The Poverty of Social Rights and Dilemmas of Urban Poverty in China

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Abstract

This article, drawing references from popular theories of social exclusion, capability and civil rights, develops a concept – the poverty of social rights -- in the causal analysis of poverty. The author believes that deficiency of economic resources and working capability are not the only reasons for urban poverty; in fact, the lack of social rights on the part of the disadvantaged sectors of society constitutes simultaneously the cause and consequence of urban poverty. The article defines the concept of poverty of social rights and its characteristics, and analyzes its China phenomenon. In the end the article poses several options and remedies for China’s poverty-relief efforts through designing and implementing a Chinese-style affirmative action.

I. Introduction

The economic reforms in China during the last thirty years have resulted in simultaneous growth of both wealth and poverty. Various statistics and estimates place the current urban population below poverty line at between 15 to 31 million. Currently, there are six main interpretations explaining the rise of urban poverty or “new poverty,” which is different from traditional rural poverty. One attributes it to the competition in a market economy as a result of the open door policy and the ongoing economic transition in the midst of globalization; the second regards the unfair wealth distribution due to the restructuring of spatial and regional inequality by state-owned enterprises (SOEs) as the main cause; the third deems the lack of social security and health insurance systems as the culprit; the fourth believes urban poverty to be rooted in the drastic increase of
unemployment and melting of the “iron rice bowl”; the fifth faults the insufficient education and the poor quality of human capital among the Chinese populace; and the sixth blames it on the social exclusion and deprivation of certain members and groups in the society.

In an earnest attempt to analyze the phenomenon of urban poverty in China, one has to recognize that “economic poverty is not the only kind of poverty that impoverished human lives;” in fact, economic poverty is the reflection of the poverty of social rights. The more fundamental reasons for urban poverty are not simply economic in nature; instead, they lie in the deficiency of social rights on the part of a significant number of urban residents. Therefore, to minimize poverty, it is imperative to first and foremost guarantee equal rights of citizens and ensure social justice. A close look at the American example of urban poverty reveals four main contributing factors – shortage of materials, scarcity of capability, lack of rights, and absence of incentives – that often plague the poor population. Currently in China the ways of dealing with urban poverty are limited to efforts at addressing the shortage of materials and, to a lesser extent, the scarcity of capability of the disadvantaged. This author believes that, even though it may be premature to tackle the “incentive” problem, it is certainly time to cope with issues related to the lack of social rights of the urban poor. The main purpose of this article is not to conduct a quantitative assessment, but rather to put forward ideas for qualitative analyses and theoretical interpretations of urban poverty. It defines the concept and characteristics of poverty of social rights, and discusses how it is reflected in the China phenomenon. Additionally, this article offers some ideas for possible solutions to urban poverty in China.
II. The Concept of Poverty of Social Rights

Obviously, social harmony and stability are based on the availability and equality of social rights; such equality will enable “every citizen to become an official member of the society,” which helps to explain the “meaning of human rights.”10 Essentially, the concept of poverty of social rights has benefited from three other related theories on poverty. One is the prevailing theory of social deprivation and social exclusion in Europe. In 1979, a British scholar came up with the idea of “relative deprivation,” interpreting poverty as the socio-economic reality that individuals, families and groups “lack the resources to obtain the types of diet, participate in the activities and have the living conditions and amenities,” and that “their resources are so seriously below those commanded by the average individual or family that they are, in effect, excluded from ordinary living patterns, customs and activities.”11 Closely connected with the theory of social deprivation is that of social exclusion, which refers to the exclusion of an individual from the various socio-economic resources that his/her fellow citizens have access and/or are entitled to.12

While no doubt valid, these two theories only describe the discrimination experienced by the poor sectors of society, while the concept of poverty of social rights encompasses the causes and effects of such social exclusion and deprivation. In China, the urban poor suffer from not only social exclusion, but also from serious violation of their social rights. To put it specifically, poverty may not stem solely from social exclusion, and those who are excluded may not be all poor,13 but those without due social rights are invariably poor. Applying the concept of poverty of social rights can therefore render the analysis of urban poverty in contemporary China more precise.
Additionally, the theory of capability, advocated by the 1998 Nobel Prize winner in economics Amartya Sen, is also used to explain the cause for poverty. Sen believes that, instead of simply applying the traditional yardstick of personal income or resources to measure wealth or poverty, individual capabilities should be regarded as another reference in assessing the quality of life. In other words, one’s ability in self-actualization has to be taken into consideration because the lack of capability is the real culprit for poverty. Sen maintains that “‘real’ equality of opportunities must be achieved through equality of capabilities” and that capabilities are “notions of freedom” and synonymous with opportunities. Sen’s theory is applicable to the Chinese situation in that the “three without” groups – those who are without the ability to work, without any source of income, and without legal sponsors or guardians – are indeed plagued by the lack of capability. Sen’s main contribution lies in his emphasis on the necessity to develop individual capability in order to solve problems of unemployment and the consequential poverty, in addition to offering material assistance to the poor.

