

# Making People Breathe

## A Case Study of the Shanghai Social Assistance Programme Di Bao



Maria Döll

Master Thesis in Human Geography

Department of Sociology and Human Geography

University of Oslo

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## Abbreviations and Chinese Terms

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<i>Di Bao/dibao</i>	<i>Zuidi Shenghuo Baozhang Zhidu</i> , Minimum Living Standards Scheme
HDI	Human Development Index
HDR	Human Development Report
<i>Hukou</i>	Chinese Household Registration System
ILO	International Labor Organization
IMF	International Monetary Fund
MDGs	Millennium Development Goals
<i>Mianzi</i>	Pride, face
OECD	Organisation for Economic Co-operation and Development
PPP	Purchasing Power Parity
SOE	State-owned enterprise
UNDP	United Nations Development Programme
UNRISD	United Nations Research Institute for Social Development
Yuan	Basic unit of Chinese currency Renminbi (CNY); CNY 100.00 = NOK 90.58 or USD 15.83 (27 <sup>th</sup> April 2012) <sup>1</sup>

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<sup>1</sup> <http://www.oanda.com/lang/de/currency/converter/>. Downloaded 27<sup>th</sup> April 2012.

# 1. Introduction

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## **1.1 Relevance**

Recent history has witnessed a substantial change in mainstream thinking around social security and development. Thinking has been reversed. While social security used to be discarded as having disadvantageous influences on development, it is currently being argued that social security has beneficial implications on economic and human development. Thus, reasoning has shifted from social security being perceived as negative towards the very same concept being appreciated as advantageous (Midgley, 2010). Clearly, previous efforts to alleviate poverty have not been successful to a sufficient extent. Almost a quarter of the world's population had access to less than \$1.25 (PPP) per day in 2008.<sup>2</sup> Expressing poverty in different terms, the world adult literacy rate was no more than 80.9% in the period 2005-2010 (UNDP, 2011). This number might not seem low. Nevertheless, it represents millions of illiterate adults. It is thus of interest to scrutinise the potential of social security to influence development. All the while it is important to keep in mind that social security is but one small piece of the development puzzle (Midgley, 2010).

While the interest in social security and human development is established, it is nevertheless coupled with a lack of research documenting the effects of social assistance programmes in the South (Barrientos, 2009). Examining this issue in the South is of particular relevance. Human development is generally lower there (UNDP, 2011) and thusly the impact of a social security programme is of vital importance to the recipients. More particularly, there are evident knowledge gaps with regards to East Asia. As to this region, little empirically-based research on the implications of social security programmes has been conducted (Midgley & Tang, 2010). As to this, the social security programme Di Bao is of interest. It is a Chinese means-tested social assistance scheme (Hanlon, Barrientos, & Hulme, 2010) which is known under a variety of names. Its full title in Chinese is *Zuidi Shenghuo Baozhang Zhidu* (Tang, 2003-2004). In English, the programme is known as the Minimum Living Standards Scheme (Xu, 2007) and the Minimum Livelihood Guarantee Scheme (Hanlon, *et al.*, 2010), among other things. This public programme comprises both a cash transfer element as well as in-kind transfers (Xu, 2007), such as those in relation to food and

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<sup>2</sup> <http://povertydata.worldbank.org/poverty/home#>. Downloaded 17<sup>th</sup> April 2012.



health care (Zeng, 2010). Di Bao has been designed as a last security to fall back on in case of need (Chan, Ngok, & Phillips, 2008), i.e. it is to counter absolute poverty (F. Wu, Webster, He, & Liu, 2010). The programme was first introduced to the initiative of the Shanghai government in 1993. Shanghai was the first location for the programme in the whole of China. Later on, the State Council decided that the programme was to be implemented in all urban areas and thus the programme spread quickly (Gustafsson & Quheng, 2011). By 2008, there were about 23 million Di Bao recipients (National Bureau of Statistics, 2009, in Gustafsson & Quheng, 2011). This leads the programme to embrace a great recipient number in comparison to cash transfer programmes implemented in other Southern countries (Hanlon, *et al.*, 2010) and makes the Di Bao programme particularly interesting to investigate.

Huang pointed out in 2003 that not much research had been done on Di Bao (Huang, 2003). On the one hand, the literature review connected to the present thesis has revealed that the last ten years have seen an increased number of English publications surrounding the programme. This was supported by Gustafsson and Quheng (2011) regarding the overall literature on Di Bao. Yet, on the other hand, this research gap has not been filled to a sufficient extent. Leung and Xu note that “the lack of specific information on performance and impacts will hinder the capacity of the [Di Bao] programme to make improvements” (2010, p. 58).

On the basis of these gaps, research on social assistance - and more specifically the Di Bao programme - is called for. Hence this programme has been chosen as the case for this study. Midgley and Tang (2010) argue that East Asian politicians are susceptible to research findings when making decisions about the design of social security. However, it is not only East Asia in general and China in particular that can benefit from research on social security. Also, countries in other parts of the world can learn from China’s experiences concerning this issue. Therefore, this study is not only of academic value. It is equally of practical value to both policy makers and - first and foremost – to social security recipients in the South.

## **1.2 Research Question and Approach**

The basic topic of interest in this paper is the connection between social security and development. However, this is an issue of more general nature and is too large to be feasibly embraced. The ambiguous idea of development will be approached through the concept of human development. This is also in order to give room for non-economic perceptions of development

(Alkire, 2010). Hence, light will be shed on the connection between social security and development by seeking to answer the following research question:

*How does the implementation of the Shanghai Di Bao influence the human development of its recipient households?*

In other words, the thesis aims to illuminate the ways in which Di Bao contributes to human development. This also includes disadvantageous implications of the programme. The approach chosen to pursue the research question is of a qualitative nature. Thus, a discussion of complexity, breadth and linkages will be of significance to the thesis. There will be a focus on what is being influenced (Marshall & Rossman, 2011) rather than to what extent something is affected. This is in comparison to what a quantitative approach would envisage (Rowntree, 1981). A qualitative approach enables the researcher to retreat from a pre-conceived worldview (Marshall & Rossman, 2011). This way, how Di Bao is being perceived by the informants can be determined. An opportunity is being provided to explore a sensitive issue concerning marginalised persons (Marshall & Rossman, 2011; Mayoux, 2006). Approaching the topic from a qualitative stance is also supported by Midgley and Tang (2010, p. 11) who argue that “[t]he importance of [East Asian social security] programmes is revealed not only in terms of their statistical impact on the incidence of poverty but by the subjective experiences of those who receive benefits”.

In order to pursue the study, an instrumental case study design has been chosen. Fieldwork has been carried out in Shanghai as from 3<sup>rd</sup> May to 11<sup>th</sup> June 2011. Shanghai is situated on China’s East Coast and is the nation’s largest city, encompassing 21 million inhabitants. Nowadays, it represents a vital economic and financial centre in East Asia.<sup>3</sup> Although observation was one means of data collection, the main data stems from 24 semi-structured interviews. Most of these have been interpreted and notes were taken of the interviews’ content. Apart from the interview notes, also field notes have been taken. The interviews were conducted with two informant groups which were Di Bao recipients as well as academics. All recipient interviewees lived in the same North-East neighbourhood, called Ju Wei (informant A4). The interviewees have been anonymised on the basis of protection issues (see below).

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<sup>3</sup> <http://news.bbc.co.uk/2/hi/business/6618163.stm>. Downloaded 6<sup>th</sup> March 2012.

Differing parts of theories have been selected and integrated in order to pursue the analysis. One main theory component of the present thesis is the normative framework which includes statist, individualist and communitarian approaches towards social security. Theories on the influence of cash and in-kind transfers on human development represent the second main component.

So as to discuss theory on social security, the term needs to be clarified. The ILO defines *social security* to be “the protection which society provides for its members through a series of public measures against the economic and social distress that otherwise would be caused by the stoppage or substantial reduction of earnings resulting from sickness, maternity, employment injury, invalidity and death” (ILO, 1984, p. 3, in Hall & Midgley, 2004, p. 236). The ILO definition is the most common one and it reveals a focus on statutory provision (Hall & Midgley, 2004). However, the normative framework not only includes statist measures but also individualist and communitarian ones (see Midgley, 1995). Hence, alongside the inclusion of statutory provision, also non-statutory measures will be embraced by the understanding of social security in this paper.<sup>4</sup>

Delimiting the research question, human development in recipient households refers to six dimensions in this paper. These are nutrition, health, education, employment, housing and social relations. As to the definition of *recipient household*, the category of *recipients* includes both those persons currently receiving Di Bao as well as those who have done so until recently. This is due to practicality reasons during fieldwork. Regarding the category of *household*, it can be defined as “[a] socio-economic formation comprised of one or more individuals who share living quarters, often framed as those who 'eat from the same bowl and live under one roof” (Katz, 2009, p. 345). Thence, close family members such as spouses, parents and children are included in the category of recipient households. The decision to use the household – and not the individual - as the unit of analysis is grounded in Di Bao being calculated on the basis of a household’s income (Xu, 2007). Any reference to recipients in the paper relates to the whole household, even when not explicitly stated at times.

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<sup>4</sup> See also Döll (2011).

### **1.3 The Structure of the Thesis**

Having started out with the *introduction* in Chapter One, light has been shed on the relevance of the thesis topic as well as the research question. Subsequently, Chapter Two will entail the *analytical framework*. It gives room for a discussion of the basic concepts of human development and social security. Additionally, the revival of social security in both practice and theory will be elaborated upon. Following this, the theory will be funneled down in two steps. Firstly, the meso-level normative framework will allow for the presentation of cash and in-kind transfers. Secondly, the theory on cash and in-kind transfers facilitates the discussion around the discrete linkages between these transfer types and nutrition, health, education, employment, housing and social relations. Subsequently, Chapter Three will shed light on selected *methodic* issues. These are qualitative methods, case studies, fieldwork, ethics, data analysis and trustworthiness. The centrepiece of the thesis, the *analysis*, is to be found in Chapter Four. It will start out with background information on social security in China's pre-reform and reform eras as well as Di Bao. Following this, the six linkages between Di Bao and nutrition, health, education, employment, housing and social relations will be analysed. In Chapter Five, *conclusions* will be drawn. They will be accompanied by a recontextualisation of the findings as well as a discussion of possible questions for further research.

## 2. Analytical Framework

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Several strands of thoughts are relevant to the research question. While the concept of *human development* gives a framework for development goals to be achieved, the theories on social security (the *normative framework* and the theory on *cash/in-kind transfers*) represent the strategic link towards achieving human development. Thereby, human development represents a holistic frame for the six dimensions to be analysed (*nutrition, health, education, employment, housing and social relations*). Selecting varying components of the concepts and theories allows for building a coherent analytical framework which is adapted to the present case and against which the analysis will be played out.

### **2.1 Prelude**

#### ***2.1.1 Human Development***

The traditional form to assess development has been economic, with economic growth or GDP per capita the units of measurement. However, there has been criticism about this approach, as it does not take into account equity issues and natural resource diminution. However, and as the prior points of criticism indicate, the main issue of disagreement has been with the exclusive focus on economic aspects. Other dimensions of well-being that are highly valued by people are being neglected, such as happiness and health. Human development is a concept that seeks to shift the focus from solely economic aspects towards a more holistic understanding of human beings (Alkire, 2010) and this is the reason why human development has been chosen as the development concept to be used in this study. As the first Human Development Report by the United Nations Development Programme (UNDP) states, “the expansion of output and wealth is only a means. The end of development must be human well-being” (UNDP, 1990, p. 10). Thereby, it builds on an idea that had already been embraced by Aristotle and modern economists such as Ricardo, Smith and Marx. The well-being of people takes centre-stage and human development thus has a normative connotation (Alkire, 2010).

Having discussed differing definitions of human development over time, Alkire (2010, p. 40) proposes, among others, the following one:

“Human development is ... about building human capabilities - the range of worthwhile things that people can do, and what they can be – and enabling people to shape their own lives. And it seeks to ... appropriately advance equity, efficiency, sustainability and other key principles. People are both the beneficiaries and the agents of long term, equitable human development”.

The choice of words in the definition is no coincidence. Human development is inherently linked to the capability approach, of which Nussbaum and Sen are important proponents. The so-called *capabilities* in the capability approach are interchangeable with the *dimensions* of the human development concept. According to Alkire (2010), no consensus has been reached regarding whether a conceptual difference between the two approaches exists. Rather, they focus on different aspects: while the former is concerned with the link between the underlying philosophical issues and practice, the latter concentrates on the implementation itself.

The concept of human development is comprehensive. Firstly, it is not only open to several geographical scales, such as regional, national or local ones. Secondly, it also comprises all levels of wealth: human development applies from the richest to the poorest persons. This also implies a link between human development and poverty (Alkire, 2010), with the latter “suggest[ing] a state of welfare/illfare in which a person cannot function in one or more respects as a capable human being” (Corbridge, 2009, p. 573).

Thirdly, human development is an open-ended concept, meaning that the capabilities – or dimensions - of human development are not fixed. There are three dimensions that have appeared in every HDR between 1990 and 2009: education, longevity and a decent living standard. Other dimensions that have been focused upon throughout the years have fluctuated, such as employment, the environment, personal safety, political freedom and human rights. Nonetheless, this is not to indicate that the dimensions not being focused upon are invalid. This reasoning points towards the concept of human development being very much related to Sen’s refutation of a categorical list of capabilities (Alkire, 2010). Sen (2004) proposes to not limit the list of possible dimensions due to different locales having different needs, as well as not diverting the selection of dimensions from public debate. This introduces a fourth factor of the comprehensiveness of human development: openness towards differing dimensions. Context-sensitivity is thus inserted into human development. Not all dimensions apply equally to differing contexts and a list of dimensions might not be transferable from one country to another. By contrast, during the 1990s, Nussbaum argued that there needs to be a list of limited capabilities which are preset before entering a local context. This is so as to not let decisions about which capabilities are being allowed for at a given place be influenced by

local powerful men. Also, Nussbaum points out that too many capabilities would reduce the political cutting power altogether (see Alkire, 2010).

Discussion around the relevant dimensions also includes two well-known UNDP related constructs: (1) the MDGs, which were introduced in 2000 and are selected goals for promoting human development, and (2) the Human Development Index (HDI), which was launched in 1990 and which is a measure of human development (Alkire, 2010). Neither of the two is exhaustive of what human development means, with the MDGs including more dimensions than the HDI (Alkire, 2010; UNDP, 2005).

Concerning the MDGs, the 1990 HDR demanded international targets and argued that they should be limited due to practicality reasons. Too many goals were not to reduce political attention (Alkire, 2010; UNDP, 1990). This argument is thus in line with Nussbaum. As to the HDI, it has been criticised by Chan *et al.* (2008) for being too narrow to capture all aspects of human development. This is as it does not contain other factors than GDP per capita, education and life expectancy (UNDP, 2005). It is thus argued to be too narrow a measurement of well-being (Chan, *et al.*, 2008).

All in all, the concept of human development is much larger than what the present paper can embrace. This concerns, for example, the number of human development dimensions: while the paper sets out to include a greater number of dimensions than the HDI, it is still limited in comparison to all the dimensions embraced by the human development concept. Out of the human development dimensions that Di Bao touches upon, the present paper will focus upon nutrition, health, education, employment, housing and social relations. Another delimitation refers to the level of analysis: while the scale of human development spans from individuals to larger democratic processes (Alkire, 2010), the analysis will be restrained to the household. This decision has been taken because Di Bao is calculated based on a household's income (Xu, 2007). What is more, there was no room to distinguish between differing household members in the present study due to the intertwined relationship of household members and the short time-frame of the interviews with Di Bao recipients. The paper is clearly limited in this regard. This is not least concerning the non-recording of the power distribution within the households which has an impact on the well-being of its individual members (Katz, 2009).

### 2.1.2 Social Security

As presented in the introduction, this thesis uses the ILO definition of social security which has been complemented by individualist and communitarian measures to be found in the normative framework. All in all, differing social security strategies have been devised for implementation. For instance, the US chooses to include no more than the insurance for handicapped persons and the old-age pension by the central government. Commonly, however, more types of programme are included (Midgley, 2010). The three basic types of statutory social security programmes can be defined as follows (Townsend, 2009, pp. 36-37, italics added):

1. “broadly *universal tax-financed benefit schemes* ... for all residents of a particular social category determined by age, disability or other qualifying condition” (an example of which is a transfer to every child),
2. “broadly *universal social insurance programmes* that collect ... contributions on income from employment of all insured persons and their employers” and
3. “*social assistance schemes* only for those qualifying on test of means, that provide minimum benefits or income”. As to this, a “means test [implies t]he poor or poorest individuals or families [to be] identified by some sort of externally set criteria” (Hanlon, *et al.*, 2010, p. 102). An example is the Shanghai Di Bao which in Spring 2011 encompassed every household living on less than approximately 500 Yuan per month and per person (Gustafsson & Quheng, 2011; informant A7).

All in all, there is widespread consent that cash transfers are a distinguishing characteristic of social security, with the ILO additionally including health care in its perception of social security (Midgley, 2010). Yet, Hall and Midgley (2004) point out that it is not uncommon for social assistance programmes to also provide for in-kind transfers. This is, for example, the case as to Di Bao which comprises the possible supplementation of the cash transfer with subsidies in health care and education, among other things (Zeng, 2010).

Differing countries have designed diverse mixes of the three types of statutory programmes that have been defined above. As Townsend (2009) points out, the three types of statutory social security programmes need to be distinguished in order to carry out a clear analysis. This advice will be followed by analysing the Di Bao social assistance programme.



## *The Embeddedness of Social Security*

While the paper focuses on a specific social security scheme, it recognises that it cannot be comprehended in a vacuum. This is neither in relation to other social security measures nor to the wider context in which the case plays out. While one feature of social security is theorised to be poverty reduction (Midgley, 2010) social security still needs to be integrated into wider development policies. As Hanlon *et al.* (2010) point out, cash transfers are one of several elements as regards bringing about development. They are “not a magic bullet” (p. 64) and need to be supplemented by other means, such as an extension of schools (Hanlon, *et al.*, 2010) and the creation of jobs. Hence, it is of vital importance to coordinate differing measures within a national framework. In addition, wider development endeavours concerning social and economic issues are also supportive in dispersing social security to larger parts of a population in the first place. An example of which is extended health care (Midgley, 2010). In addition, informants do rely on other sources than Di Bao in order to protect their livelihood. These range, among other things, from savings (informant R3) via unemployment assistance (informant R14) through to kin support (informant R9). In China, it is a legal requirement for children to assist their parents (informant A5).<sup>5</sup>

## **2.2 The Revival of Social Security**

As with many other concepts, thinking around social security has been subject to differing influences throughout the course of history. This section will discuss the interrelation between thinking and implementation of social security. It argues that social security has currently regained currency as it is theorised to have beneficial effects on poverty reduction.

Social security played a role in history and continues to do so nowadays. Regarding the South, it was historically introduced by colonisers who established systems from their countries of origin. This took place in Jamaica and in other areas in the 1600s. Later on during the 1900s, social security programmes were introduced in a range of developing countries, with the ILO and others playing a supportive role (see Hall & Midgley, 2004). Regarding countries of the Organisation for Economic Co-operation and Development (OECD), social assistance schemes were the first type of social security programmes to be introduced (Townsend, 2009). The precursor of social assistance was the Poor Law, introduced by the

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<sup>5</sup> See also Döll (2011) as to some aspects of section 2.1.2.

English Queen in 1601 which gave tax-financed relief to people living in poverty (see Hall & Midgley, 2004). However, since World War II social assistance generally only accounts for a small share (less than 5%) and insurance programmes in particular have become prominent (Townsend, 2009).

However, during the 1980s the neoliberal stance gained currency and it was theorised that social security slows down economic growth as well as having negative effects on the level of living. Thus, the prevailing climate criticised social security as it was argued to be the cause of – and not remedy for – poverty (Midgley, 2010). These conclusions were drawn, as involvement by the government was thought to represent a disruption to the efficient distribution of resources by the market (Howlett & Ramesh, 1993). The World Bank and the International Monetary Fund (IMF) played a crucial role in spreading these neoliberal policies in Southern countries. Poor countries were given no choice but to conform to the free market stance if they wanted to receive financial resources, as the structural adjustment programmes exemplify. A great many social security schemes in developing countries were privatised, downsized or abrogated altogether (Midgley, 2010). At the end of the day, neoliberal reasoning was proved wrong as their policies did not foster the expected results: poor countries stayed poor (Hanlon, *et al.*, 2010). The World Bank received widespread criticism against the devastating effects of its structural adjustment policies (Townsend & Gordon, 2002b). The introduction of the human development concept by the UNDP in 1990 illustrates the renewed attention given to human despair which was the result of the policies of the 1980s (Alkire, 2010; UNDP, 1990). The closely related MDGs depict that social security is again regarded as a means of poverty alleviation (Midgley, 2010). Back then, the World Bank reacted to the critique by starting to promote safety nets at the turn of the decade (Kanji, 2002) which were argued to be the means that social security should be provided by. Safety nets are means-tested programmes which target their recipients. This means that solely the poor benefit (Deacon, 2005). Safety nets have been criticised on the grounds of them being small-sized. Aside from this, they do not alter a structural cause of poverty: inequality (Kanji, 2002). All in all, this approach is still to be characterised as neoliberal (Deacon, 2005).

With the new strand of social security thinking not being content with safety nets, Deacon (2005) acknowledges that there is a shift towards universal coverage. This is at least observable with regards to the discourse of major international organisations. This - though partly – also relates to the World Bank. While Townsend and Gordon (2002a) agree, they

furthermore argue that this shift has not yet taken place fully as regards real-life policies. Therefore, the World Bank and IMF still use selective social security measures.

Findings by Kangas (2010) support the critics of neoliberalism. His article highlights the importance of social security advantageously impacting upon human development. The analysis of seventeen OECD countries between 1900 and 2000 finds that the mean longevity has risen from 47.6 to 78.9 years. The author asserts that economic growth is necessary, however, it is not sufficient for increased life expectancy over the long term. The welfare state has had an impact as well. Thus, a higher share of social spending in comparison to GDP has a positive effect on longevity. In addition, universal programmes with adequate transfers have a greater impact than limited programmes which transfer higher amounts to just a few recipients.

In sum, the link between social security and development is being dissected again. At this point, the historic pendulum of thinking has swung once more back towards an emphasis on social security (Hanlon, *et al.*, 2010). Neoliberals still influence the policies which are being implemented. Nevertheless, they are being contested by more and more influential proponents of social security who are seeing it as a means in poverty alleviation (Midgley, 2010). Yet, this renewed focus encompasses a great many stances when it comes to how social security is to be designed. Townsend (2009) argues for the prioritisation of social insurance as well as universal, categorical benefits (i.e. to all persons within a given group such as children). However, Hanlon *et al.* (2010) put emphasis on the latter in addition to targeted social assistance schemes, combining them into what they call *cash transfers*. These authors thus reveal that they only focus on part of what social security can imply. In line with other authors, Hanlon *et al.* (2010) point to the fact that not everyone benefits from economic growth. Neoliberal thinking is thus argued to have been proven wrong by the latest history. Instead of “a rising tide lift[ing] all boats”, it rather “*sinks* leaky boats” (Hanlon, *et al.*, 2010, p. 7, italics from original).

Putting aside these differences, it is possible to raise the question of whether the new strand in development thinking around social security is worthy of support in the first place. As Easterly (2009) points out, Western development attempts have comprised an escalation of plans, i.e. ever larger endeavours to aid the South, without being successful. The current social security wave can be argued to represent just another example of this as it aims to restructure society. As a second point of criticism, the new strand in development thinking can be criticised for being eurocentric. For example, Townsend (2009, p. 30) speaks of

“reintroduc[ing] a successful historical model” in the developing world before elaborating upon the history of social security in OECD countries. In defence of these criticisms, it can be argued that they hardly apply to the present case study, as Di Bao is a home-grown programme (Chan, *et al.*, 2008).

