselves will begin to view themselves better and end feelings of isolation because they are working for the community (Interview BJ07-2, SPRCCASS, 2003a). In addition the CPSAs are designed to provide a means for MLG recipients to find reemployment. Rather than operating as a formal job centre the CPSAs are to provide a form of mutual help group for those on the MLG. Self support and learning between MLG recipients is encouraged in the CPSAs and BCA officials suggest that this will help the recipients to adapt to their existing circumstances and also move forward (Interview BJ07-2). It should be noted there is no formal mechanism for finding MLG recipients work. The idea is that job seeking will become easier when supported by other MLG recipients seeking work.

The financing of the CPSAs is limited because of the design of the organisation after funds are used to start up the organisation. The spending on the CPSA by Dalian's local government was also limited during the development of the CPSAs because of DFID funding provided for the project¹¹. The CPSAs are organised and run by the MLG recipients themselves under the supervision of the local Community and Sub-district and, therefore, should not have additional overheads as they do not have offices or formally employed staff. Funds generated by compensated public works which the CPSAs can carry out on request can also be fed back into the organisation. All funds are used under the principle of 'taken for the people, used for the people' (*quzhiyumin, yongzhiyumin*) so if a CPSA has, for example, cleaned a road and been paid for it the funds can be used by the CPSA although the specifics are vague (SPRCCASS, 2001b). The Community and Subdistrict also provide the assignments for the work within the community that the CPSA must carry out (in order to uncover fraud, see above). This does not, however, rule out the possibility of funding being provided and how it might be used. It has been suggested that if the local government was able to provide funding then the CPSA would have the capacity to use it by providing training courses for example (Ge and Yang, 2003).

The CPSAs are an interesting policy response to the issues it sought to deal with for a variety of reasons. In terms of origins the CPSAs provides a well documented example of government and researchers working together. This was noted in discussion with a Ministry of Civil Affairs (MCA) official about the CPSAs as a unique point of the policy as such cooperative opportunities do not arise frequently (Interview BJ07-3). The CPSAs emerged at a fascinating point in time as the MLG expanded rapidly not only in Dalian but also nationwide. In the midst of what was a massive mobilisation of resources for the MLG Dalian decided on a different direction. The CPSA has a number of interesting characteristics for example in organisational terms given it operates as a state sanctioned NGO. Although such government organised NGOs are not unique, for example the reemployment service centres of the late 1990s (Cai, 2006), but the

¹¹ This point was raised during a workshop (Provincial China Workshop 2008: Social Problems and the Local Welfare Mix in China (Tianjin, 2008)) discussion of an earlier version of the chapter. It has not been possible to discover the exact amount of funding provided. The point remains that the initial project costs were not shouldered entirely by the Dalian government.

construction of numerous grass roots NGOs across a city was highlighted in interviews with officials (Interview BJ07-3) and informal discussions with SPRC researchers as being potentially controversial. The policy objectives do not focus on the delivery of a particular material goal, as many other social welfare and assistance policies do, rather focusing on non-material needs of MLG recipients and community relations. Finally, the CPSA provides an active solution to one of the issues perceived as facing the MLG – fraudulent benefit recipients. Concerns over the misuse of powers in allocating the MLG and fraudulent recipients are not specific to Dalian and also emerged in discussions with Civil Affairs officials in Beijing and Anqing City, Anhui Province (Interview BJ06-2; AQ06-1 and 2).

Dalian and MLG Background

Dalian's geographical and economic position in north east China's Liaoning province has meant it has experienced both the benefits and difficulties associated with the post-Mao reform. Open to outside investment and trade since 1984, Dalian has been in a position to benefit from liberalised economic development, investment and connections with the outside world. It is also the terminus for pipelines serving the Daqing oilfields and the location of associated refinery facilities. In addition, a mix of light and heavy industries has allowed Dalian to successfully develop its economy, particularly in comparison with other localities in the north east. But Dalian's success has not always been assured, and the city's industrial base was the cause of some concern during the late 1990s and into the early 21st century as China struggled to cope with the reform of its state owned sector. Today Dalian is an economic success having begun to diversify into information technology, attracting investors such as Intel, whilst building on the city's traditional industrial base (People's Daily Online, 2007). Since the turn of the century the city has experienced double digit GDP growth and since 2002 annual increases have consistently been greater than 14.1% (Yiju Zhongguo Dalian Jigou, 2008; Dalian Bureau of Statistics Online, 2009).

A factor in the development of the CPSAs was the position of Dalian within the Chinese state. Dalian has, since 1985, been given a degree of political autonomy. Although not the provincial capital of Liaoning province, it sits beneath the central government rather

than the provincial government in economic planning terms (it is formally a *jihuadanlie shi*, in Chinese) and so enjoys more autonomy than many other cities (Dalian Government Online, 2003). Although not a provincial level city like Shanghai and Beijing, it has enjoyed similar relative economic success and political autonomy. It is also known for its policy innovations in social security and social assistance policy (DalianCAB, 1999). The MLG was implemented in Dalian in 1995 marking the city an early pioneer in its development. This was a response to the suggestion by the Minister for Civil Affairs (the Ministry responsible for social assistance), Duoji Cairang, that the MLG should be carried out in 1994 to establish a model for the rest of Liaoning Province (Zhang, 2002b). The Dalian Model as it came to be known used the emerging Community (*shequ*) agency of local government to administer the MLG and local government to raise revenues for the policy which was an innovation on the dominant Shanghai model of the time.

When first set up in Dalian the MLG line was established at 140 yuan per household member per month. Civil Affairs departments administered the programme through Resident's Committees (supposedly grassroots community organisations that are used by local governments to implement certain policies) across the city (Ren, 1995). From 1995 until July 1999 the MLG level in Dalian was adjusted upwards six times finally reaching 221 yuan per household member per month (DalianCAB and SPRCCASS, 2002). It should be noted that up to 1999 the MLG as implemented in Dalian was, as one official called it, a small (*xiao*) version of the policy (Interview BJ07-2). By this she meant that it covered the minimum number of people as interpreted by the Dalian Bureau of Civil Affairs (BCA) with the MLG in Dalian replacing the traditional Three Nos policy.

In June 1999 the Dalian Bureau of Civil Affairs implemented a reconfigured the MLG system. In order to deal with the increasing numbers of workers affected by enterprise reform, the increasing complexity of urban poverty and problems in the delivery of the *xiagang* Basic Living Guarantee (XGBLG), the city introduced a "Four-in-One" (*siwei yiti*) system of social assistance. First, the new system introduced new categories that could be eligible for additional benefits on top of the MLG, including households with no incomes but school age children or long term sick householders. An increase in the

actual MLG line from 190 to 221 yuan was also introduced. Second, it introduced a card system for urban workers with a household income below the MLG line which provided an additional 39 yuan a month for food and other essential items. The third part of the system was a call to ensure that the various bureaux involved in social assistance provision co-operated providing one policy for one house (*yihu yice*). The final part of the new system was a temporary poverty relief provision for those affected by disasters or illness (DalianCAB, 1999). The move to the Four-in-One system was called by a Dalian official big (*da*) MLG (Interview BJ07-2). It can be viewed as another innovation by the city in social assistance but it was also resource intense using 32.4 million yuan per year in 1999 (DalianCAB, 1999). It was in this context of innovation and expansion that Premier Zhu Rongji visited the city in 2000.

Premier Zhu's visit to the city and the subsequent comments he made had significant consequences both nationally and locally. Zhu was evidently impressed by the implementation and function of the MLG in Dalian. His opinion was that China should establish a social security system that was independent of enterprises and instead focused on administration and delivery through the community. Previously efforts at social security reform, especially dealing with the laid-off workers, used their former employers as a means to deliver benefits which had failed (Tang, 2003). Nationally Zhu's decision was to be resolved through the mobilisation of resources for the 'Ought to Protect, Fully Protect' campaign which saw mainly laid-off workers moved onto the MLG as discussed in Chapter 5. This move was funded by the central government and increased the numbers receiving the MLG significantly. In Dalian, the use of the MLG as a means to provide social benefits outside of the enterprises to groups like the laid-off appealed to Premier Zhu faced with the challenge of reforming the social security system.

Premier Zhu's approval of the Dalian MLG implementation, according to a local official Civil Affairs official (Interview BJ07-2), galvanised the local BCA to resolve the issues of fraud, social isolation and an influx of recipients facing the policy at that time. The Dalian BCA contacted the Social Policy Research Centre (SPRC) of the Chinese Academy of Social Sciences (CASS) in Beijing and invited them to participate in the development of measures to resolve the challenges of perceived fraud, social isolation

and the need for MLG recipients to find employment. This initiated the first of four distinct chronological phases that the CPSA policy worked through. It should be noted that the CPSA is referred to as both a policy (*zhengce*) and a project (*xiangmu*) in documents that refer to the organisations. The Dalian government, after the CPSA implementation (Dalian BCA Online, 2008), formal interviewees and informal contacts used the term *policy* when referring to the CPSA initiative and the term *policy* will be used in discussion here.

The Evolution of the CPSAs

The phases that the CPSA policy went through will be discussed here as it demonstrates the high level of cooperation and activities of different policy actors. The first phase in the development of the CPSAs ran from May 2000 to July 2000, as the CPSA was prepared for a small scale policy experiment. A survey was carried out by the SPRC research team during May in order to form the basis of policy proposals. The SPRC then presented the results of this survey and early policy plans to the Dalian BCA and Dalian Xigang District BCA in two documents: 'The Dalian Plan for the Community Based Synthesis of the MLG and the Livelihood Guarantee System' (SPRCCASS, 2000a) and 'The Dalian Xigang District Plan to Complete the Social Security System Experiment' (SPRCCASS, 2000b). During the rest of June and into July the SPRC revised the document six times at the request of the Xigang District BCA. These revisions resulted in the 'Xigang District Plan to Complete Social Security System Experimental Work', which was submitted by the Xigang District BCA to the Dalian BCA and also directly to the district government. Following acceptance of the new revised version of the policy, the CPSAs moved into the next phase with a practical study of the policy in Xigang worker's residence neighbourhood. This practical phase ran from November 2000 to March 2001 in the Worker's Residence neighbourhood of Xigang District (SPRCCASS, 2003b).

The third phase of the CPSA policy saw a rapid exchange of feedback between the CASS research team and various levels of the Dalian government. Within three months of the practical study ending the Dalian government published a final version of the policy in the form of the 'Dalian Bureau of Civil Affairs Circular Regarding Ideas on

the further completion of the Urban Resident MLG System' (SPRCCASS, 2003b). Feedback exchanges preceding the publication involved a mixture of written reports, small scale meetings in Beijing and Dalian, presentations made to higher tier bureaucratic authorities in the city government and also a conference in Dalian (SPRCCASS, 2003b). Perhaps the most significant to the CPSAs development were two reports produced by the SPRC research team which outlined the main functions of the policy as well as an explanation as to why the policy was designed as such (SPRCCASS, 2001a, SPRCCASS, 2001d). These meetings and reports consolidated the findings of the study project into a single proposal which was then implemented across Dalian.

The final stage of the CPSA policy featured its consolidation within Dalian, continued assessment by a variety of bodies including the UK Department for International Development (DFID) and the United Nations Education Science and Cultural Organisation Management of Social Transition project (UNESCO MOST, which aims to encourage cooperation between social scientists and government policy makers) (SPRCCASS, 2003b). It is apparent that both DFID and UNESCO MOST provided more than just assessment for the CPSA, notably financing parts of the early project phase of the policy, but in interviews and both the official and SPRC Chinese language documents there was little mention of their input beyond the assessment role. By August 2001 the CPSAs had been implemented in ten cities including Harbin and Shenyang (Ge and Yang, 2003).

Explaining the Emergence of the CPSAs

The development and implementation of the CPSAs was a significant addition to the function and impacts of the MLG in Dalian. In many respects the CPSAs are a success story having a smooth development and implementation and utilising the cooperation of a variety of different agents. This is success in development and implementation terms defined by the policy actors involved rather than in any normative sense of the CPSAs genuinely providing for the social and training needs of Dalian's impoverished and unemployed. It will be argued that the CPSAs emerged in Dalian due to a combination of institutional influence of decentralisation and the design of the MLG, feedback from

Dalian's early MLG policy and the fallout from policies related to laid-off workers and ideas on what MLG recipients should be doing when on the benefit combined to provide a favourable context within which policy sponsors and entrepreneurs could develop the CPSA policy.

Institutional Elements

The Decentralised State

As suggested in Guan Xinping's discussion of the MLG the decentralised nature of the Chinese state can have a significant impact on social policy (Guan, Forthcoming). The impact this can have varies depending on the area but it remains possible for a high degree of independent policy development to occur. This was, in the case of Dalian, further facilitated by the relative independence of the city in planning terms after the mid-1980s with the elevation of Dalian's decision making authority to provincial level. Because Dalian had a high degree of autonomy in policy making this provided the opportunity for developments in the city's MLG system and the later CPSA policy. Examples, before the emergence of the CPSA, could include the Dalian Model of MLG finance or the Four-in-one set of policies (DalianCAB, 1999). As noted previously the Four-in-one incorporated additional groups, such as the *xiagang* onto the MLG. The Dalian Model of MLG finance was eventually adopted nationally and made funding the MLG a government responsibility. Previously alternatives such as the Shanghai Model had included an element of funding derived from enterprises and were administered by the government directly (Shi, 2002).

The structure of the state provided the opportunity or space within which policy could be implemented without it being ordered at a national level, as was the case with the MLG in the mid-1990s, or due to local innovation and responses as with the development of the CPSAs. This is not a new finding on policy in China, however, without this institutional feature in place Dalian would have been subject to greater controls at a provincial level and the possibility of policy innovation could have been reduced – note it was the Dalian BCA which initiated the processes which led to the CPSAs and not, for example, a provincial level body.

MLG Policy Structure

The MLG policy itself leaves a large amount open for local interpretation in spite of efforts since the 1997 Circular (State-Council, 1997) to standardise the policy further. There is no explicit provision in either the 1997 Circular or the 1999 Minimum Livelihood Guarantee Regulations for how the MLG is delivered (State-Council, 1999), which creates the space for policy innovation such as the CPSA. The 1997 Circular and 1999 Regulations devolve a great deal of the policy administration and financing to the local level. The MLG as it developed institutionalised local decision making, on financing and administration, under an umbrella policy goal. Provided the basic goal of subsidising local basic living requirements was dealt with within the fundamentals of the policy, outlined in the 1997 Circular and 1999 Regulations, there was little ruled out. Details focus on who is responsible for managing applications and benefit delivery, where funds come from, and which Bureaux are involved in setting the MLG line. There is no specific clause in the 1999 MLG Regulations or the 1997 Circular which excludes the possibility of variation outside of the basic delivery of a locally determined standard of basic livelihood.

Rather than being a direct reason for the emergence of the CPSAs policy the structure of the MLG policy has, in conjunction with the general trend toward local development of policy, created an institutional background in which policy variation is possible. As one Beijing based MCA official put it when commenting specifically on the social assistance system in China:

‘The openness of the current system in China allows for special adaptations in the localities to occur with regards to how this community level of social assistance is provided.’ (Interview BJ07-3)

Feedback Elements

Negative impact of the Xiangang and MLG policy

The other issue that had fed-back and pushed the MLG onto the agenda in Dalian was the problem of *xiangang* workers and the failure of policy implemented to address their situation. *Xiangang* workers are former state owned enterprise employees who have been laid off by their enterprise during the reform period. They are not formally employed

nor are they technically unemployed often keeping some formal tie with their old employer (Cai, 2006). The laid-off had two specific policies designed to support them. The XGBLG was to provide a minimum livelihood to laid-off workers through their enterprises. The reemployment service centres (RSC) were to seek new jobs for laid off workers. The fundamental problem of the laid-off workers, which impacted on the MLG and contributed to the policy agenda, was the failure of laid-off worker policies in terms of resolving the problem of those workers who had been laid-off. This had both a political and social aspect which was highlighted as concerning those involved in the CPSA.

The resolution of the laid-off workers situation was politically problematic because, essentially, the provision of the XGBLG and RSC had not worked and was being wound down in the early years of the 21st century as discussed in Chapter 5. The number of laid-off workers in Dalian in the early 2000s was substantial (although difficult to quantify, see Solinger for example on this issue (Solinger, 2001)), the policies in place were coming to an end, and the government needed to find a means to effectively resolve the problem that SOE reform had created. One of the key issues in the failure of the XGBLG, as understood by leaders, was the continued connection between the laid-off workers, their benefits, and their former SOE employer (Tang, 2003). The policy failed because the economic crisis many SOEs found themselves in led to benefit funding, such as the XGBLG and pensions, being absorbed by the enterprises wider debt issues (Interview BJ07-2). The laid-off population was therefore being failed in two ways: a lack of successful re-employment and difficulties in provision of basic benefits. With the end of the XGBLG policy those previously on the benefit were to be channelled onto the MLG where such 'debt conflict' (Interview BJ07-2) would not be an issue.