However, Sen’s theory remains insufficient. Many people who find themselves mired in poverty do not lack capability; rather, they are poor as a result of the lack of fair rights that will enable them to realize their potential. In other words, many poor urban residents can work, but they are unable to find a job. Inadequate employment rights in turn have a negative effect on the level of income and thus lead to poverty. While emphasizing the importance of individuals’ internal reason, Sen’s theory overlooks the role of external environment. Effective solutions to poverty depend on comprehensive analyses of both factors. It is true that individuals can enhance their own ability through self-help, but it is also true that the government and society have responsibility for
ensuring individuals’ social rights and providing certain opportunities. This author maintains that the fundamental cause for poverty is the lack of rights. Though supplementing the theory of social exclusion with that of individual capability in assessing poverty, Sen’s theory nevertheless neglects the issue of social rights, which is at the center of all forms of exclusion and deprivation. The poor are socially excluded not necessarily due to their lack of ability but, more often than not, because of the paucity of their social rights.

The concept of poverty of social rights is also partially drawn from some theories on civil rights. One such theory asserts that improvement of civil rights is a gradual process that starts with certain basic freedoms before enjoying political rights and social rights which entail the provision of medical aid, unemployment benefits, housing subsidy and education assistance to the disadvantaged groups. This progression of civil rights is rather typical in Western Europe and more so in the United States. For instance, African-Americans started with the acquisition of some basic rights, followed by their demand for political participation and social welfare. However, in many Asian countries, the governments often trade policies of social welfare for their citizens' relinquishment of their political rights. The provision of social rights can sometimes be more effective in gaining public support than that of political freedoms. It has also been argued that it is necessary to combine civil rights with welfare, for only when the basic socio-economic needs of civilians are satisfied will political freedoms become meaningful. This author concurs that currently the lack of social rights is the most urgent problem for many Chinese, for these rights are prerequisites to a well-functioning welfare system and broader political participation. In other words, availability of social rights is critical for
maintaining and improving individuals’ economic gains; it is also the starting point for realizing political democratization.

By definition, the poverty of social rights is mostly reflected in the denial or restriction of certain individuals and groups the rights to employment, medical care, housing, promotion, mobility, education, entertainment, resource distribution and financial assistance. On the surface, poverty appears as a direct result of the lack of economic rights, but one’s economic rights are no doubt impacted by his/her social rights. For instance, if a person’s character is defamed, does not have the freedom to move, or is unfairly passed over for promotion, then needlessly to say his/her social rights are violated. In such a case this individual’s economic rights are a moot point. Similarly, if in a social environment someone’s personal integrity cannot be protected, then his/her political rights, such as that to vote and participate in political activities, will amount to nothing more than empty rhetoric. Poverty is more than economic in nature; it is, as defined by a British scholar, something that “damages people’s self-esteem, integrity and self-identify, blocks their participation in any decision-making process and venues to other organizations.” The relentless poverty in some regions of India, according to this scholar, is not due to the shortage of natural resources; it is primarily caused by institutionalized inequality, such as the unjust social behaviors against the “untouchables,” unfair land distribution and transfer, dependency of the commoners on the loan sharks, monopolization of public resources in the hands of a few, and gender discrimination. Obviously the quantity and quality of social rights, more than economic ones, are more revealing indexes of urban poverty.
Meanwhile, poverty of social rights also refers to the lack of venues in obtaining those rights. It is usually difficult, if not impossible, for the urban poor to exercise the same rights that are available to other social sectors, including the right to gain employment, to accumulate capital and to make investment. The poverty that erodes the lives of many individuals is not rooted in their lack of ability or diligence; it often results from an unfair and unjust social environment that has deprived them of necessary rights, thus generating a vicious cycle. As one British Minister for International Development points out, many poor people are often “excluded as a result of their nationality, status, geographical position, gender and lack of capability. Especially serious is the fact that, when decisions are made that will affect their lives, their voices are nowhere to be heard.”

It should be emphasized that if the disadvantaged groups simply ask the government for economic aid instead of social rights, then it leaves room for excessive administrative interference and abuse of power. Economic assistance programs can be implemented at the whims of government officials, who may manipulate the time, amount and recipients of aid for personal gains. Materials or monetary help may provide temporary relief as only a means of survival instead of a power to thrive. Consequently, the poor and unfortunate remain at the mercy of the government at all levels -- local, municipal, provincial and even national. In contrast, possession of rights guarantees the poor fair and equal access to economic resources and gives them a more enduring power. Therefore, the absence of social rights constitutes the root cause of the poverty.

Another dimension of the poverty of social rights is seen in an ambiguous and unstable legal system. The availability of a due number of rights is not enough to keep
people out of poverty. Without a complete and comprehensive legal mechanism, hard-earned rights can be lost again, and the disadvantaged can be thrust back into poverty. Only a well-established and judiciously implemented legal system can ensure equal protection of individuals’ rights, regardless of their social or economic status. Similarly, the difficulty, or near impossibility, of regaining lost rights is also symptomatic of the poverty of social rights. Admittedly gains and losses are natural occurrences in a market economy; however, the possibility to regain lost rights is a more powerful indicator of the health and viability of such an economy. Many of the urban poor are not born into poverty; they are driven into impoverishment by a variety of factors, many of which are often beyond their control. More serious is the problem that once falling below the poverty line, they stand little chance of pulling themselves above it. In contrast, it is much easier for the rich to regain their lost wealth and status. The absence of a mechanism that helps the poor to elevate their socio-economic status spells out the inequality for the rich and the poor in regaining economic health.