### **2.3 The Normative Framework**

The purpose of this section is to discuss a theoretical framework which gives room for analysing how social security can be achieved.<sup>6</sup> It thusly features a strategic link towards achieving human development.

In earlier times, it was not acknowledged that social policy builds on theoretical foundations. This was even though decisions rested on implicit theoretical suppositions: “[a]lthough it was previously argued by some that social policy is a technical field based on a scientific assessment of what works best, such opinions are heavily influenced by values and ideological beliefs” (Hall & Midgley, 2004, p. 24). Thence, the strategies that are being discussed in the present chapter rest upon theoretical bases (Midgley, 1995). Of prime relevance to this is “normative theory [which] assesses ... events in terms of evaluative criteria” (Midgley, 1995, p. 69). Hence, judgments can be made whether a certain policy is effective or morally desirable. Within normative theory, there are three main approaches: the statist, the communitarian and the individualist approach all of which are relevant to this paper. They represent three differing general approaches towards how social security is to be achieved. Their underlying theories on how societies are made up vary and hence this also applies to their social security strategies (Midgley, 1995).

The following figure shows the main approaches with the corresponding subtypes which are to be discussed in the following sections. Together, they represent what is being denominated as the *normative framework* in this paper.

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<sup>6</sup> See also Döll (2011) with regards to section 2.3.

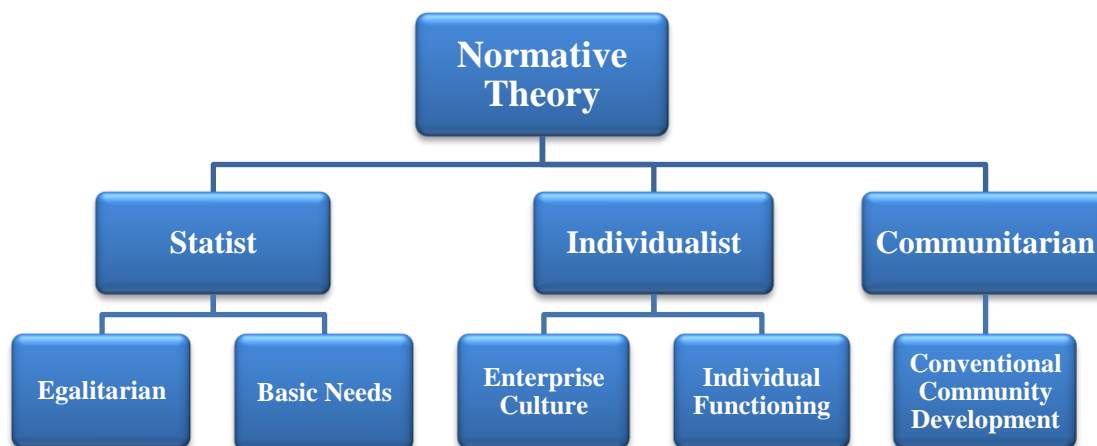


Figure 1. The normative framework. Main approaches within normative theory with selected subtypes. Source: adapted from Hall and Midgley (2004), with parts added.

### 2.3.1 The Statist Approach

The first main approach to be discussed is the statist one. Its groundwork has been laid by collectivist ideology, with the basic idea being cooperation to fulfill a person's needs. This line of thought is associated with the collective, or state, providing for social security. It influenced Marxist thinkers as well as proponents of social democracy in the 1800s. Later it gave rise to, among other things, the European welfare state. Nevertheless, there has been a long-standing strand of criticism aimed at this approach. The argument that the state uses the provision of social security to control its citizens has been put forward. Another point of criticism refers to the hypothetical negative effects of statutory social security provision on the economy (see Hall & Midgley, 2004).

While several strategies within the statist approach have been devised, it is the basic needs subtype which is of most relevance to the analysis. It stands in opposition to the *egalitarian subtype* developed in the 1970s which argued that there needs to be significant resource redistribution in order to bring about human development. Of the means proposed by egalitarians are land redistribution and higher statutory social spending. Proponents of the *basic needs subtype*, however, either question the feasibility of redistribution or its necessity. They argue that resources are insufficient so as to have a noticeable effect on poverty when redistributed. An alternative position is that the egalitarian subtype would lead to

disadvantageous consequences for economic advancement, with Milton Friedman being a proponent. On the basis of this line of thinking, the basic needs subtype was developed. This happened in the 1970s – the same decade in which also the egalitarian subtype emerged. Proponents of the basic needs subtype agree about economic growth not being in a position to end poverty by itself. Hence, there is no meaning in waiting for the possible ending of poverty through economic advancement. The needs of the poor are to be met immediately. These basic needs include, among other things, housing, nutrition, health care and education. It is the state's responsibility to act to improve the living standard of the poor and it should proceed by targeting services. Hence, not everyone should enjoy the services, only the ones who fulfill certain criteria. The targeted programmes are meant to fill a provision gap where the poor are excluded from services that others can access. This way, productive capacities of those in need are to be fostered (see Midgley, 1995).

### **2.3.2 The Individualist Approach**

The second main approach within normative theory rests upon individualist ideology. According to this strand of thought, it is the individual who is the primary entity in society. The historical basis is to be found, amongst other things, in relation to rationalism and the French Revolution. The individualist approach gained importance in the 1980s and was linked to the politics of Reagan and Thatcher. Within the individualist approach, it is the market - and not the state - that is of central importance to social security provision. Services providers, such as schools and clinics, are to be owned privately. Individuals thus have a higher responsibility for meeting their own social security needs through work (Hall & Midgley, 2004). This is being done by them following their self-interests (Midgley, 1995). Thus, human development dimensions are to be fulfilled by means of market exchange (Hall & Midgley, 2004).

Nonetheless, the pure, *laissez-faire* form of this approach - the total retrenchment of the state from the workings of the market - is not being embraced by the field of human development. They question the idea that social security for all will follow from self-interest in the market. Rather, they argue for limited statutory intervention. This softened individualist approach has seen the development of several subtypes. One of them aims to *nurture a functioning enterprise culture* in which people have the chance to fulfill their social security needs (Midgley, 1995). Hence, “individuals will only be able to promote their welfare as independent economic actors if governments create institutions which will facilitate their efficient use of the market” (Midgley, 1995, p. 107). Regarding this, one of the necessary

elements is, for example, the bank sector. Another subtype refers to *fostering individual functioning*, otherwise the existence of an enterprise culture does not make a difference in meeting one's needs. Thence, individuals must be supported in coping with material and especially psychological issues that impede them from efficient market entry, examples of which are a low sense of self-worth or problems in their private life. This subtype stands close to the culture of poverty theory (Midgley, 1995) which argues that people live in poverty because of their culture. This has been met with criticism as structural poverty issues are left aside (Porpora, 2002).

### **2.3.3 The Communitarian Approach**

Lastly, the third normative theory being discussed by Midgley (1995) is based on populist ideology. It stresses communities as the basic societal entities that should be used to foster human development. One of several subtypes within the communitarian approach is the *conventional community development subtype*. Usually, it is materialist, i.e. it aims to build, for example, roads or schools. Nonetheless, some initiatives underline ideational issues, such as self-help (Brokensha & Hodge, 1969, in Midgley, 1995). Also the geographical scale differs as some programmes focus on the local scale while others are organised state-wide. Apart from this, a main component is the partnership between locals and non-local organisations, which may be governmental. This finds expression in the actors on the ground being locals as well as trained, non-local persons. An example of this subtype was the pre-colonial communal ownership in a range of places (see Midgley, 1995).

According to Hall and Midgley (2004), the statist, individualist and communitarian approaches may be implemented separately or be merged in order to design alternative human development strategies. One example of this is the *institutional approach* developed by Midgley (1995) himself where he integrates the three main approaches, giving the state the role as organiser. The new framework thus poses an improved human development approach to him. This entails a critique towards solely pursuing one single type of approach, i.e. a statist, communitarian or individualist one, as one would miss out on resources that would have been provided by the other ones. As the analysis will reveal, the mixing of different approaches is of concern in China. Nonetheless, the country's social security approach during the pre-reform and reform eras are not as comprehensive as the institutional approach.

Additionally, Midgley (1995) stresses the need for human and economic development policies to be united into one framework, with social security having an advantageous effect on the economy (Hall & Midgley, 2004). Also, Szreter (2007) stresses that social security is very supportive of market growth. All in all, there are differing positions regarding whether social security is conducive to economic development or if it poses an obstacle to it (Mkandawire, 2001). However, economic issues are beyond the scope of this paper. One exception is the background chapter which provides a discussion about the embeddedness of Di Bao into its wider context, including economic aspects.

The analysis will be informed by the normative framework and addresses the following questions:

*How can China's pre-reform social security system be classified according to this framework?*

*How can China's social security system during the reform era be classified according to this framework?*

*Where is Di Bao to be categorised into the normative framework?*

## **2.4 Supporting Human Development In-Cash and In-Kind**

Having reflected upon the meso-level normative framework, the discussion will now proceed to a lower theoretical level. This section aims at exploring how social security measures of the basic needs subtype can influence upon human development. The analysis will reveal that Di Bao is to be situated within the basic needs subtype (see subsection 4.1.2) and that is why this subtype has been chosen for further scrutiny. Many of the lines of thought discussed in the present section are based on studies in the developing world. The section thus represents a mixture of theory and recent evidence.

### ***2.4.1 Cash Transfers***

By using the term cash transfer, Hanlon *et al.* (2010) express themselves somewhat ambiguously regarding what they centre upon. It needs to be highlighted that the term cash transfer is utilised by the authors in order to connote more than simply the transfer of cash. It comes with an attached approach and they argue that cash transfers represent a new paradigm. This is so because they are not time-limited such as safety nets which “involv[e] short-term support in emergencies”. Rather, they represent “stable and reliable forms of support for [the]



poor and vulnerable” (Barrientos, 2009, p. 253). This includes the state being of more importance to cash transfers than to the neoliberal safety nets (Hanlon, *et al.*, 2010).

As broached earlier, their usage of the term implies that cash transfers “are neither contributory nor insurance-based but, instead, funded by tax revenue” (Hanlon, *et al.*, 2010, p. 25). The term includes both universal benefit schemes as well as targeted social assistance schemes. Hanlon *et al.*’s (2010) book thus encompasses a range of differing options on how specific cash transfers can be designed on the ground. Correspondingly, it can be categorised as encompassing both the statist egalitarian as well as the basic needs subtypes. In addition, it slightly leans towards the individualist approach as it is argued that the poor need cash in order to be able to use the market to their advantage. Notwithstanding the theory being somewhat broader than what is strictly necessary for the analysis, it offers interesting insights into the effects of social assistance on human development.

Cash transfers in the South – as defined by Hanlon *et al.* (2010) - were solely about ten years old at the time they wrote their book. Barrientos, Holmes and Scott’s (2008) listing goes somewhat further back in history, when recording the cash transfers that have been on the rise throughout the developing world. The authors list 84 programmes in 40 countries, with the majority having been established in the 1990s and 2000s. According to Hanlon *et al.* (2010), cash transfers reach about 110 million families. The largest programmes have been set up in Mexico, China, South Africa, Indonesia, Brazil and India. Thus, Di Bao represents one of the largest cash transfer schemes in the developing world.

As the basic building block, Hanlon *et al.*’s (2010) theory rests upon the positive developmental effect of handing cash directly to the people in need. Cash transfers give recipients a choice as they are the ones who decide how to utilise the transfer. The reason people live in poverty is not that they do not know how to ameliorate their situation, but rather that they are lacking the financial resources to do so. People living in poverty are accustomed to living on small sums of money. Therefore, they utilise supplementary financial resources wisely. This is shown by research that shows that money being accessed through cash transfer programmes is primarily utilised on survival needs, including health care and food, followed by expenses for children, such as education. Hanlon *et al.* (2010) go on to argue that poverty is not linked to low motivation levels. This is shown by the poor constantly attempting to improve their lives. This line of thought reveals that it is the poverty trap model that is used to explain destitution. As Hanlon *et al.* (2010, p. 4) state, “you cannot pull yourself up by your bootstraps if you have no boots”. Money in the hands of the poor individual or their families

is needed in order to start a virtuous circle out of poverty. In order to bring this about, no more than a relatively small sum is needed.

The poverty trap theory has been vigorously opposed by Easterly (2009) who - in regard to the effect of aid on growth - does not find convincing evidence of its validity. He states “that African growth outcomes have been uniquely poor, and yet Africa is the most aid-intensive continent. To believe in a positive growth effect of aid, one needs to believe in the counterfactual that African growth would have been even worse in the absence of aid” (pp. 390-391).

Hanlon *et al.*'s (2010) book is intrinsically linked to the affordability argument. The authors state on the basis of Szreter (2007) that there is room for developing countries to afford cash transfers. According to them, this stands in opposition to a commonly met argument that states developing countries are lacking in financial resources in order to bring about social security (Cichon & Scholz, 2009). Szreter (2007) is thusly supported by Cichon and Scholz (2009) who conclude that countries with similar GDP per capita differ significantly in their spending on social security. Therefore, they reject the argument that developing countries cannot afford social security.

Discussing cash transfers generally in a positive manner, Hanlon *et al.* (2010) point out some reservations about them. First of all, the money transfers need to be ensured in the long run in order for the advantageous effects to come about. With a guaranteed income to meet their most pressing needs, the poor can afford to try out risky endeavors, such as a new venture. Also, they can do without labour from their children when they attend school. A second relativisation of cash transfers relates to them not eradicating poverty on their own. Wider social policies in the fields of, among others, education and infrastructure are needed. In such a context, cash transfers work as a catalyser as they assist in exploiting the potential of these wider policies more completely. Further on, in order for cash transfers to be effective in fairly industrialised nations, they leastwise need to be set at 20% of household expenditures (Hanlon, *et al.*, 2010).

Cash transfer programmes have been criticised for their difficulty of targeting the “rightful” recipients. Often, persons above the poverty line receive assistance. There is also an inclination towards people becoming recipients because of having connections with the schemes' bureaucrats (Midgley, 2010).

### 2.4.2 *In-Kind Transfers*

Hanlon *et al.* (2010) acknowledge that many a cash transfer is complemented by the offer of social services, turning to another issue that is of relevance to the analytical framework: in-kind transfers. Weber (2010) points out that there exist social assistance schemes in developing countries that give access to services or items, such as food, directly. In this thesis, these will be called *in-kind transfers*. To make the focus clear, it should be noted that differing types of social security can entail in-kind benefits (such as health insurance) (Currie & Gahvari, 2007). Hence, in general in-kind transfers span across more types of the normative framework than solely the basic needs subtype. However, in this paper, in-kind transfers are being discussed through the lens of the latter, with the focus on only one type of social security: social assistance.

As to the distinction between cash transfers and in-kind transfers, the former allow the recipients to choose what to spend their transfer on (Hanlon, *et al.*, 2010), while the latter make a pre-set good available. In-kind transfers, as defined in this paper, do not only include the direct, material provision of a good, such as food. It also comprises the mediated provision thereof by means of vouchers, such as what is done with food stamps. Additionally, state subsidies for goods are included (Currie & Gahvari, 2007). In-kind transfers are argued to have positive human development effects (Hyman, 2008).

Hanlon *et al.* (2010) point to the need for wider social policies and call for the quantitative and qualitative improvement of schools and health care. On the one hand, they point out that cash transfers are utilised to pay user fees. Since they question whether cash transfers should be spent on this purpose, they call for free health care provision for the poor. More generally, they wonder whether it is correct that access to education is income-dependent. On the other hand, however, they argue against vouchers as they limit the recipients' choices, as well as against subsidies as they support higher income groups more than the poor. This leads to an incoherent theory. One can ask how access to social services can be improved when neither vouchers nor subsidies are an option - and cash transfers should not be utilised to this end.

Others present a more consistent argument about the complementarity of cash and in-kind transfers. For example, Jaspars, Harvey, Hudspeth and Rumble (2007, p. 11) argue that this combination is conducive to human development, though they relate it to emergency contexts:

“while cash transfers may help remove some of the barriers to accessing basic services such as health care and education, they by no means replace the need for continued

efforts to ensure quality, accessible social services. Cash transfers, when implemented, should be part of a package approach that includes 'transfers' to households ... and social service provision including specific strategies to reach the most vulnerable”.

Also, Cain (2009) argues that the presentation of cash transfers and in-kind transfers in one package has a positive influence on human development. An example of this might be the integration of cash transfers with free health care. Basing her discussion on findings from many an author, the advantageous outcome is due to differing transfer types reinforcing the same dimension, such as health. As will be discussed further below, Di Bao represents a mixture of cash and in-kind transfers. Therefore, both the theory on in-kind transfers as well as on the complementarity of cash and in-kind transfers is of relevance.

The discussion so far has brought to the forefront that both cash transfers and in-kind transfers reduce current poverty. However, there are also positive intergenerational implications of both transfer types (Hanlon, *et al.*, 2010; Moore, 2005). Yet, it would not be within the limits of this study to discuss this issue any further.

## **2.5 Six Human Development Dimensions**

The box' headings in the following figure illustrate the theoretical linkages that were discussed in the last section. The remaining parts of the chapter will elaborate upon six selected human development dimensions within this framework, thereby proceeding to the lowest theoretical level of the thesis. Out of the issues discussed in Hanlon *et al.* (2010) there are some which are of more relevance to the present paper than others, i.e. *nutrition, health, education* and *employment*. Alongside these four human development dimensions, two other dimensions that have been added for the purpose of this paper: *housing* and *social relations* will also be discussed. While the latter two are less covered by theory, they equally present themselves as relevant to Di Bao households. In addition, including social relations is of particular relevance because Zeng (2010) underlines that there has not been conducted much research on this topic in China. Yet, the discussion on the six human development dimensions will not solely relate to cash transfers but also to in-kind transfers.<sup>7</sup>

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<sup>7</sup> The cases discussed in the present section 2.5 are partially also drawn upon by Hanlon *et al.* (2010).

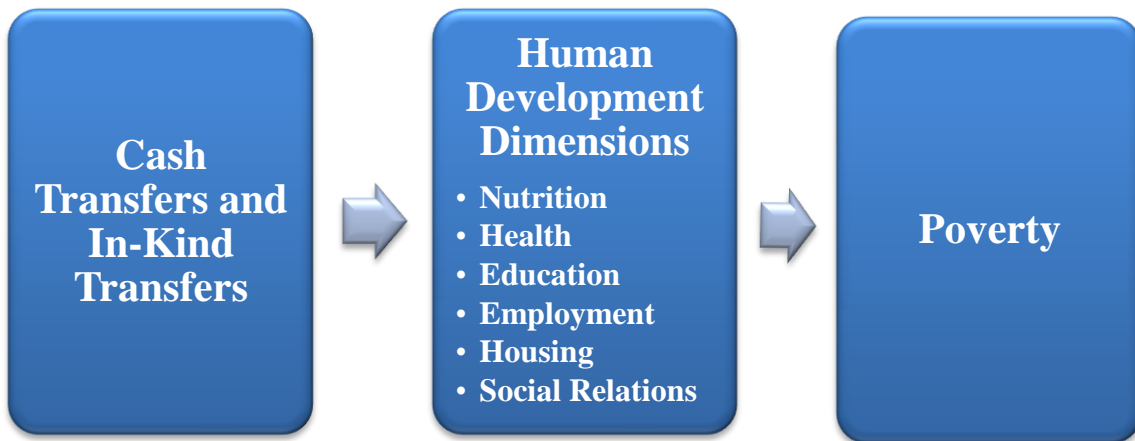


Figure 2. Theoretical linkages between cash/in-kind transfers and poverty.

### 2.5.1 Nutrition

Regarding the first human development dimension to be discussed, Hanlon *et al.* (2010) argue that cash transfers have a positive influence on nutrition levels. This is as they provide money that can be used to purchase food. In fact, half of the money accessed through cash transfers is used for this purpose. An example of this link poses the South African child grant: it boosts alimentation during infancy when being measured by height-for-age (Agüero, Carter, & Woolard, 2007). Samson (2009) even puts forward the argument that cash transfers generally lead to less hunger for both recipient children and adults in South Africa. However, not only are larger quantities of food consumed but the type of food also changes: more vegetables, fruits, fish and meat are being purchased (Hanlon, *et al.*, 2010). For example, Malawian families from Mchinji who received cash transfers consumed six times as much fish or meat as non-recipient families who ate fish or meat about once in three weeks (Miller, Tsoka, & Reichert, 2008). Nonetheless, Gentilini's (2007) argument qualifies Hanlon *et al.* (2010): while he recognises that cash transfers positively affect nutrition in the near term, he also points out that there is not much evidence about the effect in the long run.

Apart from the advantageous influence of cash transfers on nutrition, Gentilini (2007) argues that in-kind food transfers also have this outcome. Yet, the academic discussion focuses on whether cash or in-kind transfers have the best effect. Concerning this, he concludes that also the mixture of both can lead to preferential nutritional outcomes. Nonetheless, as he points out, the efficiency of cash and/or food transfers is linked to the wider context of each specific programme.

The analysis will address *how the nutritional intake of recipient households is influenced by Di Bao*.

### **2.5.2 Health**

Similarly to nutrition, cash transfers are theorised to have an advantageous implication on health. This works through several channels. Firstly, better nutrition – which was also accessed through the grant - increases health (Hanlon, *et al.*, 2010). Yet, it is beyond the scope of the current study to examine this linkage any further.

Secondly, the recipient has an enhanced ability to see health care facilities, as cash transfers increase the recipients' position to afford them. More money is available to pay for medical attention as well as drugs. Thus, the way is cleared for meeting a previously unsatisfied need (Hanlon, *et al.*, 2010). This is illustrated by the Namibian Otjivero hospital, whose income more than quintupled after the introduction of a cash transfer programme: a higher number of persons could afford the health care expenditure (Haarmann, C., Haarmann, D., Jauch, Shindondola-Mote, Natrass, Samson & Standing, 2008). What these positive effects mean to the individual is illustrated by a quote from a young Malawian girl:

“With the cash transfer money they (parents) are able to pay medical bills at Kapiri mission hospital and they also use the money for transport. In the past one could spend the whole month on the mat in pain. They were just sleeping because they did not have enough money to go to the hospital” (Miller, *et al.*, 2008, p. 24, italics removed).

Programmes transferring cash are one way of raising health standards. Another means utilised by developing countries is in-kind health care provision. The cancellation or diminution of health care fees eases the poor's access to this service (Adato, Ahmed, & Lund, 2004). Whitehead, Dahlgren and Evans (2001) explain this and state that user fees in health care lead to a higher degree of ill health among the poor. This is because the fees pose an obstacle to treatment. Persons who are unable to afford the expenditure are being excluded from health care, i.e. their illnesses are not being combated. Therefore, increased access to health care leads to a reduction in ill health among low-income groups. This line of thought is also supported by the United Nations Research Institute for Social Development (UNRISD) which points to “[o]ne study of 39 developing countries [which] found that the introduction of user fees had increased revenues only slightly, while significantly reducing the access of low income people to basic social services” (2000, p. 39).

In the analysis I will address *how the Di Bao cash transfer as well as its possibility of in-kind health care impact upon the health of recipient households*.

### **2.5.3 Education**

Apart from nutrition and health, education is also being affected by social security. Hanlon *et al.* (2010) argue that education levels are theorised to augment on the basis of cash transfers. Here, several issues come into play: First of all, children have better nutrition levels. Secondly, they have time to go to school, as the family's survival does not depend on income stemming from child labour. Thirdly, the authors point out that cash transfers lead to more financial resources being available for the purchase of books, thus supporting educational access. Evidence from South Africa supports this picture. Samson (2009), on the basis of several studies, argues that costs linked to education can more easily be overcome when receiving cash transfers.