The end of the XGBLG and connections between the various security policies (the UEI, XGBLG and MLG) had created two additional points of confusion and tension regarding the MLG. First, laid-off workers were believed to be receiving the MLG after being re-employed (Ge and Yang, 2003). Second, the increase in numbers receiving the MLG was perceived as putting pressure on resources within the local BCA and their ability to provide MLG benefits adequately (SPRCCASS, 2001d). The problem of how

to deal with the laid-off workers was, therefore, on the agenda for two reasons. First, the original provisions to resolve the problem had failed and this left both local and central government with a significant social and political problem that still needed to be resolved. Second, there was political confusion and fiscal tensions over the potentially huge numbers the MLG might have to absorb. The introduction in Dalian of the Four-in-one policy suggests that in Dalian this problem was particularly acute because the laid-off workers were already being channelled onto the MLG before Premier Zhu endorsed the idea in 2000.

Negative social impacts are the second reason why the *xiagang* problem was feeding back onto the agenda. In the case of Dalian these problems were varied and not based on any one particular aspect of the problem. Interviews with a key official gave some examples of how the social instability problem manifested itself in this particular case. This included an increase in the suicide rate amongst the long term unemployed, laid-off and MLG recipients. In addition, criminal activity was being recorded amongst those who had been on the MLG or laid-off for long periods where there had been no previous such activity. A specific example given was of a woman who had been caught breaking into cars but had no previous criminal record (Interview BJ07-2). This increase, perceived or real, in social instability as a result of shortcomings in both the MLG and XGBLG fed back into the agenda on social assistance as it stood in the early 2000s in Dalian.

Early Dalian MLG Precedent

Finally, the early precedent set by Dalian in establishing a MLG system in 1995, two years ahead of national implementation, fed back in two key ways on the policy as it stood in 2000. First, it established Dalian as an innovator in this particular policy area, as in 1995 the number of cities with a working MLG system was very small compared to the final numbers of full implementation. This background willingness to implement new policies and innovate was still in place and influential five years later. In addition, the early MLG model adopted by Dalian had two long term impacts for the policy further on down the line. The policy design of the original Dalian MLG model focused on providing a small MLG as noted above (Dalian-People's-Government, 1999). This

meant that, apart from those who would have traditionally been eligible for Three Nos provisions, the MLG was not set up with considerations for the needs of those groups who may have been impoverished but fell outside of the traditional categories although the move toward a wider MLG had already begun in 1999 (DalianCAB, 1999).

Second, the Dalian MLG model was based in the community and this was reinforced by the implementation of additional measures in the “Four-in-One” (DalianCAB, 1999). The tie between those who were not employed or were *xiagang* and their work units (*danwei*) would not be sustained by the MLG if they went onto the benefit. This lack of connection between work unit and recipient had significant appeal when problems such as those experienced with the XGBLG emerged. The early precedent of the Dalian MLG, therefore, was both a negative, in the lack of provision, and positive, in the lack of *danwei* ties, feedback for the policy later on as well as sustaining an institutional environment where innovation and new policies were, if not encouraged, then allowed to occur.

Ideas

Negative views of MLG recipients

There was, in Dalian, a degree of negative feedback of MLG recipients from local residents. This feedback was reported up to the BCA from the Community and Sub-district agencies of government (Interview BJ07-2). Local residents viewing MLG recipients as isolated from the community, not contributing to society, and defrauding the MLG were cited by officials as one reason for the MLG being on the agenda (Interview BJ07-2 and BJ07-3, Ge and Yang, 2003). There is, however, no part of the original MLG policy design which aims to push those on the MLG off the policy and back into work. The only circumstances where a recipient might be removed from the MLG is if their income changes and is recorded as such (Dalian-People's-Government, 1999). Income changes have to be reported by recipients and so there is the potential for fraud to exist unless officials actively investigate recipients' personal circumstances.

The ‘Three Security Lines’ is a policy phrase adopted by Premier Zhu Rongji which today refers to the minimum wage, unemployment insurance (UEI) and the MLG.

Originally the three lines were unemployment insurance, the XGBLG and the MLG but it has been adapted to reflect changing policy circumstances. The MLG forms the final safety net (the phrase used is *zuihou anquan wang*) for the three lines and this classification, along with the lack of a time limit or end for MLG recipients noted in the paragraph above, defines it as different from the other security lines. Whereas social security like the XGBLG, Re-employment Service Centres (RSC) and UEI have built in time limits for benefits, and in the case of the XGBLG organisational structures which aim to get recipients back into work, the MLG does not. The MLG is for those who have fallen through the social security safety net and as such receipt of benefits is indefinite with no structured support to find employment.

Why was the lack of occupation for those receiving the MLG, a result of the original policy being for those urban residents who have no occupation or who are extraordinarily poorly paid, perceived as a problem? There are two reasons for continued unemployment being a problem. The first is that the feedback was in itself a concern for those operating in the city level bureaucracy. The MLG was originally a policy to ensure social stability. If those who were receiving the policy became a cause of social friction, albeit minor, then the policy would no longer be serving its purpose as set out in the 1997 Circular and 1999 Regulations. Second, MCA officials and SPRC researchers demonstrated concerns about welfare dependency amongst MLG recipients. The MLG was seen as an efficient means to resolve social instability and unrest caused by poverty (Interviews TJ06-1, BJ07-1, BJ06-2, BJ07-2, BJ07-3). Dependency would create a potential problem for the government as it would limit instability but probably at a continuous and increasing financial cost. This long term commitment would be the logical outcome of the structure of the policy as it stood in 97/99. Getting those on the MLG into employment, an objective if not a fully supported aspect of the CPSAs, would be ultimately positive for all those involved in the policy. The recipients would work and in theory earn more due to the minimum wage being in place and being substantially higher than the MLG (the MLG benefit is typically set at around 33% of the minimum wage); in addition the state would benefit from a reduction in costs and eventually increased tax returns.

Policy Sponsors

The context for the development of the CPSA in terms of institutional elements, feedback and ideas created an environment where the possibility of policy innovation was both on the agenda and possible. What made the CPSAs possible was the action and interaction of a number of policy sponsors and policy entrepreneurs in the setting that these institutional factors created. In the case of Dalian and the CPSA three key policy actors operated together to facilitate the development and implementation of the policy. The case of Dalian is especially interesting because of the interaction and synergy the three different actors, from three different parts of the political system, when developing and implementing the CPSAs.

Officials reported that the involvement of these three policy actors was of fundamental importance to the policy emerging both during development and implementation (Interview BJ07-2; BJ07-3). In the case of the Dalian CPSA policy the two sponsors who are of key interest are the city's Mayor at the time Bo Xilai and the Dalian BCA. The policy entrepreneur was the CASS research team. These three actors operated in a way through which the synergy provided ensured the CPSA policy was a success in terms of being implemented and sustained. Differences in how these actors operated, what they are constrained by and what they can achieve lend to the categorisation of sponsors as being either elite or administrative, with the policy entrepreneurship of the CASS research team offering a timely contrast to the policy sponsor concept.

Elite Sponsors

The term elite sponsor refers to policy sponsors who occupy positions of significance in the political system. Elite sponsors will have access to a great deal of resources and the sponsorship of Premiers Li and Zhu would be examples of elite sponsorship. In the case of the Dalian CPSA the elite sponsor was the mayor Bo Xilai and his influence appears to have been considerable. Although this influence was significant it did not involve a large amount of public activity. In interviews with Dalian and Beijing based Civil Affairs officials, Bo emerged as playing a fundamental role by simply being in a position of enough authority that his support for the policy increased the likelihood of implementation (Interview BJ07-2; BJ07-3). By authority it is meant the authority to

make things happen or to allow them to happen. In the case of the Dalian CPSA political authority at the elite level allowed the policy to happen. If the top leadership had decided against the CPSA project it would not have taken place.

Bo's tenure as Mayor of Dalian ended in 2001 when he became Governor of Liaoning Province (China Vitae Online, 2009). This was not raised in interviews as an issue regarding his support of the CPSA and it appears that the influence of his sponsorship of the policy continued in some capacity. This might have been because he continued to support the measure from his new position as Governor. An alternative explanation is that by the time he left his position the policy process had moved through a number of stages and the policy was well enough established to survive without his continued involvement. Given that the CPSA was by 2001 into the third phase of its development and being rolled out across the city the latter seems more suitable.

It was significant for the CPSAs that in Dalian it was the city's elite leader who has been cited as being influential. This meant that, if the CPSA policy was to have been sidelined or blocked, such an objection would have had to come from a higher level of authority for example from Provincial government, a Ministry or the State Council. In terms of explaining the relatively smooth process from development to implementation the authority supporting the policy, even if it appears to have been relatively passive, was significant enough to ensure policy success. This is because, as was the case with Mayor Huang Ju in Shanghai discussed in Chapter 3, the position of Mayor confers authority over the city's myriad departments which could, without authoritative guidance, slow down the policy process.

So why did Mayor Bo support the CPSA policy? Given the nature of promotion within the state bureaucracy and the assumed ambition of the leader in question the possibilities offered by the CPSAs would have been attractive. Bo Xilai is assumed to be ambitious given he has had a successful political career to date most recently moving to Chongqing and overseeing the high profile and popular crackdown on organised crime in the city. The attractiveness of the measure would have been because the CPSA policy would resolve some local problems and would attract attention if successful. It would also be attractive because the CPSAs related to concerns (the MLG and laid-off

workers) and policies (the community level of administration) important at the central level. It would also have appealed because the project and policy design were low cost.

Administrative Sponsors

An administrative sponsor is a policy sponsor whose ability to influence a policy is based on their position within the state administration. An administrative sponsor's influence on a policy is less clear cut than that of an elite sponsor and may require more manoeuvring, negotiation and compromise to achieve particular policy objectives as demonstrated by Duoji Cairang in Chapter 4 and the MCA in Chapter 5. In the case of the MLG and CPSA policy in Dalian the administrative sponsors active were within the city and district BCA offices. In the municipal BCA the Director of the Office of Disaster and Social Assistance (*Dalianshi Minzhengju Jiuzai Jiujichu Chuzhang*, hereafter Director) fulfilled a specific role in terms of facilitating the policy and also acting as a key bridge point between the other two policy actors. The City BCA could act as one of many potential institutional bottlenecks for a new policy to pass through. It was, therefore, very important for the policy to have the active support of or, at the very least neutral indifference, of the local BCA. In the case of the CPSA policy the local BCA was both a driving force in setting the agenda, developing the policy and was also a firm supporter of the policy over the stages of the policy process. It was the Director who initiated contact with the SPRC of CASS with the goal of finding a policy that would resolve the issues highlighted previously and the Dalian BCA continued to provide support for the policy throughout the process which followed (Interview BJ07-2). The importance of this particular sponsor was, therefore, vital to the way in which the policy developed.

The example of the CPSAs also demonstrates the influence that lower levels of the administrative structure can have on a policy without being sponsors. At this lower level the Xigang District BCA office can wield much influence. As was noted in the background section during the development of the CPSA policy and before the pilot study the Xigang BCA had the policy revised six times. Whilst it is unfortunate that the specifics of these revisions are not available for discussion at present it can be inferred. Differences in language used between the final regulations on the CPSA (SPRCCASS,

2001c) and previous drafts of the regulations (SPRCCASS, 2001a) show that the changes added a clause which changed the CPSA from an NGO with no supervisory relationships to an NGO which reported directly to the local district Civil Affairs. The other change was the incorporation of all MLG recipients with ‘activity ability’ (*huodong nengli*) rather than ‘work ability’ (*you laodong nengli*) into the CPSA. This is a much broader definition of who might be expected to attend their local CPSA. The rationale for this distinction is unclear but it implies that the district level officials wanted the CPSA to include and occupy more MLG recipients than the SPRC research team had decided. The inclusion of those with “activity ability” implies the CPSAs were more about getting MLG recipients active and improving their image than a policy that had focused on those with the ability to work. The main point to be considered here is that the state administration at this level was able to exert enough influence on the policy as it developed to force revisions which appear to have changed the scope of the policy in a significant manner. The CPSA policy as it appeared and was studied in Xigang went on to become the policy rolled out across Dalian. It is, therefore, important to consider the role of the administrative sponsors and how they deal with potential bottlenecks. In this case the problem was negotiated around by the redrafting of certain key documents to better reflect the concerns of the local level policy actors.

Policy problems and their resolution are the responsibility of administrative sponsors because of the space they occupy in the state structure. There is, therefore, an element of self interest in supporting a policy which resolves a problem because it will reflect well on them and their ability to do their job. It is also a dangerous game to play as a policy innovation could fail or upset those superior in the hierarchy by introducing unwanted innovations or costs and therefore reflect badly on the sponsor. In Dalian the administrative sponsor’s motivations were a result of problems arising in both the MLG and UE/ XGBLG populations which were discussed above. The Director of the Dalian BCA specifically sought a resolution to these policy problems and supported the CPSA policy throughout its development. The Director’s motivation and sponsorship of the CPSAs are clear throughout. The District of the administrative structure had to be convinced of the policy and this reflects the challenge of negotiating different levels of government, even within one city, that policy sponsors in the Chinese system must

overcome. A series of revisions and redefinitions of the CPSA design, focusing on who were to be brought onto the policy, were enough to see the policy through in this case.

Policy Entrepreneurs

The last distinct group of actors is based in the research and academic communities, specifically the CASS research team. The CASS research team appear more as policy entrepreneurs than policy sponsors. Rather than using resources connected to their institutional position to sustain a policy through the policy process the CASS research team took advantage of the opportunity provided by the Dalian BCA inviting them into the policy process to push their ideas in the policy process. The CASS research team, by taking advantage of the opportunity provided, appear to have successfully used a policy window to achieve particular policy outcomes.

Having been invited into the policy process by the Director of the Dalian BCA the CASS research team were active throughout the policy process. As policy entrepreneurs the SPRC provided three different resources that the policy benefited from, these were: ideas, evidence and capacity. In terms of ideas the SPRC provided something new that came from outside established ways of thinking and doing things. Policy entrepreneurs can also provide support for policy ideas being generated within the official discourse. This can be done through the provision of evidence, in the form of case studies, or through the research they do such as the preliminary work and practical study the SPRC carried out for the Dalian BCA (Ge, 2001a). Research carried out on behalf of other sponsors, such as administrative sponsors in the CPSA case, is where policy entrepreneurs contribute capacity. It may not always be possible for a government department to carry out a research project or it may be desired that the project be carried out by someone outside of the department, ministry or organisation in question. Such opportunities are, however, rare and in one case two University researchers suggested that potential policy entrepreneurs spend more time on the outside looking in rather than actively participating in policy making (Interview Grp2BJ06). In the case of the CPSAs the SPRC provided ideas, evidence and capacity to the Dalian BCA. The SPRC was able to provide policy recommendations that were outside the official discourse on the MLG, the laid-off and unemployment. In addition, the volume of evidence to support

the policy recommendations provided was cited as being an invaluable contribution to officials (Interview BJ07-2). Finally, the SPRC research team were active throughout the process of the policy's development and eventual implementation. This covered a period of three years and involved not just research in the policy but writing up of policy documents and providing training and education to various groups within Dalian (SPRCCASS, 2003b).

The case of the CPSA policy in Dalian is seen as special by officials involved (Interview BJ07-2; BJ07-3) because researchers were used by the Dalian BCA and were able to exert a degree of influence on the development and implementation of policy. The SPRC was specifically requested by the Director of the Dalian BCA to co-operate on the development of the CPSA and was, throughout the process, both active and influential. In the early stages this influence was exerted through the survey and corresponding reports and drafting of policy documents (see SPRC CASS (ed) 2003 for a collection of these documents and reports). The content of this work set the policy design in place and, arguably, set the parameters of the development and implementation of the policy that followed including the CPSAs focus on psychological well being and using community work to expose benefit fraud. A contrast to this can be found in the Shanghai MLG experiments where researchers only became active on the policy during implementation and after the equivalent survey and report stage had been carried out (Interview BJ07-1). The review of the proposed CPSA policy as well as the Xigang district case study and documentation that followed all involved the SPRC research team to varying degrees (see SPRC CASS 2003: 43-44 for example). As active members of the team which brought the policy into being as well as supporters in terms of publicising and educating Dalian civil affairs officials, through meetings, about the policy the ideas sponsors in this particular case were very active and, arguably, influential on the final policy.

The role of the CASS research team needs to be qualified through. The concept of the policy entrepreneur does appear to explain what the SPRC were doing when working in Dalian on the CPSAs. The SPRC were, however, restricted in a number of ways which are important to qualifying the application of the concept to the People's Republic. First, the policy window was an invitation to participate by the Dalian BCA. Second, during

their time in Dalian working on the MLG the CASS research team were clearly subordinate to all other actors in the policy process. Together these two points suggest that the actions of the CASS team fits with the opportunistic nature of policy entrepreneurship presented in the work of Kingdon and Baumgartner and Jones (Kingdon, 1984, Baumgartner and Jones, 1991, Baumgartner and Jones, 1993). However, this opportunism is at the sufferance of the state and this is where policy entrepreneurship in the PRC as a concept needs to be adapted. This is a point which will be discussed further in Chapter 7.