Therefore, the poverty of social rights can be seen as the limitation or deprivation of rights to individuals and/or groups, who consequently have little access to employment, adequate housing, education, medical care, who have restricted geographical mobility and inadequate economic resources, and who do not receive fair and equal treatment due to their gender, age, physical disability and ethnicity. In a nutshell, these people do not have the necessary social rights, both in terms of the quantity and quality, that are commonly available to the rest of the society.
III. The China Phenomenon of the Poverty of Social Rights

Conceptualizing poverty of social rights and identifying its characteristics can facilitate our understanding of the particular circumstances of urban poverty in China. The urban population that received the government’s “minimum living standard scheme” (di bao) increased from 11.7 million at the end of 2001 to 19.38 million on July 10, 2002; that is, more people can now afford a basic livelihood with some form of aid.25 However, the poverty of social rights in urban China is disturbingly prevalent, evidenced in the widely practiced temporary yet indefinite suspension of employment, arbitrary termination of labor contract (sometimes with a lump-sum payment), inadequate compensation for workers after bankruptcy, forced early retirement, and prolonged delay of pension payment, among other things.26 Applying the concept of poverty of social rights to interpret the China phenomenon, five major issues come immediately to light.

First, current government regulations do not provide effective protection of all citizens’ rights. For example, the 1997 State Council Announcement on Providing Nation-Wide Minimum Living Standard Scheme (hereafter abbreviated as Announcement)27 does not include private small business operators, widows of deceased employees, and criminals’ families to receive the minimum economic allowance from the state. The reality is that, even though many small vendors and widows do have “ability to work and some other possible means of income,” their per capita income still falls below the poverty line, and therefore should be entitled to some form of government aid. As for the family members of criminals, local government agencies often refuse to provide any subsidy on the grounds that “public opinion” prevents them from doing so.28
At the same time, government regulations also make it impossible for the urban poor to receive housing subsidy. With the end of the traditional free housing provision in 1998, both current workers and those whose jobs have been suspended are required to purchase commercial housing on their own. The inherent unfairness of this policy lies in the fact that those who have lost their jobs are severely handicapped financially. That is to say, the “equal” housing policy in theory is actually unequal in practice, as it further jeopardizes the interests of the already disadvantaged. Over time the living conditions for the urban poor will worsen, leading to further social stratification and regionalization of poverty in urban areas.\textsuperscript{29} A direct result of such development may be the appearance of ghettos, as are prevalent in many urban centers in the United States. Similarly, current official welfare policies do not offer medical assistance to the unemployed. Even though some laid-off workers can cash in on their unemployment benefits during the first two years when they can also apply for medical aid, once the two-year limit is over, they will lose all help for medical treatment.\textsuperscript{30}

Furthermore, the current senior pension system in China is likewise unequal.\textsuperscript{31} On the one hand, companies have continually advanced the mandatory retirement age for workers from the previous sixty years of age to as low as forty; on the other hand, society and labor departments have refused to acknowledge that these “retired” workers are “old” enough to benefit from the senior pension system. Consequently, those who had to “retire” in their forties have to wait until they are sixty to be eligible for the pension. In addition, current policies stipulate that the amount of pension payment is contingent upon the length of time during which its recipients have paid into the system and their average salary during their working years. However, the unemployment insurance for those who
have lost their jobs either through lay-offs or the early retirement program does not pay into these people’s pensions, thus greatly reducing the amount of money that they will receive by the time they reach sixty. To make matters worse, having their jobs suspended or been forced into early retirement, they are ineligible for medical insurance because their companies have not paid the 6% out of their retirement pension for their medical insurance, customarily done for those who retire at the normal age. Needless to say, these unreasonable and unfair official rules and company policies place a significant segment of the urban population in a double bind.32

The second problem is that even reasonable and well-defined government rules are not implemented fairly and effectively. Many local governments inject their own interpretations of the State Council’s 1997 Announcement and its Regulations Regarding Unemployment Insurance which was put forward on January 22, 1999.33 According to these regulations, as long as the average per capita income within a family falls below the poverty line, the entire family is entitled to the “minimum living standard,” including those families with three-generations living under the same roof. However, a common practice at many local levels is that, if one family member has income, regardless of the amount, then the entire family is rendered ineligible for the “minimum living standard” program. Moreover, local governments often arbitrarily assign 200 yuan to each of those unemployed who are considered as “able-bodied.” Some cities adopt a policy of forcing poor families to take turns in receiving government aid; others decide on their own that those between the ages 18-50, healthy and able to work are all excluded from the aid.34 Little acknowledgement is given to the fact that those able-bodied may not be able to find a job. Blurring the lines between incentive and right to work is one of the erroneous ways
of policy implementation. Currently 21% of China’s urban population is stuck in poverty as a result of the deprivation of their rights to work, not the lack of incentives or ability to work. According to the Ministry of Civil Affairs statistics, only 6% of the recipients of the “minimum living” aid are without physical capability to work, without any other source of income, and/or without financial caretakers or guardians.

