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in Urban and Rural China and the Role of
Ethnicity**

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ABSTRACT

Comparing Receipt of Social Assistance in Urban and Rural China and the Role of Ethnicity

Dibao receipt in rural and in urban areas of China is contrasted using household data from seven province-level units. The probability of Dibao-receipt is positively related to how many persons in the household who are older, adults who do not work, and if the household head is not healthy. Means testing of household income is more stringent in urban areas while low household wealth is more important for Dibao-receipt in rural areas. In rural China, membership of the Communist Party of China (CPC) increases the probability of Dibao receipt. A larger proportion ethnic minority households than majority households receive Dibao.

JEL Classification: I38, J15, P36

Keywords: China, Dibao, social assistance, income, ethnic minorities

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1. Introduction

While social assistance has a long history in many countries, China's system of Dibao (also named Minimum Living Allowance, 最低生活保障 Zui Di Sheng Huo Bao Zhang) is much more recent. During the second part of the 1990s when China's economic system was reorganised, life-long employment ended and unemployment began to surface. This led to the introduction of Dibao in the country's urban areas where the number of recipients expanded to 23 million in 2009. Some years later, the Dibao system was rolled out to China's rural areas and the number of recipients increased until, in 2013 reaching 54 million persons living in a household that received Dibao. Providing Dibao is one of the Chinese government's measures to combat poverty in rural areas.¹ The numbers of recipients have recently decreased; in 2018 45 million persons in China lived in a household that received Dibao. Of those, 10 million lived in urban areas and 35 million in rural areas.²

National legislation regulates the provision of Dibao, while the programme is administered, and to a large extent funded, locally. Across most of China, the eligibility criteria differ between rural and urban areas, and in only a few jurisdictions are the same procedures and requirements applied to rural as to urban households. A key requirement for receipt is that the applicant's household has a low income as tested against an income threshold, the Dibao line (最低生活保障标准 Zui Di Sheng Huo Bao Zhang Biao Zhun), which like other criteria can differ between provinces, and in some cases also within an urban province. For example, richer local urban governments can afford to have a higher Dibao line than poorer ones. However, previous studies and the results we report here indicate that factors other than income per capita also influence who receives Dibao.

In this paper, we attempt to contribute new knowledge to aspects of receiving Dibao, which we claim have not attracted as much attention as they deserve. One of our main goals is to identify similarities and differences between probabilities of receiving Dibao in rural and urban parts of China. As our

¹ Xi, Jinping (2017) Report to the 19th Party Congress available at:
http://www.chinadaily.com.cn/china/19thpcnationalcongress/2017-11/04/content_34115212.htm

² National Bureau of Statistics (2019) Statistical Yearbook of China 2019.

literature review in Section 3 shows, surprisingly few efforts have been made in comparing receiving Dibao in rural and urban areas of China using micro data. It can be noted that before the introduction of Dibao in urban areas, Chinese policy actors had studied social assistance programmes in the United States and in Western Europe.³ Experiences from such countries should have been easier to apply to urban China than to rural China where income is not as easy to assess and document. For example, in urban China most households receive their livelihood from wage employment and some from pensions. Consequently, claims for Dibao are relatively easily tested against the monthly income of the applicant's household. In rural China, wage employment and pensions are considerably less common, but goods produced by the household play an important role in consumption and thus income in many households. The value of such income components typically varies during a calendar year and is difficult to assess precisely. This is true not only for the household members themselves but also for the village cadre responsible for providing Dibao, a programme that functions in rural China with an accounting period which can be up to one full calendar year.

In this paper, we also have the goal of throwing new light on the relationship between ethnicity and receiving Dibao.⁴ China is a country with 56 officially recognised ethnic groups, the Han constituting 92 per cent of the population and the 55 ethnic minorities together make up the remaining eight per cent. China has adopted several policies aimed at supporting its ethnic minorities. They include special treatment of areas defined as ethnic minority areas as well as education measures.⁵ However, a number of public policies which do not explicitly target ethnic minorities can have consequences that differ substantially between households of different ethnicities. For example, the policy of

³ Leisering, L., Liu, T., and ten Brink, T. (2017) "Synthesizing Disparate Ideas: How a Chinese Model of Social Assistance was Forged", Global Social Policy, 17 (3), 307 – 327.

⁴ The only previous example of a study of ethnicity and Dibao receipt we are aware of is Hasmath, R. and MacDonald, A. (2018) "Beyond Special Privileges: The Discretionary Treatment of Ethnic Minorities in China's Welfare System", Journal of Social Policy, 47 (2) 295-316. Using the same data as here, those authors investigated Dibao receipt (and participation in medical insurance) among ethnic minorities and the Han majority in urban China. Here we also deal with rural China.

⁵ For overviews, see for example Lai, H. (2016) "Ethnic Autonomous Regions and the Unitary Multi-ethnic Nation-state" p 138 – 164 in Handbook on Ethnic Minorities in China", Edited by Zang, X., Cheltenham: Edward Elgar. Leibold, J. (2016) "Preferential policies for ethnic minorities in China" p 165 – 188 in Zang, X. (Editor) Handbook on Ethnic Minorities in China, Cheltenham: Edward Elgar.

opening up China during the latter years of the preceding millennium benefited on average rural Han more than the rural ethnic minorities, as the latter are more concentrated to the west of China.⁶ Dibao was not explicitly introduced as an ethnic minority policy, but one can nevertheless ask if ethnic minorities, who on average live in households with lower income than Han have benefited more than the ethnic majority from the programme.

This study is based on micro data from households living in seven provinces/autonomous regions of China having in common a large or relatively large concentration of ethnic minorities as well as individuals belonging to the Han majority: Inner Mongolia, Qinghai, Ningxia, Xinjiang, Guangxi, Guizhou, and Hunan. These data referring to 2011 make it possible to compare receiving Dibao in rural and urban areas and also among people of several larger minority ethnicities and the Han majority living in those seven provinces/autonomous areas.