All in all, the rise in school enrolment does not only apply to primary schooling but also to secondary schooling (Hanlon, *et al.*, 2010). As regards Oportunidades in Mexico, the largest increases came to be in relation to secondary education. Among the recipients, there was a 33% increase in adolescents going to junior high school. Also, the number of teenagers attending rural senior high school has risen by 100% (Dirección de Comunicación Social, 2008, in Hanlon, *et al.*, 2010).

Another means of supporting the poor's access to education is through the diminution or cancellation of school fees (Adato, *et al.*, 2004). What the UNRISD (2000) stated regarding health care also goes for education: user fees lead the poor to have less access to education. In addition, being in a cash-strapped situation compels low-income groups to decide which of their children can receive an education. More often than not the decision falls on boys, thus supporting an educational gender gap. However, offering free public education does not guarantee that educational outcomes are satisfying. As a case study of Tanzania shows, the quality of schooling also has a substantial role to play (Wedgwood, 2005).

The beneficial effects of school access are also relativised by Hanlon *et al.* (2010): higher education levels cannot pay off when there subsequently is no adequate work to find. As the authors indicate, this problem has, for example, been noticed in relation to Oportunidades in Mexico (Latapí & Rocha, 2008). Hanlon *et al.* (2010) apply this argument to cash transfers. Nonetheless, logic says that this also goes for improved education levels accessed through in-kind provision.

The analysis will discuss *how the cash transfer and the reduction or exemption of school-related expenditures offered through Di Bao translate into educational access.*

#### **2.5.4 Employment**

Another human development dimension to be positively influenced by cash transfers is employment. “The absence of adequate risk management mechanisms ... can intensify poverty ... The poor cannot build assets as rapidly if they must engage in relatively low-return activities in response to unmitigated risk” (Samson, 2009, p. 131). The poor are not in the position to take unsafe risks, as the loss of an investment would result in destitution. With cash transfers being inserted into this context, the risk-averse behaviour of the poor is being altered. This is so as they have something to fall back on even when economic endeavours do not turn out advantageously. This pattern has an influence on a range of income-related areas, such as the choice of crop: farmers tend to use riskier high-yielding species instead of safe low-yielding crops. Of relevance to the Di Bao recipients, however, is the effect on business ventures (Samson, 2009) and job-seeking. As to the former, one example of multiplying grant money is to use it for trading goods, as is done with vegetables, beer and candy in South Africa (Hanlon, *et al.*, 2010). Also, a study from Mexico found a boost in micro-enterprise investment by recipients of Oportunidades. The authors argue that this is due to the security that the programme offers (Gertler, Martinez, & Rubio-Codina, 2006). As to the search for employment, Hanlon *et al.* (2010) summarise studies about South Africa. They find that cash transfers lead people to look for jobs or give them the opportunity to try to enhance their wages, this particularly being linked to migration. As compared to middle-income persons, they will use their money productively and not use it on financing more leisure time, among other things. One of the publications that Hanlon *et al.* (2010) also focus on is the study by Posel, Fairburn and Lund (2006) who discuss the link between migration and job seeking in more detail. The poor might not be in a position to afford expenses linked to the search for work, such as living costs. They find that the South African social pension eases this constraint as the cash transfer gives access to the required money for migration.

Nonetheless, the link between cash transfers and employment has been criticised. One case in point is that there needs to be sufficient jobs. If the labour market is saturated, the advantageous effect of cash transfers are hard to realise (Hanlon, *et al.*, 2010). This is, for example, the case in Mexico where recipients seize the opportunity to look for salaried work which might give higher returns. Yet, they subsequently go back to their former activities (Parker & Skoufias, 2000). Hanlon *et al.* (2010) argue that the reason might be the bad labour market situation that is discussed by Latapí and Rocha (2008).



A further point of criticism that is made refers to cash transfers posing a work disincentive to the recipients. However, numerous studies have shown that, all in all, cash transfers given to the poor actually increase their work efforts. This is so as the money they receive from the transfer gives them the opportunity to initiate an upward spiral, assisting them to leave the poverty trap (Hanlon, *et al.*, 2010). Samson (2009) supports Hanlon *et al.*'s statement as he finds evidence of the positive effect of cash transfers on labour market participation in his recap of studies about South Africa.

In the analysis I will address *in which ways the Di Bao cash transfer influences recipients' micro-enterprise endeavours and how cash transfer receipt relates to the search for employment.*

### **2.5.5 Housing**

A further human development dimension being touched upon by cash transfers is housing. All in all, the literature review has found that the theoretical link between Southern cash transfers and housing, in general, is not covered thoroughly. While the effect of specific cash transfer programmes on housing is discussed at times, there is in general no theoretical discussion on the issue. This is, for example, the case in Hanlon *et al.*'s (2010) book which refers, as is in line with other dimensions, to positive examples. An exception is van Ginneken (2011) who argues that Southern cash transfers generally have the potential to guarantee a minimum level of housing quality, thus satisfying human rights requirements. The positive influence of cash transfers on the provision of housing is also supported by Fallis (1993). Although his study focuses on North American material, he suggests that it is relevant to other countries.

Empirical examples give a more nuanced picture, although the overall effects are advantageous. For example, Miller *et al.* (2008) find positive results: the overall quality of the housing of cash transfer recipients in Mchinji, Malawi, is better than in control households, as indicated by the household heads. In the same line, housing had improved to a higher degree in recipient households than in control households in the year preceding the study. In general, the number of household assets, such as knives and chickens, also improved. Another case refers to South Africa where pensions are utilised in order to improve the sanitary arrangements of a given household, such as the installation of a flush toilet and on-site water access (Case, 2001). However, while a different study of several South African cash transfers confirms this pattern, it also shows that there has been no improvement in regard to the type of housing (Statistics South Africa, 2009).

According to Fallis (1993), not only cash transfers but also non-profit housing has the potential to improve housing conditions for recipients. Non-profit housing is characterised by owners who are not guided by profit-seeking. Also, the rent is being fixed below the actual costs of housing provision, with the state financing the difference. Non-profit housing is implemented in a range of Western countries. Additionally, many developing countries utilise subsidies in order to help the poor access goods or services, such as in regard to low-rent housing (Adato, *et al.*, 2004).

In the analysis I will discuss *in which ways the Di Bao cash transfer receipt influences housing quality* as well as *how the provision of non-profit housing affects Di Bao households' housing quality*.

### **2.5.6 Social Relations**

The issue of cash transfer recipients' social relations is covered less in the academic literature than material dimensions, such as those discussed previously. MacAuslan and Riemenschneider (2011) thus call for research on the link between cash transfers and their social significance. They argue that, “[c]ash transfers leave recipients richer, but through their various processes also change people’s relationships” (p. 65). Thus, alongside the inclusion of material aspects, MacAuslan and Riemenschneider (2011) argue for focus on non-material issues in an analytical framework of cash transfers. They discuss *relational dimensions* which focus on “autonomy and inclusion in social networks and processes” as well as *symbolic dimensions* which include “rights, self-reliance, status ... and a sense of 'belonging” (MacAuslan & Riemenschneider, 2011, p. 61).

All in all, the authors find both positive and negative effects of cash transfers on social relations, with the latter outweighing the former. Therefore, they warn against incautiously embracing the cash transfer approach which has been celebrated during the last years. The latter point has, according to the authors, been shown by Hanlon *et al.* (2010).

Supporting MacAuslan and Riemenschneider’s (2011) position are findings from a study of the cash transfer scheme in Mchinji, Malawi, which is also discussed in their article. Here, both positive and negative impacts are registered: as compared to household heads in control households, more heads of recipient households were better looked upon by the community, had someone to resort to in case of a shock and also had more friends. Nevertheless, jealousy aimed at recipient household heads was indicated, as well as an overall

reduction of the willingness to help recipient household heads in case of need (Miller, *et al.*, 2008).

However, Ressler's (2008) study of the Kenya Government Cash Transfer Programme concludes that the scheme has positive effects on the social relations of recipient households. An analysis of so-called foodways gives an insight into this. With feeble social relations, the cash transfer made it possible for them to take part in events in the community. The study shows that recipient households were enabled to lend food as they could return it. Also, they were in the position to share aliments.

Further, the literature review has revealed that the theoretical link between in-kind transfers and social well-being is not greatly covered either. However, the issue has been discussed with regards to specific in-kind programmes. For example, seed vouchers that were distributed in Gambia, Ethiopia and Zimbabwe resulted in enhanced relations between peasants and seed vendors. Yet, this was implemented in an emergency context (Bramel & Remington, 2005). Another example is the Zimbabwe Emergency Cash Transfer which is also discussed by MacAuslan and Riemenschneider (2011): it not only entails a cash transfer but also direct food provision. All in all, community relations were strengthened with regards to the food component, while the opposite was the case for the cash element (Kardan, MacAuslan, & Marimo, 2010): "when cash was given to beneficiaries, jealousy brewed easily because people did not like sharing cash, but there was no hatred when there was food" (Nyanga beneficiaries, cited in Kardan, *et al.*, 2010, p. 48).

While in-kind transfers are not the main focus of MacAuslan and Riemenschneider (2011), their framework is applicable when analysing this type of transfer as well. Therefore, it will be utilised for analysing both cash and in-kind transfers. It is beyond the scope of the present study to discuss all of the relational and symbolic issues presented by MacAuslan and Riemenschneider (2011). However, data has been collected in terms of inclusion in social networks as well as status. Therefore, the analysis will address *how Di Bao receipt influences households' inclusion in social networks* and *in which ways the status of recipient households is affected by Di Bao*.

## **2.6 Combining the Threads**

At the outset of this chapter, general issues relevant to the research question were discussed. For one, this relates to the conceptualisation and measurement of human development. Later on, there was a discussion around differing strategies for social security implementation. Also,

the embeddedness of social security within wider policies was pointed out. The section on the revival of social security discussed divergent thinking around the connection between social security and development. Subsequently, the normative framework focused upon the link between social security approaches/subtypes and human development. This gave room to go on a lower level. Thusly, the general linkages between cash/in-kind transfers and human development could be explored. Cash and in-kind transfers encompass more types of the normative framework than only the basic needs subtype. Yet, for the purpose of this thesis, cash and in-kind transfers are explored using the latter subtype. Also, no more than one type of social security is concentrated upon: social assistance. The lowest theoretical level shed light on the discrete linkages between cash/in-kind transfers and six human development dimensions: nutrition, health, education, employment, housing and social relations.

All in all, this chapter has seen the selection of diverse theoretical components in order to bring about a framework which is relevant to the case. The normative framework includes selected subtypes of the statist, individualist and communitarian approaches. Likewise, the influences of cash and in-kind transfers on six selected human development dimensions were prioritised as compared to other dimensions. In addition, the six human development dimensions could be analysed with reference to all subtypes of the normative framework. Yet, there has been a concentration on how these dimensions work within the basic needs subtype.

Three themes of particular relevance to Di Bao recipients have emerged from parts of the theory on the linkages between cash/in-kind transfers and human development. These are transfer levels, accessibility and context. Thusly, when discussing the linkages between cash/in-kind transfers and human development, the analysis will also focus upon these factors. In this paper, the term *transfer level* concentrates on the amount of benefits that a recipient household is entitled to. *Accessibility* focuses on whether these benefits are actually received. The more ambiguous concept of *context* is understood as the exterior aspects which impinge upon the way in which Di Bao recipients' human development is influenced.

# 3. Methods

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This chapter will give insights into the methodic issues surrounding the thesis. It will not only focus on why a qualitative approach was chosen as well as the issue of case studies. Equally, a discussion of fieldwork and ethics are integral parts of the chapter. Additionally, thoughts on data analysis and trustworthiness will be included, with the latter encompassing credibility, confirmability and transferability. The chapter will specifically aim at illustrating difficulties that have been experienced. This is to attempt at not giving an impression of linearity as is often done according to Sæther (2006). The author points out that fieldwork is a process of “coping and learning” (p. 42) and should be represented as such.

## **3.1 Preliminary Thoughts**

### ***3.1.1 Why Qualitative Methods?***

Alongside quantitative approaches, qualitative ones represent a fair share of the well-established tools in research about development issues. It is not uncommon to integrate the two approaches in the same study in order to use them to full capacity and for triangulation purposes. While acknowledging the strengths and weaknesses of quantitative, qualitative as well as mixed approaches (Mayoux, 2006), the present study is based on the use of qualitative research methods. This decision has been grounded on various aspects. First of all, the choice of which methods to use is closely connected to the research question at hand. Qualitative methods further the thorough understanding of complexities and context as well as of subjective perceptions (Marshall & Rossman, 2011) which the research question of the present study also focuses on. For example, Midgley and Tang (2010) underline the significance of qualitative data. This is because the impacts of East Asian social security programmes have been registered not only statistically but also concerning the recipients’ perceptions. Further, while quantitative methods divide the object of study into preset categories (Marshall & Rossman, 2011), qualitative methods are perceptive of the unexpected (George & Bennett, 2005). Utilising a preconceived world-view would not have been conducive to reveal the recipients’ perceptions of the Di Bao programme. All in all, qualitative methods are suitable for studies of the marginalised (Marshall & Rossman, 2011), such as Di Bao recipients (Zeng, 2010), and for research on sensitive issues (Mayoux, 2006)

like the Di Bao programme (informant A6). Bearing these academic aspects in mind, practical issues such as limited time and resources have also had an impact on the decision to pursue qualitative research (Hesselberg, 2009).

### ***3.1.2 Case Studies***

Much qualitative research is being pursued by means of a case study design. The defining character of case studies is not the methods being used but rather what is being focused on (Stake, 2005). Arising thereby, “[c]ase connotes a spatially delimited phenomenon ... observed at a single point in time or over some period of time” (Gerring, 2007, p. 19). With regards to the present study, the phenomenon under scrutiny is a social security programme. It represents an instrumental case study, as the role of the case is to offer an insight into an external interest on the basis of it containing an illustration of that specific issue. This is opposed to the intrinsic case study which aims to give knowledge about the case in hand only (Stake, 2005). In relation to this, using an instrumental case, relationships, as based on the research question, are to be examined. Hence, it only focuses on some aspects of the case’s context. An intrinsic case study, however, considers more of the context as it is of main concern to it (Stake, 1995). The principal purpose of an instrumental case study is to refine theory (Stake, 1994), as exemplified in the present analysis chapter. While there generally is room to use several cases within instrumental case studies, the present study concentrates solely on one case due to feasibility issues linked to, once more, resources and time limits (Hesselberg, 2009).

## **3.2 Fieldwork**

In order to pursue the case study and to collect data for the master’s thesis, I conducted fieldwork in Shanghai, China, from 3<sup>rd</sup> May to 11<sup>th</sup> June 2011. Two groups of informants were interviewed: former or current recipients of the Di Bao programme (fifteen interviews) and academics working with Di Bao related issues (nine interviews).

### ***3.2.1 The Site***

As opposed to the intrinsic case study where the case is mainly a given, the instrumental case study needs to select its own case (Stake, 2005). Thus, in regard to geographical location, the choice fell on Shanghai, China. This decision is to a high degree grounded in the theoretical relevance of the site in regard to the research question (George & Bennett, 2005). Over the course of the previous 30 years, China has ameliorated its HDI rapidly. In fact, China has

done so more rapidly than the world in general and the region “East Asia & the Pacific” in particular. In addition, China’s current HDI is ranked above the HDI of both these groups.<sup>8</sup> Thus, other countries can learn much from the Chinese case. Additionally, the very same results can be used in order to still improve social security in China, this being a goal of the country. According to the State Council, “China still has a long way to go to develop its social security services to a satisfactory level”.<sup>9</sup> Within China, Shanghai has been chosen for fieldwork, as it was the first location where Di Bao was implemented, this being in June 1993 (Tang, 2003-2004). Due to this relatively long period, the effects of the programme are more easily established. The recipient interviewees are registered in the same Shanghai neighbourhood. It is called Ju Wei and is located in the North-East of the city (informant A4). As the following discussion will reveal, this neighbourhood was chosen due to restricted accessibility.

### **3.2.2 The Informants**

#### *Negotiating Access*

As a common trait of qualitative research, accessing the informants is an ongoing struggle before and during fieldwork (Marshall & Rossman, 2011). When approaching potential informants, I sent a short project description by e-mail. Gradually, I became aware that some wanted more information and I additionally attached an introduction letter written by one of my supervisors. A few people also requested the question guide which I then transmitted. Some potential interviewees specifically requested that I “prove my research authority” (informant R5). They asked for my research ID, ethical approval and the introduction letter. While I was in a position to obtain the latter, the former two proofs were not accessible to me. Access was nevertheless granted in these cases. Considering the research ID, the informant said I needed to bring it while arranging the interview over the telephone. Yet, he did not request the ID when I came for the actual interview. Regarding the ethical approval, I explained that it was unusual for students at Norwegian universities to be equipped with such a document and also referred to the methods courses I had taken.

In spite of these successes in gaining access and the documentary aids that were utilised, the overall picture shows that I was more often than not unable to access informants. This materialised in several ways. The most prominent example is the informant group

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<sup>8</sup> <http://hdrstats.undp.org/en/countries/profiles/CHN.html>. Downloaded 4<sup>th</sup> April 2012.

<sup>9</sup> <http://www.china.org.cn/e-white/20040907/Conclusion.htm>. Downloaded 11<sup>th</sup> November 2011.

composed of Di Bao public employees, including the designers and administrators of the programme. This group could not be accessed at all in spite of continuing efforts. Measures used to try to access them for interviews were, for example, going personally to a low-level street office or calling a higher-level office. Continued attempts to obtain the contact details of Di Bao employees through the snowballing method were unsuccessful as well. Either the informant did not know about any contact or attempts to approach them were unsuccessful. An example of the latter is a person working with Di Bao at a high-level in the state hierarchy, the Civil Affairs Office (informant A4). The public employees' sensitivity about Di Bao was the reason they did not want to meet with me (informant A6).

The sensitivity issue clarifies the need for flexibility which is underlined by Marshall and Rossman (2011). Qualitative research design needs to be able to change in order to adapt to field realities. While I had anticipated the topic's sensitivity in China, it proved to have a differing influence on my fieldwork than what I expected: the Di Bao recipients were not hard to access but the public employees were. Hence, my original research design of first collecting data from Di Bao employees had to be revised. In fact, I started out by interviewing Di Bao recipients as I could access them the fastest.

Another example of the struggle in gaining access is the fourth informant group I tried to approach when I realised that the Di Bao public employees might not be accessible. I tried to approach organisations working on Di Bao related topics such as NGOs and foundations as well as one vocation association and one hospital. However, this group proved to be inaccessible as well. In the end, I was left with only two out of the four potential interview groups. This resulted in a reduced diversity in informants and thereby a probable reduction in the range of positions concerning my topic (Willis, 2009).

### *Selecting the Interviewees*

Concerning the choice of whom to interview in the differing informant groups, Marshall and Rossman (2011) note that sampling strategies within qualitative research are not set irrevocably before entering the field. Methods which were thought to be appropriate beforehand may prove not to work. Therefore sampling methods may need to be adapted on the grounds of site context. This was also the case during my fieldwork. The original plan had been to use *key informants*. These are not representative of any group. Rather, they are well informed about the topic of interest and, in opposition to the quantitative sample survey



participants, serve to inform about issues which may have only been revealed during the last interview (Woodhouse, 2007).

Among *Di Bao recipients*, key informants were to be recruited using the *snowball method*. This implies that contacts are asked whether they know (other) potential informants (Willis, 2009). An advantage of the snowball method is that it is easy to gain the informant's trust, as they know the person who suggested them (Valentine, 2005). The method has only been successful in one case which, nevertheless, provided me with eighteen potential interviewees. The academic in question possessed a list of informants which had been randomly selected from a *Di Bao recipients'* name list as she was pursuing research on her own on *Di Bao*. She subsequently selected contacts on a random basis from her own selection and forwarded them to me (informant A4).

Considering the fact that all the recipients' contact details came from one person, the question of a gatekeeper's influence arises. Notwithstanding their enabling capacities for research, gatekeepers have an influence on which informants are being talked to and consequently what kind of information is being obtained (Valentine, 2005). In the case of the recipients' contact details, however, the gatekeeper minimised her personal influence as she used a quantitative approach when selecting the interviewees (informant A4).

While the recipients were selected by means of probability criteria as in sample surveys (Woodhouse, 2007), this is not to indicate that they, as the sample, are representative of their group, the population. Their number is too small to make this inference with sufficient certainty (Rowntree, 1981; Sæther, 2006). Neither, are they key informants as initially planned. The alteration of the sampling method with regards to the recipients supports Marshall and Rossman's (2011) arguments that field context has an influence on which methods are feasible and provide access.

Solely the *academics* represent key informants. They were selected using a mixture of two methods. Firstly, I approached a range of possible *initial contact points* (Valentine, 2005) by e-mail or visiting in person. For the nine interviews I completed with academics, I had seven initial contact points. However, only four of these initial contact points (which were academic informants themselves, one of my supervisors and the Nordic and Austrian Centres at the Fudan University, Shanghai) gave access to further informants. Thus, secondly, six informants were recruited through the *snowball method*. Also, academics were the only group that provided me with secondary material. The original intention had been to collect

secondary material which is not accessible from Oslo. Nonetheless, this was not so regarding the two articles sent to me by Western scholars via e-mail. I had approached them about potential informants but had never actually met them in person. While the two articles are relevant to the research question, they need to be supplemented by other material.

Although the snowball method assists with finding informants with specific backgrounds (Valentine, 2005), authors such as Valentine (2005) and Willis (2009) warn against starting out with too few initial contact points. A *diversity* of informants furthers the detection of differing notions on a given topic. Failing to provide for manifold informants leads to data gained from persons with similar perceptions. Their request for diversity has been accounted for in my project through several measures. To begin with, diversity has been achieved by interviewing groups with differing relations to Di Bao: the recipients and academics. Moreover, the recipients incorporate various life stories, while the academic informants represent diverse social sciences and work for differing universities. In addition, there is diversity in gender and age within both informant groups. Nevertheless, any further diversity has been restricted, as the field context did not offer more access to potential informants than were actually interviewed. Also, diversity among the recipients was not based on choices made by me but on the ones taken by the gatekeeper. In general then, it was partly based on chance within field conditions that the informants I had access to were also diverse. A list of informants can be found in the appendix. As can be seen there, recipient informants are connoted by an R (for instance “informant R1”), while academic informants are referred to with an A (such as “informant A1”).

### **3.2.3 Primary Data**

“*Secondary data* means information that has already been collected by someone else and which is available for ... the researcher ... to use. The distinction is with *primary data* which [the researcher] gather[s] for [him/her]self ...” (Clark, 2005, p. 57, italics from the original). Including both primary and secondary data in the study would have had positive implications as they have specific advantages and drawbacks. By combining them, more information that is relevant to the research question could have been elicited (Marshall & Rossman, 2011). Nevertheless, while a considerable amount of primary data was collected during fieldwork, attempts to collect secondary data have, as discussed above, not been successful to any significant extent. Regarding primary data, this was obtained from the interviewees using two methods. These are semi-structured interviews and observation.

### *Semi-Structured Interviews*

Patton (2002) distinguishes three *types of qualitative, in-depth interviews* of which the topical approach, also referred to as the semi-structured interview by, for example, Willis (2009), has been chosen for the study. It is a tool for covering the researcher's issues of interest which the informal, conversational interview with its coincidental character cannot guarantee. Additionally, it allows for a better grasp of the informants' own perceptions than the standardised interview which operates with preset, but nevertheless open-ended, questions. According to Marshall and Rossman (2011, p. 144), the semi-structured interview is conducive to "[t]he participant's perspective on the phenomenon of interest ... unfold[ing] as the participant views it ..., not as the researcher views it ...". This trait also allows for matters to arise which had not been thought of before (George & Bennett, 2005). All in all, the semi-structured interview is to be situated between the informal, conversational interview and the standardised, open-ended interview. In comparison to another type of interview, the quantitative questionnaire, the semi-structured interview is in a position to capture complexity to a higher degree. This is because it answers questions regarding why and how a situation arose in a coherent way (Schoenberger, 1991).