Sponsor Synergy

These three policy actors promoted the CPSAs but not as a coherent group effort. Instead they worked in a way which, although not deliberate, complemented each others' efforts and ensured a higher likelihood of success. This synergy between different policy actors is an important element of the policy process in the PRC. The stronger the synergy between policy actors the less likely the policy in question will be undermined by conflict with other actors or institutional features in the political system. In the case of the CPSA lines of communication and authority existed between the Elite and Administrative Sponsors as well as the Administrative and policy entrepreneurs (Interview BJ07-2; BJ07-3). This network of relationships illustrates the dynamic of the relationship between the three sets of sponsors had its limits because two sets of sponsors, as far as I am aware, had no direct contacts. The local BCA operated as link between the ideas and elite sponsors because it was the only sponsor which managed links with both of the other sponsors. This meant that the administrative sponsors based in the local BCA provided the key focal point around which the other sponsors operated.

By providing this focus, the administrative sponsors facilitated a situation where both an elite sponsor, in this case Bo Xilai, and a policy entrepreneur, the SPRC research team, could support the development of the CPSA policy without necessarily having any direct contact. In addition, these actors made the administrative sponsorship of the CPSAs easier by providing resources that would otherwise not have been available. The Elite sponsor provided political authority and financial support for the CPSA project allowing the policy comparatively free reign to develop. Policy entrepreneurs provided

both policy ideas and evidence to support policy ideas; as well as personnel and time to carry out research in support of new ideas. The particular character, design and relatively smooth development of the CPSAs in Dalian relied to a great degree on the support and activities of each sponsor type.

Explaining Failure to Transfer

Whilst the CPSA policy was certainly a success in terms of development and implementation it was not adopted as a national policy like the MLG was. It is not the intention of this chapter to assess the overall success in the CPSA policy meeting its goals. Although this would be of great interest, especially the success of alleviating the psychological and social aspects of poverty and long term unemployment, it is beyond the remit of this discussion and some assessments have already been carried out (Ge, 2001a, Ge, 2001b). What will be discussed in the rest of this chapter are the influences surrounding the transition of a policy from local to national and why one policy, such as the 1993 MLG, transferred successfully whereas later variations or new policy did not. The CPSA policy is, in this particular setting, a good example of a successful local experiment which did not make a transition to national policy in spite of some early transfer to other cities and central level support for the policy concept. By understanding the reasons for this failure we can better understand what makes a successful transfer.

Institutional Elements

During its development in Dalian the CPSA policy benefitted from decentralisation because the local space for policy making and fiscal control and the local focus of the design of the MLG contributed to facilitating the emergence of the policy. Decentralisation and local policy making did facilitate the emergence of the CPSAs but this was not replicated at a central level. Whilst the routine of government work meetings and circulars does provide a structure for new policy ideas to spread there is no guarantee that an idea will be endorsed or adopted by other cities without a direct order from the centre.

Decentralisation can actually be considered an impediment to the transition of new policy ideas once they have emerged. The same factors that encourage local government

to develop policy innovations can also act as an impediment to a policy's transition. This is because each city will be making a decision on whether to implement a particular policy, whether to spend their available resources on adopting it and considering whether there is any incentive to implement a new policy. In a country as large and diverse as China the challenge decentralisation presents to a policy which does not have the central government backing it is enormous. A new policy would have needed the support of the central government in order to become a national programme. There are thousands of cities which will each have their own priorities and be making their own decisions. The CPSA policy, because it did not have the backing of a central order to implement, faced a considerable challenge in being adopted in more than a handful of cities. As discussed in Chapter 4 this was also the case with the MLG in the early stages of its transition in spite of the support it received from Minister Duoqi.

Another impediment to a national transition for the CPSA policy was the institutional structure it would have had to operate in. As has been demonstrated in the fragmented authoritarianism model (Lieberthal and Oksenberg, 1988, Lieberthal, 1992, Lieberthal, 1995), the Chinese political structure is dominated by the lack of relationship between *xitong* which can lead to the various government institutions being compartmentalised and separated within the state structure. The Chinese state can be viewed as being very vertical with poor horizontal linkages in organisational terms. One of the challenges the CPSA policy appears to have run up against is that if it was to have been implemented on a national scale it would have needed the co-operation of a number of different Ministries that can be viewed as working in different systems. Cooperation across multiple Ministries is possible but would have required a great deal of political willpower to bring about and then overcome.

The CPSA policy was perceived as crossing across multiple spheres of interest because the target of the policy were the long term unemployed, laid-off workers, and MLG recipients were the responsibility of either the Ministry of Labour and Social Security (MoLSS) (in the case of the former) or the MCA (in the case of the latter). The interests involved were therefore perceived to come from a number of different Ministries, notably the MCA, MoLSS, and the Ministry of Finance (MoF). As a national policy the CPSAs would ultimately require the support of the State Council. In contrast in Dalian

this did not manifest as a problem for two reasons. First, the Dalian MLG had already incorporated various groups like laid-off workers in the MLG through the Four-in-one system. Second, the CPSA in Dalian was supported by the Mayor so any objections from subordinate organisations could be dismissed.

At a national level the CPSA policy would have cut across the institutional “patches” of at least two ministries and this issue would have required negotiation or a powerful policy sponsor in order to resolve. Why is it being assumed that this would have been an issue? Two different sources suggest this point of view. First, at a central level officials viewed the conflicting interests of the MCA and MoLSS as an issue that would have to be overcome if the CPSA policy was to go national (Interview BJ07-3). Second, unemployed and laid-off workers were potentially a problem because they are, as groups, the responsibility of MoLSS until their benefits have run out. In this case the transfer of those who were the responsibility of MoLSS policies (UEI and XGBLG) to an MCA policy (the MLG) was the problem with large numbers of those being excluded through bureaucracy operating within institutionally and culturally separate systems (Interview Grp2BJ06). This took years to overcome to a satisfactory degree and would have, it is assumed, have been an issue for the CPSAs as well. Finally, funding would have had to be secured for a national roll out and this would have required the MoF at central and/or local levels becoming involved. When considered the institutional barriers to national implementation was significant.

Lack of a Policy Sponsor

In the case of overcoming the institutional issues highlighted above the influence of a policy sponsor at the central level could have had a significant impact. The CPSAs, however, did not enjoy the support of a policy sponsor at a central level and this goes some way to explaining why the policy did not enjoy any kind of transition from local to national level. Although there were supporters for the policy within the MCA (Interview BJ07-3, Ge and Yang, 2003) none of these allowed this support to develop into what could be considered sponsorship of the policy.

The impact of this is apparent in the lack of progress the CPSA policy made from Dalian in spite of being received warmly at a central level (Ge and Yang, 2003). There are two reasons why the lack of a policy sponsor had a significant impact on the spread of the CPSAs. First, as discussed above, the CPSAs did not become anything other than a policy option for cities to possibly consider. The intervention of a national level policy sponsor, in either the administrative or elite position, could have made a difference here. Rather than leaving the CPSA as a possible policy option the intervention of a sponsor would have pushed the policy onto the agenda as Duoji Cairang did with the MLG, or in the elite case, force a decision that the policy would be implemented nationally, as occurred with the MLG and Li Peng. The second impact is that the machinery of government would never have been made available for the policy. An example of this would be the provision of central funding, establishing a desire for a policy to be pushed in a ministerial circular or a work meeting speech. At a higher level a sponsor could choose to report on the policy to the State Council or, in elite cases, push the policy onto the agenda during significant official policy making events (such as the NPC) or in documents pertaining to the five year plans. The use of these mechanisms was an important part of the development of the MLG in its transfer from Shanghai to national level policy. In addition there were three specific issues that a policy sponsor would have had to overcome because they would have made the CPSAs unappealing to policy actors.

Sensitivity

One of the issues that an influential policy sponsor would have had to deal with beyond negotiating institutional challenges would be the sensitive nature of the policy. This assumes an understanding that the CPSA was a sensitive policy and this is an arguable point. There are three reasons why the CPSAs would have been considered sensitive and this would have made it a less attractive policy option for officials outside of Dalian. The main issue is that the CPSA policy itself is an NGO (or GONGO) and this is the subject of a great deal of concern and, since the 1990s, regulation. It is not inconceivable that, as noted in interviews, officials just did not want the additional administrative bother as well as additional perceived risk of creating NGOs in every community across a city (Interviews BJ07-2 and BJ07-3). In addition, although more

speculative (and based more on personal experience in what can and cannot be discussed), the CPSA policy highlights two particular problems which are also sensitive. The first of these is the existence and recognition of long term and socially disruptive unemployment. The second is the relative failure of the XGBLG policy and the fate of the laid-off workers. Taken together the adoption of the CPSAs would be a considerable amount of work, a perceived risk and also recognising local policy failure. It is understandable why the CPSAs would not necessarily be an attractive policy option for local level officials when there was no support from either a local or national policy sponsor. The idea of organising laid-off workers and the urban poor into NGOs, even if it was with state supervision attached, across a city with limited benefits would have been unattractive.

The CPSA concept does, however, fit with the current policy direction of social assistance in the PRC. The emergence and support for concepts of community based social assistance would have complemented the CPSA. In this respect the CPSA, like the MLG, was in line with the current thinking and direction of policy. The idea that social assistance should be removed from the traditional SOE dominated structure and instead based in the community level of the state structure has been prevalent since the late 1980s and throughout the 1990s (Wong, 1998). The CPSA policy, based in the community, run by the community, and essentially financially independent once established are a good example of what this sort of community based welfare might be. This connection with the community welfare concept is clearly made in the policy design documents produced with regard to the CPSAs (SPRCCASS, 2001d). The concerns about the CPSAs as outlined above would, therefore, be relatively easy to argue around if the need emerged. This would be one of the roles a policy sponsor would have had to fill in order to push the policy.

The “What is the CPSA Problem”

A second issue that a policy sponsor could have helped overcome is the difficulty that the CPSAs faced being understood by officials and recipients. This was summed up well by a central MCA official who asked “What is a community public social agency?” The suggestion was that the policy itself was too complex to just be picked up by

officials and implemented. Rather it needed to be explained and justified in simple or at least understandable terms in order to be carried out (Interview BJ07-3). An additional problem faced by the CPSA policy in this regard is that it does not have much precedent as a policy. Such precedents, when used, offer a means to tie previous policy measures which people are familiar with to the new policy idea. This makes them seem both familiar, and therefore less of a risk, but also more understandable. The CPSAs had no clear precedent in the Chinese system to draw on.

The work of Duoji Cairang in the early-mid 1990s supporting the MLG is a good example of how a policy sponsor might navigate the problem of resistance to an unfamiliar policy. With the original push for the MLG Minister Duoji adopted a position where he argued against objections to the MLG and offered concessions in order to get the measure adopted. As discussed in Chapter 4 he promoted the MLG as a familiar continuation of previous policies and a reform rather than a new policy. He also tied the policy to important developments in Chinese politics at the time like the process of opening up and reform, China's international standing, and the responsibilities of the Communist Party to the people. Finally, he did make concessions to less developed areas stating that they could adopt the MLG on a more flexible timetable and adapting the measure to suit local fiscal circumstances.

Although this might appear as relatively simplistic idea it does suggest that the way a policy is presented, as well as how it is designed, is a significant aspect in determining whether it will be adopted or not. The CPSA policy was presented in a manner that was complex and unfamiliar and therefore it did not lend itself to being readily adopted by officials. The interventions of a policy sponsor might have helped navigate around these issues but the CPSAs did not have a sponsor and therefore struggled to overcome this particular difficulty.

Uniqueness

One local Dalian official closely involved in the CPSAs pointed out that it became apparent that the policy was viewed as a good idea that fitted a particular agenda but only in certain areas. She noted that those in other cities did not implement the CPSA as

it did not fit with their agenda – which was to make sure those on the MLG got their benefit (Interview BJ07-2). Although the comment could be taken as overly dismissive and possibly disrespectful of officials doing their job it does highlight a particular problem that the CPSA policy faced in any transition – the lack of a perceived national need for the policy. The circumstances of Dalian and those other cities which did adopt the CPSAs could be viewed as being a unique set of circumstances which made the policy desirable. These circumstances, such as concern over the funding, scale and public perception of the MLG, might not exist elsewhere and this would make the chance of the policy being adopted on a wider scale unlikely. The CPSAs aimed to resolve two fundamental problems for the MLG: those on the policy who were not eligible and what those on the policy did when receiving the benefit. As noted above it was felt by some that these problems were not something that most officials were overly concerned with (Interview BJ07-2).

An additional factor that needs to be considered is that during the same period of time the MLG was undergoing a massive expansion as well as experiencing a significant increase in funding. The national push of the “Ought to protect, fully protect” campaign was dominating the MLG policy from 2000 to 2002 and it is not unreasonable to assume that this took up much of the attention of interested officials across the board given the scale of involvement required (Interview BJ07-3). The CPSAs might, therefore, be viewed as a good idea that fitted a niche requirement in the MLG at a time when the policy was being forced into mass expansion with almost unlimited resources being pumped into the campaign. In such circumstances it would have been very difficult for the CPSAs to gain much coverage (see Pei, 2002 for an example of what coverage there was) or find a policy sponsor with the available time to direct toward pushing the policy. The circumstances of the CPSAs emergence and also its special design, whilst making it a highly successful and well suited solution for Dalian, worked against the policy at a national level. This was especially the case given that the “Ought to protect, fully protect” campaign was actively addressing the problem of the XGBLG benefit, the long term unemployed and MLG issues of numbers and funding at the time.

The question of why no policy sponsors became involved is understandable when both the institutional aspects and the lack of a clear incentive are considered. The CPSAs

was, through a combination of the decentralisation of the political system, potential conflicts between different Ministerial systems and specific policy design, a potential investment of considerable resources for any potential policy sponsor. Given the timing of the CPSAs corresponded with the successful (as viewed by the state) implementation of the “Ought to protect, fully protect” campaign the need for additional policies which related to what was already being dealt with could have appeared as, simply, too much hard work. To borrow the concept from Kingdon again the policy window for the CPSA to make the leap from local to national policy simply did not exist or was open at a bad time and any such effort would, therefore, have required an enormous amount of resources with little incentive (Kingdon, 1984).

Conclusion

The case of the CPSA policy in Dalian supports the synthesis of policy sponsors and institutional concepts as a means to explain both policy success and also failure in the People’s Republic. Although still dealing with innovations and developments within the sphere of social policy the case of Dalian is encouraging. As was the case with the preceding discussion of the MLG in chapters three to five the importance of past policy developments and the institutional setting for a policy are very significant. This institutional context sets the space and constraints within which a policy can develop. In the case of the CPSAs the decentralised nature of the Chinese state and a past of policy innovation created the space for Dalian to innovate. In addition the policy feedback from previous decisions on the MLG meant that by the early 2000s Dalian faced a growing challenge in terms of the numbers receiving the MLG, the amount of funding this required and how those on the MLG were being perceived by both the public and government. Spurred on by the intervention of Premier Zhu during his April 2000 visit and the possibility of even more MLG recipients the local Bureau of Civil Affairs built a coalition of policy sponsors drawn from both ideas and elite backgrounds to develop a resolution to the perceived problem.

The result was the CPSA and the emergence and development of the policy was very similar to the early MLG emerging in Shanghai. A favourable institutional context was worked by sponsors to develop a resolution to a perceived problem. The role of elite

sponsor Mayor Bo Xilai saw the policy supported from the highest tier of local government. This elite sponsorship meant that the CPSAs had a sponsor who could only be countered by interests at Provincial, Ministerial or State Council level. At the administrative level the BCA used its institutional position to negotiate challenges to the policy and bring in actors to support its development. Finally we have a case of policy entrepreneurs influencing the policy process. In this case the entrepreneurs provided evidence and research capacity to support their particular ideas as they negotiated the policy process at the invitation of the administrative sponsor.

The CPSAs failure to transition to national level in spite of central support amongst MCA officials and a number of cities adopting the policy can be explained by the same factors which supported its success. The CPSAs faced significant institutional impediments if it was to transition to national level not least the fact that it was viewed as crossing over the patches of a number of different institutional actors that would need to be negotiated. In addition the policy suffered from a complex concept and design which did not easily lend itself to being picked up by other cities. The CPSAs was also emerging during a time of unprecedented expansion and funding increases which would have made it appear at odds with the dominant trend of the time. Finally, the CPSA did not have, at any point, a central level sponsor such as the MLG enjoyed in Duoji Cairang or Li Peng who was willing to use their institutional position and resources to promote the policy and help it negotiate the challenges it faced. In Dalian Mayor Bo Xilai was able to provide this sponsorship but at national level no such sponsor emerged. The CPSA, therefore, provides observers with a case which both explains local level innovation and the challenges a policy faces when making the transition to national level policy.