2. China's Dibao system⁷

For many years, China provided only rather limited relief programmes for its citizens. However, in 1993 the government in Shanghai started to provide Dibao to its urban residents. Thereafter, the programme spread to other cities and on 1 October 1999, the 50th anniversary of the PRC, the central government enacted “The Regulation on Minimum Standards for Urban Residents” which established Dibao across the country. Rural residents, including peasants who had migrated to Chinese cities and spent many years working there, were initially not included in this ‘last-resort safety net’ due to their agricultural *hukou* (household registration) status. However, after some experimentation in richer provinces, Dibao was extended to all of rural China. The “Notice on the Establishment of the Rural Minimum Living Security System Nationwide”, issued by the State Council in 2007, marked the formal introduction of the rural Dibao programme. Soon thereafter, the number of rural Dibao recipients expanded rapidly, surpassing that of urban recipients.

⁶ Gustafsson, B. and Li, S. (2003) “The Ethnic Minority – Majority Income Gap in Rural China during Transition”, *Economic Development and Cultural Change*, 51, (4), 193 – 207.

⁷ For more details, see for example Gao, Q. (2017) *Welfare, Work, and Poverty. Social Assistance in China*, Oxford: Oxford University Press and sources cited in it.

It should be understood that the number of recipients of Dibao in a location is determined by demand for Dibao as well as by supply. The latter is regulated by law and the criteria set by provincial and local governments as well as actions by persons who process applications. Politicians decide the income threshold (the Dibao line) which typically differs between provinces/autonomous regions, and in urban China can the income threshold also differ within provinces/autonomous regions.⁸ The Dibao line refers to income per capita. According to our understanding, all household income should be taken into account. Even if an application passes the income test, it can be disqualified due to the possession of financial assets, bad conduct, or for rejecting available employment opportunities.⁹

To receive Dibao, urban residents have to apply to the community neighbourhood committee in their district of registration. The application typically involves a face-to-face interview and the applicant has to complete the “Application Form of the Minimum Living Security Benefit for Urban Residents”. This is a form used for all of urban China. The applicant also has to provide the neighbourhood committee with proof of their claim. After the sub district office (街道办事处 Jie Dao Ban Shi Chu) or the social security office of the township government (民政部门 Min Zheng Bu Men) receives the completed Dibao application, the staff of the neighbourhood committee review the application. The application is then reviewed by the Department of Civil Affairs at the district level to verify the application and evidence submitted. Finally, a decision is made: in positive cases the amount is determined, and lastly the claimant is notified. The costs of these Dibao payments are then borne by local government, which in some cases may receive reimbursements from the central government. Applying for social assistance is not a private matter in China. In the cities, after the application has been processed, the name of the recipient is made public by posting the name in a public space or online along with the telephone number of the member of staff responsible for the decision.

The provision of social assistance in rural China is different in several respects. In rural China, the upper level of the local government not only has a say in specific cases but occasionally also allocates a specific maximum number of Dibao benefit lots to each village in such a way that

⁸ Concerning the variation in the provision of Dibao across cities, see Solinger, D. and Hu, Y. (2012) “Welfare, Wealth and Poverty in Urban China: The Dibao and Its Differential Disbursement”, *China Quarterly*, 211, 741 – 764. Those authors interviewed a large number of Dibao administrators and community officials in six cities and analysed data on categories of Dibao recipients in 63 cities.

⁹ Ravallion, M. and Chen, S. (2015) “Benefit Incidence with Incentive Effects, Measurement Errors and Latent Heterogeneity: A Case Study for China”, *Journal of Public Economics*, 128, 124 – 132 who analysing panel data from seven cities for the years 2007, 2009 and 2010, found that annual income is not a perfect predictor of a household receiving Dibao or not.

payments must be denied to households that outside observers would deem as eligible. The village cadre, a politically appointed villager who is often a member of the CPC, is a key actor in this process; and often villagers gather to discuss and decide on granting Dibao or not.¹⁰ The granting process is thus typically less formalised in rural areas than in urban areas, and the values of the decision-makers, who are not professionals, concerning who deserves assistance can be critical in specific cases. Such judgements are not immune from the relationships a cadre has with villagers and their opinion of a particular villager's abilities and behaviour. There is thus room for social and ethnic ties, fear and dislike to play a role in the decision.

3. Literature review

Soon after its introduction, the Dibao system attracted considerable attention from researchers. As the system was initially expanded in urban areas, it is not surprising that a larger number of studies of urban Dibao than of rural Dibao have thus far been published. Many different aspects of Dibao have been investigated and a number of findings have been reported.¹¹ There are studies reporting that Dibao can affect the recipient's expenditure including human capital investments, time use, and subjective well-being. Other research has focused on dynamic aspects. One research question has been: Does Dibao trap the recipients into reducing their efforts to search for a job and for accepting a job offer, thereby keeping them longer than necessary on the welfare roll?

Research has shown that Dibao payments can reduce how many people are deemed to be poor, and how poor the poor are. However, as Dibao payments are often rather limited, their poverty-alleviating effects have been found to be unimpressive. Some studies have evaluated target efficiency: Does Dibao reach those intended to be covered? Results related to urban areas typically indicate that while a substantial proportion of the total payments are received by eligible households, there is leakage to households that analysts would deem to be ineligible, and also that a number of eligible households do not receive any Dibao (under coverage).

¹⁰ Kakwani, N., Li, S., Wang, X. and Zhu, M. (2019) "Evaluating the Effectiveness of the Rural Minimum Living Standard Guarantee (Dibao) Program in China", *China Economic Review*, 53, 1 – 14. Zhang, H. (2020) "Village Cadres' Discretion and Inefficient Targeting of the Minimum Living Standard Guarantee System in Rural China", *China: An International Journal*, 18 (3) 41-58.

¹¹Gao (2017), see note 7, surveys the Chinese and English language literatures.

