

State Schemes or Safety Nets? China's Push for Universal Coverage

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Abstract: After rapid changes in social policy and increases in social expenditures over the past five years, many of the uniformly negative assessments of China's record on health care, retirement pensions, and other forms of social security have to be reconsidered. This article examines the rapid expansion in social policy coverage and spending, and considers the possible significance of these changes for Chinese politics. The administrative and territorial categories that have defined access to social welfare provision over the history of the People's Republic of China have not yet receded, but their significance has diminished with programs that create uniform eligibility across rural and urban categories of citizenship. Large gaps in benefits remain, and are likely to generate political demands in the future as urbanization continues to erode the administrative distinctions between urban and rural.

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For much of the past decade, assessments of social policy in China – that is, state-financed protections against such risks as illness, poverty, unemployment, and old age – have ranged from pessimistic to dismal. In a widely cited report, the World Health Organization in 2000 ranked China as 144 out of 152 countries for health system performance.¹ Numerous studies, including those from China's own Ministry of Health, acknowledged that only 10 to 15 percent of rural households had any form of medical insurance. Between roughly 1995 and 2010, an estimated 30 to 40 million peasants lost their land, and about the same number of factory workers lost their jobs. For the latter, job loss also meant the sudden termination of a full range of factory-distributed benefits. Income inequality, a related metric of overall social welfare, rose rapidly to levels approaching those found in countries known for highly uneven distributions of wealth, such as Brazil and South Africa. If one includes in the scope of social policy the broader issues of environmental and resource degradation, pollution, and food safety scandals, the picture grows even bleaker.

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This article considers recent, in some ways sweeping changes in China's social policies (sometimes referred to in Chinese as "social security" [*shehui baozhang*] or "social construction" [*shehui jianshe*]), including their effects thus far in addressing the rural/urban divide. During the same decade that bleak assessments of China's social welfare profile and the predictions arising from them have drawn so much attention, a rapid expansion of social policies has been under way. A central government that had positioned itself at a comfortable distance from the costly commitments of social policy throughout the 1980s and 1990s reversed course in the early 2000s, with numerous policy measures introduced, including the campaign to build the "New Socialist Countryside." Central ministries and officials were less willing to allow market forces and local governments to provide (or, more often, not to provide) crucial public goods related to health care, retirement pensions, poverty relief, basic education, and so forth.

In all these categories, China's leadership, in a fashion that has come to typify the Chinese government of the twenty-first century, has decided to allocate colossal amounts of funding. With an estimated 700 billion RMB in central government subsidies, local officials were mobilized in 2006 to register every village resident (and urban residents without full-time employment) in a "voluntary," rudimentary rural cooperative health insurance scheme. By 2011, Ministry of Health officials claimed to have enlisted 1.28 billion participants, a rate approaching the goal of universal health insurance coverage. In the 2013 Government Work Report to the National People's Congress, outgoing Premier Wen Jiabao stated that spending on education over the previous five years totaled 7.8 trillion RMB (US\$1.26 trillion), and by growing at 21.6 percent each year, had achieved the government's goal to

raise education expenditures to 4 percent of GDP.² Pension expenditures for 68.2 million urban retirees in 2011 reached 1.3 trillion RMB (US\$208.7 billion).³

These massive increases in social spending, and the rapid enrollment of hundreds of millions of uninsured in various social insurance programs, should not be taken as a sign that China's social policy woes, let alone its widening income gaps, are now a thing of the past. Still, the reorientation of China's social policy is worth careful consideration, for why it came about and for what it can reveal about state capacity and the goals of the leadership. As one example, Wu Bangguo, chair of the Standing Committee of the National People's Congress and the number-three ranked Chinese Communist Party (CCP) official in the outgoing Politburo Standing Committee, declared in his March 2013 work report that "[e]radicating poverty and bringing prosperity to all is an essential requirement of socialism."⁴