Another example of erratic implementation of official policies is seen in the fact that the Beijing Municipal Government decides that husbands and wives cannot be both without a job at the same time, yet an investigative report on a mining area in Beijing reveals that as many as one-third of husbands and wives are both laid off. When the workers demand their legal rights, companies often justify their violation of the municipal government’s decision on the pretext that they simply do not have the resources to abide by the regulations. The Beijing Municipal Government has also ruled that career centers at state industries are responsible for providing two job possibilities for laid-off workers, and only after two rejections from a worker can the company finally terminate his/her labor contract. However, one survey indicates that very few workers have been introduced to any new jobs at all. Whenever workers demand their employers to observe state policies that they had obtained from the news media or from certain government officials’ speeches, a typical employer’s response is: “you can ask the T.V. station to solve your problem,” or “since Jiang Zemin has said so, why don’t you ask him directly to take care of your situation!” Some companies go so far as to block any information on government polices and regulations, thus violating the most basic rights of citizens to access information.
The third China phenomenon is the disadvantaged groups’ lack of rights to participate in any decision-making process and their resultant increasing sense of social alienation. The fact that policy makers often neglect the interests of the urban poor and that the practitioners often fail to abide by official regulations can be primarily attributed to the total absence of any voice from the disadvantaged groups in formulating those policies in the first place. Their involvement in making the “rules of the game” is vital in ensuring and furthering equal rights and social justice. Faced with many unfair rules, outraged workers are afraid to speak out, knowing that their voice does not carry any weight at all. For instance, those whose jobs are suspended are not allowed to obtain taxi-driving licenses, so they are forced by sheer financial necessity to drive a taxi without permission. Once being discovered, the penalty ranges from a fine of 20,000 yuan to confiscation of the vehicle. In numerous cases of rights violation, neither the labor unions nor the workers’ representative bodies have done much on behalf the workers. In the words of some poor urban residents, labor unions amount to nothing more than decorative devices, like “ears of the deaf.” In fact, they would be grateful if these unions do not openly support the management. Many workers’ representatives have gone so far as to sacrifice the interests of their fellow workers for personal gains, though in the end some of them have been unable to avoid lay-offs either.

The existing institutional structure does not allow any legal representation for unemployed workers, nor is this representation found at the National People’s Congress and the Chinese People’s Political Consultative Conference (CPPCC). More often than not, independent workers’ organizations are banned before they are even officially formed. Without any due representation or direct connection with decision-making
agencies, jobless workers find it impossible to protect their own rights, let alone participating in any rule-making process. Many, after suffering unfair and unjust treatment, receive no legal protection from the labor arbitration committee or the court. Within a corruption-ridden court system, those without money or connection stand little chance of success in any lawsuits.  

Naturally the urban poor in China have a heightened sense of resentment or even hostility toward the various power-capital groups and, in a larger sense, a growing power-capital economy. According to the government, those who have lost their jobs are entitled to a one-time subsidy ranging from 5,000 to 10,000 yuan in support of their efforts at opening a small business. However, lack of connection with the power-capital groups makes it difficult for these start-ups to succeed. One study reveals that children of miners and their spouses, as well as their families/relatives who are likely miners themselves, have no affinity whatsoever with any power-capital groups. The increasing marginalization and alienation of the powerless have generated strong counter currents, if not downright rebelliousness, against the mainstream society. In keeping with the theory of social exclusion, poor people’s individual rights are the first to be jeopardized; only by establishing their own organizations can they form collective power to safeguard their interests. The corruption and rent-seeking of the power-capital groups are directly responsible for the crisis of confidence and sense of alienation felt by the poor and the weak, who will ultimately doubt and challenge the very legitimacy of the government. Relatively speaking, the impoverished rural population does not necessarily pose grave threat to social stability, for its existence is rather isolated and its collective consciousness of rights often lacking. In comparison, the marginalized urban poor and their
consequential resentment or defiance can be contagious to others in a similar lot. It is hard to forecast or estimate the destructive force of a mistreated, humiliated, organized and radicalized population mired in deep poverty.\textsuperscript{45} The fact that the majority of this sector usually resides near factories or government agencies makes organized anti-government activities much easier.\textsuperscript{46} The frenzy of conspicuous consumption and rampant corruption on the part of the power-capital groups can further ignite the feeling of animosity, which may in turn contribute to unpredictable social upheavals.\textsuperscript{47}