However, turning to a differences in household determinants between urban and rural areas, the focus of this paper, Zhang et al (2017) is the only study we are aware of that has studied this issue.¹² Those researchers obtained non-probability samples in 2014/15 in the two provinces of Hubei and Liaoning. The study showed that compared with urban recipient households, rural recipient households received disproportionately low amounts of public assistance benefits and had higher medical costs relative to their household expenditure, which suggests that assistance inadequacy is more prominent among rural households than among urban households.

While there are many studies of who receives Dibao and its target efficiency in urban areas, corresponding studies of Dibao in rural areas are fewer. However, a picture of a relatively weak association between household income and receiving Dibao in rural China has emerged. Probably the first to report this was Khun et al (2016), who worked with a sample from five provinces with data for 2011 and 2013 and qualitative interviews in Sichuan and Shaanxi provinces.¹³ Some studies analysing data from the China Household Income Project (CHIP) have come to similar conclusions.¹⁴ However, there is also a study using data for CHIP 2013 that reported that Dibao's targeting performance appeared to be better if one applies a multidimensional definition of poverty rather than an income definition of poverty.¹⁵ This study also reported evidence of political elite capture, since households having members who held a political leadership position outside their village of residence or who were non-leader political party members had a greater chance of being granted Dibao. Such results are consistent with what is reported by in studies based on fieldwork on Dibao provision in one village in south-central China in 2014 and also by results from fieldwork made 2016 in one village in Sichuan.¹⁶

¹² Zhang, S., Ci, Q. and Zhan, M. (2017) "Public Assistance in Urban and Rural China" A Tale of Two Stories", International Journal of Social Welfare, 26 (4), 303 – 313.

¹³ Kuhn, L, Brosig, S. and Zhang, Li. (2016) "The Brink of Poverty: Implementation of a Social Assistance Program in Rural China", Journal of Current Chinses Affairs, 45 (1), 75 – 105.

¹⁴ Golan, J., Sicular, T. and Umapathi, N. (2017) "Unconditional Cash Transfers in China: Who Benefits from the Rural Minimum Living Standard Guarantee (Dibao) Program?", World Development, 93, 316 – 336. This study used data for 2007-09, while Kakwani et al (2019), see note used data for 2013.

¹⁵ Han, H. and Gao, X. (2018) "Community-based Welfare Targeting and Political Elite Capture: Evidence from rural China", World Development, 115, 145 – 159.

¹⁶ Li, M and Walker, R. (2017) "Shame, Stigma and the Take-up of Social Assistance: Insights from rural China", International Journal of Social Welfare, 26 (3), 230 – 238. Li, M. and Walker, R. (2018) "Targeting Social Assistance: Dibao and Institutional Alienation in Rural China", Social Policy and Administration, 52 (3) 771-789. Zhang, H. (2020)

That a means-tested programme is captured by the local political elite seems not to be specific to rural China. There are results from studies of an important anti-poverty programme in India that point in this direction.¹⁷ They report that being connected to a local politician versus not being connected, significantly increased the probability of obtaining a means-tested card entitling the household to purchase subsidised necessities. Furthermore, not only connections can affect the probability of receiving a means-tested benefit. A on-line field experiment in China shows that the probability of a positive decision on an application for Dibao is influenced by how the application is phrased.¹⁸ It reports that threats of collective action and of complaining to upper levels of government cause county governments to be considerably more responsive. Such mechanisms might be at work also when it comes to the ethnicity of the applicant: Households belonging to ethnic groups perceived as threatening are more readily rewarded with social assistance than others. Empirical support for the existence of such a mechanism in a social assistance system has been shown outside of China. Examples are from the Kurdish minority in Turkey and from indigenous people in Mexico.¹⁹ An alternative interpretation of a finding we report for urban China below is that visible minority persons are discriminated in the labor market and therefore are more likely to apply for and receive Dibao than Han people.²⁰

4. Data

“Village Cadres' Discretion and Inefficient Targeting of the Minimum Living Standard Guarantee System in Rural China”, China: An International Journal, 18 (3) 41-58.

¹⁷ Besley, T., Pande, R., and Rao, V. (2012) “Just Rewards? Local Politics and Public Resources Allocation in South India”, World Bank Economic Review, 26 (2), 191 – 216. Panda, S. (2015) “Political Connections and Elite Capture in a Poverty Alleviation Program in India”, Journal of Development Studies, 51 (1), 50 - 65.

¹⁸ Chen, J., Pan, J. and Xu, Y. (2016) “Sources of Authoritarian Responsiveness: A Field Experiment in China”, American Journal of Political Science, 60 (2) 383 – 400.

¹⁹ Yörük, E. (2012) “Welfare Provision as Political Containment: The Politics of Social Assistance and the Kurdish Conflict in Turkey” Politics & Society, 40(4) 517– 547. Yörük, E., Öker, I. and Sarlak, L. (2019) “Indigenous Unrest and the Contentious Politics of Social Assistance in Mexico”, World Development, 125, 104618.

²⁰ That discrimination by some ethnicities exists in the Chinese labour market has been shown in field experiments. See Maurer-Fazio, M. (2012) “Ethnic Discrimination in China's Internet Job Board Labor Market”, IZA Journal of Migration, 1, 12. Hou, Y., Liu, C. and Crabtree, C. (2020) “Anti-muslim Bias in the Chinese Labor Market”, Journal of Comparative Economics, 48 (2), 235 – 250. Those studies show that members of some ethnic groups are less likely to receive a positive call-back on a job application than Han applicants with the same characteristics.

For the statistical analysis in this paper, we used the China Ethnic Household Survey (CHES).²¹ This survey is historically exceptional for China in containing large samples of ethnic minority households as well as Han households and also having a large spatial coverage. It covers Inner Mongolia, Qinghai, Ningxia, Xinjiang, Guangxi, Guizhou and Hunan. Six of these units have average household income per capita that is lower than the mean for China as a whole. The exception is Inner Mongolia, with a household disposable income per capita close to the average for China as a whole.