How one assesses China's social policy shortcomings and recent measures to address them reflects the choice, explicitly or implicitly, of other countries that one places in comparison with China. The East Asian developmental states and the post-socialist transitional economies are most commonly selected as comparison groups for China. Yet as the discussion that follows will reveal, China does not fit well into either group. The East Asian cases for the most part enjoyed what is now labeled as "inclusive growth," and their rapid expansions in social policy were long delayed, often accelerating after political transitions. The post-socialist cases were, unlike China, heavily urbanized and provided universal coverage under their planned economies. With the dismantling of socialism, liberalization and austerity measures placed great pressure on these governments to scale back social expenditures. A more useful grouping for com-

paring China's social policies can be found outside these usual peer groups. Several other large economies, like China, have both legacies of large rural/urban inequality and periods of rapid growth. I have used the term "large uneven developers"⁵ to refer to cases such as Brazil, South Africa, India, and others that encounter almost built-in structural inequalities because of history and geography. (Twentieth-century Mexico, late-nineteenth-century Russia, and the United States from the mid-nineteenth to mid-twentieth century could also fit this category.) When such countries experience economic growth, the transformations of their rural and urban sectors inevitably generate high levels of income inequality as well as politics over how to reduce the inequality. While political outcomes and policies are in no way predetermined, one does seem to find in each of these cases pressures for redistribution of wealth across regions.

The discussion that follows addresses China's enduring sources of inequality and inequity in past patterns of welfare provision, during the Maoist and reform eras. One of the key themes is the salience of the spatial – not simply in geographic terms, but in administrative categories that locate individuals and households in distinct zones of access to social policy. As urbanization and other structural changes ensue, the lines that demarcate and stipulate access to social policies are eroding. A concluding comparative discussion addresses further the politics of social policies in China and other large uneven developers.

The social policies and welfare provision of the Mao era (1949–1976) evoke in the minds of many older Chinese citizens a time when access to primary health care and education was assured by the state regardless of one's income. Public health campaigns in the 1950s and barefoot doc-

tors in the 1960s and 1970s remain central in the narratives and recollections of this period. For urban residents, social welfare could be summed up by the term "iron rice bowl," which guaranteed employment and gave extensive cradle-to-grave welfare benefits delivered through one's place of work. Most of the improvements in national-level measures such as life expectancy and literacy took place at this time, admittedly from a very low baseline in the late 1940s.

The positive assessment of the Mao period in terms of health care and education outcomes should not lead to the conclusion that the Chinese state at this time distributed access to social welfare in an egalitarian fashion. As Martin Whyte explains in his essay in this issue, the CCP established the rigid spatial boundaries that define differential access to social welfare to this day. It is worth noting that Mao's successors in the late 1970s were quick to abolish the class labels that fostered bitter divisions and conflict, but they left in place many of the designations that created wide gaps within the population in terms of access to social welfare. The most well-known of these is the household registration system (*hukou*), which was introduced in the late 1950s amidst the mass migrations of the Great Leap Forward (1958–1960) and ensuing famine. Even before this time, rural populations in the 1950s sought out the far superior living conditions found in cities. It was clear even then that the benefits extended by the rural collectives were far below those of the "iron rice bowl" found in the city. The household registration policy made it impossible to transfer residency, by limiting access to urban jobs and social services to only residents who held local registration documents within a given city.

In today's China (and among foreign audiences), the household registration sys-

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tem is the most often discussed and the most visible legacy of the Maoist era's unequal delivery of welfare provision. But there are many other, less noted forms of inequality in access to social welfare. During the Mao era, one could find considerable differentiation in welfare benefits within individual units such as a factory or hospital. Full-time permanent workers in state enterprises enjoyed, in comparison with temporary workers and apprentices, superior benefits for medical care, pensions, and housing, among other things. Such divisions and unequal access to benefits became the source of bitter and violent disputes within many factories during the Cultural Revolution. Full-time state enterprise employees also enjoyed lavish benefits and housing conditions relative to workers in the collective sector. Finally, the Maoist state also granted privileged access to the very best housing, services, schools, and much more for party and government officials.