Chapter 7

Understanding and Explaining the Emergence of the MLG in China

Introduction

This final chapter of the dissertation will draw together the discussion and provide an answer to the question of explaining the emergence and development of the Minimum Livelihood Guarantee (MLG) in China. The chapter will be set out as follows. First, I will present how and why the MLG developed the way it did between 1992 and 2003. This will review the major events, meetings and actors in the development of the MLG. Second, the limitations of the existing studies on the MLG will be discussed before moving on to set out my explanation of the MLG. Third, I will detail how my explanation of the MLG contributes to our understanding of the MLG, contributes to existing studies on explaining social policy in China and also contributes to wider debates on the policy process such as the FA Model. Following this I will detail the theoretical contributions of the dissertation and link these points to the findings of the dissertation. Finally, gaps in the current study will be highlighted and the dissertation will finish with some final comments.

How and Why the MLG Developed

The MLG first appeared as an innovative new policy in the rapidly developing, high rank and fiscally rich city of Shanghai in 1993. Acting on local concerns over impending rationalisation of local textile and iron industries, and with the approval of an unknown Beijing official, a collection of Shanghai policy actors developed the MLG under the sponsorship of Mayor Huang Ju. Using his authority over all the other actors and acting with social stability as a driving motivation this sponsor pushed through a policy from the investigative stage to implementation in six months. The MLG that did emerge in June 1993 reflected significant feedback from the previous Three Nos regime of social assistance. These were most clearly manifested in the means tested design of the policy which had to be an alternative to the category based system of the Three Nos. The MLG also provided mechanisms such as local setting and adapting of the MLG line which were more adaptive than the static nature of the traditional system. State institutions also influenced the process by providing the political and financial space to

innovate through decentralisation as well as influencing the initial design of the policy, notably the inclusion of local enterprises in administering and financing the policy. The MLG emerged in Shanghai and not in another city because of this confluence of a motivated policy sponsor, the advantages conferred on Shanghai by decentralisation and the impact of feedback from the traditional social assistance system.

The importance of policy sponsors in navigating policy feedback and state institutions were significant when it comes to explaining the transition of the MLG to national implementation between 1994 and 1997. From 1994 to 1995 the MLG was sponsored by Minister for Civil Affairs Duoji Cairang who pushed for cities to implement the policy using routine meetings, newspaper editorials and speeches. Although there was some uptake of the MLG it was limited to a small number of cities which were mostly in the developed Eastern area of China. In addition as the MLG began to spread different cities began to innovate on the Shanghai Model of the policy. Although Shanghai is rightfully seen as the birthplace of the MLG the most influential model was the Dalian Model in 1995 which used solely local finance and administrative mechanisms to implement the policy. The Dalian Model was eventually adopted as the nationwide model because it was best in line with the developments in China's local government and economic reform of the time. The gradual and non-standard spread of the MLG can be explained by the institutional position Minister Duoji occupied as a sponsor and the resources (or lack of these resources) available. As a Minister Duoji was unable to issue binding orders or easily reallocate resources which meant that local governments were able to listen but not necessarily follow what he was saying regarding the MLG. The use of routine administrative mechanisms to spread the MLG agenda also meant pressure to implement the policy was sporadic and kept within the Ministry of Civil Affairs (MCA) and its subsidiary bodies. In addition the relationship between local Bureaux of Civil Affairs (BCA) and local government meant that the decision to implement the policy and the resources needed to do so was down to the local government. Finally, variation in the MLG was compounded by policy actors in the MCA, including Minister Duoji, failing to clearly decide which model of the MLG should be followed. Instead local government was told about various models of financing, administration and calculation of the MLG line existing but not decision about which to use was made. The emerging non-standard implementation of the policy

or total non-compliance experienced in some areas reflected the inability of Minister Duoji to overcome the feedback and structure of the state primarily due to the lack of resources his position brought him.

The MLG did spread gradually and in 1996 the policy benefitted from the sponsorship of Premier Li Peng. The intervention of this powerful political leader meant that the MLG received the support necessary to overcome the intransigence of local governments. The influence of this sponsor was twofold. First, he was able to issue orders that all levels of government had to follow. Second, he was able to bring the policy to the attention of the State Council and once the policy had been agreed upon put it into the future planning of the state. In 1996 the MLG appeared in the Ninth Five Year Plan (1996-2000) which meant the policy would be established nationally and this may have been decided as early as 1995. In September 1997 this was confirmed in the “State council circular regarding the establishing of a national urban resident MLG system” which set out a standard design and clear timetable for establishing the policy nationwide for the first time. The design of the MLG in 1997, as discussed in Chapter 2 and Chapter 4, reflected the Dalian model of the MLG with the policy being clearly based in the local government for financing and administration. Once the decision to establish the policy nationally was made the responsibility fell to the MCA to oversee implementation. This effort did not, however, receive funding or personnel from the central government and the MCA faced considerable difficulties in getting the MLG implemented nationally because it would have had to rely on local governments using their own resources.

The MLG was finally established in all Chinese cities in October 1999 after the “Regulations on the Minimum Livelihood Guarantee” were published by the State Council and all cities were ordered to implement the policy by the end of 1999. Following this achievement the MCA struggled to establish a national standard for the administration of the MLG and became increasingly concerned over the exclusion of people who should have been eligible for the MLG. These *yingbao weibao* (ought to protect, not protecting) tended to be former state workers who had finished receiving their unemployment benefits or were still receiving the *xiagang* Basic Living Guarantee (XGBLG). Their household income might fall below the MLG line but some areas were

excluding them because they received other benefits in spite of the regulations on the MLG making it clear this should not happen.

This problem of non-standard implementation was resolved, almost by accident, by the intervention of Premier Zhu Rongji between 2000 and 2002. Concerned over political and economic ramifications stemming from the failure of his previous efforts to provide laid-off workers with social assistance by using their old enterprises as the delivery mechanism Zhu decided, after a visit to Dalian in April 2000, that the MLG provided an opportunity to resolve this problem. Pumping enormous fiscal resources, personnel and political capital into the expansion, the *yingbao jinbao* (ought to protect, fully protect) campaign, which saw close to 10 million people brought onto the MLG. The additional funding provided the means to resolve the problem of certain groups being excluded from the MLG. This is because exclusion had tended to be for financial reasons and not just the local governments refusing to comply. The MCA also used the “Ought to protect, fully protect” campaign as an opportunity to invest in a computerised administrative system of the MLG. This saw an increasing amount of data collected on the MLG, and subsequently published, as well as a means to collect information and monitor the running of the MLG. Finally, the MCA encouraged cities to develop and implement additional benefits related to the MLG. Using the same routine mechanisms of day to day government, work meetings, circulars and research reports, the MCA encouraged cities which could afford the investments to develop and implement new measures under the name “Classification guarantee measures” which would tailor the MLG to better suit its recipients, for by example paying school fees for single parent families or subsidising families with disabled children.

This evolution in the goals and delivery of the MLG is illustrated by the discussion of the Community Public Service Agencies (CPSA) in Dalian. Responding to perceived problems in the delivery of the MLG, expenditure on the policy and behaviour of recipients the Dalian Bureau of Civil Affairs used its ties and position to implement recipient organised groups which would both monitor MLG recipients and encourage them to seek employment. This innovation took place in an institutional environment which encouraged policy innovation as a result of previous policy decisions and the decentralised structure of the state. The idea for the policy was introduced by policy

entrepreneurs from the Chinese Academy for Social Sciences (CASS) who had the support of the local BCA. The BCA had also enjoyed the sponsorship of the city's Mayor to support the project through its various phases. However, the CPSA also demonstrates the challenges that local innovations can face if they are to transition beyond their original supportive environment. In the case of the CPSA the particular design of the policy and agenda at the time meant that in order to overcome the institutional challenge of multiple bureaucratic interests and local level suspicion of the policy would have required a policy sponsor similar in stature to that enjoyed by the MLG in the early 1990s. There was no Minister Duoqi for the CPSA, however, and the policy has spread to a small number of cities but no further. The discussion of the MLG ends in 2003 with the policy still developing and awaiting the final legislative stage with the passing of the Social Assistance Law.

Previous Explanations of the MLG

Since its emergence in 1993 the Minimum Livelihood Guarantee (MLG) has been subject to a number of studies in both the Chinese and English language. These studies have focused on the policy as it has existed during different stages of its development (Leung, 2003, Leung, 2006, Leung and Wong, 1999, Wong, 1998, Wong, 2001, Saunders and Shang, 2001). They discuss the policy in terms of effectiveness and historical developments but there is a distinct lack of explanation regarding why and how the MLG emerged and subsequently developed as it did. The only explanatory thread which has emerged is a strong rational tendency within some of the Chinese literature and research community (Hong, 2004, Tang, 1998, Tang, 2003, Duoqi, 2001a). This argues that the MLG emerged as a direct result of increasing urban poverty and was designed to alleviate the worsening circumstances of a significant number of urban residents. Whilst this explanation seems initially convincing it is flawed by its limitations; urban poverty had been a problem prior to 1993 and the rational explanation can only explain the motivation for implementing the MLG. Moreover the rational explanation does not account for the subsequent development of the policy nor does a rational approach explain elements such as the design of the policy. The development of any policy is a complex process and although it might be tempting to reduce the many

threads to a simple problem and solution explanation this ignores many factors which are fundamental in explaining the MLG.

The emergence and design of the MLG in early 1990s Shanghai was not the result of a purely rational decision to cope with emerging urban poverty. The decision to use a subsistence provision rather than any kind of alleviation measure suggests this. The fact is that the MLG does not fully deal with poverty and only provides a subsidy which ensures a subsistence standard of living. In her study of Wuhan and Lanzhou Solinger argues this point strongly suggesting that the MLG is a measure to keep a specific urban group pacified and in no way aims to help them out of poverty(Solinger, Forthcoming). Nor was rational decision making the sole factor in the nature and outcomes of the transition to national implementation. The same can be said of the post implementation development of the policy. In all aspects of the MLG's development from 1992 to 2003 the explanation necessary to understand the policy needs to be much fuller than that provided by the rational discourse on the policy which has previously dominated.

What previous studies of the MLG have not done is provide an explanation for the emergence and development of the policy. This dissertation has, therefore, contributed to discussion of the MLG in two ways. First, it has focused on the emergence, development and implementation of the MLG rather than its function and success as a policy. Second, it provides a deeper explanation for the MLG based in theoretical contributions from the China studies, political science and public policy literature. The detailed historical overview of social assistance policy in the PRC and the MLG provided in Chapter 2 goes into more detail than the current English language studies on the history of the MLG. This is further supported by the in depth investigation and explanation of different stages of the development of the MLG provided in Chapters 3 to 6. The argument put forward in this dissertation also complements forthcoming studies on the MLG. It provides an explanation for why the policy does little to alleviate the dire conditions MLG recipients live in as discussed by Dorothy Solinger's study of Wuhan (Solinger, Forthcoming). This dissertation also supports the arguments put forward by Guan regarding the decentralised structure of the Chinese state and how this has influenced the development of social assistance in the PRC (Guan, Forthcoming).

Finally, this dissertation has challenged the dominant implicitly rational explanation that has run through the Chinese and English language studies regarding the emergence and development of the MLG. The complexities of the Chinese state and feedback from previous policy decisions and outcomes influence the agenda and context within which policy actors operate. In the circumstances policy sponsors emerge to push particular policy concepts using the resources available to them through their place in the political system. A policy development like the MLG resulted from the feedback of reform era decisions introducing the market to the operation of the state owned sector and the resultant impact on the pre-reform social security and welfare system. This raised concerns over “social stability,” the political term used by actors to refer to protests, riots and other undesirable social behaviour resulting from the reform process, which pushed the policy issue onto the agenda in different arenas as discussed in Chapters 3, 4 and 5. Policy sponsors at both local and national level used the MLG as a means to resolve particular problems they had been facing regarding social stability and the inadequacy of the traditional Three Nos system. Different sponsors achieved different outcomes with the MLG because of the different institutional positions they occupied. Because it was set up with a limited objective, providing subsistence living for the impoverished population, the MLG was limited in both its scope and provisions.

Later on in its development the MLG became subject to feedback that was generated by decisions and designs in its own implementation; the local administration and funding of the MLG particularly affected the consistency and effectiveness of its implementation. Policy sponsors later used the MLG as a means to resolve political problems emerging in other social assistance system by pouring resources available to them into the policy. This explains the sudden expansion of the MLG beyond its originally limited coverage in the early 2000s. Finally, the explanation provided here can explain new developments in the social assistance sphere using the same synthesis of institutions, feedback and sponsors as discussed in Chapter 6. The rational explanation for the MLG explains motivations in that there were political concerns over poverty and the MLG was the response. The explanation I provide aims to do more by explaining the decisions made but also the reasons they were made, what influenced those decisions and what affected the outcomes.

Understanding Policy Making in China

As an account of the policy process this synthesis of institutional and policy sponsor explanations provide a means to explain social policy developments in China. The institutional aspect of the explanation explains the influence that state institutions continue to have on policy in China. Introducing policy feedback provides an additional explanatory tool that can help understand why particular decisions, particularly in terms of policy design, are made as well as explain why particular problems can come onto the agenda. Finally, the use of policy sponsor and policy entrepreneur concepts provides a means to understand the role played by the multiple actors that can now become active in the Chinese policy process. This last point in particular allows this explanation to offer a possible step forward for the Fragmented Authoritarianism model which was exceptionally strong in explaining policy in terms of state institutions and rational bureaucrats but not on policy feedback and the influence of policy actors who might influence the process but not necessarily occupy a position in the bureaucracy. This dissertation has, therefore, contributed to China studies literature which has dealt specifically with explanations of social policy outcomes by seeking to both explain the development of the MLG but also framing it within discussions of policy actors and institutions (Beland and Yu, 2004, Duckett, 2001, Duckett, 2003, Guan, Forthcoming, Gu, 1999, Gu, 2001).

It also contributes to more general explanations of the policy process, best outlined by the Fragmented Authoritarianism model (Lieberthal and Oksenberg, 1988). Whilst this dissertation supports the findings on the impact that the structure of the state has on the policy process in China it has added to understanding the role of policy actors. The FA Model is based on the bargaining and negotiation which occurred in the Chinese political system which led to a tight focus on what occurred within the bureaucracy to the detriment of explaining policy actors emerging in other parts of the Chinese political system and focusing narrowly on policy areas where resources were abundant (Oksenberg, 2002).

This dissertation supports Lieberthal and Oksenberg's conclusion that the structure of the Chinese state fundamentally influences the policy process and outcomes but it also contributes to the FA Model explanation in two ways. First, it adds new dimensions through the use of the policy sponsor and policy feedback concepts helping to better understand the motivations and explain outcomes associated with particular policy actors in the bureaucracy – especially in policy areas where there are few resources to bargain over. This is because the concept of the policy sponsor focuses on the motivations of the policy actor in question and ties outcomes to the resources determined by their institutional position and not just what they might be bargaining over. Feedback provides a concept which helps to better understand the context within which policy actors might be operating. How have previous decisions affected possible developments is just one question this concept raises when seeking to explain policy. Second, the use of policy sponsor and policy entrepreneur concepts allow for the incorporation of policy actors which might otherwise be excluded by the FA Model's focus on the bureaucracy such as think tank researchers or academics.

To recap, this dissertation has sought to deal with this twin problem of explaining the emergence of the MLG in China and the wider theoretical explanations of the policy process in China. It has, in conclusion, three main contributions. First, based on a combination of primary and secondary Chinese language documents and interviews with officials and researchers this dissertation has argued that the emergence of the MLG can be explained by the complex interaction of formal and informal institutions with the activities of policy sponsors. Second, this dissertation argues that the structure of the Chinese state and feedback from previous policy decisions serve to constrain the context that policy actors operate in. Policy actors are all the personnel that are active in a particular policy sphere. Third, specific actors of significant influence on the policy process, defined as policy sponsors because of the manner they are forced to behave in, use available resources to promote and support policy ideas as they navigate the institutional obstacles they face moving from idea to implemented policy. They essentially act as a sponsor for a particular policy. This is a richer and more complete explanation of the MLG than can currently be found in the literature.

The Role of Policy Sponsors

The concept of the policy sponsor is an idea I introduce in this dissertation to explain the behaviour of a number of key actors in the emergence and development of the MLG. As discussed in Chapter 1 the policy sponsor seeks to straddle the gap between policy entrepreneurs and rational decision makers where actors appear to introduce ideas, set the agenda, or make decisions and oversee implementation (Kingdon, 1984, Baumgartner and Jones, 1993, Baumgartner and Jones, 1991, Lampton, 1987b, Lampton, 1987a, Lampton, 1992, Lieberthal and Oksenberg, 1988, Lieberthal, 1992). The policy sponsor concept builds on the ideas presented in the works cited above and seeks to add to our understanding of different policy actors observed operating in different ways. In the case of the two alternative concepts they occupy spaces at opposite ends of the policy process whereas the policy sponsor straddles multiple phases and is therefore able to explain the behaviour of key actors who exhibit sustained interest, support and resource expenditure throughout the development of a policy.