In order to utilise the unique potential of differing groups of informants to the fullest (Willis, 2009), three *question guides* were developed before departure for fieldwork. They were respectively adapted to Di Bao recipients, academics and public employees. The question guides can be found in the appendix, except for the latter as the corresponding group has not been accessed. At the beginning of the fieldwork, I conducted the interviews very much in conformity with specific questions in my question guides. It was difficult to pose follow up questions and to be self-confident. However, as Willis (2009) notes, this is a common trait of fieldwork in its early stages and will be rectified as time passes. This was also the case with regards to my fieldwork. I focused on giving the interviews a more natural flow by asking questions that were better related to what had been said just before.

In addition, the choice of interview type clearly had an effect on what kind of data I collected. According to Woodhouse (2007), the understanding of an issue is influenced by previous interviews. This entails the *adaptation of questions* in conformity with information that has already been obtained. Thus, the questions that interviewees are being asked differ according to the knowledge frontier at each point in time, representing an "iterative, learning-process' design" (Woodhouse, 2007, p. 166). During fieldwork, I experienced interviews as a process encompassing inherent change. For example, I started out doing six interviews with

Di Bao recipients. Then I could access academics and completed five interviews with them before meeting recipients again. This provided me with a continuing interplay of information provided by recipients and academics. The information received by one group of informants framed the questions that I asked the other group. This way, the recipients could provide me with some of their perceptions of, for example, their living standard before I met with academics who were mostly detached from the recipient's lifeworld. Correspondingly, the academics provided me with information about larger societal processes which the recipients expressed in a rather piecemeal way. All in all, my interview guides changed during fieldwork as a result of this issue, underlining once more Marshall and Rossman's (2011) quest for flexibility in qualitative research. Therefore the question guides attached to the thesis are only an indication of which questions were asked during each interview.

In semi-structured interviews, the order and framing of questions influences what information is received. As argued by Simon (2006, p. 167), "cross-cultural, intergenerational, gendered and power/knowledge differentials ... imply that ... great ... care and attention are required in order to avoid ambiguities, misinterpretations, boredom/frustration and possible offence". Therefore, regarding the *order of questions*, basic information should be focused upon first and only later should contentious questions be formulated (Simon, 2006). During fieldwork, this method assisted in establishing a rapport with the interviewees and helped to extract information that would otherwise have been harder to access. Patton (2002) argues that demographic and background questions should be situated at the end of an interview. This way, the informant can speak more immediately and elaborately about other issues and is not bound to giving short answers on questions which are often perceived to be boring. This advice has been followed in my interviews. Questions about the name, current and former job positions and work tasks were asked at the end of the interviews if perceived as relevant. Also in line with Patton (2002), demographic and background questions have been minimised as they can be perceived as uncomfortable. Putting the respondents in such an unfavourable position was to be avoided. This is due to ethical considerations and since information can be elicited more easily when acknowledging this sensitivity issue, as argued by Adler and Adler (1993).

Concerning the *framing of questions*, care was taken both during the development of the question guides as well as during the interviews. While dichotomous questions, which focus on yes and no answers, do not assist with making the informants talk, open-ended questions are fruitful since they give room for the world-view of the interviewees (Patton,

2002). This was to be implemented during the interviews; however, open-ended questions have proven to lead to difficulties concerning positionality, as will be discussed below. Additionally, it is vital that questions are framed neutrally so that they do not bias the answers (Simon, 2006). Concerning this, the formulation of questions during the interviews has not been optimal as questions contained presuppositions. Examples are “Does Di Bao give the recipients the opportunity to change their standard of living by improving nutrition?” or “Do you need to sell assets in spite of receiving Di Bao?” Informants were in the more difficult situation of giving an answer that did not correspond to the presupposition. Nevertheless, this type of question can also have the positive effect of legitimising the presupposed circumstances (Patton, 2002).

While I had been sensitised by the methods literature that it is harder to interview some people than others (Willis, 2009), this has proved to be a real challenge in some cases. Most interviews had some *challenges* but four were particularly difficult to pursue and put me in a challenging situation. Though having agreed to do the interview, two young women did not make much effort to provide information. It was hard to make them give answers which were longer than a couple of syllables. Yet, they were interviewed only at the beginning of my stay in Shanghai and I had not been in a position to develop my interview skills in that setting. Conversely, another interviewee talked a great deal. However, much of what she said was not related to anything I had asked and she left my interpreter with little time to translate. This made it more difficult for me to steer the interview, as I did not know what was being said. The hardest interview to pursue was the last. The interviewee had his eyes more closed than open during the first ten minutes of the interview and his head was turned away from my interpreter and I. Having posed a question, it would take him several seconds to show any reaction. Nevertheless, he confirmed when asked whether we should continue the interview. I decided to stay for a while longer so that I did not leave earlier than what was appropriate. However, after 15-20 minutes he started to be more welcoming and gave valuable information. While neither my interpreter nor I knew why he comported himself this way, his behaviour made us feel quite insecure and I was asking myself vigorously about how to proceed with the interview.

In order to record the received data, *notes* were taken during each interview instead of using a tape recorder. Taping has the advantage of fostering a good conversation during interviews. On the one hand, the interviewee does not slow down while waiting for notes to be taken. On the other hand, the interviewer can better focus on the interview *per se* as s/he

does not need to write anything down (Valentine, 2005). While acknowledging these positive traits, no tape recorder was used as the topic of the thesis touches upon issues that are sensitive in China. Interviewees were not to feel frightened on the grounds of traceability via their recorded voice. Taking notes requires the interviewer to perform several tasks at the same time. This includes deciding on the next question to be posed, showing interest in what is being said as well as selecting which aspects should be noted down. While Willis (2009) argues that the presence of an interpreter often gives more opportunity to perform these tasks, this was experienced differently in China. In particular, fitting in the next question was hard on a number of occasions. There was little time left for me to think of a relevant question after the interpreter had finished interpreting to me since the informants would often continue to talk immediately.

### *Observation*

Apart from interviews, data has been collected by the means of observation. Observation approaches range from informal to formal. While the former entails being present at a place and acknowledging its characteristics in a general way, the latter focuses on specific, pre-defined categories to be observed (Marshall & Rossman, 2011). During fieldwork, observation was pursued informally in order to complement the interviews. All interviews with the recipients were done at their places of residence. This thus offered an impression of the recipients' apartments and neighbourhood. More broadly, staying in Shanghai gave access to a picture of Chinese society, through, for example, television emissions or taking the metro. This could not have been achieved in Norway to the same degree. Also during the interviews *per se*, observation was used in order to appreciate not only what was being said but also the facial expressions and gestures of the interviewee (Marshall & Rossman, 2011). This was vital as observation represents a basis for interaction: "every interlocutor ... needs to be shown that [the interviewer] is not only very aware of his/her situation, but that [the researcher] commiserate[s] with its complications and hardships. It appears critical to display the appropriate emotion" (Solinger, 2006, p. 163).

#### **3.2.4 Field Notes**

Observations are materially manifested by the use of field notes (Marshall & Rossman, 2011) which played an important part during the fieldwork in Shanghai. They were written in diverse forms and consist of a diary, notes attached to each interview and e-mails exchanged with informants and private contacts. They should include everything the researcher deems important in the setting. While there are many approaches to taking field notes, Patton (2002)

concentrates on four types. Firstly, he discusses observation notes which describe differing situations. During fieldwork, specific notes about the informants and interviews were mostly taken afterwards (Willis, 2009). However, the general circumstances of fieldwork were also elaborated upon such as interactions with people in the public, for example, in stores. Secondly, notes should be taken on what has been said. These interview notes have been discussed above. Thirdly, notes about the role of the researcher should be written down, including emotions as well as reactions to the surroundings. With regards to this, taking notes also has a psychological effect. Data collection can lead to emotional difficulties and “break your heart” (Rager, 2005, p. 23), for instance the interview in Shanghai with a seriously ill person. Writing down these solicitudes makes it easier to cope with them. Lastly, notes should focus upon the developing interpretations and analytical apprehension (Patton, 2002). Adding to the typology by Patton (2002), my field notes also discuss method choices in order to be in a position to trace back decisions and changes that are easily forgotten about within a few hours afterwards (Cook, 2005).

### ***3.2.5 Interpreting***

In order to widen the number of potential interviewees, an interpreter assisted me with 20 out of the 24 interviews because I cannot speak Chinese. A former interpreter of mine posted an advertisement in Chinese on the bulletin board of a Shanghai University. Out of the numerous answers, I selected one Chinese interpreter which I paid 50 Yuan/hour. This was on the basis of her having studied in the UK, having a background in Human Geography and being a PhD student. These facts led me to assume that her English would be better than that of most other applicants and that she would be informed about interpreter issues during fieldwork.

Indeed, cooperation was smooth due to her good English. However, the fact that neither my interpreter nor I have English as a mother tongue may have led to unnoticed misunderstandings. Furthermore, interpreting *per se* involves a reformulation of what has been said. This can lead to issues being presented differently to how they were in the original language and even alter the meaning altogether. Also, the interpreter might add his/her opinions without making it clear or s/he might skip sections (Bujra, 2006), with my interpreter doing the latter during the first interviews. She filtered out small talk and other things she perceived as irrelevant. Also, she would on some occasions introduce me, which made me unsure of how I was being presented. After talking about these matters, she would subsequently interpret everything, as far as this was possible, and let me introduce myself. These language issues have had an impact on the analysis as it is based on data that was

partially obtained through interpreting. Essential data may have been lost as it was not translated or different data may have been attained if I had been presented in another way to the informants.

Concerning my interpreter's approach to the job, it was not quite what I had expected. On a number of occasions, I was put in a difficult situation which meant I almost exchanged her in favour of a different interpreter. Examples of this are using interview time in order to recruit the informants for her own PhD project, as well as asking me whether I did not wish to bring up this or that question in front of informants (knowing that they understand some English). While I understand that she aimed to assist me, she was actually making decisions for me. Therefore, occasionally it was difficult for me to steer the interviews. However, continued attempts to talk to her about these issues did not yield the desired change.

All in all, an interpreter was a major facilitator, as I could not have done most of the interviews without one. Nevertheless, it also proved to be an obstacle in some regards, this being both due to issues which generally arise during interpreting and due to matters linked to the specific interpreter.

### **3.3 Ethics**

Ethical considerations are integral to all stages of the thesis' development, not solely fieldwork but also the periods prior and posterior to it (Brydon, 2006). While this has been kept in mind, the thesis only allows room for some of these considerations to be discussed at length.

#### ***3.3.1 Informed Consent***

First of all, informed consent has established itself as a vital part of ethical conduct (Brydon, 2006) though it has been criticised on the grounds of limited transferability between cultures and issues regarding power structures (Marshall & Rossman, 2011). During the fieldwork, I proceeded with informed consent after having introduced myself to the interviewees. It included a description of my project topic and the use of the data. The latter occasionally triggered questions concerning the language the thesis would be published in. More information would be given by the interviewees if the publication was to be in English and not in Chinese. Hence, I started to include the intended language of the thesis in the description. Furthermore, I informed them about the possibility to withdraw at any point and said that questions did not need to be answered. Subsequently, I asked whether they wanted to



remain anonymous, to which I received differing responses. Ten out of the fifteen recipients wished to remain anonymous, out of which two said I was to use their mother's name instead of their own since they were originally the intended informants. Six out of the nine academics explicitly wished not to be anonymous.

### **3.3.2 Confidentiality**

Another ethical aspect to keep in mind is confidentiality. As argued by Stake (2005, p. 459), "the value of the best research is not likely to outweigh injury to a person exposed". Confidentiality is vital in its effort to do no harm and *anonymisation* is one measure of safeguarding it. Anonymisation entails that it is not made known to others what was being expressed by which person. Additionally, no information is given about who the participants were (Valentine, 2002). During the informed consent part, many informants gave the impression of being bored and some told me to skip it in order to start the "real" interview. While shortening it down in these situations, I was concerned about not neglecting my responsibility towards the informants' safety. Information that does not appear to be sensitive can turn out to be so and who will read the publications cannot be controlled (Brydon, 2006). The informants may not have been aware of the possible consequences of giving information (Patton, 2002). Hence, although some informants chose not to be anonymous, I nevertheless anonymised them due to protection issues. The list of informants does not reveal information about the academic's field of study. Nor does it include the age and occupation status of recipients. This way, information is difficult to be traced back to them. The recipient informants are being protected to a higher degree. This is because some revealed that they had a higher income than the programme's eligibility criteria prescribe. Nonetheless, concerns about informants' awareness of the consequences are being opposed by the argument that it can be patronising to claim that informants do not realise the risks involved in uncovering their names (Patton, 2002).

A further issue regarding confidentiality is *privacy* and this evoked an ethical dilemma during my fieldwork where I had to trade off one ethical concern against another. On the one side, I informed the recipients that the information given would be used for my master's thesis. However, on the other side, the academic that forwarded their contacts details to me asked me to tell her which of the recipient informants did not receive Di Bao anymore and why. I perceived this as compromising the privacy of the informants. Her request was unexpected in as much as she had also asked for my ethical approval. I decided to send her the requested information as I asked her to forward important information to two informants that

were ill (see subsection 3.3.4) and since I felt obliged to do so out of gratitude. I am aware that the decision I made is ethically questionable.

Additional privacy matters arose during those interviews where other people listened in. Aquilino (1993) argues that the presence of other persons can influence the data being obtained, leading to field reality having an effect on the analysis. In spite of this awareness, I was not in a position to alter the interview setting because I did not want to be perceived as impolite. Also, external influence was taken to a higher level during those five interviews where persons other than the main informant gave answers. Additionally, there was one interview where other persons gave a significant part of the answers. In cases where more than one person has answered, they will nevertheless be referred to as one informant. This is because I have not distinguished between them when taking notes. The question of others' influence on what is being said is connected with power and positionality issues.

### ***3.3.3 Power and Positionality***

As Mohammad (2002) argues, the question of power in research is often overlooked. Power issues are inherent to fieldwork, encompassing relations between the researched, gatekeepers, the researcher and the translator (Brydon, 2006). In order to influence positionality and power, researchers can use impression management by dressing or conducting themselves in a certain way. However, the ascribed characteristics cannot be changed. These include ethnic background, age and gender (Hammersley & Atkinson, 2007).

The effect of *ascribed characteristics* was noticed during the fieldwork, as interviews went smoother with those academic informants that were no more than 10-15 years older than me as well as those that were female, regardless of age. With regards to *impression management*, posing open-ended questions had, at times, a negative effect on my positionality *vis-à-vis* the academic interviewees. As discussed above, this type of question is very much recommended for qualitative studies (Mayoux, 2006). However, the mixture of using open-ended questions and being a student, young and female gave, at times, the impression that I did not know much about the topics we were discussing. This led to some informants taking me less seriously than I was comfortable with. Particularly during one interview, the informant continuously started to explain matters from scratch, giving answers that were unrelated to the questions or telling me that certain questions were not relevant to my research. Trying to counter his impression of me did not change my position for the better. I described my prior time investment in the project and asked very specific questions that were to imply, at least to a certain extent, knowledge about the issue. Regarding the recipients,

positionality was perceived differently as I felt that I was on a par with them in comparison to the academics. The most notable example of power was the refusal of the Di Bao public employees to cooperate, not connoting that I do not respect their decision - no participant should be part of a study on involuntary grounds (Brydon, 2006). All in all, positionality and the attached power manifestations during the fieldwork have clearly had an effect on what kind of data has been obtained and thus on the analysis.

#### ***3.3.4 Exploitation or Reciprocity?***

The last ethical concerns to be discussed are the exchange relations in the field. No direct compensation was given to academics. Nonetheless, the present study will be distributed to some of them and, more generally, constitutes a small contribution to academic discussion. As to the recipients, six of them were thanked by giving them postcards with a picture of Norwegian nature, though this can hardly be characterised as compensation for the interviews. However, the academic forwarding their contact details then asked me to pay them 50 Yuan per interview. As mentioned earlier, the recipient informants were originally part of her study and they were to still be interested in doing interviews with her later on. This represented an ethical dilemma. On the one hand, I felt responsible for her not losing any research participants. On the other hand, however, paying them in order to “make [my] communication with them better” (informant A4) had not been my intention. While payment was a clear incentive in some cases, a few informants rejected it on the grounds of me being a student. While it is of importance to compensate for information (Marshall & Rossman, 2011), it is unclear whether payments are “undue inducement[s]” (p. 198) that influence the poor informants’ decision to partake in the study (Dickert & Grady, 1999). This matter made me feel particularly uneasy when during the course of an interview I found out that the informant had an advanced tumour. Asking myself whether I was compelling an ill person to be interviewed as she was in desperate need for money, I shortened the interview. At the end of the fieldwork, I arranged for her and another seriously ill interviewee to be informed about how they might finance diagnosis and treatment.

### **3.4 Data Analysis**

Data analysis starts out during fieldwork. This has already been indicated when discussing the change in questions during semi-structured interviews. Conducting a qualitative study, there is

no clear-cut line separating data collection and analysis (Patton, 2002). Yet, the largest part of the analysis has been carried out after fieldwork.

All in all, the guiding method for analysis has been abduction (Patton, 2002). It integrates “inductive analysis [which] involves discovering patterns, themes, and categories in one’s data. Findings emerge out of the data ... in contrast to deductive analysis where the data are analyzed according to an existing framework” (Patton, 2002, p. 453 , italics removed). Both of these approaches have been used during the work with the thesis. Data and theory were handled bidirectionally, giving the opportunity for each to influence the other. Theory indicated which questions to ask when analysing the data material. This way, I used theory in order to look for themes. However, I also tried to distance myself from the theory and searched for themes becoming apparent in the data. This way, I was open towards patterns emerging from the material which make possible novel theoretical insights (Thagaard, 2003).

A complementary method of analysis has been issue-focused as opposed to case-focused analysis (Weiss, 1994). The latter presents the data in such a manner that persons are in the centre of attention. The former, however, concentrates on presenting the issues evident in the data. Thereby, an in-depth discussion can be achieved which concentrates on divergent issues at a time. Nutrition and health are instances to be found in the present paper. An important strategy in issue-focused analysis is to develop codes, i.e. to divide the data into categories (Thagaard, 2003). With the fieldwork generating dozens of pages with interview notes, coding was facilitated by the use of the computer programme NVivo 9. As fieldwork proceeded, I transferred the interview notes from my paper booklet to the laptop. I shifted the data into NVivo and organised it in the programme. After fieldwork, I started out coding by noting down some codes that I still remembered from the stay in Shanghai. Then, I read through the interviews and added new codes during the process. I started to attach data to the themes that had emerged and that were still emerging. Coding the data, I worked with the interviews one by one, reading them several times. During the process, the content of some codes changed. Also, while some were separated into divergent codes, others were merged. After this first step in the coding process, I printed most of the themes and used colours to code them on a lower analytical level. For example, education was, among others, divided into kindergarten and higher education. NVivo allowed me to sort through a large quantity of data. However, in the last stages of coding I felt it was easier to have the data on paper in order to stay on top of things.

### **3.5 Trustworthiness**

As the last issue to be shed light upon in the methods chapter, trustworthiness is concerned with the soundness criteria of research (Marshall & Rossman, 2011). Patton (2002) argues that criteria put forward are dependent on philosophical and theoretical schools of thought. Therefore, differing groups of criteria for judging trustworthiness have emerged within qualitative inquiries, with postmodernism having had its fair share of influence on this development. Originally, quantitative approaches focusing on reliability, validity and generalisability were used in order to assess qualitative studies (Marshall & Rossman, 2011). While *reliability* refers to whether the same results can be achieved again when using the same methods (Stenbacka, 2001), *validity* prevails when what was aimed to be measured was in fact measured (Golafshani, 2003). *Generalisability* refers to whether what can be stated about a sample also holds true for the population (Rowntree, 1981). These criteria are still in use today (Patton, 2002). However, in qualitative research some have replaced them with the concepts of credibility, confirmability and transferability (Marshall & Rossman, 2011).

Firstly, *credibility* can be defined as critical data quality evaluation. One way of approaching credibility has been utilised in the present methods chapter by discussing the context in which the data has been obtained. To this it can be added that credibility has been affected by me sometimes not interviewing the Di Bao recipient but one or several family members. Thus, they might have presented issues in another way than the recipient would have done. This *modus operandi* was due to practicality issues, for example one recipient was a primary school student. In the same way, sometimes the impression arose that informants did not tell the whole “truth” or did not make it clear whether they knew, or thought, something they stated. This is the reason why some information has not been utilised in the paper.

A further means to promote credibility is to discuss how the data has been worked with. This entails, for instance, making it explicit which sections in the text represent the data and which are evaluations of them – an issue which transcends to the whole thesis. It has been aimed to make clear distinctions between the two by using direct quotes from the interviews, among other methods. Still, no tape recorder was used and most interviews were interpreted. Therefore, the direct quotes reproduce the original choice of words to no more than a limited extent. Another measure which fosters a higher degree of credibility is having other researchers comment on the work undertaken (Thagaard, 2003). In my case, this has been

attained by the supervisors who have evaluated the development of the study on a regular basis from its inception until the final draft.

Secondly, *confirmability* entails evaluating the interpretations that have been arrived at within the course of a project. Nevertheless, results can only be confirmed by other studies if the basis on which interpretations have been made are being made known to other researchers. The question guides in the appendix serve this purpose and analysis material can be accessed upon request. Also, confirmability is being furthered by discussing choices that have been made during the research process. This has been done throughout the thesis. In the present methods chapter, transparency has additionally been approached by discussing the influence of positionality on the data being obtained (Thagaard, 2003).

The third case in point, *transferability*, focuses upon the relevance of the study's findings for other contexts and the degree to which the researcher can justify it. This issue will be approached at the end of the thesis where the recontextualisation of the findings takes place (Thagaard, 2003). Thus, the thesis does not aim to make statistical generalisations. This would entail having representative samples (Hesselberg, 2009) which is neither the case, as discussed above, nor has it been the intention. The data collection methods are qualitative and this makes statistical generalisation irrelevant (Stenbacka, 2001). Rather, the aim is analytical generalisation "in which a previously developed theory is used as a template with which to compare the empirical results of the case study" (Yin, 2009, p. 38). Findings are thus not general regarding a population but concerning theory (Yin, 1989).

### **3.6 Summary**

While keeping in mind the need for flexibility (Marshall & Rossman, 2011), the present case study is qualitative and instrumental. The five and a half week fieldwork in Shanghai, China, resulted in 24 semi-structured interviews. The relatively diverse interviewees, of which some are key informants, were drawn from the two groups that were accessed: recipients of the Di Bao programme and academics working with Di Bao related issues. They were chosen by a mixture of using initial contact points, the snowball method and quantitative, random selection. Mainly primary, as opposed to secondary data, was collected. This was in the form of semi-structured interviews and observation. While field notes played an advantageous role during the stay in Shanghai as well as when writing up the thesis, the interpreter proved to be both a facilitator and an obstacle. Surmountable issues arose concerning the informed consent

in general and anonymisation in particular. Nevertheless, privacy, ascribed characteristics, impression management and especially reciprocity proved to be more delicate matters. The analysis has been pursued using an abductive as well as issue-focused approach. The importance of trustworthiness is being acknowledged by recognising credibility, confirmability and transferability considerations throughout the thesis.

# 4. Analysis

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The present chapter sets out to relate Chinese empirics to the theoretical framework developed in Chapter Two. The first section will proceed by shedding light on social security in the pre-reform and reform eras as well as on Di Bao *per se*. The subsequent section - and the centrepiece of this chapter - discusses the six explicit linkages between Di Bao and nutrition, health, education, employment, housing and social relations respectively. The last section gives a short summary of the chapter.