In the survey, households were selected using area sampling. In each province level unit, 8 to 16 counties were sampled. The design of the rural sample made by each of the regional statistical bureaus resulted in approximately 1,000 households living in approximately 100 administrative villages being included in each of the seven province level units. In total 7,257 rural households with 31,671 members were surveyed. Of the households surveyed, approximately half were of Han ethnicity and the other half of various minority ethnicities, although those proportions differ somewhat across the seven provinces. Regarding urban areas, 81 cities in the seven province level units were surveyed with in total 9,931 individuals living in 3,259 households. The sampling method for urban areas was similar to that for rural areas.

The data was collected during the spring of 2012 with the assistance of staff at regional statistical authorities who had visited the households sampled regularly over at least one year. As CHES samples are based on households sampled to collect official data (at the national and/or regional level), some information could be taken directly from records available, including household income per capita (which includes the value of Dibao received). Other information was obtained from questioning household members. The latter included questions on whether the household had received Dibao at any time during 2011 or not.²² The information on household income and on household wealth referred to the preceding year, 2011.²³

²¹ Gustafsson, B., Ding, S and Hasmath, R. (2021) "Methodological considerations – Overview of Chinese Household Ethnicity Survey 2011" in Gustafsson, B., Ding, S and Hasmath, R. (Eds) (2021) Ethnicity and Inequality in China, Abington, Routledge.

²²Households were unfortunately not questioned on the amount of Dibao that they received.

²³Information on household income based on NBS surveys has been used for analysis in a large number of studies reported in the literature. An early academic study analyzing information on household wealth in rural China using micro data from the China Household Income Study (CHIP) is Mc Kinley, T. (1996) The Distribution of Wealth in Rural China, Armonk N.Y. M.E. Sharpe. The analysis of household wealth in China was broadened to cover also urban areas by Gustafsson, B., Li, S. and Wei, Z. (2006) "The Distribution of Wealth in Urban China and in China as a whole in 1995",

/ Table 1 about here/

Table 1 reports the sample size in each of the seven province level units, the number of Han households and individuals, and the number of ethnic minority households and individuals for the largest minorities in each of the seven province level units.²⁴ From the Table, it can be seen that in the rural sample there are reasonably large subsamples of not less than 11 different ethnic minorities. In north and north-west China, these are Mongolian (living in Inner Mongolia), Tibetan (living in Qinghai), Hui (living in Qinghai and Ningxia), Salar (living in Qinghai), and Uyghur and Kazak (both living in Xinjiang) minorities. In south-west China, these are Miao and Dong (both living in Hunan, Guizhou, and Guangxi), Tujia (living in Hunan), Yao (living in Hunan and Guizhou) and Zhuang (living in Guangxi) minorities. For urban areas, we have a reasonably large subsample of seven ethnic minorities: Mongolian, Hui, Uyghur, Miao, Tujia, Dong and Zhuang.

5. Rates of Dibao receipt

/Table 2 about here/

In this section, we first report, based on our samples rates of Dibao receipt for rural and urban areas in the seven provinces by a number of background variables and by ethnicity.²⁵ Table 2 shows that 10.1 percent of individuals in urban households and 18.3 percent of individuals in rural households sampled lived in a household that received Dibao in 2011. Both percentages are higher than can be computed for the same year for all of urban China (4.3 percent) and for all of rural China (10.5 percent) from the Statistical Yearbook of China 2019. This is not surprising, as CHES covers province level units with relatively low household incomes.

Review of Income and Wealth, 52 (2) 173 – 188. For a more recent study using household wealth data in rural as well as urban China using CHIP data see Knight, J., Li, S. and Wan, H. (2020) “The Increasing Inequality of Wealth in China”, in Sicular, T., Li, S., Yue, X and Sato, H. (Eds) Changing Trends in China’s Inequality, Oxford: Oxford University Press.

²⁴In the survey, all persons in a specific household are recorded as having the ethnicity of the head of the household.

²⁵ Official statistical yearbooks of China do not contain information on Dibao receipt by ethnicity.

In rural China, there is based on CHES data a clear age profile in the rate of receipt of Dibao with as many as 27 per cent of people aged 60 and older living in a household that received Dibao. This should be understood in the context that while an overwhelming proportion of older people in urban China receive pensions, for many years pension receivers were in a very clear numerical minority among older people in rural China. However, the New Rural Pension Scheme, launched in 2009 and rolled out county-by-county, came to cover all of rural China by the end of 2012.²⁶ It can therefore expect that a newer survey, if conducted, would show lower rates of Dibao receipt among the rural elderly.

Rates of Dibao receipt are in CHES, not surprisingly, very clearly negatively correlated to the household head's level of education in rural as well as urban areas. However, for the same education level of household heads, rates of Dibao receipt are similar for individuals living in rural and urban China, respectively. This is consistent with our reporting of higher rates of Dibao receipt for rural than urban areas, as people in rural China are on average less educated than urban people. Table 2 also shows that if the household head has health problems or is disabled, rates of Dibao receipt are higher than if not having such problems.

Table 2 further shows higher rates of Dibao receipt among ethnic minorities as a category than among Han. This is true for both rural and urban areas. In urban areas, 10.9 per cent of ethnic minorities in the sample received Dibao compared to 7.2 per cent among Han. In rural areas the disparity is greater: as many as 20.3 per cent of ethnic minority individuals lived in a household that received Dibao in 2011 compared with 12.2 per cent among the Han majority. The highest rates of receipt in rural areas were noted for Hui, Uyghur and Miao minorities and the residual category "other minorities". In urban areas are the highest rates reported for the Uyghur and Tujia minorities. The exceptions to this pattern of minorities having higher rates of Dibao receipt than the Han were found in rural areas for the Mongols, and in urban areas for the Yao and the Kazak.

Ethnic minority individuals differ from Han individuals in a number of respects that can be assumed to be related to the probability of receiving Dibao. For example, ethnic minorities live in households with larger average number of children, ethnic minority household heads tend to have a shorter education, and ethnic minority households often have lower household income and wealth. In the next section, where we report estimated probability models, we can see to what extent differences in

²⁶ See for example Leung and Xu (2015)) [China's Social Welfare](#), Cambridge: Polity.

characteristics towards the Han majority can explain the higher rates of Dibao receipt among most of China's ethnic minorities.