The fourth characteristic of the China phenomenon is that, aside from economic hardship, the poor also suffer from social humiliation and degradation of their personal integrity. The Chinese have long developed a value system that rewards the hardworking contributors and looks down upon selfish “freeloaders.” It is a common belief that only those old, weak and disabled who are in a state of total helplessness without any income-earning power are entitled to government assistance, whereas those who are relatively young and able-bodied are objects of public ridicule and contempt if they ever attempt to receive any aid.\textsuperscript{48} This Maoist mentality has given rise to the concern that the “minimum living standard scheme” may encourage laziness. One investigative report discloses that in Chongqing, Tianjin and Lanzhou, the percentage of families who do not come to visit their poor neighbors are 45\%, 40\% and 38\%, respectively. Some interviewees had the following remarks: “neighbors all stay away, and I don’t even have a chance to borrow any money – it is really hard;” “sometimes when I take my daughter out, others would avoid us even from a distance;” “one day our next door neighbors found some coal missing, and they immediately accused me of having stolen it; that made me tremble with anger.”\textsuperscript{49}
Moreover, for the ostensible purpose of gathering “accurate information” so as to include the poor as beneficiaries of the “minimum living standard scheme,” local officials often conduct unexpected "investigations" of poor people's homes without any advance notice and permission. They feel free to randomly check their facilities, furniture, or even meals, and examine their utility and telephone bills. To make matters worse, some local governments publicly post all private income and property information about the recipients of the “minimum living standard scheme” in the name of transparency and supervision. Therefore, ironically, while the government is helping the poor in their struggle against economic poverty, it creates another form of poverty -- the poverty of social rights. As a result, the poor often suffer from the deprivation of their privacy and, even more importantly, their dignity.

Such social ostracism and humiliation have added insult to injury and created serious psychological problems for the poor and unfortunate. In a society that centers around contacts and connections, this kind of social isolation and insult have reinforced the sense of alienation and lowered the self-esteem among the impoverished. Such societal disrespect and discrimination against the economically unfortunate, coupled with the lack of sensitivity to their privacy, have been described as the “poverty culture.” As maintained by some scholars, the pension as a benefit for the poor is one of the social rights that they deserve; to call the unemployment pension “unemployment subsidy” is disrespectful to its recipients.

Last but not least of the China phenomenon is that some socio-economic groups have to endure more violation of their rights than others. One such group is labeled as “non-regular workers” who are paid wages but not allowed to sign an official labor
contract or participate in any social security programs. Given a market where the “buyer” has the absolute upper hand, many factories take advantage of this situation by forcing their employees to leave their posts while replacing them with rural workers or other urban residents who are willing to put up with the unfair treatment.\textsuperscript{55} These “non-regular workers” are increasingly becoming the main source of labor in various Chinese urban industries. It is estimated that in the next ten to fifteen years they may constitute as much as 50\% of the labor force in cities and towns.\textsuperscript{56} Others put this figure at over 80\% when taking into consideration both rural laborers and employees in town and village enterprises (TVEs).\textsuperscript{57} The government should not, and must not, encourage such type of employment, for by depriving workers of their basic rights, it will only intensify urban poverty.

Another group is the so-called “land laborers,” who are farmers-turned-workers because they had to trade their land for factory jobs. They are supposed to have secure, if not guaranteed, rights of employment due to their land contribution, yet they still suffer from the same lay-offs that their urban counterparts do.\textsuperscript{58} In the end they have lost both their land and the promised job.

The “floating population,” or “unrooted noncitizen,”\textsuperscript{59} is another rights-starved group. Statistics from the Ministry of Civil Affairs show that 40.4 million people belonged to this category in 1999, including those who moved from small towns into cities. These people do not have the same rights that other urban residents do in seeking employment and fair work compensation. Limited rights of mobility have rendered the poverty rate among the “floating population” 50\% higher than that among other urban
residents.\textsuperscript{60} This is a prime example of how the lack of social rights has been directly translated into economic hardship.\textsuperscript{61}

The middle-aged and senior citizens do not fare much better.\textsuperscript{62} The prevailing age discrimination in hiring practices is responsible for the reluctance of laid-off workers to receive retraining, for their efforts may very well be futile. Women, who are forced to leave their jobs at an even earlier age, feel particularly less motivated to go through the process of retraining, only to find themselves rejected repeatedly by prospective employers.\textsuperscript{63} Consequently, these people are caught in a vicious cycle: poverty results from unemployment, which is at least partially caused by age discrimination, thus taking away the incentive for them to get re-tooling; lack of technical know-how then makes it even more difficult to get another job, hence the ever-deepening abyss of poverty.\textsuperscript{64} A member of the CPPCC describes this group as such: “some have become so poor that they have to resort to scavenging left-over vegetables and/or selling their blood in order to put food in their mouths; others, unable to afford electricity charges, have to grope in the dark. In the remote, mountainous areas in northern China some have to suffer in the cold because they do not have money for coal; others, unable to afford any medical treatment, have to endure not only minor ailments but some crippling diseases as well.”\textsuperscript{65}