## **4.1 Placing Di Bao**

This section aims at shedding light on the Chinese historical and recent development in order to display the context out of which Di Bao emerged. Here, the change in social security approach from the pre-reform to the reform era is of main importance. Additionally, background information about Di Bao will be presented. One step on the way is to categorise social security in the Chinese pre-reform and reform eras into the normative framework. This also goes for establishing the position of Di Bao within the very same framework.

### ***4.1.1 Social Security in the Pre-Reform Era***

The history of Chinese social security during the last sixty years can be divided into two main periods. The communist pre-reform era lasted from 1949 until 1978, with Mao Zedong deceasing in 1976. The reform era has been lasting since 1978 when Deng Xiaoping and the Chinese Government introduced a number of modernising reforms, including economic ones (Chan, *et al.*, 2008).

Prior to the reforms, poverty in urban areas was not much of a topic though the living standard was not as high as in the urban West (Gustafsson & Quheng, 2011). It was the government that was to account for comprehensive social security. This role was part of its socialist ideology and the associated focus on equality (F. Wu, *et al.*, 2010). Of vital importance to both employment and social security in urban areas were the so-called work units: “[a]s a basic socioeconomic institution in Mao’s China, the majority of urban workers and their dependants were involved in all kinds of work units, such as [state-owned enterprises (SOEs)], state organs, government departments and other organisations in the



public sector” (Chan, *et al.*, 2008, pp. 94-95). Out of the various types of work unit organisations, the SOEs were of vital importance to the urban economy. In some cases, a single SOE hired an entire city’s population (Zhu, 2008). Every urban citizen was given the right to work. With the state employment came social security provision through the work unit. It comprised housing, health care, education and pensions. Residual social security was aimed at the so-called Three Nos which were in a clear minority (Solomon, Yuan, Fei, & Maher, 2004; F. Wu, 2004) and, back then, they were the ones constituting the urban poor. The Three Nos were defined as receiving no assistance from family members or other provisioners, having no ability to work and no steady earnings (F. Wu, *et al.*, 2010).

Nonetheless, living standards in rural areas were considerably lower than in urban areas (Yang & Cai, 2000), with the social security system being more comprehensive in urban areas (Tony Saich, 2004). However, rural inhabitants could not easily move to the city due to the *hukou* (Cai, 2007), the Chinese household registration system, which had been established in the 1950s in order to curtail migration (Wang, 2005). Under the *hukou* system, every citizen is listed at birth at the mother’s *hukou* location. This being linked with the rigid restrictions in changing the *hukou*, migration was effectively curbed (Cai, 2007).

The foregoing discussion reveals that social security during the pre-reform era can be classified into two of the main approaches within the normative framework.<sup>10</sup> To begin with, the overwhelming role of communities in social security provision points towards the communitarian conventional community development subtype: while urban work units took on this role in cities, it was their counterparts in rural areas, the communes, that took on this responsibility there (though offering social security on a much lower level) (Riskin, Zhiyuan, Zengke, Shi, Yuanzhu, Angang, Naughton, Shaoguang, 1999). Nonetheless, the omnipresent status of the state exceeds the role assigned to it by the conventional community development subtype. Not only was the state of vital importance to social security provision: Social security in Chinese urban areas was as high as in the West (Chan, *et al.*, 2008) even though the urban population’s income was much lower (Gustafsson & Quheng, 2011). But the state also took on initiatives concerning land redistribution as well as nationalisation of property (Riskin, *et al.*, 1999). These are clear redistributive measures. Hence, this era is also characterised by the statist egalitarian subtype. So, the state and communities worked hand in hand in social security provision. The individualist approach does not apply to the pre-reform

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<sup>10</sup> See also Döll (2011) for a discussion on the pre-reform era and its classification.

era. Any market activity was decisively counteracted by the state (Riskin, *et al.*, 1999). Hence, there was no room to fulfill social security needs through the market.

In sum, China's pre-reform social security system comprises both the conventional community development subtype as well as the egalitarian one. However, this came to be altered with the advent of the reform era.

#### ***4.1.2 Social Security in the Reform Era***

##### *Economic Reforms*

Economic reforms of the new era were done against a backdrop of poverty, authoritarianism and more than thirty years of isolation. The market economy was to be inserted into socialism and by 2005 70% of Chinese GDP was generated by the private sector. The new economic strategy has been highly successful (Chan, *et al.*, 2008). This is regardless of whether it is articulated in terms of GDP per capita which increased from \$195 in 1981 to \$4,393 in 2010 (current US\$)<sup>11</sup> or in terms of the size of the economy which was the world's second largest in 2011.<sup>12</sup> Also, other aspects of living conditions have averagely improved, such as health indicators and per capita housing space (Chan, *et al.*, 2008). Nevertheless, despite the enormous economic growth, inequalities rose during the same time span. The rural-urban discrepancy and imbalance between classes are now greater than before. There is a discrepancy between human and economic development (Chan, *et al.*, 2008), illustrated by the guiding principle of "allowing some to get rich first" (F. Wu, 2004, p. 407). So, while the average urban standard of living has been raised, the changed economic regulations leave many to a new poverty type (Gustafsson & Quheng, 2011).

##### *The New Urban Poor*

There are differing influential factors on the emergence of the new urban poor, working through the altered economic regulations. Firstly, there are the changes that have been made to work units and which have been intensified in the latter half of the 1990s (Gustafsson & Quheng, 2011). SOEs were turned into autonomous agents in the economy (Solomon, *et al.*, 2004). The significance of this step for the population is being underlined by the above discussion: SOEs had been the main economic unit in pre-reform cities. In order to increase their efficiency, SOEs were allowed to dismiss workers and consequently there was no longer

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<sup>11</sup> <http://data.worldbank.org/indicator/NY.GDP.PCAP.CD?page=5>. Downloaded 11<sup>th</sup> November 2011.

<sup>12</sup> <http://www.bbc.co.uk/news/business-12427321>. Downloaded 11<sup>th</sup> November 2011.

guaranteed employment (Solomon, *et al.*, 2004). Nowadays, workers are to find employment themselves and cannot rely on the state to fulfill this role any longer (F. Wu, *et al.*, 2010). Due to the SOE reforms, many find themselves unemployed or have had to retire prematurely (Gustafsson & Quheng, 2011). However, changes do not solely relate to employment issues *per se* but also to the workplace-based social security. The latter has come under strain (F. Wu, 2004), as the numerous workers that had been laid-off fell outside of that system. Being laid-off entails that there still exists an employment relationship between the worker and the employer (Chan, *et al.*, 2008). Laid-off workers are part of a sideline rather than the mainline production. Alternatively, they might be trained or they might not be given any assignments (Gang, Lunati, & O'Connor, 1998). The status of being a laid-off worker lasts for three years until one is defined as unemployed. Yet, the social security provision for the remaining SOEs workers who had not been laid off also lessened considerably due to the financial difficulties of their companies (Chan, *et al.*, 2008). By now, this assistance has come to an end altogether (F. Wu, *et al.*, 2010).

A second factor influencing the emergence of the new urban poverty concerns prices of basic household necessities. These prices had intentionally been held low by the state (Solomon, *et al.*, 2004). During the reform era, there was a shift to the marketisation of services and goods which led to the rise in prices of essential necessities, such as food, as well as health care and education (Gustafsson & Quheng, 2011).

Thirdly, are changes concerning the *hukou*: the easing of the *hukou* restrictions during the reform era has given many rural dwellers the opportunity to seek employment in cities (Gustafsson & Quheng, 2011). However, the social security regulations based on the *hukou* are still in place: social security is theoretically only to be accessed from a person's place of origin (Chunli, 2006). Hence, migrants are given no social security by the local government of their places of destination (Gustafsson & Quheng, 2011). In Shanghai, there is a large group of migrants which comprise 50% of the city's total population (informant A7). Many of them live in poverty (F. Wu, 2004).

There are vast differences in living standards in China. The HDR 2005 states that “[t]he HDI in China ranges from 0.64 in Guizhou to ... 0.89 in Shanghai ... . If they were countries, Guizhou would rank just above Namibia and Shanghai alongside Portugal” (UNDP, 2005, p. 59). Yet, in spite of the existence of the rural-urban gap (Chan, *et al.*, 2008) and the poor situation of migrants in urban areas (F. Wu, 2004) this is not to give the impression that

urban *hukou* holders do not experience poverty. There is no question about the severe position that some urban dwellers find themselves in (Gustafsson & Quheng, 2011).

All in all, China's cities comprise the following groups living in poverty: apart from migrants and laid-off/unemployed persons who form the largest groups, there are two smaller ones that consist of poor pensioners as well as the working poor. In addition to these four new groups living in poverty, there is a small group composed of the traditional Three Nos. Hence, it is not a unified group which is subject to the new poverty in China's cities (F. Wu, *et al.*, 2010).

### *Social Security Reform*

While the old welfare system has been eroded, its replacement has been established tardily. At large, this has led to the neglect of the social security needs of many. The process of reorganising the social security system has lasted for about thirty years. It was a response to the needs induced by SOE reform and the dissolution of the rural work units, called communes. The main change has been the state taking on a differing role than before (Chan, *et al.*, 2008). As Guan (2000, p. 120) puts it, “[a] basic object of the Reform was to “societalize” the welfare system, i.e. to reduce the government’s financial and administrative responsibility and encourage more actors to participate in welfare provision”. This goal has been achieved as public social security has been waning. Previous universal programmes have had to give space to targeted ones. The market has gained a more influential role as needs are partly to be met through its provision. A range of social institutions are now under the control of the market and have been privatized, such as housing. (Solomon, *et al.*, 2004). The changes have resulted in urban China living through a shift from workplace-based to societal-based social security. Employees, employers and the state share the burden of providing for social security, indicating that the current social security has been developed for jobholders. This is mainly based on an insurance approach and thence increases the financial responsibility of the individual citizen. The main insurances are in relation to unemployment, health care and old-age pension (F. Wu, *et al.*, 2010).

The foregoing discussion reveals that the reform era's social security contains elements of two approaches of the normative framework.<sup>13</sup> It entails *individualist* characteristics to a high degree, this being based on the predominant role of the market within

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<sup>13</sup> See also Döll (2011) for a discussion on the reform era and its classification.

social security provision. A functioning *enterprise culture* has been nurtured during the reform era which represents a subtype of the individualist approach (Figure 1 in section 2.3). Private service providers have augmented and the importance of work to fulfill social security needs has increased. However, there are citizens which are not in a position to cater for their needs by utilising market services. Numerous people living in poverty do not have the resources to finance their insurance contributions and are thus not covered. With quite a number of people not being able to access employment as well as many being poor, Di Bao was established (F. Wu, *et al.*, 2010). This development is in line with the *statist basic needs* subtype which has been discussed above. It argues that persons who fall out of the social security system designed for the average citizen need to be comprised by other, targeted measures (Midgley, 1995). All in all, social security in China cannot be described as residual in spite of it having diverged from the universal model. This is because social policies targeting the poor are an essential characteristic of the current system (Guan, 2000).

In addition, the basic needs subtype applies to Di Bao to a higher degree than the second subtype of the *individualist* approach, the fostering of *individual functioning*. This is because the latter primarily aims at psychological barriers when assisting the poor. In contrast, the basic needs subtype highlights material wants (Midgley, 1995). The above conclusion is also supported by Hanlon *et al.* (2010) classifying Di Bao as an example of cash transfers as opposed to safety nets, with the latter being an individualist phenomenon (Hall & Midgley, 2004).

With the demise of the rural communes and SOEs (Chan, *et al.*, 2008) the *communitarian* approach has lost its importance and does not exert any significant influence on social security provision nowadays. All in all, social security in the present reform era consists of two subtypes: the nurturing of an enterprise culture and the basic needs subtype. It is the basic needs subtype which characterises Di Bao<sup>14</sup>. The following figure expresses the classification of the Chinese case into the normative framework.

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<sup>14</sup> See also Döll (2011) as to the classification of Di Bao.

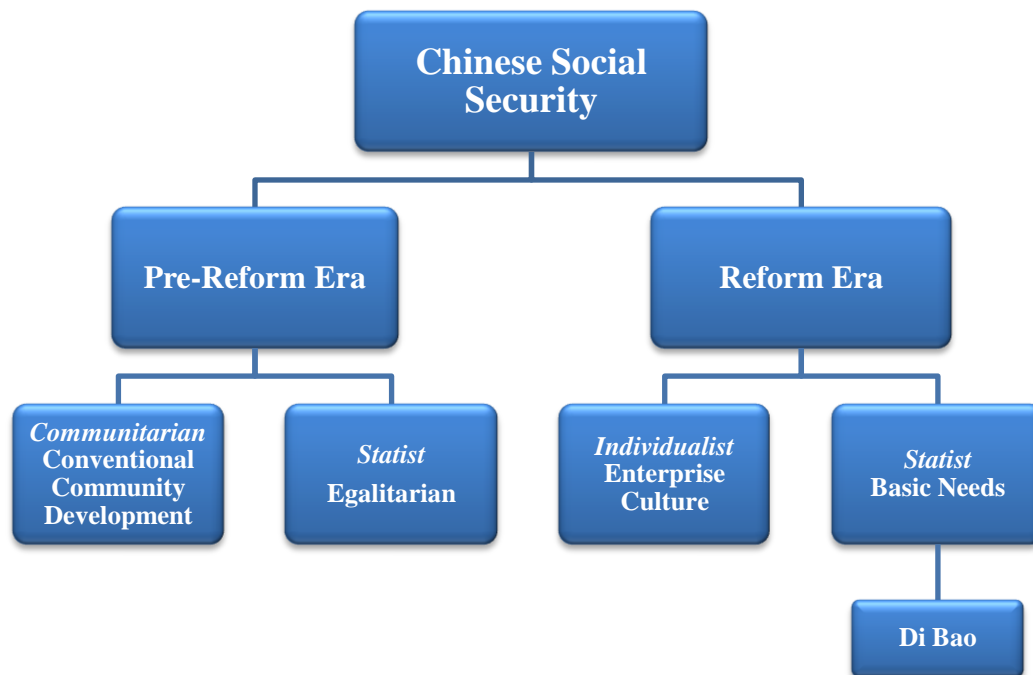


Figure 3. Chinese social security and the normative framework.

### *Di Bao*

The main reason for the development of Di Bao was to reduce the urban poverty that laid-off SOE workers were subject to. Informant A3 argues that no economic changes would have been feasible without this security. Nowadays, Di Bao functions as a last resort for different kinds of groups living in poverty (informant A3). In 2002, 90% of Di Bao recipients in China had either been laid-off or were unemployed (F. Wu, 2004). Also, the Three Nos are entitled to receive the full Di Bao assistance. Yet, they represented no more than about 4% of the recipients in 2006 (F. Wu, *et al.*, 2010). However, there are different opinions with regards to what Di Bao is meant to achieve. One example is given by Chan *et al.* (2008) who question whether fighting poverty is the main goal of the programme or if it is rather to maintain work motivation. This is justified by the Di Bao line being defined relationally. There are several stages in the social security system: the Di Bao line is to be lower than the financial support given through unemployment assistance while the latter is to be set inferiorly to the minimum wage (Chan, *et al.*, 2008) (which was set at 1,280 Yuan per month in Shanghai from April 1<sup>st</sup> 2011).<sup>15</sup> Another example for disagreement about the programmes' goals is informant A7 arguing that Di Bao functions as "psychological opium". Hence, it prevents opposition to the state in the wake of increased poverty. Protest is, according to him, not necessary when basic needs are covered. This stands in conflict to Solinger's (2010) argument that it is precisely

<sup>15</sup> [http://www.gov.cn/english/2011-03/02/content\\_1814947.htm](http://www.gov.cn/english/2011-03/02/content_1814947.htm). Downloaded 17<sup>th</sup> November 2011.

because of the (low) Di Bao assistance that recipients are too weak to oppose the state, this perhaps not being an intentional goal of the government.

As noted in the introduction, there were approximately 23 million Di Bao recipients by 2008 (National Bureau of Statistics, 2009, in Gustafsson & Quheng, 2011). This represents a great number as compared to other cash transfer programmes in the developing world. However, the grant that is being transferred is comparably sparse (Hanlon, *et al.*, 2010). The Di Bao line differs significantly between urban areas, with the average urban Di Bao line being set at 182.4 Yuan per month at the end of 2007. Recipients in poorer cities are worse off than those in richer cities (Gustafsson & Quheng, 2011). The programme is being funded by the local governments, with an increasing share paid by the central government (61% in 2006). Rich cities, such as Shanghai, are being excluded from central assistance (Xu, 2007). In Shanghai, the Di Bao line was set at 450 Yuan per month in 2010 and was about 500 Yuan per month during my fieldwork (informant A7). This amounts to living off approximately \$2.6 per day, a figure fairly close to the World Bank \$2 (PPP) poverty line (Edward, 2006). In 2007, the State Council also decided to implement Di Bao in rural areas (Z. Wu & Cheng, 2010).

In a number of urban areas the Di Bao line is established by calculating the price of 20 vital services and items (Chen & Barrientos, 2008). In general, however, there is no mandatory procedure for establishing the line. Therefore, it is not only influenced by needs assessments but also by financial constraints as well as the competition of Di Bao with other political objectives (Leung & Xu, 2010). In urban areas, those households with a lower income than the Di Bao line are eligible for assistance. The Di Bao payment represents the difference between (1) any income a given household might have and (2) the Di Bao line multiplied with the number of persons living in that household (Gustafsson & Quheng, 2011). For example, (1) a household with three members might have an income stemming from the 1200 Yuan wage of one of its members. (2) With the Di Bao line being set, for instance, at 450 Yuan, the household could maximally receive three times 450 Yuan a month in Di Bao payments when having no other income (totaling 1350 Yuan). All in all, the household would receive 150 Yuan, representing the difference between the 1200 Yuan household income and the 1350 Yuan Di Bao line (informant A8). In addition to the cash transfer, one also has access to non-cash benefits through the programme (Gustafsson & Quheng, 2011), i.e. in-kind transfers. These include cost reductions or exemptions regarding education (informant R8), health care (informant A4) and food (informant R11). With regards to housing, Di Bao

recipients can access economy housing when living on too little per capita space (informant R7).

As pointed out in the introduction, it is the household which is the basic unit that is relevant to the Di Bao assessment (Xu, 2007) - i.e. not the individual household member. This implicitly leaves no room for more than two options concerning the Di Bao status. Either all members of a household with a Shanghai *hukou* are classified as Di Bao recipients or none of them are categorised as such. It is not possible for selected persons within a household to have a Di Bao status.

### *Groups Excluded from Di Bao*

While Di Bao is aimed at assisting the poor, there are two groups living in poverty which are excluded. Firstly, having an income higher than the Di Bao line does not only mean that no Di Bao cash transfer can be accessed (Gustafsson & Quheng, 2011) but also that the other linked advantages are unobtainable, such as free education and public housing. This also applies to cases where a household's income is no more than five Yuan higher than the Di Bao line. This leads to those with a slightly higher income than the Di Bao line being poorer than Di Bao recipients (informant A7). In connection to this, Leung and Xu (2010, p. 55) argue that the in-kind transfers offered through Di Bao "may form a strong disincentive for recipients to exit from the [programme]". Secondly and as indicated above, having the Shanghai *hukou* is a requirement for receiving Shanghai Di Bao (informant A5). However, obtaining a permanent *hukou* at the places of destination is out of reach for the large majority of migrants (Wang, 2005). While migrants might be eligible to receive Di Bao from their places of origin (informant A1), the amount is insufficient in comparison to the high living costs in Shanghai (informant A3).

These excluded groups have an impact on the Di Bao recipient families and thus on my study. Regarding the first group, the education-related in-kind transfer is valued to such an extent that it can be the main reason for a Di Bao application (informant A4). The annual tuition fee for the daughter of informant R15 was set at 10,000 Yuan and was completely covered through Di Bao. The household had made an application for Di Bao uniquely because of this education-related in-kind transfer. If his household had had an income just above the Di Bao line, this subsidy would not have been accessible. Thus, it is of importance to some recipients that their income does not cross the Di Bao line. This goes especially for those in a vulnerable position, such as having children.



With regards to migrants, some households that were interviewed included members that do not have a Shanghai *hukou*. Thus, the given households receive less assistance through the Shanghai Di Bao than they would have if all members had been eligible. This was, for instance, the case with the family of informant R7. Normally, people living on less than 7m<sup>2</sup> per capita qualify for public housing. However, the family members with a non-Shanghai *hukou* were not counted. The family was thus not in a position to access public housing although they lived on less than 7m<sup>2</sup> per capita.

All in all, these are not the sole drawbacks of Di Bao. The programme has been criticised for a range of shortcomings (F. Wu, *et al.*, 2010), many of which will be discussed below.

## **4.2 Di Bao and Human Development**

This part of the chapter seeks to shed light on how Di Bao influences human development, working through the six selected dimensions. As to in-kind transfers, the discussion will concentrate on the link between a given human development dimension and its connected in-kind transfer. For instance, when shedding light on health, so-called health-related in-kind transfers will be discussed. This does not disregard the possibility of, for example, health being influenced by nutrition-related in-kind transfers. The reason for this way of proceeding is feasibility. Exceptions are made solely with regards to employment and social relations, as the data did not reveal respective in-kind transfers.

Before embarking on the main discussion, it needs to be mentioned that Di Bao is not the sole income that the recipients have. In fact, the proportion of income stemming from the direct cash transfer is fairly low with regards to some of the recipient interviewees. This corresponds to Hanlon *et al.* (2010) who argue that leastwise 20% of household expenditures need to come from the cash transfer in order for it to be effective. Hence, these authors acknowledge that the main income may stem from other sources. Solely having Di Bao as an income is untypical, according to informant R5. Alongside Di Bao, interviewees also received a pension (informant R1), had income stemming from formal (informant R10) and informal work (informant R14), lived off savings (informant R3), had a small business (informant R7) and received support from relatives not living in the household (informant R9). However, some academics have a somewhat differing perception of this issue. Informant A1 argues that laid-off Di Bao recipients mostly do not receive any additional income. Another deviation

from recipients' statements is informant A2 saying that there are two recipient categories: “[t]hose who really need [Di Bao] and that have no other income [and t]hose that have another ... income but who therefore, in fact, do not need Di Bao”. However, distinction needs to be made between those who have some additional income and those who have considerably more income. On the one hand, in line with informant A5, one can argue that those recipients who engage in the stock market or own cars do not need Di Bao. On the other hand, however, this does not apply to others who have additional income while still being under the Di Bao line when all income is considered together. The latter case applies to most of the recipients that were interviewed. However, some had a higher income than the Di Bao line. This does not correspond with the programme's rules that have been outlined above.

Further on, the discussion will occasionally reveal that it is unclear what the recipient households are entitled to in detail. This represents a limitation of the study which is based on a mixture of reasons. For one, I am unable to read official documents about Di Bao because I cannot speak Chinese. Consequently, I am dependent upon the interviews as well as information about Di Bao published in English. An extensive literature search has been pursued in order to find necessary information about Di Bao entitlements. Nonetheless, not all gaps could be filled completely. Secondly, the granting of Di Bao is not solely dependent upon formal procedures. As to this, Chan *et al.* (2008, p. 75) synthesize the following from other authors' statements: “[b]ecause of ... misconceptions and their limited skills, the service quality of [the responsible entities] is inconsistent and the [Di Bao] welfare rights of recipients are often not realised”. An example about another relevant actor is given by informant A5, stating in regard to school education that “Di Bao recipients can get a reduction on [non-tuition fee costs] but whether they get it depends on the teachers they need to approach for this”. Nonetheless, it is not of prime relevance to this paper to establish the detailed entitlements of the recipient households. This is so as the thesis focuses on what the recipients actually have access to.

#### ***4.2.1 Nutrition: “Not Hungry, Not Full”***

The first out of the six human development dimensions to be discussed is nutrition. The current section will first take a closer look at the direct cash transfer before turning to the food-related in-kind benefits and will end with a discussion on the overall impact of the programme.