A policy sponsor is an individual or organisational actor who uses the resources associated with them personally (personality, personal ties, ideological commitment, knowledge, political authority) or their institutional position (financial, access to personnel, hierarchical benefits, institutional authority) in order to guide a particular policy through the policy process and overcome institutional obstacles that might impede a policy. What a policy sponsor does in order to see a policy implemented or a particular agenda set varies with the sponsor in question as it will reflect the resources available to them. Similarly why a policy sponsor acts will reflect personal and institutional motivations that will be unique or specific to the sponsor in question at that particular time. What is common to all sponsors is their expenditure of resources over a sustained period of time in order to see a policy move further through the process from emergence to implementation. Identifying a sponsor notes sustained involvement, unusual use and expenditure of resources or the identification of actors as having played an exceptional role in supporting a policy through interviews with involved policy actors. A regular policy actor might be unexceptional, invisible or otherwise not worthy of note beyond doing their job as is necessary whereas a policy sponsor behaves in a manner which draws attention, brings praise or concern from other actors, and achieves results that might otherwise have been unlikely.

As table 7.1 demonstrates the policy sponsor occupies a space between the policy entrepreneur and rational bureaucrat. This concept provides a means to explain the actions of a small number of policy actors in the MLG who worked in a manner similar to a policy entrepreneur but went on to see the MLG or changes to the MLG through phases of the policy process beyond the initial agenda setting phase. A policy sponsor will stick with a policy spending resources throughout until their objectives are reached. This would mean that a sponsor will introduce the idea to the agenda they operate in; work to set the agenda; see the policy received a positive decision; and the oversee implementation as far as possible. It might be argued that policy sponsors reflect the limited nature of the Chinese system with fewer actors doing more but this is not the case. The sponsor adopts a particular role which means that a policy receives extensive support as it develops through the various stages of its development. At an abstract level a sponsor could emerge in any political system or, within China, at any level within the political system, inside or outside of government. The position of a sponsor in the political system will, however, help explain the degree of success they might experience.

Table 7.1: Differences between sponsor, entrepreneur and bureaucrat

	Policy Sponsor	Policy Entrepreneur	Rational Bureaucrat
Idea Development	No	Yes	No
Idea Introduction	Yes	Yes	No
Agenda Setting	Yes	Yes	No
Decision Making	Yes	No	Yes
Policy Implementation	Yes	No	Yes
Policy Obstruction	No	No	Yes

How does a researcher identify a policy sponsor? The association of a particular actor with a policy development or outcome identifies the significant role of a policy actor. If they then demonstrate behaviour that appears to straddle the various stages of the policy process as set out in table 7.1 then that actor can be labelled a sponsor. Unexpected or exceptional behaviour would be another means to identify a policy sponsor. If a policy actor spends considerably more resources than normal on a particular policy or acts in a

manner not normally expected for the position they occupy and then fulfils the role described then they can be labelled a sponsor.

This leads into the question of who becomes a sponsor and why they might decide to. The concept is loose in terms of who can become a sponsor. Essentially anyone who has the motivation to spend their personal (time, connections, personality, political authority) and institutional (personnel, finance, institutional authority) resources supporting a policy and is a policy actor in a particular area has the position to become a sponsor. The actual motivations for a sponsor will vary with the actor discussed and as will be demonstrated in this dissertation they can vary enormously or share common threads. Kingdon identified reasons associated with entrepreneurs; personal belief, gain or a love of the game which would be applicable in this case too (Kingdon, 1984). A good starting point for understanding motivation comes from analysing the background of a particular sponsor and understanding the pressures and demands that come with the particular position they might occupy in the state or policy sphere.

The impact a policy sponsor has is significant on the policy process because the support a policy receives from a sponsor can have a significant impact on its success or failure. As will be discussed below a policy will face numerous institutional elements which will either obstruct or seek to influence the development or outcome of a particular policy. The role a sponsor typically plays is navigating or overcoming these institutional elements by using their available resources so that a policy can continue to the next stage of the process. Imagine if you will a room full of people representing policy actors where a box represents the policy in question. The next stage of development for the policy is the adjoining room. The challenge for the box is that it needs to get from the current room to the next but it may be that the policy actors do not know the box is there or where the exits are. The policy sponsor is the actor who gets the box from the first room to the next. How they do this depends on the sponsor in question and what materials they have available.

Policy sponsorship does not necessarily bring success and this is fundamentally important to the concept. Whilst policy success is sometimes easy to explain the failure of a policy is sometimes harder to explain or even identify. The key role of a sponsor is

to help a policy negotiate institutional obstacles that it might encounter. However, the lack of resources or an inability to use them properly will result in a policy foundering or being influenced in an unplanned manner. The lack of a sponsor can stop a policy in its development completely or severely limit the degree to which it is adopted. The policy sponsor concept is, therefore, capable in explaining policy success, unforeseen or unwanted outcomes and failure.

Policy sponsors and their activities are not uniform, nor is the influence they can wield over a policy, and it is this difference which can have a profound impact on the development of a policy. Examining the case of the MLG has highlighted three important points regarding the concept of policy sponsors. The first point is that the position a sponsor occupies within the structure of the state affects their options in terms of possible activities and resources available. Second, the types of activity pursued and resources used will affect the outcome of a policy. Finally, it is possible to theorise from the position occupied what a sponsor will do and what affect this will have on a policy depending where it is in the policy process raising the possibility of a concrete theoretical approach based on this typology of sponsorship.

In Chapter 6 it was argued that two different sponsors were apparent in the development of the CPSA program. The elite and administrative sponsors each occupied different spaces in the political system and, as a result, had access to different resources and abilities in order to affect policy outcomes. The position a sponsor occupies, what type of sponsor they are, will influence the resources that they have access to. This will then influence the manner in which they can sponsor a policy and ultimately impact on the development of the policy in question.

Elite sponsors typically occupy the elite levels of the central leadership or the highest tiers of local government. They have access to significant financial resources and are able to manipulate the organs of the state in order to support their policy objectives. Elite sponsors characteristically appear to do very little but when they do act it can carry significant consequences for a policy. In a political system like that of China where significant authority is vested in the political elite the ability to issue binding orders, re-allocate and renegotiate resource allocation, and initiate campaigns can help a policy

overcome significant institutional impediments. It is also the case that because of their status and the close nature of the political system the motivations and actions of elite sponsors are not always as clear as might be desired. Operating behind the scenes or in an ad hoc manner means that although we might be aware of the significant role a particular elite sponsor might have it is sometimes difficult to pin down exactly what they did. The outcomes of elite sponsorship are clear however and have had a profound impact on the development of both the MLG and also the CPSA in Dalian.

At a central level Premier Li Peng used his position at the very top of the political system to push the MLG into national implementation. In this case financial resources were not used but the powerful authority that came with the positions occupied was used in order to push the policy beyond the impasse that Minister Duoqi had taken the policy to. This sponsor was identified as being significant in getting the decision on implementing the MLG made at the level of the State Council. This then led to the MLG being incorporated into the legislative plans of the state, the Ninth Five Year Plan and 2010 Development Goals, which committed the government to achieving national implementation by 2000. In addition Li as a sponsor gave speeches which identified the policy as being important to the future development of government social welfare and assistance policy as well as calling for the policy to be implemented. Finally, Premier Li gave instructions in meetings specifically requiring the MLG be implemented regardless of objections from local government. The final result of the intervention of Premier Li was the rolling out of the MLG as a national policy in September 1997 with the State Council publishing its “Circular regarding the establishing of a national urban resident Minimum Livelihood Guarantee system.”

The sponsorship of Premier Zhu Rongji saw the use of his position to divert significant resources toward dramatic expansion in the MLG. Operating at the elite level and with a tendency identified in interviews with MCA officials to support policy with an all or nothing attitude Premier Zhu was motivated by the failure of benefit provision to laid off and unemployed workers threatening to destabilise Chinese society. Using his position to access and direct financial and personnel resources Zhu oversaw, normally through ad hoc meetings with MCA officials, a two year campaign which saw the MLG grow by 10 million recipients. Without the intervention of Premier Zhu it is unlikely

that the MLG would have been able to accommodate such a massive increase and unlikely that such an effort would ever have been attempted. The sponsorship of Zhu, using the sledgehammer of China's now significant state revenues, was significant in shaping the size and objectives of the MLG as it stood in the early twenty first century.

In Dalian the support of Mayor Bo Xilai was cited as being fundamentally important in ensuring the CPSA was able to emerge, develop and get implemented. Providing the political authority and financial support (although it is not clear to what degree money was put in) Mayor Bo was identified by other significant actors as making sure the CPSA was implemented. Although arguable as to what degree this particular sponsorship had on the policy it is made notable by the fact that the other sponsors, especially an administrative sponsor in this case, noted that his role in supporting the policy made it possible. As discussed in chapter six this could be down to the administrative level of Dalian and the Mayor's support would have shielded the project from interventions from other interests.

A final elite sponsor to be discussed is Mayor Huang Ju who oversaw the implementation of the first iteration of the MLG in Shanghai during 1992 and 1993. Unlike Mayor Bo in Dalian Huang Ju did have a clear role in supporting, commenting on and overseeing the implementation of the MLG. Mayor Huang occupied a position in local government which provided seniority over the various other policy actors and this meant that the process could be guided to a swift conclusion. The Mayor also influenced the eventual outcome of the MLG by commenting on reports submitted on possible policy choices and appointing the Shanghai BCA as the lead agency on the development of new policy. As can be seen the importance of institutional position is very important in determining the options and resources available for elite sponsors and influencing the outcome of their sponsorship.

Administrative sponsors are those bureaucrats in the case of the MLG who occupy the various levels of the state bureaucracy but can not be viewed as part of the upper echelons of the political hierarchy in the sense that an elite sponsor will be. Administrative sponsors are not bureaucrats "just doing their job" and nor do they necessarily exhibit ministry building that a rational explanation might expect. Rather an

administrative sponsor's motivations are a complex fusion of reasons. My findings show examples of ideological motivations fusing with concerns over social stability and practical self interest pushing bureaucrats to invest significant time and personal resources to pursue goals which might lead to little gain for themselves or their organisation.

An administrative sponsor relies on their position within state institutions to provide the resources needed to support a policy. Because institutional position does not necessarily bestow an administrative sponsor with significant resources in financial or personnel terms the personal resources of a sponsor are also important. When it is not possible for a sponsor to redirect financial or personnel resources to influence a policy outcome then an administrative sponsor will use the alternatives available. These typically are the routine mechanisms of government such as work meetings, circulars and the dissemination of research reports which can reach a large audience without requiring the sponsor to use resources they do not have. Administrative sponsors are therefore in an interesting position as they can influence the policy process extensively by reaching out to the bureaucracy who manages the day-to-day machinations of the state but at the same time they do not have the seeming abundance of political, financial and personnel resources available to an elite sponsor.

The efforts of Minister Duoji Cairang, discussed in Chapter 4, to push the MLG to national implementation without the explicit support of the State Council is a good example of an administrative sponsor and the challenges they might face. Duoji occupies an interesting position, is he an administrative or elite sponsor? The administrative sponsor, occupying a tier of the bureaucracy and limited in their actions by their institutional position appears to be a suitable match for Minister Duoji. Without access to financial resources to support a roll out of the MLG and lacking the institutional capacity to issue a binding order to local government Duoji instead relied on the routine mechanisms of government to argue for the implementation of the MLG. Duoji's rationale for implementing the MLG rested on the significance of maintaining social stability so that the reform process could continue. He also tailored his argument to meet particular objections that emerged toward the MLG suggesting the policy was a reform and not a new policy, identifying the experience of cities that had implemented

the policy to fill the lack of regulations, and making it clear that care for the urban poor was an ideological as well as a pragmatic commitment. Duoji was a significant sponsor for the MLG keeping the policy on the agenda and pushing for implementation from 1994 to 1997 writing and speaking on the policy on numerous occasions.

His impact on the spread of the policy does appear to have been limited as implementation of the MLG was sluggish until 1996 and the intervention of Li and Jiang as elite sponsors. This can be explained by the same limitations which influenced how Duoji sponsored the spread of the MLG. Duoji's approach to getting the MLG implemented was limited by his position, especially an inability to issue binding orders to local government or support the policy financially, and this meant that it was relatively easy for the localities to resist implementing the MLG. An additional impact that Duoji's sponsorship had on the MLG was through negotiating the implementation of the policy and allowing the policy to suit local circumstances variations in implementation emerged as well as non-compliance. The sponsorship of the MLG by Duoji in the early 1990s was, therefore, both a success and a failure and highlights the challenges a sponsor might face and how their actions do not necessarily lead to the desired outcomes.

The MCA itself could be seen as an administrative sponsor when supporting the variation and expansion of MLG provision and developing new measures to cope with administering the policy. Over a period of three years the MCA used the same routine mechanisms as Minister Duoji to promote ideas and push their agenda onto the local Civil Affairs Bureaux. The MCA was relatively successful in the period between 1999 and 2002 in moving along the development of the MLG. This was for three reasons. First, the MLG was already established and the MCA was seeking, primarily, to see a standardised implementation. As opposed to taking on an entirely new policy this was asking a lot less of local government than Duoji had in the 1990s. Second, the MCA had access to significant financial resources after the intervention of Premier Zhu. This meant they could overcome non-compliance in local government and implement their own new administrative system based on a network of computers. Third, and finally, the MCA supported and promoted expansion of the MLG which were brought up by the local BCA but never specifically called for implementation. Instead these ideas, such as

the more targeted relief of the classification guarantee measures discussed in Chapter 5, were given approval and suggested to cities which could afford to implement them. Local officials seeing the benefit of the MLG in reducing social instability then had the option to develop their social provisions further if they could afford it and saw it as beneficial.

In the case of the Dalian BCA their administrative sponsorship ensured that the various actors involved in the process worked toward the CPSA being implemented. They negotiated with lower levels of the bureaucracy to ensure the policy could develop and at the same time ensured support from the elite. Similarly they were able to bring in additional actors to support the development of policy alternatives, using personal ties with CASS to bring in the Social Policy Research Centre (SPRC) which used the opportunity to push particular ideas. The Dalian BCA also used their position to disseminate work on the CPSA and push for the policy to be implemented throughout the city. The Dalian BCA used similar methods to the other administrative sponsors but also used their important position at the centre of local government to link up various actors, negotiate problems and push their particular agenda with more success than was possible for other administrative actors at a national level.

In each case of each type of sponsor the impact they had on the MLG was tied closely to the position they occupied in the political system. Elite sponsors have the institutional ranking and access to significant resources which allows both policy decisions to be made but also enforced either through the use of political or fiscal resources. For administrative sponsors the position they tend to occupy creates a set of limitations on their possible activities regarding policy. In the cases discussed regarding the MLG administrative sponsors have tended to be resource poor but occupy positions which link various tiers of government. They therefore have been able to influence the policy process through access to policy decision makers and policy implementers but have had to rely on persuasive methods that link policy to personal arguments and ideology to compensate for the lack of political authority and resources.

Two last points to consider regarding policy sponsors are the types of activity they are involved in and finally the difficult question of motivations. In terms of activities the

development and implementation of the MLG has predominantly played out in the routines and institutions of the state. The main activities that administrative and leadership policy sponsors have been involved in have been giving speeches, attending and commenting at meetings, writing editorials, articles for official publications and research reports. It is, however, the content of these activities and the responses to this content which is significant in terms of policy developments.

The last point to consider is the question of what motivates a policy sponsor? In the case of the MLG the dominant motivation were continued concerns throughout the 1990s and into the twenty first century about ensuring social stability. The fear that urban poverty, especially amongst the previously employed who had enjoyed the benefits of SOE welfare, could result in protests, endanger the reform process and by default the positions of those involved in the policy process. The reasons why each sponsor attached such importance to this particular point vary and it appears to be determined to a degree by the type of sponsor in question. Minister Duoji Cairang made appeals that had a particularly ideological flavour identifying assistance for the poor as a duty whereas the motivations of leaders like Premier Li Peng were more concerned with the efficient use of resources to continue the reforms process. Whilst the different position occupied by different policy actors will influence their motivations in the case of the MLG the motivation was consistent. Fundamentally the importance of social stability as noted previously was important to the CCP and the Chinese government because it is a reflection of their legitimacy and affects their capacity to rule. This basic motivation to ensure social stability was the common motivational thread running through all the sponsors discussed regarding the MLG. What would be expected in other policies is that motivations could vary depending on the sponsor in question. Different institutional positions will carry different responsibilities, concerns and goals which will be reflected in why a sponsor might choose to act. A final point to consider is that sponsorship can also be motivated by personal reasons as well. As noted in the case of Duoji in Chapter 4 it is apparent that he was closely associated with social assistance and tied the MLG very closely with ideological and nationalistic reasons which went beyond the social stability discourse.

The Policy Sponsor beyond the MLG and beyond China

Before discussing the roles of actors who are not policy sponsors in the MLG there are a number of questions the policy sponsor concept raises which I will endeavour to address here. The first is do policies always need a sponsor in order to be adopted? Or to put the question another way, can a policy get through for other reasons? As a first answer, before more research using the concept is carried out, I would say that yes policy should be able to be adopted without a sponsor. The concept of the sponsor is not an intrinsic part of the policy process but an explanation for the behaviour of certain actors in the development of the MLG. I would argue that a policy does not need to be supported by policy entrepreneurs in order to get onto the agenda and it is likely the same with policy sponsors. A policy could get through the process for other reasons such as it is the most acceptable to the most number of people, or because all other options are ruled out in spite of support or because there is a long standing institutionalised commitment to adopting a certain policy. In these cases the existence of a sponsor would not be essential to seeing a policy adopted.