/Figure 1 and Figure 2 about here/

How is Dibao receipt related to household income per capita and to household wealth per capita? Figure 1 report rates of Dibao receipt by percentiles of disposable income per capita in urban and rural areas. Rather large differences between the two regions are visible. In urban areas, Dibao receipt is clearly concentrated to the 20 per cent of households with the lowest per capita incomes. However, in rural areas are rates of receipt less clearly related to household income per capita. In Figure 2, which shows rates of receipt by household wealth, the situation is the opposite.²⁷ These two figures makes it understandable that there has been much discussion in China on the lack of target efficiency of the Dibao programme, and also that changes have been made in the system since our survey was conducted.

6. The probability of receiving Dibao

In order to better understand why some receive Dibao and others do not, we have specified and estimated probit models linking the probability of receiving Dibao to a number of factors deemed as important. In this analysis, receiving Dibao is defined at the household level and individuals are the unit of analysis. The models are as similar as possible for rural and urban areas and estimated separately for rural and urban areas.²⁸ We estimated the models for the combined samples and also for the rural and urban samples separately.

The independent variables include variables that measure the number of children, the number of adults who are not working, the number of older people in the household, and if the head of the household is not healthy or is disabled. Furthermore, we included two dummy variables for the level of education of the head of the household. We also included variables for household income per capita, household income squared, household wealth per capita, and household wealth per capita squared. In addition, we included one dummy variable indicating whether or not the head of the household is a member of the Communist Party of China (CPC) and one dummy variable indicating

²⁷Household wealth includes financial wealth, housing wealth, business assets, and (in rural China) the value of farmland minus debts.

²⁸The survey in rural areas does not distinguish between older persons receiving pensions and those not receiving a pension.

if the head of the household has the status ‘ethnic minority’. In order to capture the large spatial variation in conditions across China, we included in the specification not less than 99 dummy variables indicating county (in rural samples) and city (in urban samples).

/Table 3 about here/

The estimates reported in Table 3 show that a number of factors are positively related to the probability of receiving Dibao in a similar way in rural and urban areas. These are the number of older people and the number of adults who are not working as well as whether the head of the household is not healthy or disabled. There are some indications that receiving a pension reduces the probability of receiving Dibao in the urban sample, although the corresponding coefficient is estimated with relatively low t-statistics. Note that the estimates model includes household income per capita as well as household wealth per capita. The results we have commented on so far can be interpreted as applicants with some relatively easily identifiable characteristics in the household (high age, adults not working, poor health or disability) are regarded as more deserving than others, in rural as well as urban China. These results are in line with results reported from previous analyses of Dibao receipt in urban China.²⁹

However, there are also differences between rural and urban areas. The probability of receiving Dibao is statistically significantly negatively related to the education level of the head of the household in urban areas, but there is almost no evidence of this in rural areas. Furthermore, the number of children in the household is negatively related to receiving Dibao in rural areas, not in urban areas. The relationship between the head of the household being a member of the CPC and the probability of receiving Dibao is positive and statistically significant in rural areas but the opposite is the case for urban areas. The result for rural areas is consistent with results for a means-tested programme in rural India discussed in Section 3. As could be expected from Figure 1, we found a much clearer negative relation between household income per capita and the probability of receiving Dibao in urban areas than in rural areas. In contrast, there are indications of Dibao receipt being negatively related to household wealth per capita in rural areas, but such a relationship is less clear in urban China.

²⁹ Ravallion, M. (2008) “Miss-targeted or Miss-measured”, *Economic Letters*, 100, 9 – 12. Ravallion, M. and Chen, S. (2015) “Benefit Incidence with Incentive Effects, Measurement Errors and Latent Heterogeneity: A Case Study for China”, *Journal of Public Economics*, 128, 124 – 132.

Turing to the relationship between minority status and Dibao receipt, we found a positive relationship in urban areas that is consistent with results previously reported from a similar analysis.³⁰ However, the corresponding coefficient for the ethnic minority dummy variable in rural areas is not statistically significant. Thus, the estimated models indicate that the higher Dibao rates among most of China's ethnic minorities than among Han reported in the previous section in rural areas are due to differences in the variables included in the probability model.

7. Summary and discussion

In terms of the number of recipients, the means-tested Dibao programme in China is probably the world's largest social assistance programme. Although several authors have studied Dibao, to our knowledge very little research has aimed to compare factor affecting probabilities of Dibao receipt in rural and urban areas using household data. In this paper, we used such data collected in 2011 for urban and rural households in order to compare factors related to the probability of receiving Dibao in rural and urban China. Those data were collected in Inner Mongolia, Qinghai, Ningxia, Xinjiang, Guangxi, Guizhou and Hunan. They allowed us to document rates of receipt among a relatively large number of ethnic minorities and the Han majority. We also investigate how ethnicity and receipt of Dibao in related, topics that according to our knowledge have not been covered in the literature.

We found that in rural areas investigated, as many as 20 per cent of ethnic minority individuals lived in a household that received Dibao during the year while the corresponding figure among the Han majority was 12 per cent. Looking at specific ethnic minorities, the highest rates of receipt were in rural areas reported for the Hui, Uyghur and Miao along with the residual category "other minorities". In urban areas, 11 per cent of ethnic minority individuals lived in households that received Dibao 2011 while the corresponding rate was 7 per cent for the Han. Measured by those participation rates, China's ethnic minorities as a category benefit more from the Dibao system than Han households do. In this sense we conclude that Dibao is a minority-friendly programme.

³⁰ By Hasmath and MacDonald (2018) see note 4. Furthermore we experimented with some different specifications with the aim of learning more. For example, we replaced the single dummy variable indicating minority status with a number of dummy variables each indicating a specific minority. Such estimates showed that the largest positive effect on Dibao receipt in urban areas was obtained for the dummy indicating Uyghur minority. However, a similar result was not obtained for rural China.