The sick and disabled people are yet another group of casualties.\textsuperscript{66} The government subsidy for laid-off workers, unemployment insurance and social pensions is distributed per capita, regardless of the severity of sickness or disability. One interviewee who has a severe case of arthritis with an amputated leg has to pay an annual medical expense amounting to 60,000 yuan, yet he and the rest of his family have to rely on his wife’s monthly salary of 1,000 yuan, and count on his yet-to-mature unemployment
insurance. Others who suffer from work-related injuries can have their medical expenses reimbursed, but are not compensated otherwise since companies generally treat these injuries as ordinary ailments in order to avoid additional costs. State policies stipulate that injured workers due to work-related accidents cannot be laid off, but many employers have let them go anyhow. Needless to say, it is next to impossible for these people to find another job. Furthermore, after being forced to leave their positions, they are no longer eligible for full reimbursement of their medical bills. Studies demonstrate that “nearly one-fourth of the poor families consist of single-mothers with young children; 14% are seniors and 5% are injured and disabled men.” In a mining area in Beijing, those who are over 35 years old and those who are sick or disabled find their employment prospects the slimiest.

School-age children in urban poor families are also adversely affected. Nowadays not only elementary and middle schools charge a hefty tuition and so-called sponsor fees, even daycares and kindergartens are doing the same. Moreover, private tutoring has become a trend, forcing parents to pay an exorbitant additional amount of money for their children’s education. Those who struggle to make ends meet have no way of shouldering this heavy financial burden. One child who is registered in a rural area from which his mother came cannot go to an urban school because his family is unable to afford the excessive extra “transfer fee.” Another survey indicates that in Wuhan, Tianjin and Chongqing, poor families whose children had to drop out of school due to the expenses have reached 27%, 22% and 20%, respectively.

It has to be noted that the poverty of social rights for these aforementioned urban groups has already become institutionalized, for the discrimination against and exclusion
of these people are acquiesced by society and encouraged or even protected by the legal system. For instance, many companies openly announce that women have to retire at the age of 45; many universities have it in their written documents that no handicapped students will be admitted; employers have no qualms declaring that they hire only male applicants who are healthy and under 35 years of age. It is true that social discrimination exists in many countries, but it is at least carried out in a more subtle way. In China, by contrast, such open and blatant discrimination is public knowledge and widely practices.

IV. Directions of Anti-Poverty Efforts in Urban China

Using the analytical framework of poverty of social rights to scrutinize the China Phenomenon, this article proposes some remedies for the predicament of urban poverty in China. First and foremost, it is imperative to balance policies dealing specifically with the four main types of poverty: shortage of materials, deficiency of capability, deprivation of rights, and lack of incentives. Obviously the four stages have their inherent and logical connections. For instance, when hunger and disease are rampant, the government’s priority should naturally be the supply of material assistance; when most people’s basic needs for food and shelter are met, efforts should be devoted to helping the poor to develop their ability. Recognizing that ability does not necessarily equate rights, mechanisms should then be established to provide the disadvantaged with institutional assurance of their socio-economic rights. If evidence suggests that welfare has become an indispensable part of its recipients’ life and a culture of dependency has evolved, the government should address incentive-related issues by encouraging the poor to modify their modes of behavior, develop a work ethic and become active participants of the
labor force. Therefore, policy changes are naturally related to the level of economic development as well as the political and cultural environment of a given country at a given time.

As has been mentioned in this article, the four different phases of poverty-relief policies in the United States, which respectively address the problems of material shortage, scarcity of capability, lack of rights and insufficient incentives, may have to be followed step by step, but the duration of each stage of policy implementation can be shortened. Taking into consideration the four central types of urban poverty, China should formulate a comprehensive and far-sighted plan despite the current need for the material-based “minimum living standard scheme.” Only in doing so can China venture beyond the expedient “spot treatment” of poverty symptoms, thus steering clear of a possible vicious cycle.

Different views and interpretations of poverty call for different anti-poverty policies and solutions. If insufficient economic resources are seen as the primary problem, then a “blood transfusion” approach can serve the purpose of alleviating the crisis of material shortage. If, on the other hand, poor people’s lack of capability is regarded as responsible for their poverty, then the “blood creation” method should take the center stage in equipping the economically destitute with necessary knowledge and skills for their self-improvement. If the lack of social rights is identified as the underlying cause for urban poverty, then ways of “blood protection” should be devised; that is, to construct and/or reconfigure a system so as to ensure fair and effective program implementation. By the same token, if the “welfare syndrome” becomes a social disease,
then measures of “blood revitalization” should be taken in order to break the cycle of excessive dependency, rejuvenate the society and prevent the “disease” from spreading.

It is the author’s opinion that, even though material assistance and improvement of ability have to remain the focal point of China’s anti-poverty policy at the present time, it is nonetheless crucial for the government to take a far-sighted look at China’s situation and be prepared to shift its focus from the guarantee of basic livelihood and basic employment to the insurance of social rights. Just as it would be unwise for developing nations to refuse environmental protection on the grounds of insufficient economic resources, it would be equally inadvisable for the Chinese government to simply concentrate on the present circumstances without taking future needs and benefits into its policy equation.