Are there sponsors in the policy process beyond the MLG? Does the concept apply to other policy areas? As with the question outlined above this issue would require further research where the concept was used before it could be answered conclusively. An initial observation would be that the concept is not intrinsically tied to the MLG in any way. It is true that in seeking to explain this particular policy the concept was developed but that does not mean that it cannot be applied elsewhere. The main ideas behind the policy sponsor, that individual policy actors may pick up an idea or programme and use their available resources to support it over multiple stages of the policy process is not specific to the MLG and could be applied to other cases where the behaviour is observed. In addition it could be added that the failure of a policy might be attributed to the lack of a policy sponsor. The concept was used to help explain the lack of national transition for the CPSA policy and this is an area where the policy sponsor could prove very useful.

Finally, are policy sponsors a quirk of the Chinese system or authoritarian systems in general? Might they be found in more democratic systems? This addresses whether the concept of the policy sponsor might have application beyond the China studies

discipline. As before I would first state that it is impossible to categorically answer without further research. There are two points that can be made in response. First, much as the policy sponsor is not tied as a concept to the MLG policy it is not tied to the Chinese political system either and there would be no difficulty in theory translating the basic concept to another political system. I would state that the concentration of political and financial power in a relatively small number of people or in a closed system would make the identification and operation of a policy sponsor more likely because the possibility to straddle multiple stages of the policy process and use resources might be easier. In other authoritarian systems the concentration of power within the bureaucracy or a small number of actors would make concept relatively easy to adopt. In more democratic systems the concept might run into difficulties translating to institutional systems where it is difficult to operate in multiple stages of the policy process such as the US or even the UK. Having said this it would not be impossible for a policy actor to behave like a policy sponsor although it might be much more difficult to achieve particular goals. A second and final point on this question, there has been relative success in adapting explanatory concepts from the wider political science and public policy disciplines to the China case and we should not rule out the possibility of transfer occurring in the other direction. Until research is conducted which tests this however such a position must remain hypothetical.

Not All Policy Actors are Policy Sponsors: Entrepreneurs and Bureaucrats

Not all policy actors which are influential or important to the policy process are policy sponsors. This is an important point to consider because the theoretical usefulness of policy sponsorship in explaining policy outcomes would be diluted if every actor involved was a sponsor. In the case of the MLG there are examples of important policy actors active in the policy process that do not fit the definition of the policy sponsor set out above. This section will highlight three different actors who were important to the MLG at different points in the policy process but who were not policy sponsors. Rather two different explanations are put forward for their behaviour. In the case of the SPRC CASS research team in Dalian the concept of the policy entrepreneur can explain how policy actors can influence the design and development of a policy by taking advantage of opportunities presented by being invited into the policy process. This draws on the

idea of the policy entrepreneur presented in studies of the American policy process where entrepreneurs are presented as opportunistic actors who use small windows in the policy process to push a particular idea or agenda (Kingdon, 1984, Baumgartner and Jones, 1993, Baumgartner and Jones, 1991). The Dalian example offers a different view of the policy entrepreneur to that put forward by Zhu as discussed in Chapter 1 (Zhu, 2008). In this case, rather than highlighting how a policy entrepreneur manipulates the policy process to see their ideas implemented, the SPRC took advantage of being invited into the policy process and then successfully navigated a position which was subordinate to other actors by providing useful resources for the administrative sponsor supporting the CPSA. The Shanghai BCA in 1992 – 1993 and General Secretary Jiang Zemin in 1997 demonstrate policy actors who are “just doing their job” but still fulfilling a role significant to the development of the MLG.

In order to influence the development of policy in the PRC entrepreneur need to take advantage of policy windows when they appear and also provide resources that other policy actors or sponsors can then use to further their ideas. These two points are connected because opportunities or windows in the PRC are limited by state institutions or bureaucrats inviting entrepreneurs into the policy process. Only by providing resources and tailoring policy ideas so they are recognised as useful can entrepreneurs push their ideas. Otherwise they can be shut out of the policy process quite easily. The resources that entrepreneurs use to support a policy are very different to those of the elite and administrative sponsor. With little access to financial or political resources policy entrepreneurs instead provide ideas, evidence to support particular choices and the capacity to carry out research or argue a particular point of view to the table. Policy entrepreneurs can be enormously influential providing the research or ideas that can push an idea from concept to reality or develop an alternative making a policy more palatable to the other policy actors involved. Alternatively a policy entrepreneur can be easily shut out, especially in an authoritarian political system like the People’s Republic, and they do rely on the degree to which they can fit their ideas or arguments to a particular policy agenda at a given time.

The role of policy entrepreneurs was apparent in the case of the CPSA as key to the policy developing as it did. In this case policy entrepreneurs provided policy concepts,

evidence to support these concepts and actual personnel to research, educate and report on the policy as it developed. In addition the SPRC was active in redrafting proposals to better suit the desires of both the city and district Bureaux of Civil Affairs. The influence that the SPRC had on the process is apparent in that they supported a particular policy idea throughout the development of the CPSA and were able to successfully tailor the policy to suit the significant actors in the bureaucracy. The idea of the CPSA and the particular design of the policy were strongly associated with the SPRC team and their expertise and ability to provide support for the policy. Although entrepreneurs do not make decisions in terms of the state deciding on policy they can influence the decision making process by providing arguments and evidence which influence the decision makers in question. The SPRC was however subject to the authoritarian nature of the political system as well. Their entrepreneurial role was created through an invitation into the policy process by the Dalian CAB rather than any kind of campaigning or lobbying role. This does fit well with the concept of the entrepreneur as the SPRC can be seen to be taking advantage of a policy window when it appeared (Kingdon, 1984). In addition the SPRC was clearly subordinate to all state actors during the process as can be seen in the revising of ideas to suit the desires of the Xigang District Government.

Whilst the SPRC research team was a clear policy entrepreneur in the case of the CPSA why was the Shanghai BCA in 1992 and 1993 not classed as an entrepreneur or indeed a sponsor? In some respects the Shanghai BCA appeared to fulfil one of these roles by providing some early policy ideas and identifying a particular gap in social assistance provision. Their role in developing ideas on how to resolve the *san bu guan* problem was not sustained however and the BCA moved into a more administrative role where the policy ideas were developed seemingly on a collective basis. For a policy actor to become a policy sponsor their activity needs to be sustained and it needs to involve a particular expenditure of personal or institutional resources, an exceptional level of involvement, in order to identify a sponsor. Similarly the BCA did not take on a particularly entrepreneurial role producing an early idea as part of the report process but not exhibiting any agenda setting or proactive behaviour. In the case of the Shanghai BCA the organisation was essentially doing its job under the direction and influence of the Mayor and the circumstances of the social stability agenda.

Could a policy entrepreneur ever emerge from the Chinese bureaucracy? There is nothing in the concept that would rule out this from being observed. It may well be the case that particular organisations in the Chinese bureaucracy, for example the research commissions which report to the Ministries and State Council such as the National Development and Reform Commission (*Guojia fazhan he gaige weyuanhui*), already have policy entrepreneurs operating and competing within them. The particular challenge presented by the Chinese bureaucracy is that there is an enormous question about exactly how much of the political and policy process we ever actually observe. A final point on this question refers back to the two studies which have been very influential on the concept of the policy entrepreneur. In both Kingdon (1984) and Baumgartner and Jones' (1991 and 1993) work policy entrepreneurs, admittedly in a different political system, are not constrained by being in or out of the bureaucracy. There is a strong temptation when using their ideas to view entrepreneurs as lobbyists or campaigners attempting to access or influence the political system but this is not explicitly the case.

Jiang Zemin, General Secretary of the Chinese Communist Party 1997 – 2002, President of the PRC from 1998 – 2003 and China's paramount leader after Deng Xiaoping died in 1997 (China Vitae Online, 2009), is an excellent example of the temptation to make a policy actor a policy sponsor when it cannot be justified. Jiang Zemin's support for the MLG was apparent because his institutional position in China meant that he would have needed to have at the very least agreed to national implementation in 1997. Jiang was also mentioned by one senior social policy researcher in China as being important to the MLG achieving national implementation in 1997 (Interview BJ07-1). It is, therefore, clear that Jiang was an actor of some significance to the MLG being implemented in 1997. Why do I discuss him here as a policy actor and not a policy sponsor? Why is Jiang not discussed in Chapter 4 as part of the national implementation of the MLG in 1997?

As discussed in both Chapter 1 and above a policy sponsor exhibits particular behaviour. A sponsor invests significant resources, both personal and institutional, into a policy beyond what would be expected of their position. This investment is over a

sustained period of time and supports policy whilst it navigates multiple stages of the policy process. The four reasons that Jiang Zemin is not considered a policy sponsor are related to these requirements. First, with the exception of one interview (BJ07-1) there was no other mention of Jiang Zemin in interviews on the MLG. Jiang was not highlighted, like Duoji Cairang, Li Peng or Zhu Rongji, as making an unusual contribution to the development of the MLG. Second, this lack of exceptional behaviour is reflected in the documentary sources with Jiang Zemin mentioning the MLG on only one occasion when reporting to the 15th National Party Congress in September 1997 (Jiang, 1998). Third, his support for the MLG is inferred only by the requirement that he would need to “Okay” the policy because of his institutional position. In addition, the only time Jiang mentions the MLG is at the 15th National Party Congress which does support the then forthcoming 1997 State Council Circular but it is *after* the decision to implement the policy had been made and is only one mention. Jiang’s involvement in the MLG does appear fleeting when compared to other sponsors like Duoji and Li. Finally, an interview with a senior MCA official suggested that it was Li Peng who persuaded the other elite leaders to implement the MLG nationally (Interview BJ07-3). Jiang was not mentioned and the implication is that he was one of those in the State Council who was persuaded rather than an essential actor who did the persuading. Jiang therefore cannot be considered a policy sponsor. His role in the MLG was short lived, reactive and did not require exceptional investment. Although a powerful policy actor, in the case of the MLG Jiang can be considered a policy actor “just doing his job.”

The Role of State Institutions

The MLG has, since it first emerged, been subject to constraints by the structure of the Chinese state. The institutions of the state can influence policy in both the positive sense of facilitating policy and the negative by restricting a policy. In the case of the MLG we have seen the policy both facilitated and restricted by the decentralised state, the fragmented state and the routinised state. The elements of the state which can facilitate policy can also act to restrict policy at a different time or under different circumstances which adds a degree of complexity to any explanation.

The Decentralised State

A significant impact of the reform process has been the increasingly decentralised operation of the Chinese state (Lieberthal and Oksenberg, 1988, Lieberthal, 1992, Lieberthal, 1995, Saich, 2004). This has allowed local government greater flexibility in decision making, the spending of budgets and allowed for policy innovation. Although Beijing is still the political heart of China dominating decision making processes the local has begun to play an increasingly significant role in policy developments. It is arguable whether this is a new development brought on by the reform process or whether it is the process of opening up which has allowed researchers to appreciate the local aspect of China's politics. The reality is likely that the limited decentralisation of decision making throughout the Chinese political and economic system that has characterised the reform process coincided with increasing access for academics. Whilst central decision making has been important to the development of the MLG, for example in 1997 and 1999, decentralisation has had a profound impact on the policy. This is because the decentralisation of the Chinese system has created the space between the centre and localities for innovation and variation to occur.

As discussed in Chapter 3 this space between the centre and locality created the space in which the MLG emerged in Shanghai from 1992 – 1993. The design of the state allows cities such as Shanghai, the municipalities, planned cities, and other cities to make policy provided the resources are available and policy does not clash with the centre. Shanghai's ability to develop and implement a new policy like the MLG was in part because it occupied a rank in the system which allowed such innovations. Politically Shanghai's rank as a Municipality or named city means that it occupies the same rank as the Ministries and also Provinces. This gave Shanghai space in which to act because, technically, the only ranks capable of countermanding their policy decisions would be the State Council and possibly the Ministry of Finance. Economically Shanghai's status as a reforming city meant it had benefitted fiscally from the reforms and it was also able to have extensive control over its revenue and expenditure which were significant at the time. Shanghai was not unique in enjoying this position, most cities in China are in a similar position institutionally although they might not have the political or economic clout that Shanghai did.

In Dalian, discussed in Chapter 4 and 6, the ranking of cities was again an important factor in allowing local government to develop innovations in social assistance policy. Unlike Shanghai the city of Dalian had a different ranking that of *jihua danlie shi*, but this also place Dalian higher up the institutional structure and gave the city more control over local policy and spending decisions. The result was again to allow space for innovation and Dalian duly developed an innovative approach to both implementing the MLG in both the Dalian Model and the Four-in-One system; and also later innovations on delivering the MLG in the CPSA policy. Lower ranked cities might take advantage of being at the end of the long arm of the central government but unlike the higher ranked cities they would not have the same control over their revenue or the ability to resist an enormous number of higher ranked bodies if they countermanded policy initiatives. The space allowed by Shanghai and Dalian's rank combined with the decentralisation of government during the reform period therefore allowed for policy innovation.

The emergence of variations in MLG design during the transition phase of 1994 to 1997, discussed in Chapter 4, the development of variations in the content of the MLG, discussed in Chapter 5, and variations in the mechanisms used to deliver the MLG, the CPSA covered in Chapter 6, all demonstrate the space that the decentralised state allows. This innovation and variation in policy does not occur in isolation from other localities or the centre unaware of developments. If a local government implemented a policy which was at serious variance to the central governments objectives and concerns then it is likely that measures would be taken to reverse that decision. The challenge that such variation presents can be immense and it is in these circumstances that the decentralisation of the Chinese state can become a challenge to the implementation of particular policy objectives.

Variations in the design and implementation of the MLG which frustrated the central leadership and Ministry of Civil Affairs during the late 1990s and early 2000s, as discussed in Chapters 4 and 5, emerged in the same space of centre and locality that allowed the MLG to emerge. Local government interpreted policy circulars and later regulations handed down from Beijing through the lens of their own priorities and financial capacity. In cities where resources were available such as Shanghai or Dalian

the MLG was not only implemented but expanded on through card schemes or the Four-in-One system of Dalian. In cities where resources were not available or the local government did not necessarily prioritise the MLG the policy was implemented incorrectly with recipients excluded, additional requirements built into the system, or the numbers eligible predetermined based on funds available. Being resource rich does not necessarily mean that a local government would implement a generous or expanded MLG as noted by Solinger in her study of Wuhan but it does allow a city to make a choice (Solinger, Forthcoming). The decentralisation of decision making and implementation in China therefore creates the institutional setting in which policy can emerge, develop variations and allow for non-compliance.

The Fragmented State

Another aspect of the state which can have a significant impact on the policy process is its fragmentation. As noted by Lieberthal and Oksenberg (1988) the way that the Chinese state is structured is fragmented. As noted in discussions of the FA model the Chinese political system, by design, defaults to negotiation being a necessary part of the policy process (Naughton, 1992). The complexities of the system and ranks in the bureaucracy permeate the system and have impacted on the MLG throughout its development although not in the manner that the FA Model might predict.

There are four points regarding how the MLG has been affected during its development by the fragmented state and these are not necessarily in the manner that might be initially predicted based on the FA Model. First, the MLG has *not* been subject to cross-system or cross-Ministry negotiation. Second, the MLG was subject to negotiation in two ways. First there was negotiation internal to the Civil Affairs system and second there was negotiation between the centre and localities. Third, the fragmentation of the state meant that the MCA was isolated when implementing the MLG, initially during the transition phase and later after the national call for implementation in 1997. Finally, the fragmentation of the state allowed for local government to resist and negotiate the implementation of the MLG.

As noted at the end of Chapter 2 the apparently smooth development of the MLG can be put down to the fact that the only consistent interest in the policy came from the Civil Affairs system. In the case of the MLG this negotiation was not mentioned as an issue in interviews. In fact the opposite was true with some Chinese researchers noting that the MLG was unusual in the speed and ease with which it passed through the various stages of the policy process. Throughout the development of the MLG there was no mention of other Ministries taking an interest or claiming jurisdiction over the policy. The only point where this was cited as a potential issue was in interview evidence discussed in Chapter 6 when conflicting different interests was raised as an abstract issue as to why the CPSA had not been adopted nationally.

The MLG did not, however, entirely escape the influence of China's fragmented state. As discussed in Chapter 4, when trying to get the MLG implemented nationally during the early 1990s Ministry of Civil Affairs Duoji Cairang can be seen to be negotiating with the local government and BCA. As noted in previous discussions this was because the position of Minister does not confer the authority to overrule local government. Nor does the position provide resources which might be used to garner support for a policy. Whilst trying to overcome resistance to implementing the MLG Duoji strikes a tone which negotiates concerns and in some cases offers concessions in order to see the policy implemented. This contrasts with the behaviour of the elite sponsors who effectively ordered the policy be implemented and then, because of their position and the authority it grants, expected compliance.