### *The Di Bao Cash Transfer*

Hanlon *et al.* (2010) theorised that an important amount of cash transfers is spent on food purchases. One can thus ask how much of Di Bao's direct cash transfer is being spent on food. According to law, the calculation of the Di Bao line is to include expenditures on food, utilities and housing. However, this does not correspond to the actual calculation: solely food expenditures are included (informant A9). This observation is being supported by informant R1 who states that his household utilised Di Bao for essential food items. Other interviewees have also confirmed that they use a large proportion of Di Bao on food. In addition, the following comparisons underline this picture. Regarding the first, while the Di Bao line was set at approximately 500 Yuan per month during the fieldwork period (informant A7), Fudan University students in Shanghai used about 600-800 Yuan monthly when having meals solely at university refectories (informant A4). Hence, the amount of money that these students spend on food each month is higher than the Di Bao line. In terms of the second comparison, the average Shanghai income equals to a monthly 3798 Yuan (informant A4). Nonetheless, informant R3 spends a slightly higher amount of money which is at his monthly disposal (of which Di Bao is but a small part) on food, alcohol and cigarettes. Taken together then, Hanlon *et al.*'s (2010) statement that a considerable amount of cash transfers is used on food is in line with my findings.

However, how does Di Bao recipients' food expenditure translate into nutrition quantity and quality? On the one hand, the prices of the main necessities have risen, as Gustafsson and Quheng (2011) have pointed out. For instance, the price of breakfast nowadays (10 Yuan) was back in time sufficient to purchase food for the Spring Festival for several persons. Also, inflation has resulted in higher prices for foodstuffs, such as cucumbers (informant R10). On the other hand, however, there is still the possibility to buy low priced food in spite of the high prices in Shanghai (informant A3).

Thus, as to the quality of the diet, the cash transfer gave access to essential food for the household of informant R1. It consisted of, among other things, rice, cereals, oil as well as fruits and vegetables. Hence, there were restrictions on what they ate due to the limited nature of Di Bao. Likewise, informant R9 asserts that the members of his household buy low priced food, such as ordinary vegetables. Regarding meat and fish, recipients are generally in a position to access this food category once every two weeks (informant A4). This statement is partly being supported by informant A6 who puts forth the argument that recipients are not in a position to eat meat daily. Nonetheless, eating it weekly does not pose a problem.

As to the quantity of food, the household of informant R9 consumes little, this being partly linked to the dietary restrictions of the interviewee's disease and partly to financial constraints. Further, recipients need to put aside food between meals so as to have sufficient food to feel full (informant A6), with informant R3 arguing that the cash transfer leads recipients to be "not hungry, not full". Informant R5 went so far as to argue that living solely on Di Bao is equal to starving, though this was meant as a figure of speech. According to him, other income sources apart from Di Bao are essential for the amount of food being consumed.

Regarding beverages, recipients experience difficulty with purchasing juice, milk and other beverages. In general, however, milk is not a common drink for the Chinese (informant A6). The difficulty with accessing beverages is supported by informant R3 who states that the cash transfer does not give the opportunity to consume any other beverage than tap water. The United Nations point out the precarious state of drinking water in China as well as its links to health (United Nations in China, 2009). However, the Shanghai tap water quality has improved recently due to changes in the delivery system (informant A6).

Shedding light on what nutritional quality and quantity means to the individual households, the following examples give a picture of the diet of two Di Bao households. In an average day, the household of informant R11 does not consume a lot of meat or seafood but quite a number of vegetables. While pork is eaten twice to thrice a week, they consume duck no more than once per week. In addition, they offer their son a 220 ml carton of milk every day. The consumption restrictions on meat and seafood are of a financial nature, but the allergy of one household member is also a factor. Turning to the second household, informant R14 reveals that dinner usually consists of porridge or noodles. About twice a week, they have three dishes: two of them consist of vegetables while the third comprises pork, duck or fish. They receive assistance from extra-household relatives twice to four times a month in the form of being invited for dinner and/or receiving food for consumption at home. Nutritional intake apart from dinner is simple and consists of grain and vegetables, with one household member having to eat mainly biscuits due to continuous, untreated stomach pain.

Both of the above households consume better quality food than what the foregoing discussion indicates about a Di Bao diet. However, these two households - while currently receiving Di Bao - have a higher income than the Di Bao line (stemming from work). Even though with access to a higher income which can be spent on food, informant R14 states that the household would eat differently if they had the financial capacity. The main priority is the sensation of being full, this means partly neglecting the nutritious quality of what they

consume. This matter thus illustrates the precarious nutritional situation in which other recipients find themselves who do not have an income higher than the Di Bao line.

All in all, the data is in line with Hanlon *et al.*'s (2010) argument that cash transfers have an advantageous impact on nutrition. This is because Di Bao gives access to nutrition, even though the direct cash transfer is not sufficient to guarantee complete qualitative and quantitative food security. Hence, the above discussion suggests that the Di Bao case corresponds with Samson's (2009) South African finding about cash transfers counteracting hunger. This also goes for Hanlon *et al.*'s (2010) argument that cash transfers give the opportunity for better quality nutrition.

#### *Food-Related In-Kind Transfers*

Apart from the direct cash transfer, there are food-related in-kind transfers attached to Di Bao. However, these are kept at a relatively low level and do not constitute a main component of recipients' food security. As to the first transfer of this type, informant A7 argues that Di Bao recipients are entitled to food stamps. This was not mentioned by any recipient but informant R15 whose household received food stamps on a regular basis. They were to be utilised at designated, state-owned shops. Turning to the second type of food-related in-kind transfers, there are food stamps being given on special occasions. Informant A4 asserts that Di Bao recipients have access to additional food during holidays as well as festivals, this statement being supported by informant A3. Recipients are given food stamps in connection with the pivotal Spring Festival as well as on 15<sup>th</sup> January and on 15<sup>th</sup> August. These amount to about 100 Yuan per occasion and are used for basic foods such as oil and rice (informant A4). An example is informant R15 whose household got a food stamp for the Spring Festival, in addition to those it received on a regular basis. These were also to be used at designated stores. Nevertheless, their Spring Festival food stamp was worth twice as much as what was stated by informant A4. A third type of food-related in-kind transfer relates to school: the household of informant R7 does not have to account for the food fee of their child's primary school. This also goes for the child of informant R11 who is likewise enrolled at primary school. Lastly, in selected areas, recipients also have access to a supplementary monthly food subsidy of 80 Yuan when reaching the age of 60. However, most persons leave Di Bao behind at the age of 45 when they start to receive old-age pension. Only those who have never been employed stay on Di Bao (informant A4).

On the one hand, Gentilini's (2007) argument that in-kind transfers have a beneficial influence on nutrition applies: food-related Di Bao in-kind transfers give access to nutrition. Yet, on the other hand, these transfers do not cover daily needs of Di Bao households. This is because they are given on special occasions and selectively for school children's lunch. Also, receiving food stamps on a regular basis was only expressed by one of the recipient informants and none of them stated that they received the old-age supplemental food subsidy. Hence, it is mainly the direct cash transfer that has an advantageous impact on nutrition.

### *The Overall Picture*

Addressing *how the nutritional intake of recipient households is influenced by Di Bao*, all in all, the combined Di Bao cash transfers and food-related in-kind transfers have a beneficial impact upon immediate nutritional poverty. Including an alternative to the academic debate on whether cash or in-kind transfers have the most beneficial impact upon nutrition, the Di Bao findings are in line with Gentilini (2007) who concludes that the combination of both may lead to an advantageous impact on nutrition.

Yet, this beneficial influence has its limits. As was expressed several times above, Di Bao recipients' diet is restricted due to financial reasons. This is not least also expressed by recipients going to see acquaintances at work who, for instance, sell food. This way, they can obtain food products that are free of charge that cannot be sold (informant A4). Also, informant R9 receives assistance from others: while friends pay his expenditures when they meet, acquaintances do so when he eats in a restaurant and let him know this through the waitress. Having others to help Di Bao recipients with acquiring food is yet another sign of the difficult situation they find themselves in. Hence, while Di Bao offers basic nutritional protection, it is not sufficient to guarantee a diet which is acceptable to the persons surrounding them.

In a nutshell, the conclusion is very much in line with informant A1: Di Bao does not give access to a decent level of living with regards to nutrition. Nevertheless, recipients are in a position to subsist on what the programme has to offer and do not go hungry.

### ***4.2.2 Health: "Extinguishing a Fire with one Cup of Water"***

Shanghai health care is classified as the best nationwide. This is due to its coverage being relatively extensive (informant A6). The health care sector has progressed rapidly in this metropolis within the last 15 years (informant A1). Yet, this positive, overall picture is

qualified by the Shanghai *hukou* being one requisite for medical attention (informant A6). Also, with middle class households perceiving health care prices as elevated (informant A7), the position of the poor is worse. Poor households having children perceive health care prices in cities to be very high (Chen & Barrientos, 2008). Also, Chan and Bowpitt (2005) point out that the Shanghai poor do not have access to universal health care. Rather, they are dependent upon a system which provides selective benefits which are not permanent. The following discussion will reveal drawbacks regarding the health care coverage of Di Bao recipients – but will also show a slightly positive trait.

### *Health-Related In-Kind Transfers*

Compared to the cash transfer, it is the Di Bao health-related in-kind transfer which has the larger potential for positively affecting the recipient households' health. Therefore, this section starts out with this type of transfer.

In Shanghai, limited preventive health care is free (informant A4). This applies to babies who receive no-cost immunisation (informant A7), this being confirmed with regards to children by informants A4 and R8. Apart from this measure – which is not linked to the Di Bao status (informant A1) – there are fees attached to all other medical attention (informant A4). Using evidence from the National Health Survey, Yip (2010) finds that the lowest quintile of city households in 2003 spent almost 11% of their income on health care. Also, average hospitalisation expenditure for the same quintile was about 400% of those individuals' annual income. These numbers thus signal the significant financial burden of health care costs (Yip, 2010). In addition, payment in installments is not possible (informant R1). In order to overcome these fees, informant A7 states that Shanghai Di Bao recipients are entitled to health-related in-kind transfers. On this basis, the informant concludes that it is an exception that recipients do not have the financial means to obtain medical attention. However, the overall evidence obtained during my stay differs from this perception.

Firstly, the size of the Di Bao health-related in-kind transfer in Shanghai differentiates according to the situation – if one follows informant A4. Medicines and diagnosis are being refunded completely in cases of grave illness. However, no more than 80% of hospitalisation costs are being paid back (informant A4).

Secondly, and related to the first, the 80% reimbursement of hospitalisation expenses represents a barrier for the recipients to stay in hospital. This is because they still need to pay 20% of the costs (informant A4). Interviewee A7 confirms this pattern: while the poor receive

supplementary assistance, the costs pose an obstacle to obtaining medical attention when seriously ill. The medical expenses thus lead the poor to be in a serious situation when becoming ill due to the medical expenses (informant R10). This type of obstacle is exemplified by the household of recipient informant R8, where both spouses are in a precarious state of health. Compared to the other Di Bao households of the study, their apartment was the least clean. This gave my Chinese interpreter and I the impression that it was not attended to more than what was strictly necessary. Also, we were not greeted at the door, but the informant was sitting on a bed asking us to enter. The other spouse was lying in bed at daytime with a strong cough and did not interact with us. The interviewee informed me of having an advanced tumour in the knee which had grown to more than twice its normal size. The cancer had not been treated since the household was not in a position to receive health care. According to the informant, they could obtain a 50% refund on medical expenses. Yet, this means that they would have to pay the outstanding 50%. It is out of their reach to raise such an amount of money. So for this household, struggling to pay the remaining percentage of the fees is a significant obstacle to life-saving health care.

Yet, the above example also illustrates another point in case: the statements of informants A4 and R8 on the extent of health-related in-kind transfers differ. While informant A4 speaks of a 100% or 80% reduction (depending on what is being subsidised), informant R8 is not aware of a reduction larger than 50%. Diverging information on this issue is a feature running throughout the study. Different persons gave diverse information around the extent of the health-related in-kind transfer. This is even though the recipients live in the same neighbourhood.

Thirdly, and as mentioned above, there is support accessible – when able to pay - to Di Bao recipients when they are dangerously ill (informant A1). By reversing the argument, this means that support is not given in cases of “non-serious” illnesses. To illustrate what this case in point means to the individual, informant R14 is a relevant example. The informant has to stand for a large part of the day due to continuous stomach pain. This explained why she did not sit down with my interpreter and I during the interview. The stomach pain also leads to restrictions on what she can eat. As discussed in the last section, biscuits are a main part of the informant’s diet. There are no financial resources available for diagnosis, let alone treatment of her illness. The household does not benefit from any medical assistance through Di Bao. While the informant is aware of a 70% reimbursement in case of hospitalisation, the current state of her health is thus not sufficient to access it. However, paying for the diagnosis out of



her own pocket is neither a possibility as she does not have the financial capacity to do so. Yet, her household's income is higher than the Di Bao line and thus the same conclusion can be drawn with regards to nutrition: the situation of household R14 not only illustrates their own difficult situation. It also depicts the more precarious situation of households living on an income lower than theirs, i.e. being no higher than the Di Bao line.

The overall difficulties in obtaining health care with regards to both serious and “non-serious” illnesses, supports Whitehead *et al.* (2001) who argued that fees pose a barrier to medical treatment. Their line of reasoning corresponds with the effects of health care fees in Shanghai as recipients who do not have the required liquidity do not receive health care. The diminution of fees via the Di Bao health-related in-kind transfer does not alter this picture to any significant extent. No more than two households in the study could access vital health care, these being discussed later on. While this picture thus corresponds to Adato *et al.* (2004) who argue that the diminution of fees eases the poor's access, this is not sufficient to guarantee the general fulfillment of health care needs in terms of Di Bao recipients. With the in-kind transfer being of meagre assistance, one can thus ask whether the Di Bao cash transfer helps recipients to overcome the remaining access difficulties.

#### *The Di Bao Cash Transfer*

According to informant R3, there is the possibility to use the regular Di Bao cash transfer for health care apart from the health-related in-kind transfers. This correlates with Hanlon *et al.* (2010) who put forth the argument that cash transfers improve recipients' position to see health care facilities. This is because they make this undertaking more affordable. However, Hanlon *et al.*'s (2010) line of thought only applies to a very limited extent with regards to Di Bao. In the current study, the cash transfer is too small to pay for medical expenses even in cases where there is the possibility of additional assistance. This is even more alarming as the majority of Di Bao households have members with a serious disease (informant A4) and therefore in need of medical attention. In conclusion, Hanlon *et al.*'s (2010) argument about cash transfers clearing the way to meet a prior unsatisfied need is not in line with the present case. This is because the cash transfer is too low to be of significance to health care.

#### *The Combined Approach*

Di Bao corresponds to Jaspars *et al.* (2007) as well as Cain (2009) who argue for the integration of in-kind and cash transfers since the programme encompasses both types of transfers. However, the conducive interplay they argue for is not documented with regards to

health. While there is potential for Di Bao health-related in kind and cash transfers to go hand in hand, this is not realised as they are too low to let positive health effects come about. Among others, informant R1 highlights that obstacles to health care are of financial character: he is not in a position to access vital health care, such as when in need of hospital treatment, the reason being financial.

Comparing the two types, it becomes clear that it is the health-related in-kind transfer which has the largest potential to support health care. This is the case even though only persons with serious illnesses are entitled to in-kind transfers. Yet, the cash transfer is also of some importance: since recipients need to pay part of the in-kind transfer out of their own pockets, the Di Bao cash transfer serves as one of the foundations for doing this. Nevertheless, the sole cash transfer is too low to provide the recipients in the current study with the required liquidity.

This brings the discussion to the next point: different resources other than Di Bao are needed in order to access health care. The experiences of my informants are in line with what Chan and Bowpitt (2005) state about the unemployed: they have to utilise financial sources other than government subsidies. According to the authors, these might, among other things, stem from household savings, relatives or friends (Chan & Bowpitt, 2005). Also, prior employers or colleagues might assist with financing health care (informant A6). This issue is illustrated by the household of informant R9, which has a member who has developed diabetes. The ill person is dependent upon assistance from extra-household sources to fulfill his health care needs. This is even though he is in a position to access a health-related Di Bao in-kind transfer. Having paid 120 Yuan for health care, the remaining medical expenses during the same year are immediately subsidised by 50%. Nevertheless, the informant still needs to pay a monthly 280 Yuan for his medicine which equals more than half of the Di Bao line. Therefore, relatives assist him in paying for the injections. In this case, the data corresponds to Adato *et al.* (2004), with the example showing Di Bao households' access to health care is improved by the diminution of fees.

The situation of informant R12's household is another example of the dependency on others. When one member was seriously ill, they had to rely upon other's help in spite of access to health-related in-kind transfers through Di Bao. Having spent 2000 Yuan on health care, all other medical expenses during the same year were fully reimbursed. Yet, all costs had to be paid by the recipient household prior to reimbursement. As the household was unable to advance the required sum of money, it was accessed through a loan from the

informant's mother. This example also shows an additional obstacle: not only are medical expenses to be partly financed in general, some recipients also need to pay the full price before being reimbursed later.

All in all, these two informants are in a position to fulfill their health care needs with regards to serious illness. Yet, this is only possible with financial assistance from others. While Di Bao plays its role, a sole reliance on the programme is not sufficient.

In conclusion, the answer to the question of *how the Di Bao cash transfer as well as its possibility of in-kind health care impact upon the health of recipient households* is thus not difficult to find. Neither the health-related in-kind transfer nor the cash transfer give recipients access to health care. Thus, the study's findings about Di Bao recipients are mainly in line with what Chan and Bowpitt (2005) discovered about the unemployed: the authors conclude that financial restraints lead many unemployed Chinese to receive partial or delayed treatment – or none at all. All in all, the majority of the poor are not in a position to access health care. As to this, informant R1 depicted an illuminating metaphor when asked whether he could receive crucial medical attention: “it is not possible to extinct a fire on a wood-loaded cart with only one cup of water”.

#### **4.2.3 Education**

Apart from health care, the Shanghai education sector has also progressed rapidly in the last 15 years (informant A1). Much the same as Di Bao's effect on health, it is the education-related in-kind transfer that plays a more significant role than the cash transfer. Therefore, this section will begin with this type of transfer.

##### *Education-Related In-Kind Transfers*

###### Kindergarten

Educational competition begins early in China and therefore a discussion on access to kindergarten is vital. Informant R13 points out the importance of sending children to kindergarten in order for them not to lose out on learning opportunities. Otherwise, they might stay behind their classmates when attending primary school. In fact, it is considered to be of such importance that the grand-niece of the same informant moved back to Shanghai with her mother when reaching kindergarten age. However, the data obtained about the kindergarten access of Di Bao households is somewhat inconsistent. While informant A4 states that the monthly 2000 Yuan kindergarten fee is set too high for Di Bao households to afford it, the

opposite is expressed by informant A5. To him, it is common for children from Di Bao households to go to kindergarten. However, while the same informant says that Di Bao households are entitled to kindergarten fee reductions, this has not been the experience of recipient informant R7 whose household had to pay the full fee of a monthly 300 Yuan. Regardless of whether one follows informant A4 or A5, their statements correspond to arguments from the theory section. The two informants are both in line with the UNRISD (2000), arguing that user fees lead to a lower level of educational access for poor groups and Adato *et al.* (2004) stating that the diminution or cancellation of school fees lead to enhanced access. The difference is not informants A4 and A5 following different lines of logic. Rather, they express differing real-life scenarios within that logic. In conclusion, it is unclear whether there is a Di Bao education-related in-kind transfer for kindergarten. Informants A4 and R7 reject this. However, according to informant A5 this exists and he argues that it has positive effects on access.

#### Primary and Secondary Education

Moving on to the next education level, the first nine years of schooling in China are both compulsive and free of charge (informant A4). Yet, to Di Bao recipients there is a problem linked to this: not all education expenses are covered in spite of the absence of tuition fees *per se*. For instance, there are costs attached to boarding, school trips and exercise books (informant R7). While Di Bao gives access to exemptions for the household of informant R7, these do not cover all expenses such as necessary exercise books. This picture is by and large confirmed by the situation of informant R11's household. Complicating access is the granting of these Di Bao benefits being conditional on the individual teacher (informant A5).

Education at higher levels than the first nine years of school entails tuition fees (informant A4). The last three years of school consists of senior high school (informant A7). Alternatively, students in China may receive vocational training for three to four years (Chan, *et al.*, 2008). There are Di Bao education-related in-kind transfers for this school level and they relate to both of these school types. For example, informant R6 attended senior high school. She and everyone else in her class stemming from Di Bao households accessed tuition fee exemptions. In contrast, the daughter of informant R12 received a small reduction. Turning to vocational schools, the households of informants R8 and R15 received in-kind transfers to attend this school type. In line with the senior high schools, there are variations in the level of support: while the former household receives no more than a 50% reduction on the yearly 6,000 Yuan tuition fee, the transfer was equal to a complete tuition fee waiver of

the amount of 10,000 Yuan per year for the latter household. In general, the in-kind transfers are perceived by the households as easing pressure (informants R6 & R10). None of the Di Bao households interviewed for this study informed me that they had more than one child. Therefore the reason for the differences cannot be that the transfer is being distributed on several children within the same household.

In sum, education-related in-kind transfers offered through Di Bao have a beneficial impact upon access to primary and secondary schools, this being in line with the theory. However, it does not guarantee that all educational expenses are covered. This relates to a lesser extent to the first nine years of school, as there are no tuition fees to be paid in the first place. Yet, families need to cover non-tuition fee costs partly out of their own pockets. The examples of the last three years of school reveal both a larger in-kind support through Di Bao but also inequities in the distribution thereof. Additionally, there is an obstacle in accessing the in-kind transfer as, for instance, the household of informant R8 needs to advance the tuition fee before being reimbursed partially at a later date. Hence, in order to access the benefit, one needs to possess resources in the first place. As a result, the household experiences financial pressure.

#### Higher Education

Regarding higher education, none of the recipient informant households received Di Bao education-related in-kind transfers. This is even though it is not uncommon among the children of these households to either receive a college or university education or to have realistic plans to do so. According to informant A2, tuition fees for universities are high, such as an annual 6,000 or 10,000 Yuan (informant A4).

In terms of the poor in general, a first source of financing measures includes on-campus jobs (informant A2), grants, loans and waivers which are being offered through universities (informant A1). According to interviewee A1, it is thus seldom for the poor not to attend university due to financial constraints. Yet, there is no more than one case in the data to which assistance through grants applies: the daughter of informant R14 receives a university scholarship. However, it does not correspond to the type of assistance discussed in this paragraph, as it is based on merits and not on the student's capacity to finance education.

Apart from the university-bound measures, there is a second common source for financing higher education: relatives and friends (informant A3). In contrast to the former, this measure was supported by the data from recipient informants. In household R10, it was

an aunt and the grandparents who financed higher education. The same was done by the grandparents in household R12. Contrary to expectations, however, both of these households have not tried to apply for assistance although they know about it. Informant R10 states loss of face as the reason, while household R12 wishes to leave the benefits to those who are worse off than themselves.

In general, the data from the recipient informants does not disconfirm informants A1 and A2 stating that the poor have access to universities. Yet, one case also shows that financial constraints cannot be ruled out altogether. The financial difficulties of household R14 lead the daughter to work for a period and postpone her studies for a postgraduate degree.

All in all, Di Bao education-related in-kind transfers do not apply to higher education. However, the data show that there is a need for this type of assistance: for different reasons none of the households accessed the university-bound financing source. As was the case with recipient households' nutrition and health, voluntary assistance from relatives plays a role in safeguarding access. Informant R10 states that her granddaughter could not receive higher education if it were not for the assistance from relatives.

### *The Di Bao Cash Transfer*

Apart from the education-related in-kind transfers, cash transfers also play a role in educational access. For example, Hanlon *et al.* (2010) theorise that one way in which cash transfers promote educational access is through supporting the household's economy. Children are free to go to school because the household's survival does not depend on their income. This trait can be found clearly in the data. According to informant R5, no Di Bao household in the neighbourhood would let its child leave school prematurely so as to access additional income for the household. The households would endure much before doing this.