China also needs to rationally analyze the different needs of both the poor and the rich in attempting to find a win-win solution to its problem. It is a natural tendency that the poor desire wealth and status, while the rich often seek peace and stability. The social policy theory points out the dilemma that governments encounter when implementing anti-poverty procedures. On the one hand, it is necessary to redistribute existing economic resources in order to reduce social tension and prevent large-scale rebellions; on the other hand, any form of redistribution, regardless of its degree and scope, will inevitably give rise to conflicts. If preserving the status quo of crippling social disparity is suicidal for a government, ill-planned redistribution may pose even more grave threat to social and political stability. Therefore, wise, rational and meaningful resource reallocation is all the more critical for heading off a potential violent revolution. Since
any redistribution is by nature intended to help the poor, it tends to upset the existing social hierarchy and jeopardize the various interest groups.\footnote{74}

In light of this dilemma, can the win-win economic theory be materialized in the process of distributing and redistributing wealth? Can the two extreme social spectrums – the poor and the rich – identify some common interests on the platform of social justice? Numerous historical cases have demonstrated that the rich would not voluntarily give up their economic and social gains; however, confronted with wide-spread workers’ strikes, peasant revolts and the civil rights movements, they would have no choice but to concede.\footnote{75} Therefore, the rich people in China should cooperate with the government in making some timely, though perhaps limited concessions, before the poor rise up in violent revolts. In the process of resource redistribution, the principles of “caring” and “sharing” will come in handy in creating a stable social environment, one that is also conducive to sound economic reinvestment. The respective desire for wealth and stability on the part of the poor and the rich may serve as a point of convergence of their interests. If the rich recognize the danger of extreme social and economic disparity, they should also realize that they are virtually in the same boat as the poor. If the boat capsizes as a result of excess imbalance, they are in as much danger of drowning as the poor. Conversely, they will be essentially helping themselves if they become active participants in poverty relief efforts (one way to do it is through broadening investment to create job opportunities for the poor). Needless to say, minimizing the potential for social disturbance and reducing crime rate are the prerequisites to a healthy environment for investment. The press and media should also refrain from making the rich-poor relationship into a zero-sum game and proselyzing the virtue of Robin Hood.
As for the underprivileged, poverty itself is not to be feared, but the lack of equality and a fair environment in which they can better their lot is far more damaging. “Insufficient income is usually the outcome of the lack of property as well as lack of the avenue to the labor market.” Therefore, society and the government should create a mechanism to curtail the spread of poverty instead of widening the social divide. One common characteristic of a market economy is its uncertainty and unpredictability. If typical party politics means that different parties all have the opportunity to be the ruling party, then a society should also be able to witness certain ups and downs of both the rich and the poor. Stories of the rags-to-riches serve to encourage the disadvantaged to improve their lives, while examples of the rich sinking into poverty also instill a sense of uncertainty in the wealthy. As for the rest of the society, cases such as these will signal the power of opportunities while engendering a sense of fairness and justice. Currently in China stories of degeneration of the rich may be more effective than the reverse, for they can help to dilute the prevailing resentment and hostility against the rich, thus softening the prospect of serious social conflicts. For this reason it may be necessary for such cases to receive more media attention. The emergence and alternation between new found wealth and poverty are signs of a healthy market economy; only in a monopolistic power-capital economy winners will have it all and their gains will last forever.

Furthermore, China should reconcile the human-centered approach and the material-based one in designing anti-poverty policies, and to keep in mind that people, not things, should always be given the priority. Sustaining healthy economic development demands poverty reduction, yet lessening poverty is not only for the sake of achieving economic growth. Poverty relief cannot be treated as a profitable business, and
its level of success cannot be measured simply by the amount of money or material used for various projects. Both social and economic developments require that human beings remain the focal point in the entire process of poverty relief.\textsuperscript{78} To be sure, a market economy alone is unable to eliminate poverty because the impersonal market force is generally disinterested in contributing to public welfare.

Therefore, in dealing with poverty, it is not enough to simply dispense material and monetary assistance; investment in “human feelings” is far more important. A government has to set as its highest principle the social rights and well being of its people. The Chinese Constitution stipulates that the poor and unfortunate have the right to get government aid. Article No. 45 of the Constitution clearly states: “Chinese citizens in their old age and sickness, or in cases of having lost their ability to work, have the right to receive aid from the government and society.”\textsuperscript{79} Empowering people with rights should take precedence to other forms of government support, as “rights make it possible for the most marginalized and the most powerless individuals or groups to, within the framework of national or international laws, place their just demands to the government.”\textsuperscript{80} Without a caring attitude and humanitarian commitment, poverty relief efforts cannot achieve the desired effect, for recipients of material assistance may still harbor resentment toward the government and the society in general. On the contrary, with demonstration of genuine compassion toward individuals, even limited material investment can reap larger benefits. In a society like China where the tradition of humanism and social etiquette has always been valued, the cultural significance of humanitarian investment can be priceless. In keeping with such an approach, both public and private sectors should be mobilized to participate in poverty-relief projects.
Establishing private foundations, for instance, will be conducive to funding philanthropic projects; permitting financial institutions to issue small loans to the disadvantaged may be another useful way of marshalling resources of the banking industry to join the poverty relief endeavors.