The MCA having primary responsibility for the MLG, the policy being kept within its system after 1997, affected the resources available for policy implementation. The MCA was known as being a resource poor and politically weak ministry. During the initial push phase of the policy the MCA was operating on its own and therefore had to rely on its own resources. Because of this cities were encouraged to implement the MLG but resources and guidance on how cities were to do this were non-existent, in the case of the former, and based on the experiences of early implementers for the latter. The MLG policy being initially pushed by the Civil Affairs *xitong* alone explains both the lack of negotiation and also gradual and geographically clustered character of the early stages of the MLG development. After 1997 and the call for national

implementation the spread of the MLG was again subject to the resources that the MCA could provide. Again these were limited and as discussed in chapter four this led to some innovation but also limitations in the capacity of the MCA to achieve full implementation quickly.

The final way in which the fragmented state affected the development of the MLG was by creating the institutional structure, in which the policy could be resisted, ignored, misinterpreted and not implemented in spite of the central government ordering national implementation. The Ministries, Municipalities, and Provinces carrying the same rank as well as local Bureaux being responsible to local tiers of government rather than the next tier of their own *xitong* allows the space in which policy can be resisted or misinterpreted. The reasons for this, as discussed in chapter four and five, can be part of a bargaining effort, due to a genuine lack of resources, a lack of understanding, or simply a lack of priority. The main point to understand here is that the difficulties faced by the MCA in getting the MLG initially implemented and later implemented in a consistent manner was down to the fragmented nature of the Chinese state.

In Lieberthal and Oksenberg's FA Model the focus is on the state institutions involved and how this influences the behaviour of particular actors. My findings on the MLG support this but also suggest an additional point that should be considered when explaining a policy's development. The degree to which fragmentation affects a policy depends on two factors. First, the type of policy sponsor involved or the lack of a policy sponsor will affect the degree to which a policy will be affected by fragmentation. A weak sponsor or one positioned lower down the hierarchy will have fewer resources to overcome the problems presented by fragmentation. Second, it is the case that not who is interested in a particular but also who is disinterested in a policy will affect the degree that policy will be affected by fragmentation. In the case of the MLG the lack of interest by other Ministries, such as MoLSS, had both a positive effect in allowing the MCA to get on with managing the policy but also had a negative impact in terms of not providing the support that a resource poor Ministry might have benefitted from.

The case of the MLG suggests that the particular policy being studied influences the form and impact that the fragmented state will have on the policy process. This is a

point noted by Lieberthal and Oksenberg (1988) when they discuss the features of particular cases, for example the Three Gorges Dam, and how the actual policy will to a degree configure who is involved and the extent of fragmentation. In the case of the MLG it appears that social assistance policies, because they do not involve a lot of resources to bargain over and only involve a limited number of interests, are still subject to fragmentation but with different outcomes to that of the large economic projects discussed by Lieberthal and Oksenberg.

The Routinised State

Routines and routine measures in policy implementation also influenced how the MLG developed. As noted in the discussion of administrative sponsors the use of the routine mechanisms of day to day administration of government are one of the main tools available to them. Work meetings, circulars and disseminating research reports and speeches are an important tool for a policy sponsor but they also have an impact on the way the policy is received. Can these be tools and features of routine government be treated as institutional elements? I would argue that the definition of institutions commonly used in political science, the “informal or formal procedures, routines, norms and conventions embedded in the organisational structure of the polity or political economy” (Hall and Taylor, 1996), would cover the routine of circulating information and conducting work meetings embedded in the structure of Chinese state organisations like the MCA. In the case of the MLG routines and routine measures helped maintain the policy on the agenda and structured the spread of experiences of implementation. A consequence of using these routine measures to support and develop the policy was sporadic and low political pressure to implement.

The MCA used the routine of work meetings and circulars to first spread the idea of the MLG. As the policy spread to a wider number of cities these meetings became a means by which experience and standards for the policy could be disseminated across the country. The bureaucratic routine of work meetings and corresponding circulars was also a means by which the MCA could keep the MLG on the agenda and thereby exert pressure on local governments. The MCA used the same mechanisms in the early 2000s

when spreading new ideas like the “classification guarantee measures” on how the policy might develop further (Interview BJ07-3).

The positive impact that routine had on the MLG is important but needs to be qualified. This is because although routine measures are viewed as important by officials the impact of using routine was both positive and negative. It is apparent that the usefulness of routine measures to officials was because they could keep the MLG on the political agenda and push the policy without using a lot of resources. The routine of work meetings and circulars also provided a means for ongoing developments in the MLG to feedback and influence the practices of other policy actors. The emergence of popular models of implementation such as the Dalian Model could be spread through these meetings and circulars as well as providing a means for the MCA to promote particular ideas and agendas it had, such as the “classification guarantee measures.”

The impact of using routine mechanisms was also negative. The use of meetings and corresponding circulars meant that pressure for implementing the MLG was sporadic and only sustained over short bursts. It is noticeable that during periods of significant change in the MLG policy the use of non-routine measures became apparent and the visibility of the policy was sustained for longer periods. An example of this was during 1996-1997 when the number of actors involved in the policy increased, the coverage of the MLG escalated in government media and additional mechanisms of government, such as the Five Year Plans, Development Goals and a State Council circular, were used to get the policy implemented. Similarly during the expansion of 2000-2002 a sustained pressure was maintained using MCA personnel actively visiting the Provinces and monitoring progress. It is apparent that when routine measures are used that non-compliance or gradual implementation is the result.

The Role of Feedback

The other institutional feature which has had an impact on the MLG is that of policy feedback. Policy feedback has traditionally been referred to as affecting policy through the particular decisions made regarding that policy alone. I would argue that feedback has two aspects when it affects a policy. The first aspect is the traditional means by

which feedback from previous decisions constrains the possible choices available later on in the reform of a current policy or the development of a new policy. In this sense feedback impacted on the design of the MLG and then played a significant role in the ongoing development of the policy. The second aspect is feedback from *other* policies affecting the policy being examined. Although it is seldom explicitly stated feedback from a different policy can have a significant impact. In the case of the MLG feedback from both previous social assistance and decisions and outcomes in other policy areas set the agenda and influenced decisions in the social assistance sphere.

The traditional concept of feedback has influenced the design of the MLG in at least three ways. First, the preceding urban social assistance policy of the Three Nos influenced the design decisions made on the MLG despite being replaced. As noted in Chapter 3 the MLG was designed specifically to cope with the emergence of poor groups in urban society which the Three Nos failed to account for – this is the explanation for the means tested format of the policy. The Three Nos had failed because it relied on a category system which ruled people out and had become outdated as poverty began to affect people who did not fall into those categories. A means tested format meant that any household which became impoverished could apply for benefits regardless of what particular category they might fall into. The system before was inflexible whereas the MLG replaced it with one that was inherently flexible. The design of the MLG was, therefore, subject to previous decisions on urban social assistance policy. There was also recognition that the new policy could not exclude those who had previously enjoyed the Three Nos and this helps explain both the means tested element, because it was assumed that a Three Nos recipient would have a limited income, but also the inclusion of a categorical element stating clearly that the traditional Three Nos recipients should also receive the MLG. It could be argued that if the policy had been built from scratch then the category element, a specific reflection of the predecessor to the MLG, would not have been included.

Second, once the MLG began spreading beyond Shanghai a new set of feedback began to influence the policy. The early spread of the MLG was influenced by city models based on the experience of Civil Affairs Bureaux which had already implemented the policy. As discussed in Chapter 4 there were many different models of the MLG in the

mid-1990s. The main models of influence were the Shanghai and Dalian models and these then went on to influence other areas of implementation of the MLG and the final design of the policy. The Shanghai Model originally used local enterprises to help fund and administer the MLG as well as the local government. In Dalian the emerging community organisations were used as administration and local government was expected to fund the MLG in full. The MLG policy which was rolled out nationally in 1997 was not the Shanghai model which first appeared in 1992 but was closer to the Dalian model.

These models for implementing the MLG spread through the routine meetings and circulars and then adopted by other cities. The models acted as a feedback because they helped restrict the options for other cities in adopting the MLG by providing an already prepared model of implementation and experience for other cities to draw on. By 1997 the fundamentals of the MLG, a means tested income top up for households who applied and passed locally set criteria which was administered and funded locally, had been put in place through more and more cities adopting the models already developed by a handful of cities. This feedback created variations in the MLG but it also limited them a great deal as the number of models is minute in comparison to the actual number of cities in China. Finally, the version of the MLG used for the 1997 State Council Circular closely reflects the Dalian model of administration and financing. Although there is no explicit acknowledgement of this feedback interviews did suggest that the MLG was eventually designed on the basis of Dalian's experience. Policy feedback therefore influenced the way the MLG was initially and ultimately designed.

Finally, developments in the MLG which have emerged after the implementation and standardisation of the policy can also be attributed to feedback. In Chapter 5 the "classification guarantee measures" are intriguing because of their resemblance to the Three Nos. The policy was promoted by the MCA as a means to help resolve the problem of variations in perceived needs amongst the impoverished population. Whilst the measures do fulfil this objective they also have a striking resemblance to the traditional social assistance system. The reintroduction of category based social assistance only ten years after the system was abandoned is worth noting. Because the measures emerged from the bottom-up, introduced as a local measure in Daqing, they

can be explained as the reoccurrence of established past practice. Put another way, officials in Daqing when seeking a solution to the variation of poverty intentionally or unintentionally fell back on what they were familiar with, a category based approach.

The second type of feedback where other policy decisions and outcomes impact on a policy, what could be referred to as exogenous feedback, warrants detailed explanation. This is because the point raised is an elaboration on the original concept which, as noted in Chapter 1, is normally tied to a single policy. Feedback as based on the work of Skocpol and Pierson discussed in Chapter 1 is a powerful means to explain the development and design of a particular policy through the branching effect and limitations of path dependence, the emergence and reconfiguration of interests in the policy process and the transformation of state capacity (Skocpol, 1992, Pierson, 1994, Pierson, 2004). Pierson uses the example of a “tree” with particular paths being represented by “branches” of the tree. This illustration works for understanding how a particular agenda might be set as well and the case of Chinese social assistance and Zhu Rongji’s intervention discussed in Chapter 5 are an example of this. If we imagine our “feedback tree” is not the MLG or social assistance policy but is in fact social policy in general the consistent failure of policies like the XGBLG and re-employment service centres (RSC) would represent branches which grew and have subsequently died leaving policy actors in a position where they are forced to consider the options presented by other policy branches, in this example the MLG. Instead of the choice for a policy actor, presented in Chapter 1, being between continuing along the relatively easy path of the already established policy this situation suggests that failure in one policy branch would require a policy decision which jumps from one the failing branch to the other.

As discussed in Chapter 5 feedback from other policies can drive changes in another policy area which might not necessarily be anticipated. The specific failure of the *xiagang* BLG and RSC policies created a social problem, former state workers and the unemployed, that the government wanted to placate before large scale protests occurred which could potentially derail ongoing SOE reform and the destroy legacy of Premier Zhu Rongji. Using the visualisation illustrated above the XGBLG/RSC “branch” of the social policy “tree” had at this point died. Because the branch had died Zhu had to seek

another option and made the decision to jump across to another more successful branch of social assistance, the MLG. In order to ensure social stability and his legacy the sponsorship of Premier Zhu was motivated by the failure of the XGBLG and the development of the MLG was subject to feedback from the failure of policies related to laid-off workers.

Gaps in the Study

Conducting a study in the PRC has presented challenges that have had an impact on the final piece of work. Whilst none of the four points that will be outlined would alter the conclusions drawn above they do explain some aspects of the study that may appear lacking or limited. First, limited access to interviewees, in particular elites, is a problem that any scholar faces particularly those that examine closed authoritarian systems that require field-trips limited in time. This is a problem because without interviewing particular officials the conclusions drawn, particularly regarding motivations, can be challenged. The reality is that it is highly unusual to interview political elites and therefore any conclusions need to be understood in this context. In the case of this thesis although the interviews would have been extremely valuable the access that was gained provided a number of insights that would otherwise not been possible. In addition all conclusions drawn were based on the available information and therefore would only have benefited from additional interviews. Second, a number of documents could not be accessed and their content has either remained unknown or was based on secondary sources. Again this is not ideal but as with the interviews conclusions drawn were based on available information. The area that would have benefited most from this problem would have been the discussion of Shanghai's early development of the MLG. The documents that could not be accessed were known amongst some contacts and are cited in the official literature but were not readily available. This was in part put down to them being "old" and therefore difficult to find without specific access that was available to me or my hosts.

There are three areas that this study does not cover which those familiar with the MLG or with policy making in China might question being excluded. First, the time frame for the discussion is limited to the period from 1992 to 2003 and this was, as argued in the

introduction to the thesis, a decision based on the practicality of what is a massive topic and the cohesion of developments during this period of time. The starting point of 1992 was when developments leading to the MLG first started in Shanghai and is a logical starting point. The end point of 2003 was selected because this was the end of the “Ought to protect, fully protect” campaign and the starting point for increasing diversification in social assistance provision in China. Any study of the MLG post-2003 having to cover in depth the emergence of medical, rent and legal relief provisions the new Social Assistance Law began to get drafted as well as the emergence of a number of significant new challenges to the function of the MLG such as the inflationary pressures of 2007. If these elements were added to what has already been covered in this thesis then the project could have become unfocused. This is not to say that these points and this time period are unimportant (see below).

Second, the discussion does not address the process of individual cities adopting the MLG during the optional roll out in the early 1990s. This is a potentially fascinating topic because it could possibly cover a large number of differing motivations for cities adopting the MLG early on in its development and to what degree this tied in with central government expectations and understandings of the situation. This was, again, not possible primarily for practical reasons because of the sheer number of cases that would be involved. I would also add that the discussion of Shanghai was limited because of restricted access to materials that might have proven interesting. As part of any future project on the MLG I intend to return to this topic and address this particular issue.

Finally, there is an international element to the MLG that is not explored in great depth in the thesis. Whilst the possible significance of study tours is discussed in Chapter 3 and the role of the UN and DFID in Chapter 6 beyond that the topic is not covered. This is for three reasons. First, there was little to no evidence presented that international influences beyond researcher and academic interest in foreign social assistance systems had any role in why and how the MLG emerged and developed as it did. Second, those international organisations that did have links with the MCA and MLG that were interviewed were in the early stages of establishing their relationships and had not had, at that time, any influence (or lack of influence for that matter) on the MLG. Finally, the

main case where international influences have been implied to have had a major impact is outside of the time frame of this study in the drafting of the Social Assistance Law.

Final Comments

This study of the MLG also raises many questions. Since 2003 the scope of China's social assistance coverage has begun to expand rapidly providing more for those who do not benefit from reform. At the same time the government has sought to bring the policy to the end of the Chinese policy process in legislative terms by drafting and soon implementing a Social Assistance Law. This suggests that although China is still developing rapidly and unevenly the government might have decided that its job, with regards to social assistance policy, is for the time being completed. Whilst China continues to develop and is subject more and more to the whims of the international economy the likelihood is poverty will continue to increase. This raises the question of whether the concern of the Chinese government was not increasing urban poverty *per se* but the pacification of laid-off workers, those who had not benefitted from SOE reform and the successful transition from a planned economy to a mixed economy. The question for the MLG is how the policy will cope with its present commitment to the urban poor; will the government continue to happily fund the policy and how will the MLG support people in the context of increasing standards of living and inflationary pressures. We have already seen two possibilities about how the government might behave. In 2007 the government forced an increase in the MLG in response to increasing food prices. In contrast the economic downturn of 2008 and 2009 did not see any activity regarding the MLG. How the government chooses to deal with these questions and new situations is of fundamental importance to both the future of the MLG and more importantly the millions living impoverished lives in China's modern cities.

Appendix A
Methodology:
Interviews and Documents

This appendix will set out and discuss the methods used in collecting and analysing interview and document data for the dissertation. The collection of interview and document data will be treated separately because they were different processes. The analysis of this data will be discussed in one section because the same method was used for both documents and interviews.

Document and interview data was collected during two field trips. The first trip was made from June to September 2006 and I was hosted by the Social Work Department of the Zhou Enlai School of Government at Nankai University, Tianjin. This trip also included a two week visit to Anqing city in Anhui Province. The second trip was made from September to November 2007 and I was hosted by the Social Policy Research Centre at the Chinese Academy of Social Sciences, Beijing. During both trips visits totalling three weeks were made to the Universities Service Centre at the Chinese University of Hong Kong, HK SAR.

Interviews

Selection and Arranging

Potential interviewees were identified from documents, websites and meetings. Once some interviews were conducted then snowballing could take place and this did lead to some additional contacts. Interviews were then arranged through the host institution. The only exception to this was the Anqing trip where interviews were arranged through a local contact.