While the cash transfer thus helps to overcome *negative costs* (refraining from an income) in giving Di Bao children an education, the data nevertheless reveals that it is too low to safeguard *positive costs*, i.e. those that need to be spent on the education itself. This is even though Di Bao households value education very much and invest in it as much as possible. This starts as early as kindergarten age: households try to spend as little money as possible in order to let their children go to kindergarten (informant A5). Informant R4 uses the majority of her income to finance her offspring's education. Moreover, the household of informant R11 spends annually 500 Yuan on their son's primary school education out of their own pockets. Yet, this causes them some financial difficulties. Informants R10 and R11 use strong figures

of speech to express the value they attach to education. The former expresses that she and her spouse would, if necessary, beg publicly to finance their grandchild's university education. The latter's household would sell its flat for this purpose.

In spite of their households' efforts and position towards education, Di Bao children are disadvantaged. For example, it is common among the general population to invest in extra-school education in order to set children apart. This type of education has a vital impact on the offspring's future educational career (informant A7), even though it is formally not part of schooling. The study found two main types of this investment, with the first being learning on one's own. Extra-curricular learning during leisure time is explicitly recommended by schools. However, Di Bao children are being disadvantaged in connection to this (informant A7). For instance, the household of informant R7 would need to pay teachers in order to receive advice on what their child should read during leisure time. Also, they would need to pay for the recommended books out of their own pocket. As a result, they are not able to access this learning opportunity. A second type of extra-school education is composed of supplementary classes. This relates, for instance, to language, sports or music lessons which sometimes start when children are no more than three years of age. Yet, here Di Bao households also experience difficulties with offering this to their children (informant A4). Their share of private lessons is lower and this leads them to be disadvantaged (informant A7). For instance, household R11 is not in a position to offer its child extra-school lessons. This poses a serious obstacle, as supplementary classes assist with reaching the grades necessary for university entrance (informants A1 & A7).

In addition to these extra-school educational expenses come the formal schooling expenses discussed above which are not all covered by Di Bao in-kind transfers. These latter costs also span over a long time frame, namely from kindergarten to higher education. The cash transfer is not sufficient to overcome most of these costs that remain after in-kind support has been given. Nonetheless, one positive example is part of the data: the household of informant R7 was able to pay the kindergarten fee and for the exercise books necessary for primary school. Concluding about *positive costs*, what Hanlon *et al.* (2010) and Samson (2009) theorise concerning the positive influence of cash transfers on having the ability to spend money on education is not achieved: the cash transfer is mainly too low to ease financial pressure and therefore educational access enhancement is limited.

### *The Combined Picture*

All in all, one can conclude that poor households that have children find school related expenditures in cities to be very high (Chen & Barrientos, 2008). Children from Di Bao households do not do as well as their classmates (informant A3). In general, the quality of their education is not at the same level as that of children from more affluent households. This translates into lower prospects to be admitted to education at higher levels, such as universities (informant A4). An example supporting this is that the child of informant R8 goes to vocational school, although he would prefer to attend senior high school. The reason for that was his scores. Regarding higher education, informant A1 points out that non-affluent students might not be in a position to obtain the necessary grades for university entrance. This is linked to the quality of their earlier education, for example during primary school, being lower than others (informant A1). Also in relation to this, the data comprises an example: the daughter of informant R15 was not admitted to university due to her grades.

With these differences in educational access being based on the causes that have been discussed above, there is an additional cause. This not only entails a financial element but also place-boundedness. In China, there is no general standard of education quality. There exist differences in quality which are based on a decentralized financing system. As a result, resource-constrained communities offer poorer quality schools than richer areas (Mok, 2001). This corresponds to informant A3 stating that areas where Di Bao recipients reside tend to be impoverished and their schools therefore show a comparably lower level of quality. Parents have no choice but to send their offspring to the schools in the area where they live (informant A3) due to the *hukou* system (informant R7). This influencing factor corresponds to the theoretical discussion around Wedgwood (2005): access to schooling does not necessarily correspond to quality schooling. So, while Di Bao helps with accessing schools, this does not translate into quality education. This is, apart from the other reasons discussed above, due to place-bound school quality differences which are not influenced by Di Bao.

In sum, the question concerning *how the cash transfer and the reduction or exemption of school-related expenditures offered through Di Bao translate into educational access* can be answered as follows: both types of transfers have a beneficial impact upon educational access. Nonetheless, the education-related in-kind transfers have a larger impact than the cash transfer. As Jaspars *et al.* (2007) and Cain (2009) argue, there is some beneficial interplay between the two types of transfers. All in all, however, complete educational access from kindergarten to higher education is not safeguarded. This is in spite of the importance attached



to early competitiveness among children for their future. This also goes for the value placed on education in Chinese society in general (informant A7).

#### **4.2.4 Employment**

##### *The Cash Transfer*

The amount of jobs lost due to the restructuring of SOEs has not been made up for by an augmentation in jobs created in the private sector (F. Wu, *et al.*, 2010). Informant A8 mentioned that it was difficult for Di Bao recipients to find employment. Age and education come in here. Giles, Park and Cai (2006) conclude that reemployment perspectives for urban *hukou* holders correlate negatively with age and positively with education. While this refers to the general picture, the mentioned variation was also found in the recipient households of the current study. Regarding the younger generation, it is common for them to hold jobs and these were part of the formal economy, such as in a bookstore (informant R9) or drug store (informant R15). Further, recipient informant R6 finds it common for persons who have recently graduated from senior high school to be in work. All in all, it is easier for those younger than 40-45 to find employment (informant A1). This picture changes for the household members which are older than that. They have relatively low perspectives of being re-employed (informant A1). This is linked to that generation having a lower education level (informant R4) due to their schooling having been disrupted during the Cultural Revolution (informant A6). This was shown by many recipient household members above this age who pursued low-skill professions or had done so before unemployment, such as electrician, waitress, cook and concierge. Thus, when able to obtain employment, it is on a low-skill level (informant A6). Here, Hanlon *et al.*'s (2010) qualification of the positive link between cash transfers and employment comes in: sufficient jobs need to exist. The situation in Shanghai depicts that Di Bao recipients above a certain age are generally not able to find employment. This is because the labour market for their qualification level is saturated.

In spite of these job market difficulties, recipients are not expected to move in order to find employment. If a job location is too remote from the place of domicile, the Di Bao administration does not inform them about the offer of employment. If it did, it would be accepted if the recipient declined it. This applies to both relocating within Shanghai and moving away from Shanghai (informant A8). If one follows the *hukou* regulations, moving away from Shanghai is possible but would result in the loss of the Shanghai *hukou*: “[a]nyone who moves out of his *hukou* zone permanently ... must ... cancel his old *hukou* record and register at his new *hukou* zone” (Wang, 2005, p. 65). The rules governing *hukou* relocation

aim to curb citizens' movements to urban areas, especially to metropolises such as Shanghai, while movement from these areas is encouraged (Yu Jin 1991 & MPS-BPT 2000 in Wang, 2005). Here, however, it needs to be rementioned that welfare entitlements are attached to the *hukou* (Cai, Du, & Wang, 2009), with Shanghai having comparatively good welfare provision according to the 2007 data from the National Bureau of Statistics of China (Saich, 2008). These linkages thus pose a clear disincentive for migration from Shanghai.

In conclusion, Shanghai's case is different from what the theory predicts about migration. For example, Hanlon *et al.* (2010) summarised that cash transfers are beneficial to the search for employment or better wages, but this is not the case for the households in this study. The data does not display any non-correspondence with Posel, Fairburn and Lund's (2006) argument that cash transfers may ease the financial obstacle to migration. However, migration is not an acceptable option in the first place due to the *hukou* system. In fact, some persons in the Di Bao households had already migrated. However, this was to and not from Shanghai, with one of them explicitly mentioning that the reason for migration was to find employment. Apart from the *hukou* restrictions, another reason for the difference between the data (on the one hand) and Hanlon *et al.* (2010) and Posel, Fairburn and Lund (2006) (on the other hand) is grounded in the following: Shanghai Di Bao recipients live in the city while the mentioned authors focus on migration from rural areas.

Nevertheless, not only contextual factors - namely the job market and the *hukou* system - pose restrictions on the search for jobs. The cash transfer itself is argued to represent a work disincentive by several informants. According to informant R1, this has changed for the better since the gap between the Di Bao line and the minimum wage has increased. This way, employment pays off to a higher degree. Nevertheless, informant A7 argues that the gap between income and the cash transfer is still too small to not be an issue.

A similar problem is highlighted by informant A8: recipients do not necessarily end up with a higher income at all when they have a job. Adapting an example used above, a three member household might receive the full monthly Di Bao cash transfer, such as 1350 Yuan. With one member starting to work for a monthly 1200 Yuan, the household will receive no more than 150 Yuan as a cash transfer. This is because the gap between the Di Bao line and income is transferred. However, this totals to the same amount that is accessible to the household before employment was obtained: 1350 Yuan (informant A8).

These cash transfer moments are thus in line with the argument that Hanlon *et al.* (2010) oppose: cash transfers constitute a work disincentive. The data does not correspond to Hanlon *et al.*'s (2010) argument that cash transfers increase recipients' work efforts. This is because the decrease in Di Bao payments stands in outright opposition to the fostering of work motivation. However, this is so with regards to formal jobs. Informal jobs are a different matter, leading Di Bao recipients to favour this type of job. Also in general, it is not uncommon for the poor in Shanghai to have informal jobs. They offer, for instance, taxi services by car or motorcycle and they vend food at stands (informant A6). Yet, very low-skill ventures - which include shoe shine - are usually pursued by non-urban *hukou* holders (informant A6). One reason that Di Bao households pursue informal jobs is because they do not lead the Di Bao cash transfer to be reduced (informant A8). There is no decrease due to an administrative procedure where a person owns a card indicating that s/he is not (formally) employed. When they happen to be re-employed, they need to pass the card to the employer. The Di Bao administration knows about the formal employment when they are no longer presented with the card. However, the recipient retains his or her card when working informally (informant R5). In order to avoid this problem, the government in Shanghai attempts to better monitor recipient households' income (informant A1).

All in all, "some recipients have informal jobs" (informant A8). While the inclusion of informal jobs into the discussion reveals that it is not uncommon among recipient households to work, Hanlon *et al.*'s (2010) argument still does not apply. There is no indication of the recipients' working more than they would without the cash transfer in order to grasp the opportunity to initiate an upward spiral. It was found earlier that the potential of the cash transfer to cover nutrition, health and education expenses is limited. Thus, the cash transfer does not offer sufficient security for not being risk-averse. This is not in line with what Samson (2009) theorises about cash transfers counteracting risk aversion. In fact, Samson's (2009) argument applies somewhat differently to Di Bao than what was envisaged. Informant A9 points out that one function of Di Bao is to offer security to the general population if something should turn out disadvantageously. This way, immediate consumption is fostered and overall production enhanced. Yet, there is one reason that work motivation is supported through the cash transfer. However, it is not related to an upward spiral. In addition, it is questionable from an ethical stance because recipient households' feelings are instrumentalised to foster employment seeking: informant A8 states that some persons are humiliated by being a Di Bao recipient and seek to exit the programme as quickly as might be by earning an income through employment.

Informal jobs can be divided into employed and self-employed jobs. As to the former, one member of a recipient household works as a personal driver. Regarding the latter, Di Bao recipients find it difficult to start formal business ventures although the government encourages the public to do so (informant A6). As Wu *et al.* (2010, p. 25) point out,

“it has become more and more difficult for the individual self-employed to initiate new businesses and to survive market competition. Most of the self-employed belong to the informal sector. Because of a lack of skills and necessary capacity, they cannot find a job in the formal labour market”.

No recipient interviewee informed me of having set up a formal business. However, this was different concerning informal start-ups: one informant trades with recyclable garbage and transports it from households to persons who sell it on. This is in line with Hanlon *et al.* (2010), who argue that the cash transfer is being utilised for trading in order to multiply it. Yet, the (informal) self-employed individual experiences difficulties, as it has become increasingly common to fine them or to claim fees (F. Wu, *et al.*, 2010). Therefore, once again, context plays an important role.

#### *The In-Kind Transfer*

The study has not found any respective in-kind transfer in terms of employment. However, apart from the cash transfer there is an education-related in-kind transfer for Di Bao recipients concerning work promotion, as can be found in Gao (2011). “[F]ree training programmes are offered in order to give the recipients better chances of reemployment” (informant A4). These programmes foster “driving, carpenter, sewing and other technical skills” (informant R1). In my study, a member of household R6 has taken such a course. She is currently employed but it is unclear whether this is due to the course. In relation to this, Gao (2011) notes that the training programmes have not been very successful in fostering reemployment of Di Bao recipients. This is likely to be partially linked to the economic recession. This is in line with Hanlon *et al.* (2010): as noted in the theory section on education, a higher education level does not safeguard employment as the labour market also has a fair share of influence.

#### *The Overall Picture*

In addition to the cash transfer and in-kind transfer, job information is also being given (Gao, 2011). The street office informs Di Bao recipients about available employment which is dependent upon a successful job interview (informant R6). Interviewee R6 has received this kind of information several times but is still unemployed. Nonetheless, a member of

household R15 succeeded in finding employment this way and informant A1 states that the information policy is useful for Di Bao households. This is particularly because in China it is difficult to obtain information about vacancies (informant A2). Once again, however, persons at the age of 40 or 50 will not be in a position to obtain employment which has been informed about by the street office (informant A6).

All in all, the discussion reveals that context plays a crucial role regarding the job perspectives of Di Bao recipients. This goes for the labour market situation and education levels, with some recipients having lower chances of employment than others. Also, the *hukou* system has an influence. Within this context, there is no more than a limited possibility for the cash transfer to positively *influence recipients' micro-enterprise endeavours* as well as *fostering the search for employment*. Neither the training programmes nor the job information given to Di Bao households can help to change these challenges. In addition, the design of the Di Bao programme itself impedes recipients from seeking formal employment and pushes them towards the informal market.

#### **4.2.5 Housing**

##### *The In-Kind Transfer*

Di Bao households are eligible for a housing-related in-kind transfer, namely public low-rent housing (informant A7). It is set at “very cheap prices” (informant A1). Before embarking on this issue, it needs to be mentioned that it is in the nature of things that recipient households accessing low-rent housing are in general not part of the data. This is because the interviews were conducted within one neighbourhood while informant R15 revealed that low-rent housing is situated elsewhere.

Low-rent housing was originally introduced in 2003 (Chan, *et al.*, 2008) but local authorities were not much motivated and housing provision for the poor was not prioritised. Implementation proved to be slow. In consequence, local authorities were later required by the central government to provide low-rent housing within 2007 (People’s Daily Online, 2007b, in Chan, *et al.*, 2008). Yet, Chan *et al.* (2008) point out that implementation issues are likely to persist. This is because low-rent housing is a central government regulation without any provision of financial assistance for its implementation. In addition, accountability issues at the local level also play a role.

In spite of these implementation challenges, there is low-rent housing available for Di Bao households when *per capita* living space is no more than 7m<sup>2</sup> (informant A8). In

comparison, the average housing space for Shanghai *hukou* holders in 1995 was 18.7m<sup>2</sup> (1995 Shanghai 1% Population Survey in W. Wu, 2002). Among the recipients, there was no more than one which had accessed low-rent housing. Further, informant R15 had thought about filing a low-rent housing application. Yet, he chose not to since the household would have had to relocate from the neighbourhood in which they currently live. This shows that housing conditions are not perceived as unbearable to household R15 and that place-boundedness outweighs an improvement in housing. Nonetheless, the situation is reversed for another recipient household. As touched upon earlier, household R7 wishes to access public housing but is not in a position to do so because of two household members not having a Shanghai *hukou*. The obstacle they experience is thus in accordance with Di Bao regulations. However, the result is all of them living in cramped conditions since six persons live in a space measuring 30m<sup>2</sup>. The household consists of two related nuclear families that each comprises one parental couple and one child. Hence, three household members reside in each of the apartment's two rooms. Both rooms have multiple functions since less than 15m<sup>2</sup> is used as a bedroom, living room and child's room. The child of the informant sleeps on the ground next to the parent's bed. In addition, the cramped living space compromises the child's ability to study.

All in all, Fallis' (1993) argument is in line with the data, as non-profit housing can lead to an improvement in recipients' housing conditions. The housing conditions of the household that accessed the housing-related in-kind transfer ameliorated. However, this conclusion needs to be qualified. For one thing, the Di Bao specific regulation that migrants are not counted poses an obstacle in accessing low-rent housing. Hence, Di Bao does not safeguard access to the in-kind transfer even when recipients' actual *per capita* living space is less than 7m<sup>2</sup>. In addition, the question can be raised whether 7m<sup>2</sup> is sufficient space in the first place. Next is the issue of low-rent housing being perceived by one recipient household as situated too far away. While this is a somewhat softer obstacle, it nevertheless impedes household R15 from moving to low-rent housing.

### *The Cash Transfer*

The second means that Di Bao households can utilise for housing is the cash transfer. However, as discussed earlier, in practice Di Bao is devised to cover food expenses (informant A9). Informant A8 states that housing repairs are therefore not an intended use of the money. Yet, it also follows logically that overall housing expenses are not factored in when calculating Di Bao. Also, the Di Bao line is only altered slowly. This is even though

recipient households find themselves in a situation where they perceive housing prices to be high (informant A1). The overall picture translates into negative experiences in terms of recipients' standard of living (informant A1). The rental prices of recipient households were not obtained during the fieldwork. Nonetheless a comparison with migrants - who are not entitled to the Shanghai Di Bao (informant A5) - is useful. Wu *et al.* (2010) shed light on their housing conditions and find "it ... startling to observe how low the norms can reach" (p. 192). Migrant households pay a monthly 150-200 Yuan to live in conditions which are far below the standard that the recipient households of the current study experience.

As touched upon earlier, the interviews with recipient informants were conducted in their homes. This way an immediate impression of the households' living conditions could also be obtained. None of the recipient households live in a house. The buildings they occupy date - according to the interpreter - from the 1980s. They have about four to five storeys, while one of them was a high-rise building. All in all, the structure of the houses and hallways were very much the same. In spite of this resemblance in exterior housing conditions as well as all households residing in the same neighbourhood, there were relatively large differences as to the inside housing quality. The best-equipped households had somewhat more living space, were renovated and had comparably better and more furniture. The least-equipped household lives in a flat which has bare concrete walls, floor and ceiling. Also, there is no more furniture than what is strictly required. The level of recipient housing at the lowest states is less than what the middle-class is accustomed to. This can be seen as my interpreter was not aware of such living conditions in Shanghai before visiting these households. In sum, "[t]he government formally gives space to live in, [but] it does not consider its condition" (informant A8).

There are two reasons which can account for the differences in housing. Firstly, recipients who enjoy relatively fine housing conditions might not actually be eligible for Di Bao as their income is too high. A second reason is recipients having had a good standard of living until rightfully filing a Di Bao application. Their lives changed due to an illness or other incident but they still enjoy relatively good housing compared to other recipients (informant A8).

At first sight, one could conclude that the utilisation of the Di Bao cash transfer is not in line with the theory on housing. Ginneken (2011) argues that cash transfers can safeguard a basic level of housing quality and Fallis (1993) states that cash transfers have a beneficial influence on housing provision. However, Fallis (1993) has a reservation about this: housing

consumption increases according to the size of the cash transfer. As shown above, the Di Bao cash transfer does not leave sufficient financial opportunity to use it for housing, i.e. it is too low to bring about positive housing changes. As a result, the Di Bao case differs from the empirical examples in the theory chapter about Malawi (see Miller, *et al.*, 2008) and South Africa (see Statistics South Africa, 2009; Case, 2001). This is except for that housing type is not being enhanced as was also the case in South Africa (Statistics South Africa, 2009).

### *The Combined Picture*

Regarding the above conclusion, it nevertheless needs to be added that the in-kind transfer applies if housing space should fall below a certain level (yet, this only being the case when the eligibility is not compromised by the exclusion of migrants). Here, Jaspars *et al.* (2007) and Cain (2009) come in as the conducive interplay of cash and in-kind transfers is documented. However, this is to a small extent concerning the influence of the cash transfer.

With most of the recipient households not living in low-rent housing and the cash transfer not leaving sufficient financial opportunity to spend it on housing, one can thus ask how the recipient households access housing. Regarding this, it needs to be pointed out that homelessness is not an option in China as it is illegal (F. Wu, *et al.*, 2010). Hence, the overall non-existence of homelessness that informant A8 stresses does not automatically flow from welfare entitlements. This is the case with regards to migrants who need to leave town when faced with homelessness in order to find a more affordable place to live (F. Wu, *et al.*, 2010). The housing question of the recipient households is solved by many of them owning the apartment they live in. Also, F. Wu *et al.* (2010) find that it is not uncommon for the poor unemployed or laid-off workers to own their home. In their study of 1809 households in six Chinese cities this applies to 65.6%. However, also for the general population it is common to possess a house or an apartment (informant A8).

In this regard it is interesting that home ownership does not impede persons from receiving Di Bao (informant R9). Apartments do not need to be sold in order for a household to be eligible for Di Bao (informant R2). This is even though the apartment of household R7 is worth 800,000 Yuan, while it is not difficult to vend Shanghai apartments (informant A8). Thus, large sums of money would be available to those Di Bao households who own their home if they sold them. Yet, none of the recipient household interviewees informed me of such an endeavour.



In sum, the discussion has revealed the following. Answering *how the provision of non-profit housing affects Di Bao households' housing quality*, Di Bao housing-related in-kind transfers offer a last resort in safeguarding the quality of recipients' housing and make sure that recipients have a place to live. Yet, there are obstacles attached to this with regards to migrants and the location of the low-rent housing. The other question about the *ways in which the Di Bao cash transfer receipt influences housing quality* can be answered by concluding that the cash transfer is of minor importance to housing. As was also found in relation to nutrition, health and education, sources not related to Di Bao are utilised in order to fulfill recipient households' needs. In the case of housing, this is home ownership.

#### ***4.2.6 Social Relations***

Last but not least, light will be shed upon the social relations of Di Bao households. However, there is no respective in-kind transfer as to social relations. Also, there is no in-kind transfer being situated in other dimensions but all the while concentrating on social relations, such as is the case with the education-related training programmes focusing on employment. Therefore, the general influence of in-kind transfers on social relations is being discussed. As it has proven difficult to distinguish the influence of the Di Bao cash transfer and in-kind transfers on social relations, they will be discussed together.

#### ***Status and Mianzi***

One of the symbolic dimensions discussed by MacAuslan and Riemenschneider (2011) is *status*. In terms of this, there is a Chinese term signifying pride or face: *mianzi* (Zeng, 2010). Loss of *mianzi*, i.e. "loss of face", has been an issue throughout the interviews and has been given importance by many informants in the study. For example, informant A4 states that a main reason persons do not file an application for Di Bao (even though they are entitled to it) is because Di Bao receipt results in them losing face. This is being supported by informant A2, although his information does not stem from Shanghai recipients: "[s]ome persons fear to lose face if other people would find out that they would like to apply for Di Bao. Therefore, they cannot ask how they can apply for it and, in the end, do not receive it". Those who do receive Di Bao are either humiliated to such an extent that they seek employment as fast as might be or they "do not care as they do not have another choice but receiving Di Bao" (informant A8). The significance of *mianzi* is also expressed by informant R5 who is acquainted with a man that has Di Bao as his sole income. The man is seriously ill and therefore I was not to be introduced to him: it would have resulted in a loss of self-esteem for the recipient. Regarding the very same topic, Zeng (2010, p. 326) concludes that "the lack of

money to buy gifts, and or fear of losing *mianzi*, reduces social communications and increases the risk of social isolation for people reliant on *dibao*” [sic].