By estimating probability models for urban and rural areas separately, we could report that some factors are related to Dibao receipt in similar ways in rural as well as in urban areas. The list of factors that are positively related to Dibao receipt include the number of older persons in the household, the number of adult household members who are not working, and if the head of the household head being not healthy, or disabled. Thus it appears that the Dibao programme to some extent fulfils the same household needs in urban as well as rural parts of China.

In contrast, we also found several differences between rural and urban areas when it came to factors that are related with the probability of receiving Dibao. One is that a relationship between the head of the household being a CPC member and increased probability of receiving Dibao was established in rural China, while this relationship was the opposite in urban China. These results can be seen against the background of, in rural China as opposed to urban China, local cadres (who are often CPC members) typically being heavily involved in the process of granting Dibao. The situation in rural China is or was in this respect probably not substantially different from the one in rural India, from where we have cited research showing the existence of elite capture in an important anti-poverty program. That elite capture is a substantial problem in rural China is also indicated by central government action. As we will return to in the very end of this paper, in 2015, three years after our data was collected, a new Targeting Poverty Alleviation program (TPA) was introduced in rural China. With this program “follow-up checks”, elites and other ineligible households who receive benefits were to be removed from the TPA program. There are evidence of this policy being successful in its aims.³¹ Furthermore in early 2022 Chinese President Xi Jinping said that his country has achieved the "miracle" of eradicating extreme poverty.³²

A second difference between urban and rural areas when it comes to probabilities of Dibao receipt is that the relationship between household income and the probability of receiving Dibao is considerably stronger in urban China than in rural China, while we found the opposite for the

³¹ For a study of this program two years after implementation using data from one poverty stricken county in Guizhou province see Cheng, X., Wang, J. and Chen, K. (2021) “Elite Capture, the “Follow-up Checks” Policy, and the Targeted Poverty Alleviation Program: Evidence from Rural Western China”, *Journal of Integrative Agriculture*, 20(4): 880–89. A similar conclusion, based on a case study of one village in south central China, was drawn in Li, M. and Walker, R. (2021) “Need, Justice and Central–local Relations: The Case of Social Assistance in China”, *Public Administration*, 99, 87 – 102.

³² BBC (2021) “China's Xi declares victory in ending extreme poverty”, February 25, <https://www.bbc.com/news/world-asia-china-56194622>

relationship between household wealth and probability of receiving Dibao. These differences between urban and rural areas are to a large extent likely due to differences in how easily income as well as wealth can be assessed in these two parts of China. Income is less difficult to assess in urban China where many residents are wage earners than in rural China where agriculture income played a considerable role. Furthermore, we also found that the number of children in the household was negatively correlated to the probability of receiving Dibao in rural areas, but not in urban areas. In contrast, the education level of the head of the household was found to be negatively related to the probability of receiving Dibao in urban areas but not in rural areas.

Still another difference between rural and urban areas was found in the relationship between minority ethnicity and the probability of receiving Dibao. In rural areas, did the estimated models provide no evidence of ethnicity being related to the probability of receiving Dibao. In other words, the higher proportion of ethnic minority individuals receiving Dibao in rural areas is fully in line with what can be expected from their characteristics. This is perhaps not surprising as to a large extent ethnic minority households live concentrated in other villages than villages where Han households live. However, in urban areas, the estimated models show examples of that households belonging to an ethnic minority being somewhat more likely to receive Dibao than would be expected from their characteristics alone. In the paper we cited similar results related to members of Kurdish minorities in Turkey and indigenous minorities in Mexico. However, the mechanism behind such a statistical relationship is not obvious in the Chinese case. True there is a possibility that some urban ethnic minority applicants can be perceived as more threatening than Han applicants and thereby become favourable treatment. Alternatively, the increased probability of receipt among members of some urban ethnic minorities can be the outcome of them being discriminated when applying for a job.

We round off this paper by remembering that our findings are based on data that do not cover Tibet, Yunnan and Liaoning where ethnic minorities make up a large, or relatively large, proportion of the population. Furthermore, the data analysed do not cover the many province level units in China where ethnic minorities make up a rather small proportion of the population. It should also be understood that our data was collected for 2011. It is known from statistical information that since then has the number of recipients of Dibao in China fallen (National Bureau of Statistics, 2019).³³

³³ National Bureau of Statistics (2019) Statistical Yearbook of China 2019.

It is also well known that since 2013, the central Chinese government has implemented the Targeted Poverty Alleviation (TPA) policy nationwide. This has created actives for each beneficiary household and developed personalized measures to improve their living standards and development ability. (Li et al. 2017) The specific goal of TPA is to lift all rural poor people (82.5 million in 2013) out of absolute poverty according to the 2010 rural poverty line by 2020. The army, government agencies, ministries and local governments in wealthy areas have all been assigned responsibility for poverty alleviation work in the designated areas. The funds poured into this program, from an extraordinarily wide range of sources, have been staggeringly large. In an effort to summarize achievements of this policy development economist Bikales writes that beyond question, there has been a major improvement in living conditions in poorer parts of China as a result of this campaign.³⁴ There is no basis in evidence to doubt the government's assertion that poverty has been eradicated according to their specific definition of this goal. However, the same author also writes that there is a lack of detailed public data to allow an outside observer to confirm or reject the accuracy of the assertion. Remarkable as the achievements of the policy have been, they do not demonstrate the eradication of extreme poverty. It would therefore be of interest to repeat our study with more recent data, which is an argument for efforts to collect more recent data using a design similar to the one we have analysed here.