There was a random element which I would have preferred not to exist in establishing contacts and arranging interviews. Desired interviewees were not always available or arrangements were made on the basis of the hosts own contacts. On more than one occasion interviews were rearranged or cancelled at the last minute. This reflects the reality of conducting fieldwork and whilst more interviews may have been collected

ultimately valuable data was gleaned from those that were conducted. In total 21 individuals were interviewed in Beijing, Tanjin, Anqing and Hong Kong. See Appendix A Additional 1 for an anonymous list of interviewees.

Interview Format

The interview format depended to a degree on the interviewee in question with the majority taking the following structure. I would meet the interviewee as arranged. The venue varied depending on where I was and who I was interviewing. After exchanging greetings I would introduce myself making sure that the interviewee understood that I was conducting academic research, that they would remain anonymous and at this point I would ask if recording the interview was acceptable. If the answer was no then only notes would be taken but if the answer was yes then the interview was recorded digitally. Such an opening sequence was not always possible but I would always ensure the interviewee knew who I was and why I was meeting them. It is important to understand that if agreement was not given the interview was never recorded.

A mixture of open ended and closed questions were used. Probing for additional detail or clarification would be made if necessary. Allowances were made if the interviewee wished to raise additional points. The specific questions asked varied depending on who was being interviewed and at what point during the project the interview was conducted. For example later on in the project interview questions became more specific in an effort to clarify or uncover particular details.

Typically the number of questions asked was less than 20. This was a deliberate decision because interviewees typically met me during office hours and even allowing for a small number of questions phone calls or colleagues interrupting the interview and probing answers meant interviews lasted from 1 hour up to 3 hours.

In all but three cases the interviews were conducted in Chinese. In two of these cases the interviewee was European and English was the language best option to communicate in. In the other case the interviewee used a mixture of Chinese and English. In this case the interviewee had been educated abroad and seemed to enjoy mixing the two languages.

In the majority of cases a student was assigned to act as my assistant during interviews. After interviews I would ask the student to run over their notes with me which would be written up with my own.

Ethics

Interviews were conducted in line with ethics guidelines agreed with the Department of Politics (University of Glasgow) prior to my first trip. Details of the department's guidelines can be found at http://www.gla.ac.uk/media/media_30327_en.pdf. It was agreed that all interviewees would be granted automatic anonymity and in the discussion which follows interviews are identified through simple code which identifies the year and location of an interview as well as a number which allows the author to identify the interviewee. In some cases, where the interviewee agreed, the interview was recorded in digital format. These have been stored securely and are only accessible by the author.

Documents

Chinese language documents collected varied a great deal. The majority were official documents produced by state organisations like the State Council or the MCA and made publicly available. These included speeches, reports, circulars, notes from meetings and answers to submissions made by local Civil Affairs Bureaux. Other materials include newspaper articles, research reports, academic articles, official journals such as the *Zhongguo Minzheng* and Chinese books published on the subject by officials and researchers. In total at least over 100 documents from the 1980s to 2000s were read.

The initial search for documents focused on online material which could be accessed in advance of field trips. This relied mostly on information available at the Ministry of Civil Affairs website and later the Anti-Poverty in Urban China websites which provide a mixture of what were assumed to be key documents, speeches and research materials. From this basis documentary materials were expanded in four ways. First, documents and speeches referred to in read material was tracked down, a reverse snowball. Second, time was spent going through the document collections at the institutions visited and materials were either copied or notes were made on them. Third, materials were

searched for amongst the various local government websites. This focused on but was not exclusive to civil affairs websites. The final method for uncovering useful materials was searching in book stores for newly published materials on social assistance and the MLG.

As all documents used were publicly available there were no ethical considerations beyond accurate citation.

Analysis

Following a reading of materials an initial coding frame was established based on content, key words and phrases used. This frame was built on as more materials were read and coded until it achieved a relatively standard format. See Appendix A Additional 2 for an example of the coding frame used.

From responses made in interviews, the documentary evidence and the themes developed from coding the basis of an argument was formed. Ideas were developed to explain the emergence of the MLG and were then critically assessed. Following the development of these ideas the documentary and interview material was returned to as part of this assessment. This process was cyclical over at least two years and saw the introduction of various ideas from other studies explaining the “theory” codes of 7xx in the coding frame which were used to highlight sections of text which supported a particular approach. The other codes included were based on them being mentioned in a text or interview and were arranged into groups or themes as appropriate.

Appendix A Additional 1: Interview List

1. Interview TJ06-1: Researcher, Beijing.
2. Interview TJ06-2: Official, Ministry of Science and Technology.
3. Interview TJ06-3: Researcher, Tianjin.
4. Interview TJ06-4: Researcher, Tianjin.
5. Interview AQ06-1: Official, People's Government, Anqing.
6. Interview AQ06-2: Official, Anqing Development Zone.
7. Interview AQ06-3: MLG Recipient, Anqing.
8. Interview Grp1BJ06: 2 Researchers, Beijing.
9. Interview Grp2BJ06: 3 Researchers, Beijing.
10. Interview BJ06-1: NGO Official.
11. Interview BJ06-2: Official, MCA, Beijing.
12. Interview BJ06-3: Researcher, Beijing.
13. Interview BJ06-4: NGO Official, Beijing.
14. Interview HK06-1: Researcher, HK SAR.
15. Interview HK06-2: Researcher, HK SAR.
16. Interview BJ07-1: Researcher, Beijing.
17. Interview BJ07-2: Official, Civil Affairs, Dalian.
18. Interview BJ07-3: Official, MCA, Beijing.

Appendix A Additional 1: Coding Sheet

000. Institutional Codes:

- 001. State Council.
- 002. MCA.
- 003. MoLSS.
- 004. MoF.
- 005. MoP.
- 006. Statistics.
- 007. Pricing.
- 008. Supervisory.
- 009. National Development and Reform Commission.
- 010. Development Research Centre of State Council PRC.
- 011. CASS.
- 012. National People's Congress.
- 013. Standing committee of the National People's Congress.
- 014. *Renmin Ribao*.
- 015. *Jingji Ribao*.
- 016. *Shehui Bao*.

100. Administrative Codes:

- 101. Ministry(ies).
- 102. Department(s).
- 103. Bureau(x).
- 104. Province(s).
- 105. Autonomous Region(s)/
- 107. Municipality(ies).
- 108. City(ies).
- 109. County(ies).
- 110. District(s).
- 111. Street Committee(s).
- 112. Shequ/ Community(ies).
- 113. Residence Committee(s).

200. Party Codes:

- 201. CCP/ CPC/ Chinese Communist Party.
- 202. CCP Consultative Congress.
- 203. National Party Congress.
- 204. Standing Committee of the National Party Congress.
- 205. Politburo.

300. People:

- 301. Mao Zedong.
- 302. Deng Xiaoping.
- 303. Jiang Zemin.
- 304. Zhu Rongji.
- 305. Li Peng.
- 306. Li Guixian.
- 307. Zou Jiahua.
- 308. Hu Jintao.
- 309. Wen Jiabao.
- 310. Wu Bangguo.
- 311. Doge Cerang/ Duoji Cairang.
- 312. Fan Baojun.
- 313. Li Bengong.
- 314. Yang Yanyin.
- 315. Tang Jun.
- 316. Guan Xinping.

400. Titles:

- 401. Chairman.
- 402. President.
- 403. Premier.
- 404. Vice-Premier.
- 405. Minister.
- 406. Vice-Minister.

407. Comrade (?).

500. Legislative Codes:

501. 1982 Constitution.

502. 1997 Circular (Guofa 1997 – 29).

503. 1999 Circular (Minjiufa 1999 – 4).

504. 1999 MLS Regulations.

505. Minfa 2000 – 11.

600. Policy Codes:

601. “Economic reform and development.”

602. “Socialist Market Economy with Chinese characteristics.”

603. “Social Stability.”

604. Poor population (poor population’s living difficulties).

605. 8th Five Year Plan.

606. 9th Five Year Plan.

607. 10th Five Year Plan.

608. 11th Five Year Plan.

609. 2010 Goals.

610. Social Security.

611. Social Welfare.

612. Social Assistance.

613. MLS.

614. XG BLG.

615. UEI.

616. OAP/ Basic Retirement Pensions.

617. Basic Medical Insurance.

618. Education fee assistance.

619. Rent assistance.

620. Social Insurance.

621. Medical Insurance.

622. Final Security Net.

623. 3 Lines of Social Security.

624. 6 Parts of Social Security.

700. Theory Codes:

701. Fragmented Authoritarianism.

702. FA: Fragmented centre.

703. FA: Policy Diffusion.

705. FA: Central leadership.

706. FA: Bureaucracy.

707. FA: Local leadership.

708. FA: Bargaining.

709. FA: Management by exception.

710. FA: Incremental change.

711. FA: Bounded rationality.

712. FA: Refutes.

720. 4 Part Institutionalism.

721. 4PI-1: Limited Admin' Capacity.

722. 4PI-2: Policy feedback.

723. 4PI-3: Vested Interest.

724. 4PI-4: Ideological paradigm.

725. 4PI-Refutes.

740. SL-PNA.

741. SL-PNA: First Order.

742. SL-PNA: Second Order.

743. SL-PNA: Third Order.

744. SL-PNA: Social Learning.

745. SL-PNA: Policy Feedback Loop.

746. SL-PNA: Ideas.

747. SL-PNA: Network link.

748. SL-PNA: Refutes.

800. Statistics Codes:

- 801. Money/ Funding.
- 820. MLG Target Numbers.
- 840. MLG Level.

900. Location Codes:

- 901. China.
- 902. International.
- 903. England/ UK.
- 904. Beijing Municipality.
- 905. Tianjin Municipality.
- 906. Hebei.
- 907. Shanxi.
- 908. Inner Mongolia.
- 909. Liaoning.
- 910. Jilin.
- 911. Heilongjiang.
- 912. Shanghai Municipality.
- 913. Jiangsu.
- 914. Zhejiang.
- 915. Anhui.
- 916. Fujian.
- 917. Jiangxi.
- 918. Shandong.
- 919. Henan.
- 920. Hubei.
- 921. Hunan.
- 922. Guangdong.
- 923. Guangxi.
- 924. Hainan.
- 925. Chongqing Municipality.
- 926. Sichuan.
- 927. Guizhou.
- 928. Yunnan.

- 929. Tibet.
- 929. Shaanxi.
- 930. Gansu.
- 931. Qinghai.
- 932. Ningxia.
- 933. Xinjiang.
- 934. Anqing City.
- 935. Dalian City.

1000. Terminology Codes:

- 1001. Research.
- 1002. Investigate.
- 1003. Funding.
- 1004. Targets.
- 1005. Ideology/ Ideological.
- 1006. Pragmatic/ Pragmatism.
- 1007. Strengthen.
- 1008. Pushing/ promoting.
- 1009. Playing games.
- 1010. Incremental.

Appendix B
Methodology:
Statistics

This appendix will set out the methods for collecting and presenting the statistical information presented in the main body of the dissertation. First the collection of materials and the sources used will be outlined. Next particular issues with the available data will be highlighted. Finally, the process of cleaning up of the available data as presented in the dissertation is outlined. Tables B.1 and B.2 present the data collected in raw and cleaned form.

Collection and Sources

Statistical data was collected during two field trips and during time spent online in the UK. The first trip was made from June to September 2006 and I was hosted by the Social Work Department of the Zhou Enlai School of Government at Nankai University, Tianjin. This trip also included a two week visit to Anqing city in Anhui Province. The second trip was made from September to November 2007 and I was hosted by the Social Policy Research Centre at the Chinese Academy of Social Sciences, Beijing. During both trips visits totalling three weeks were made to the Universities Service Centre at the Chinese University of Hong Kong, HK SAR.

A mixture of sources were used in order to try and compile as complete a numerical picture of the MLG. Sources for statistics on the early development of the MLG were extremely varied including yearbooks, speeches, and information in secondary sources. Numbers for the later stages of the MLG's development came primarily from online and yearbook sources. Sources are included in table B.1 below.

Indicators collected included the number of cities implementing the MLG, the number of people receiving the MLG, and the amount being spent on the policy. Other indicators which were collected included the monthly spend on the MLG, the MLG line (national average and by city), the source of funding, and the categorisation of MLG recipients. The only figures presented in table B.1 below are those which were used in the main

body of the dissertation. The reason for these particular indicators being used will be discussed in the section which follows.

Problems with Data

There were three areas of concern with the statistics which were collected. First, dates for data points were inconsistent and irregular. This proved to be a problem until the early 2000s when the MCA began to collect and publish monthly and annual statistics reports on the MLG. Up until this point information on a monthly basis for one year could be almost complete but another year could have only one publicly available report. In other cases a number of months might be available but not others. The excluded months were not consistent either which meant that presenting the information as collected might indicate trends or developments which are misleading. For example graph B.1 below shows the number of cities implementing the MLG from 1993 to 1997 without dates being tidied and graph B.2 shows the same time period but with a consistent (or as near as possible) series of dates used.

Second, units used were not consistent. This reflects the development of the MLG from a relatively small policy to one of national significance. Whereas initially measurements of recipients could be in 100s or 1000s by the turn of the century it would be in millions. Reflecting a policy which did not start with such nationwide coverage the units used to cover measurements such as recipient numbers or the budget total were initially small and then adjusted as the policy developed.

Third, there were cases of duplication. The method adopted to collect data on the MLG during the early stages of its development resulted in duplicates at certain dates. This was because using secondary sources and speeches to produce a statistic might share the same date. The problem did not surface in later data because of similar reasons highlighted in the first point above. During the later stages of the MLG the MCA began collecting data which resulted in consistent reports. This removed the need to collect information from multiple sources which were not necessarily focused on producing statistics and the problem of duplicates therefore receded.

Cleaning and Presenting the Data

In tidying the available statistics for presentation the main objectives were to provide both consistent, regular data points and provide the same data in consistent units.

In years where more than one date was available two principles guided selection. First, if the data point was from December of that year then it was selected. Second, if the data point was from a source already used then it was selected.

In cases where there was duplication and a data point was available from a source already used then it was selected. If this was not the case then the data point from a primary source was selected. It was not necessary to use the latter option as duplicates were between sources already used and a new source.

For the tidying up of units used this was a straightforward selection of a standard unit, either a unit of 1 million (for number of recipients for example), or 1 billion for financial figures. In the case of both choices this was the unit eventually used by official sources once the MLG had become an established policy.

Table B.1 – Collected data

Date	Total Numbers (million people)	Total MLG Spend (billion yuan)	Source
01/08/97	2		(Duoji, 1998a)
27/11/97	2.02	1.15	(Fan, 1998a)
22/12/97	2.20	1.2	(Duoji, 1998b)
01/10/98	2.35	1.56	(Fan, 1999b)
01/08/99	2.2035	0.615	(Li, 2000)
01/09/99	2.871		(Li, 2001b)
01/03/00	3.017		(Fan, 2001a)
01/12/00	3.818	2.96	(Song, 2001)
01/06/01	4.58	1.74	(Duoji, 2001c)
01/01/02	12.35	5.42	(MCA, 2003b) p63
01/06/02	19.308		(MCA, 2003b) p177
01/10/02	11.89	5.42	(MCA, 2003b) p63
01/12/02	20.647	10.86	(MCA, 2003b) p172
01/10/03	21.845		MCA Online, 2009
01/11/03	22.02.2		MCA Online, 2009
01/12/03	22.468	15.1	(MCA, 2004) p236
01/01/04	22.613		MCA Online, 2009
01/02/04	22.601		MCA Online, 2009
01/04/04	22.242		MCA Online, 2009
01/05/04	22.175		MCA Online, 2009
01/07/04	22.078		MCA Online, 2009

01/07/04	22.08		(MCA, 2005) p111
01/08/04	22.013		MCA Online, 2009
01/10/04	22.015		MCA Online, 2009
01/11/04	22.043		MCA Online, 2009
01/12/04	22.081	17.289732	MCA Online, 2009
01/12/04	22.05	17.27	(MCA, 2005) p 264
01/01/05	22.008		MCA Online, 2009
01/02/05	22.113		MCA Online, 2009
01/04/05	21.959		MCA Online, 2009
01/08/05	21.842		MCA Online, 2009
01/12/05	22.328	19.07	MCA Online, 2009
01/01/06	22.434		MCA Online, 2009
01/02/06	22.439		MCA Online, 2009
01/05/06	22.308		MCA Online, 2009
01/07/06	22.28		MCA Online, 2009
01/10/06	22.294		MCA Online, 2009
01/11/06	22.33		MCA Online, 2009
01/12/06	22.409	22.21	MCA Online, 2009
01/01/07	22.409		MCA Online, 2009
01/02/07	22.423		MCA Online, 2009

Table B.2 – Cleaned data

Date	Annual Total MLG Spending (billion yuan)
1997	1.2
1998	1.56
1999	0.615
2000	2.96
2001	1.74
2002	5.42
2002	10.86
2003	15.1
2004	17.28
2005	19.07
2006	22.21

Date	Total Numbers Receiving MLG (million people)
1997	2.20
1998	2.35
1999	2.871
2000	3.818
2001	4.58
2002	20.647
2003	22.468
2004	22.081
2005	22.328
2006	22.409

Electronic Resources

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