In the same vein, families can also play a major role in caring for the poor and unfortunate. The dissolution of many families in the U.S., for instance, is at least partially responsible for the high level of poverty among certain social groups, for it has left many homeless wandering on the streets. The rarity to spot a homeless Asian American is not due to the absence of poverty (poverty rate among Asian-Americans by the end of 2001 was 10.2%, higher than the 9.9% for whites); however, the deeply-engrained family culture is instrumental in alleviating the pain and suffering. Alcoholism does exist among Asian Americans, but it has never been as serious a social problem for them as it has for other ethnic groups in American society because Asian American families usually help to soften personal crisis. By lending a hand to poor families while reconstructing and rejuvenating the healthy aspects of Chinese family culture, rooted in the age-old Confucianism, China can utilize another unique cultural resource in caring for the poor and pacifying the unfortunate.

Meanwhile, the human principle of anti-poverty policies also requires the inclusion of urban residents in the process of decision-making, for it will encourage all interest groups to pledge their support and commit their resources to anti-poverty programs. The current village election is a useful example of combining farmers’ rights and responsibility through their participation in the decision-making process. Prior to implementing the village self-election system, the government had to cope with rural
discontent while finding it hard to ask villagers to fulfill their economic obligations. Having given the rights of political self-determination and democratic participation to villagers, the government now has little difficulty requiring village committees to carry out their economic responsibilities in solving local problems. This is a case of trading political rights for social stability. If district governments and urban neighborhood committees can exercise the same political rights as some of their rural counterparts through free election, they can also help dissipate urban poor people’s discontent by providing a peaceful outlet to their anger and frustration.

Finally, it is also necessary to reconcile the idea of “equal” opportunity with the practice of “unequal” care for the disadvantaged and to come up with a Chinese style affirmative action. The American affirmative action was designed, through legal reinforcement, to encourage government agencies, education institutions with federal funding, as well as industries contracted with the federal government, to meet the quota of recruiting, hiring and promoting a certain number of women and minorities within a designated time limit. Violators could lose their government contracts or funding at any time. Meanwhile, the Equal Employment Opportunity Commission and the Office of Federal Contract Compliance were established to enforce the affirmative action. This epochal move greatly promoted gender and ethnic equality in American society. Many members of the various disadvantaged groups, such as African-Americans, Hispanic Americans, Asian Americans and women, were able to leave poverty behind as a result of bettering their employment, education and promotion opportunities.

The American Affirmative Action is not only rooted in the desire to equalize individual rights, but also driven by the necessity to construct an “unequal” instrument in
order to correct some existing wrongs. In doing so the government has to take radical means in conferring seemingly unequal opportunities to those groups who have long been discriminated against by the mainstream society. Without such a policy it would be impossible for those underrepresented groups to change their lives in any significant fashion.

China can certainly take a leaf from the American book and create an affirmative action program with Chinese characteristics. The central government has practiced special policies toward the minorities, but the most serious discrimination is currently directed against the poor, peasants, women, senior citizens and the disabled. To quicken the pace of its anti-poverty efforts, the Chinese government can promulgate its own anti-discrimination laws to ensure citizens’ legal rights. One immediate thing that can be done is to require all those who have contracts with or receive funding from the central government, including schools and industries, to give up their current discriminatory hiring practice based on gender, status, health, ethnicity, age, and geographical location. This kind of positive administrative interference in local affairs for the sake of safeguarding rights of the disadvantaged and ensuring social justice is fully justifiable both in the eyes of the Chinese populace and the international community.

The making and implementing of an affirmative action in China will not change the existing societal structure, nor will it pose any serious threat to the current interest groups. Furthermore, it will not go against the principles of a market economy, for the government, as an “investor,” has the right, in the interest of social justice, to attach certain conditions and demands the recipients of its investment to abide by its rules. The government action will fall well within the pattern of “supply and demand,” commonly
practiced in a free economy. With low economic costs yet high social yields, a Chinese affirmative action will, by ensuring social rights and promoting social justice, improve the image of the government, and ultimately facilitate the process of political reforms in China. In the meanwhile, it will effectively contain the influence of power-capital groups, thus laying a solid foundation for a rational and peaceful reconfiguration of interest groups and serving as a new initiative for China’s future development.

Notes

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74 Ibid.


77 Kang Xiaoguang, “Analysis of China’s Political Stability in the Next 3-5 Years,” 11.


81 The recent survey in 1999 indicates that 41% of the homeless in the United States are white non-Hispanic, 40% are black non-Hispanic, 10% are Hispanic, and 8% are native American. It makes almost no room for Asian Americans as the homeless. See Patrick Grace, “No Place to Go (Except the Public Library),” *American Libraries* 31 (May 2000): 54.


87 Regarding the detail implementation of the fairness, caring, and sharing during the American Progressive Movement, see Zhaohui Hong, “Shehui gongzheng yu zhongguo de zhengzhi gaige” [Social Justice and China’s Political Reform], *Dangdai Zhongguo Yanjiu* [Studies on Modern China] 1 (1999): 13-33.