³⁴ Bikales, B (2021) Reflections on Poverty Reduction in China, available at:

https://www.eda.admin.ch/dam/countries/countries-content/china/en/20210608-Poverty-Reduction-China_EN.pdf

Table 1**Descriptions of samples in rural and urban areas**

Area	Number of Han households	Number of individuals in Han households	Number of ethnic minority households	Number of individuals in ethnic minority households	The largest ethnic minorities		
					Name	Number of households	Number of individuals in households
Rural areas							
Inner Mongolia	813	2728	227	895	Mongolian	216	849
Qinghai	391	1744	581	2993	Tibet	311	1486
					Hui	167	890
					Salar	67	446
Ningxia	530	2172	424	1975	Hui	413	1920
Xinjiang	335	1179	660	2914	Uyghur	497	2268
					Kazak	118	487
Hunan	231	1030	745	3350	Miao	337	1535
					Dong	168	730
					Tujia	161	735
					Yao	59	260
Guangxi	331	1599	680	3125	Zhuang	384	1736
					Yao	102	443
					Miao	85	400
					Dong	50	263
Guizhou	211	914	964	4457	Miao	566	2658
					Dong	324	1469
Total seven rural areas	2842	1136	4281	19709		4025	18575
Urban areas							
Inner Mongolia	256	726	183	558	Mongolian	169	513
Qinghai	373	1077	125	411	Tibetan	44	142
					Hui	46	167
Ningxia	269	818	227	730	Hui	211	685
Xinjiang	240	649	251	841	Uyghur	136	500
					Kazak	57	186
					Hui	29	80
Hunan	195	638	294	1016	Miao	149	508
					Tujia	76	284
					Dong	41	130
Guangxi	333	1045	163	505	Zhuang	102	324
					Yao	36	108
Guizhou	106	299	202	618	Miao	113	347
					Dong	56	171
Total seven urban areas	1772	5252	1445	4679		1236	4065

Source: Authors' computations based on data presented in Section 4.

Table 2**Rates of Diba receipt by characteristic. Seven provinces/autonomous regions in China**

Characteristic	Sample size		Rate of Diba receipt. Per cent	
	Urban areas	Rural areas	Urban areas	Rural areas
Age of person				
Children (under for example 18 years)	1959	7404	11.33	19.10
Adults	7078	20972	9.75	16.54
Seniors (people over 60 years)	932	3258	10.30	27.41
Education of Household Head				
None or Low level	338	3155	23.08	21.62
Lower middle	720	3107	13.06	13.84
Upper middle	958	797	9.08	14.18
High	1173	54	1.88	3.70
Health of person (adults only)				
Some or many health conditions	242	524	24.38	30.15
Healthy	6797	20217	9.18	16.11
Health of household head				
Some or many health conditions	144	1138	23.61	30.05
Healthy	3115	30533	8.15	17.83
Disability of household head				
Not disabled	3106	6887	8.05	17.62
Disability	153	370	24.84	30.50
Disability				
Disability affecting daily life	51	115	37.25	38.26
Disability not affecting daily life	102	255	18.63	27.06
CPC membership of household head	1117	950	3.76	19.37
Ethnicity (of household head)				
Han	1772	2842	7.17	12.07
Minority	1445	4281	10.93	20.25
Of which				
Mongolian	203	220	8.37	1.82
Hui	296	613	12.84	25.29
Tibetan	44	312	9.09	17.31
Uyghur	136	510	21.32	23.73
Miao	268	988	8.58	26.92
Zhuang	104	384	6.73	10.16
Dong	130	551	10.77	18.15
Yao	54	172	1.85	14.53
Tujia	81	168	22.22	14.88
Kazak	63	121	1.59	14.88
Salar	----	68	----	14.71
Other ethnic minorities	66	174	9.09	28.74

Total seven provinces/autonomous regions	10062	31671	10.12	18.27

Note: Unit of analysis is the individual. The numbers in the Table refer to those who answered a particular question. We show recipient rates based on at least 150 individuals.

Source: Authors' computations based on data presented in Section 4.

Table 3 Probability of receiving Dibao in rural and urban areas. Marginal effects

Variable	Pooled Urban and Rural	Rural	Urban
Number of children	-0.0071*** (0.0017)	-0.0086*** (0.0020)	0.0045 (0.0041)
Number of older persons	0.0532*** (0.0022)	0.0667*** (0.0026)	0.0099** (0.0048)
Number of adult household members not working	0.0187*** (0.0016)	0.0161*** (0.0019)	0.0260*** (0.0032)
Household head not healthy or is disabled	0.0885*** (0.0055)	0.0857*** (0.0069)	0.0697*** (0.0085)
Number of persons over 55/60 receiving a pension	-0.0194* (0.0122)	Not included in specification	-0.0163* (0.0092)
Head of household Junior school	-0.0080** (0.0039)	-0.0058 (0.0046)	-0.0409*** (0.0082)
Head of household Longer education	-0.0138** (0.0055)	-0.0070 (0.0074)	-0.0742*** (0.0082)
Household income, thousands of yuan	-0.0065*** (0.0004)	-0.0024** (0.0010)	-0.0071*** (0.0005)
Household income squared. Thousands of yuan	0.000002*** (0.0000002)	-0.00004 0.00003	(0.000001)*** (0.0000002)
Household wealth. Thousands of yuan.	-0.0008*** (0.00009)	-0.0028*** (0.0002)	0.00005 (0.0001)
Household wealth squared. Thousands of yuan	0.0000004*** (0.0000001)	0.000005 (0.000001)	-0.0000006 (0.0000005)
Household is Communist party member	0.0069 (0.0049)	0.0375*** (0.0061)	-0.0358*** (0.0076)
Dummy variables for cities in urban areas and counties in rural areas included			
Ethnic Minority	0.0079* (0.0044)	-0.0031 (0.0056)	0.0197*** (0.0067)
Number of Observations.	41138	30496	9419

Numbers in brackets are standard errors.