In fact, these negative feelings attached to Di Bao receipt are argued by informant A1 to be a means for making the programme more effective: “being listed publicly (or telling people that you receive Di Bao) is the same as admitting that you are a powerless person” (informant A5). According to this informant, public listing is not disadvantageous for the rightful recipients, as the persons surrounding them knew about their situation beforehand (informant A5). However, the public display has not yet been introduced in Shanghai (informant A1), this being seconded by informant R5 about his neighbourhood.

One can ask why people fear losing *mianzi* when being a Di Bao recipient. The interviews revealed that many an academic informant had a disadvantageous perception of Di Bao recipients. For example, one of them tarred everyone with the same brush and stated that “[t]hey have health problems ..., are fat, are ugly or their personality restrains them from finding a job” (original in English). Informant A5 also had a negative impression: “People who are unemployed become lazy and they want to work less as more time passes by”. The informant states that this holds true for most Di Bao recipients. While Zeng (2010) only found this for no more than some recipients, he is sure to point out that the reasons are complicated and not solely linked to insufficient work ethics. Helplessness and fatalism play in as well. This also goes for the programme’s design. All in all, the author underlines that the recipients are not the only ones who are responsible for the situation (Zeng, 2010). Expressing himself more neutrally than his colleagues above, informant A6 argues that Di Bao recipients above the age of 40 do not have a good societal status (informant A6).

In conclusion, the perception of status by Di Bao household members is opposed to that of the household heads in the Malawian Mchinji cash transfer scheme which has been discussed in subsection 2.5.6. While the former perceive their status to be negative, the latter found it to be positive since they were better looked upon by others (Miller, *et al.*, 2008). The reason for this difference, however, is linked to the relative size of the cash transfer: the Mchinji cash transfer raises the recipient households’ incomes above the average one in that region (Miller, *et al.*, 2008). This is far from the case as regards Di Bao. Notwithstanding these differing experiences, the perceptions of Di Bao households correspond with MacAuslan and Riemenschneider’s (2011) overall conclusion: cash transfers can have negative implications for social relations. This also goes for the Di Bao in-kind transfers.

## *Social Networks*

“Those who do want to work ... want to go back to society”. This statement by informant A5 speaks volumes about the social networking situation Di Bao recipients find themselves in. Disregarding the stigmatisation as well as the truthfulness about the working situation, it clearly shows that Di Bao recipients are perceived to be socially excluded. Also politicians are aware of Di Bao leading to the recipients being socially marginalised (informant A4). The reason recipient households do not spend much time on social encounters is that these endeavours are related to income. People need to spend money on their social life. This is in the form of appropriate clothing and gifts (informant A1). For example, Tang (2003, in Chan & Bowpitt, 2005) found that 39% of a study’s informants could not see their kin or friends because they were not in a position to afford it. This also included the vital Chinese New Year. Nevertheless, informant A4 argues that about half of the recipients have good friends. Likewise, she explains the following:

“[r]ecipients usually have friends in the community which are also Di Bao recipients and have a low income. They play small games (mahjong etc.) together in order to kill the time. They will spend money here too (10 cents per game) but not much and at the end of the day the most successful has earned 1-2 dollars and will invite the others for ice cream or a tea”.

Another means of networking among each other is when the recipients meet during skill training (informant A1).

Yet, some perceive that social networks have not changed due to Di Bao receipt. An example is given by informant R4:

“people around me knew that I received Di Bao. It did not have an effect on my social network. I am friends with majors and professors while being the poorest in the friend group. My physical, i.e. financial, situation has no effect on my friendships. I believe I am rich in spirit and that it is that which is important for my social network”.

Also, informant R9 finds that Di Bao receipt did not alter his friendships as they have become “neither worse, nor better”. As discussed above, this is even though his friends meet his bills when they gather because he has a lesser ability to do so. In the same way, his relationship with persons other than his friends has not been altered negatively. All in all, it is irrelevant to him whether people are aware of his Di Bao receipt. When they ask about his situation, he gives them a straightforward answer. Informant R2 also perceives that the social network has not changed. This is so because it is normal to be a recipient in this area. She is nevertheless sure to point out that one does not speak frankly about Di Bao receipt. Contrary to informant

R9's impression, Di Bao receipt is a taboo issue to her. In fact, the not-speaking about Di Bao has led household R8 to lose out on the information that the programme exists. The household needed to be informed by the street office about Di Bao.

Summing up one of the relational dimensions discussed by MacAuslan and Riemenschneider (2011), Di Bao recipients' perceptions linked to *social networks* are both negative and neutral. A positive experience is solely the occasional visits by neighbourhood cadres on holydays (informant A4). Nevertheless, this somewhat favourable moment is far from being outweighed by the other social experiences attached to Di Bao and can therefore be disregarded. Positive experiences, such as those found in all four examples discussed in subsection 2.5.6, are not to be found concerning Di Bao. Further, negative experiences are different than in the examples: jealousy was not an issue such as is the case in regard to the cash transfer scheme in Mchinji (Miller, *et al.*, 2008) and the Zimbabwe Emergency Cash Transfer (Nyanga beneficiaries in Kardan, *et al.*, 2010). Likewise, lower willingness to assist recipient household heads has not been reported, as was the case in Mchinji (Miller, *et al.*, 2008). With regards to the Mchinji cash transfer, the difference is likely to be linked to the diverging relative size of the cash transfer, as discussed above. Again, MacAuslan and Riemenschneider's (2011) cautionary argument about the negative implications of cash transfer schemes applies, and can also be extended to the in-kind part of Di Bao.

### *The Overall Picture*

The data does not indicate any non-correspondence with MacAuslan and Riemenschneider, stating that “[c]ash transfers leave recipients richer, but through their various processes also change people's relationships” (p. 65). Rather, the data shows that MacAuslan and Riemenschneider's (2011) word of caution concerning the social implications of cash transfers applies to Di Bao.

*The status of recipient households is affected by Di Bao*, this being negative and working through the loss of *mianzi* which is allotted considerable weight. Statements from academic informants show that the current study is in line with Chan *et al.* (2008) who conclude that Di Bao recipients are stigmatised, although they refer to the national level. Concerning *how Di Bao receipt influences households' inclusion in social networks*, findings partially reveal social exclusion as well as Di Bao receipt being a taboo issue to some.

### **4.3 Summary**

The chapter began by categorising social security in the Chinese communist pre-reform era as embracing both the conventional community development subtype as well as the egalitarian subtype. However, social security in the reform era - with its influence of the market economy - is a mixture of the enterprise culture subtype and basic needs subtype. More particularly, Di Bao has been argued to be comprised by the basic needs subtype.

The second part of the chapter discussed the linkages between Di Bao and six human development dimensions. These are nutrition, health, education, employment, housing and social relations. All in all, the analysis revealed that the influence of Di Bao on these dimensions is of varying quality. While a basic level of human development is safeguarded with regards to nutrition, education and housing, the discussion revealed that health, employment and social relations are more delicate matters.

## 5. By Way of Conclusion

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“Mao Zedong once argued that before the Chinese Communist Party had established its regime, the old China had 'three mountains' that presented insurmountable obstacles to the common people. These were 'feudalism, bureaucrat-capitalism, and imperialism'. The Chinese have a saying that now there are 'new three mountains' that make people poor: education, health care and housing. The capacity to climb these mountains is unequally distributed” [sic] (F. Wu, *et al.*, 2010, p. 190).

These few lines clearly illustrate the implications of marketisation for the Chinese in general. However, it also draws attention to the position of the poor within that larger context, such as Di Bao recipient households. With the basic topic of interest being the implications of social security for development, this paper sought to answer the following research question:

*How does the implementation of the Shanghai Di Bao influence the human development of its recipient households?*

Light has been shed on this research question by constructing an analytical framework which draws on several elements. For one, the discussion on human development and social security laid the groundwork for the thesis. Later, the normative framework with its statist, individualist and communitarian approaches provided an opportunity to place social security in the Chinese pre-reform and reform eras as well as Di Bao into meso-level theory on social security. The theoretical discussion surrounding cash and in-kind transfers facilitated the analysis of six human development dimensions: nutrition, health, education, employment, housing and social relations. The methods chapter underlined the applicability of a qualitative approach to the research question. Additionally, fieldwork, ethics, data analysis and trustworthiness have been discussed in relation to the present study. The remainder of the thesis aims to bring out the main conclusions from the analysis. There will also be a discussion about the recontextualisation of the findings as well as a pointer to further research.

## **5.1 Di Bao and Human Development**

### ***5.1.1 Transfer Levels, Accessibility and Context***

The analysis has brought to the forefront that there are three aspects that are of particular relevance for *how the implementation of the Shanghai Di Bao influences the human development of its recipient households*: transfer levels, accessibility and context.

Starting out with the two first aspects, the theory chapter discussed the separate influences of cash and in-kind transfers. Regarding the *cash transfers*, the analysis has revealed that the level of the Di Bao cash transfer is low. Here, accessibility is not an issue as being a Di Bao household logically depends on receiving the cash transfer. All in all, the cash transfer does not have any considerable positive influence on any human development dimension but nutrition. As to the *in-kind transfers*, the analysis cleared the way to divide this type of transfer into the three following categories:

1. Small and relatively accessible (nutrition, housing and employment)
2. Medium to large and relatively accessible (education)
3. Medium to large and relatively inaccessible (health)

While employment does not have any respective in-kind transfer as opposed to the other four dimensions in the above categorisation, it has been included as there nevertheless is an in-kind transfer of relevance to it: the free training programmes. All in all, the *level* of in-kind transfers ranges from small to medium/large. In connection with this it needs to be recalled that recipient households do not necessarily receive the same level of in-kind transfers when conditions are the same. They have unequal access to food stamps, health care and education, this being the case even though they live in the same Shanghai neighbourhood.

Notwithstanding this, it depends on *accessibility* whether an in-kind transfer is actually received. Overall accessibility is advantageous except for the health-related in-kind transfer. With transfer levels and accessibility being considered together, recipient households access small in-kind transfers concerning nutrition, housing and employment, with the latter being relatively non-efficient. Within this general picture, the education-related in-kind transfers stand out. This is so because they have a considerable positive influence on some aspects, this being particularly related to secondary schooling.

In conclusion, Di Bao's positive influence on the human development of the recipient households is curtailed by accessible transfers having a low level - or medium to large transfers being relatively inaccessible (with education being an exception). The analysis of the social relations dimension differs from the discussion on the other dimensions. This is because the analysis focused upon the general influence of Di Bao transfers on social relations. These in-kind transfers are the same as the ones discussed individually hitherto.

The theory chapter also discussed the beneficial outcome of integrating cash and in-kind transfers. The data reveals a no brighter picture than when the cash and in-kind transfers are discussed separately. Jaspars *et al.* (2007) as well as Cain (2009) pointed towards transfers' complementarity. The former, for instance, argued that cash transfers need to be supported by targeted, accessible social services. Di Bao comprises these characteristics except for the general *accessibility* of in-kind transfers. As not all existing in-kind transfers are accessible, they cannot be part of the conducive interplay between the two transfer types. This is the case with health. Furthermore, also the low transfer *levels* of both the cash and in-kind transfers (except for the education-related and health-related in-kind transfers) play their part. Any interplay between the two transfer types suffers from transfer levels which are too low to reach a decent standard of living. With accessibility and transfer levels considered together, there is solely education and housing which reveal a (limited) conducive interplay between cash and in-kind transfers. Differing transfer types reinforcing the same dimension, as discussed by Cain (2009), is thus not sufficiently achieved. This poses a serious obstacle in Di Bao fostering human development. As to social relations, no conducive interplay was documented. However, concerning this non-material dimension it is questionable whether accessibility and high transfer levels lead to a conducive interplay in the first place. This is because good access to a high cash transfer does not necessarily translate into preferential outcomes (MacAuslan & Riemenschneider, 2011). This was the case for the social network in Mchinji (Miller, *et al.*, 2008).

Apart from the above two aspects being of particular relevance to the research question, *context* is a third factor. The programme is not implemented in a vacuum. There is a range of aspects impinging upon the programme's potential to positively influence recipients' human development. A mixture of financial and political issues at the local level is one reason why levels are as low as they are (informant A9). This results in assistance from other sources than Di Bao being of vital importance for fostering human development. This applies, for instance, to nutrition and education: others take on a fair share of responsibility in supporting



recipient households. In fact, assistance from other sources is crucial to some recipients in accessing health-related in-kind transfers in the first place. Further, the labour market situation as well as some recipients' upbringing during the Cultural Revolution has a disadvantageous influence on employment (informant A6). *Hukou* regulations play their part concerning migration as well as the quality of education (see above).

### **5.1.2 “Making People Breathe”**

In conclusion and answering the research question, Di Bao has the most beneficial influence on nutrition, education and housing. While recipient households do not experience a decent standard of living in terms of these three dimensions, Di Bao nevertheless safeguards a basic provision level. The dimensions of health, employment and social relations experience more difficulty. Di Bao recipient households are not in a position to access health care to a satisfactory level. Employment prospects on the basis of Di Bao look slim and social relations are by and large perceived to change negatively when becoming a Di Bao recipient household. While the level of recipient households' human development varies between different dimensions, it is - all in all - at a relatively low level. Thus, informant A9's conclusion about the cash transfer is applicable to the overall Di Bao programme: Di Bao “mak[es] people breathe but no other things”. While there is considerable room for improvement with regards to Di Bao's influence on its recipient households' human development, it should not be overlooked what Di Bao has to offer in comparison to it not existing at all. Seeing it this way, “making people breathe” (informant A9) is a positive step upon which revisions can be made. Di Bao - as it is currently implemented in Shanghai - thus has a positive influence on human development in spite of there being a long way to go before human development is safeguarded to a satisfactory level. Also, regardless of the overall rather disillusioning conclusions about Di Bao, the programme offers two advantages which nearly give an impression of luxury compared to other parts of the recipients' lives. For one thing, recipients do not need to move in order to find employment. While this is not conducive to finding employment, it nevertheless provides protection against the workings of the market. Secondly, households are not requested to sell their flats and exhaust their value before being eligible for Di Bao. This influences the housing dimension in a positive manner (see above).

## **5.2 Recontextualisation and Further Research**

MacAuslan and Riemenschneider (2011) pointed to the social implications of cash transfers and therefore refrained from embracing the cash transfer approach without caution. The present study has shown that Hanlon *et al.*'s (2010) enthusiasm for cash and in-kind transfers cannot be extended at the same level to the Di Bao programme. Thusly, this thesis' conclusions not only lead to an alignment with MacAuslan and Riemenschneider (2011) concerning cash transfers and social relations. Their word of caution can also in general be extended to in-kind transfers as well as the material human development dimensions that have been analysed. The implementation of a cash and in-kind transfer does not unproblematically translate into a satisfactory level of human development – at least not with regards to Di Bao. However, in relation to the in-kind transfer, authors, such as Gentilini (2007) and Wedgwood (2005), trod more carefully in the first place regarding the potential of the transfer to influence human development.

Yet, the overarching issue of this paper is concerned with social security's implications for development. As to this, it can be concluded that Di Bao is an example which by and large shows initial positive traits concerning this relation. Yet, this cautious conclusion is not to be perceived as not being in line with an advantageous link between social security and development. Rather, it corresponds to Midgley (2010) who discusses that social security programmes have not always met their full developmental potential. This is based on financial issues and accessibility – factors also found in terms of Di Bao.

In order to make this study feasible, it was necessary to narrow down the research question to a small aspect of the relation between social security and human development. All the same the case's uniqueness, the findings might be transferable to similar cases where, for example, a combined cash and in-kind social assistance programme is being implemented in a transition country. In fact, the findings might also be relevant to an even larger field. True enough, the constellation of transfer levels, accessibility and context evident regarding the Shanghai Di Bao are unlikely to be found elsewhere. Also, not all issues relevant to Di Bao within each of the three factors are relevant in other contexts. An example of which are the *hukou* regulations which are situated within the context factor. Yet, the three factors might still be relevant in a range of other contexts concerning the influence of social security on human development. This is, for example, likely as to transfer levels, which importance has also been pointed out by Hanlon *et al.* (2010). In addition, a publication by UNRISD (2000)

has underlined the significance of social services accessibility in the South, such as in regard to health care and education.

Going one step further, research in different settings is called for. This way, other factors that are relevant to the human development of a social assistance programme's recipients can be dismantled. A quantitative approach might test these in terms of their applicability to the overall recipient population. Regarding the Di Bao programme itself, possible themes for further research might be concerned with which in-kind transfers could be added to the programme in order to foster the human development of its recipient households further. This might relate to the "non-serious" illnesses or tertiary education. In addition, there are argued to be intergenerational effects of cash and in-kind transfers (Hanlon, *et al.*, 2010; Moore, 2005). One might therefore ask how the implementation of Di Bao influences the intergenerational human development of its recipient households.

With Di Bao leaving room for improvements in safeguarding the six human development dimensions, the question about how this is to be financed surfaces. As pointed out in the theory chapter, the linkages between social security and the economy have been put aside in this paper due to feasibility issues. Yet, this does not imply that the significance of this question is underestimated. Szreter (2007) puts forward the argument that social security has a beneficial effect on market growth. On this basis, it might be interesting to explore how the Di Bao implementation slows down or contributes to market growth. Also, how do other social security programmes fare? If positive, this can substantiate the argument for social security not solely on ethical but also on economic grounds such as argued by Szreter (2007). The implementation of social security would thus possibly be facilitated. This is so as the theoretical stance that policy makers base their work on has implications for the design of social security (Hall & Midgley, 2004).

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# Appendix

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## **List of Informants**

All interviews took place in Shanghai between 3<sup>rd</sup> May and 11<sup>th</sup> June 2011.

### **Di Bao Recipient Informants**

<b>Informant</b>	<b>Date of Interview</b>	<b>Supplementary Information</b>
Informant R1	9 <sup>th</sup> May 2011	
Informant R2	9 <sup>th</sup> May 2011	Child of a recipient
Informant R3	9 <sup>th</sup> May 2011	
Informant R4	9 <sup>th</sup> May 2011	
Informant R5	11 <sup>th</sup> May 2011	Some answers were given by the spouse
Informant R6	11 <sup>th</sup> May 2011	Child of a recipient
Informant R7	23 <sup>rd</sup> May 2011	
Informant R8	23 <sup>rd</sup> May 2011	
Informant R9	25 <sup>th</sup> May 2011	
Informant R10	25 <sup>th</sup> May 2011	Parent of a recipient
Informant R11	25 <sup>th</sup> May 2011	Parents and grandparent of a recipient
Informant R12	30 <sup>th</sup> May 2011	Parent of a recipient, some answers were given by the informant's spouse
Informant R13	30 <sup>th</sup> May 2011	Close relative of a recipient, some answers were given by the relative's spouse
Informant R14	30 <sup>th</sup> May 2011	
Informant R15	4 <sup>th</sup> June 2011	

The estimated age of the Di Bao recipient informants ranges from 20 to 85.

### **Academic Informants**

<b>Informant</b>	<b>Date of Interview</b>	<b>Characteristics (including estimated age)</b>	<b>Supplementary Information</b>
Informant A1	13 <sup>th</sup> May 2011	Professor, male, 40	
Informant A2	15 <sup>th</sup> May 2011	Lecturer in tertiary education, male, mid-forties	One piece of information confirmed by a university employee
Informant A3	16 <sup>th</sup> May 2011	Professor, male, mid-thirties	
Informant A4	18 <sup>th</sup> May 2011	University researcher, female, end of her twenties	Some information was accessed by e-mail in

			2011/2012
Informant A5	20 <sup>th</sup> May 2011	Professor, male, mid-forties	
Informant A6	24 <sup>th</sup> May 2011	Assistant professor, male, 40	Some answers were given by a colleague
Informant A7	26 <sup>th</sup> May 2011	Associate professor, female, mid-forties	
Informant A8	8 <sup>th</sup> June 2011	Professor, male, 40	
Informant A9	8 <sup>th</sup> June 2011	Professor, male, mid-fifties	

## **Question Guides**

### **Recipients**

#### Background

- Why did you apply for Di Bao?

#### Current Well-Being

- Has your standard of living changed since receiving Di Bao? How?
- How important is receiving Di Bao for you? In what way?
- What do you spend your income/Di Bao on?
- Does it make a difference to you to receive benefits in cash or in kind? Which do you prefer?
- Do you receive any reductions and/or exemptions through Di Bao?
- Do you have any other income than Di Bao? If yes, why did you apply for Di Bao?

#### Asset Diminishment

- Do you need to sell assets in spite of receiving Di Bao?
- Have your housing conditions changed since receiving Di Bao?
- Has your health changed since receiving Di Bao?
- How do you spend time together with friends?

#### Investment Opportunities

- Does Di Bao give you the opportunity to change your standard of living?
  - by:
    - being reemployed
    - starting a (small) enterprise
    - being offered any courses? If yes, what do they focus on?
  - by bettering the housing conditions?
  - by improving nutrition?
    - How often do you eat meat?
    - How often would you eat meat without receiving Di Bao?
  - by ameliorating your health (care)?

- by improving your children's health (care)?
- by investing in your children's education?

### Alternative Assistance

- Are you dependent on support from family, friends, neighbours and/or any other (such as neighbourhood organisations)?

### Conclusion

- Which measures would you recommend in order to ameliorate the situation?
- Have I left out anything of importance?
- Do you believe I have misunderstood something?
- Any questions?
- Are there any other persons I could contact?

## **Academics**

### Background

- What kind of research have you done on Di Bao?
- What are the main reasons for applying for Di Bao?
- What is the goal of Di Bao?
- Do recipients usually have other sources of income in addition to Di Bao, such as from the family, friends, neighbours and/or organisations?

### Results of Di Bao

#### 1. Current Situation

- How would you describe the standard of living of Di Bao recipients?
- Has their standard of living changed since receiving Di Bao? If yes, in what way?
- How important is it for the recipients to obtain Di Bao assistance? In what way?
- What do recipients usually spend their income (including Di Bao) on?
- Are recipients socially excluded (from, for example, their neighbourhood, family or former friends)?
- Do recipients have access difficulties (to, for example, health care, education and employment)?

#### 2. Asset Diminishment

- Does Di Bao ensure that housing conditions of the recipient do not deteriorate?
- Does Di Bao ensure that the health of the recipient does not falter?
- How much self-determination do the recipients have, concerning, for example, where to live?

### 3. Investment Opportunities

- Does Di Bao give the recipients the opportunity to change their standard of living?
  - by assisting:
    - to become (re)employed
    - to start a (small) enterprise
    - to gain production and livelihood skills
  - by bettering the housing conditions?
  - by improving nutrition?
  - by ameliorating health (care) (preventive/acute health care)?
  - by improving their children's health (care)?
  - by ameliorating their children's education?
  - Is the self-esteem of the recipients being ameliorated by participating in the scheme?
  - Are recipients being offered any courses through Di Bao? Do these assist in improving their situation?

### 4. Economic Development

- Is Di Bao being perceived as a tool for economic development:
  - concerning the individual?
  - concerning Shanghai?
  - concerning China as a whole?
- If yes, is this being achieved through stimulating demand or/and by improving the recipients' human capital? To which level(s) does this apply (individual, city, nation)?
- Does the government encourage/foster an enterprise culture?

### Design and Implementation Issues

- Is Di Bao accompanied by a general improvement of housing, schools and health care in Shanghai? If yes, in what way?
- Why does Di Bao consist of both indirect (such as tuition fee exemption) and direct cash transfers? Has one been more successful than the other?
- What is the financial situation of the units responsible for Di Bao implementation?
- Have these units faced any administration and/or implementation challenges?
- Has the popular perception of Di Bao constrained its implementation?

### Conclusion

- All in all, how would you evaluate Di Bao?
- Which measures would you recommend in order to ameliorate the situation of Di Bao recipients?
- Would you like to add any other information or do you have comments on the questions?
- Are there any other persons I could contact?