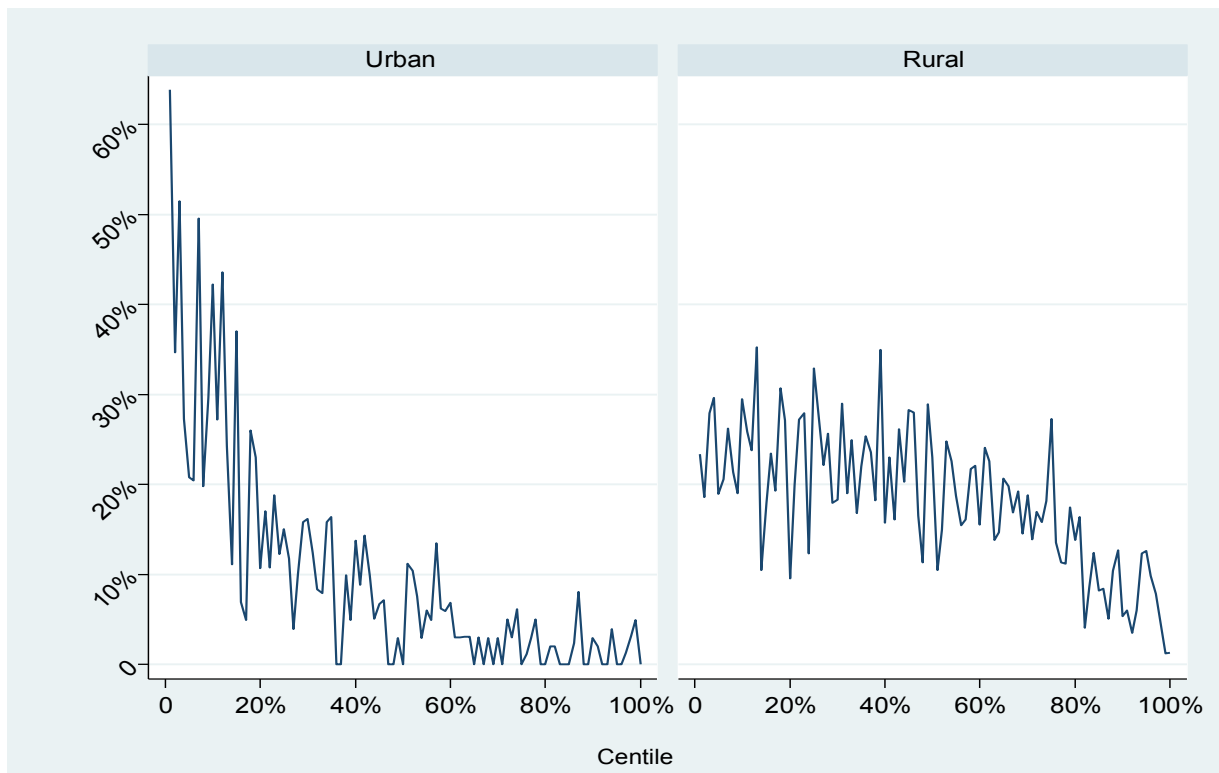
Source: Authors' estimates based on data presented in Section 4.

*Indicates statistical significance at the 10 percent level, but not at the 5 percent level.

** Indicates statistical significance at the 5 percent level, but not at the 1 percent level

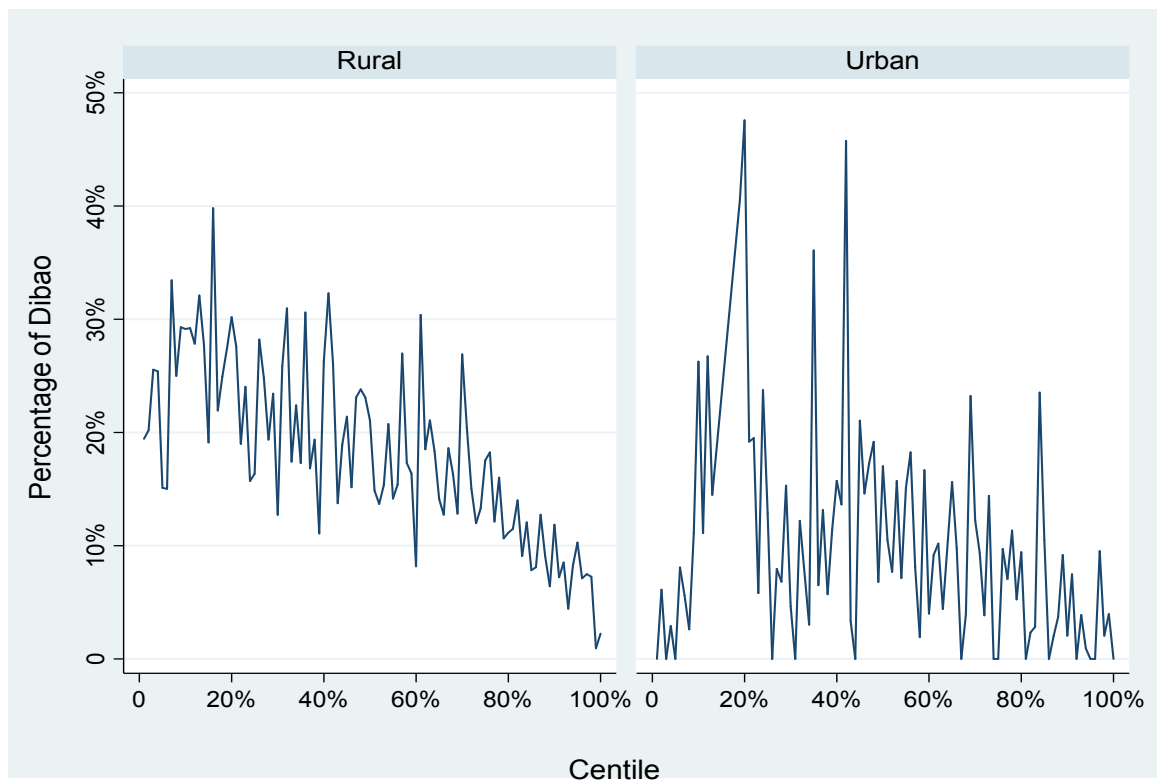
*** Indicates statistical significance at at least the 1 percent level.

Figure 1: Rates of Dibao receipt by centiles of household income per capita, urban and rural China



Source: Authors' computations based on data presented in Section 4.

Figure 2: Rates of Dibao receipt by centiles of household wealth per capita, urban and rural China



Source: Authors' computations based on data presented in Section 4.