From the perspective of rural development, the Maoist state certainly achieved significant milestones in the formation of rural health cooperatives and primary education. Yet from the metric of equity and progressiveness in social policy (based on the assumption that the poor should have access to more programs and more generous levels of support than the non-poor), the Maoist state was no more progressive than any other government that steers public welfare support toward those at the upper rungs of the social hierarchy: civil servants, military officials, and employees in strategic sectors. Moreover, inequality measures that report low levels of income inequality as a baseline for the start of the reforms can thus be quite misleading. Expressing income inequality in an economy that has state-determined wages, and no individual capital ownership or property income, is simply to repeat what state policy has determined

wage differences to be. The Maoist state ensured that these differences in pay would be low, even between a factory director and a temporary worker. But the distinctions in status and in access to non-wage benefits were vast.

In sum, by the end of the Maoist era, rural areas had seen marked improvements in basic living conditions through the delivery of primary health care and education from rural collectives, but these public goods varied widely and fell far below the benefits that urban residents received. Mobility restrictions and administrative hierarchies created at least three tiers of citizenship and access to social polices: rural, urban, and officialdom. (Many more tiers could be found within each.) The fact that these vastly different tiers of welfare provision have essentially remained in place over the course of three decades of market reforms may seem remarkable at first glance. But considering the trajectory that China's reforms have taken, these extended patterns of welfare exclusion and distribution are more easily understood.

The legacies of the Maoist era, when combined with the introduction of market reforms and a fiscal policy that relied heavily on localities to raise their own funds, placed China on the path of rapid but highly uneven development. This well-known story of inequalities among eastern, central, and western regions; the lingering income gaps between urban and rural areas; and the wealth accumulated by corrupt local officials need not be recounted here. The main point is that rigid distinctions in citizenship status and welfare access that were in place in the decades before the reforms were only amplified when the government introduced market forces to various sectors. Higher returns to education via higher wages in the labor market naturally went

to those who lived in cities. Profits from marketing agricultural goods went to those who administered the distribution system: township and county officials. In the rural sector, the reduction in the absolute number of households below the poverty line took place alongside the collapse of collective rural health care services and, in some counties, a decline in primary school enrollments.

During the 1990s, as central officials designed vague outlines of social policies to provide support to overtaxed peasants and laid-off workers, they did so on the baseline of existing administrative divisions and residency status. Social policy designs reflected the category of citizenship that one had been given by birth and by state job allocation: rural or urban *hukou*, enterprise employee or administrative personnel in a public agency, and many others. Gender and ethnicity, tellingly, were never salient categories in social policies that were so heavily influenced by the legacies of the planned socialist economy (with the notable exception of population planning). The reform era's heavy assignment of spending responsibilities to local governments further contributed to the deepening of spatially based administrative categories. Rural townships with more abundant factor endowments and experience with administering rural enterprises had a greater likelihood of providing public goods, including social welfare schemes. But more important, the obsession with self-financed governance meant that any mechanism to transfer public finances from well-off townships to poor townships was lacking. In short, spatially derived inequalities that existed in the Mao era were locked in, and amplified, under market reforms.

But something important occurred around the late 1990s to check this widening divergence in social policy and its ten-

dency to reinforce and widen inequalities. As urbanization and migration accelerated, social policy designs finally began to recognize the impracticality, and indeed the folly, of stipulating spatially and administratively defined categories. What did it mean to have separate policies for rural and urban, state and non-state, officials and civilians, when these categories and the policies that they were based on were made irrelevant by urban migration, state-sector transformation, and the blurring of public and non-public entities? Pension regulations in 1997, for example, were titled "Pension Regulations for Urban Enterprise Employees," which still reflected the urban/rural distinction, but ignored past distinctions in ownership type, among collective, state-owned, private, and foreign-invested enterprises. (The 1995 Labor Law had also dismantled the practice of treating separately employees in each category of enterprise ownership.) Regulations for health insurance also made no distinctions in ownership, while retaining the category of "urban enterprise employees." The policy-designated category of "urban enterprises" obviously excluded the urban self-employed, or anyone who was not working, voluntarily or otherwise. It also excluded those who worked outside of the borders of an urban district, even if they were engaged in manufacturing, as were many township and village enterprises. The broad category of some 30 million personnel in public administrative units (*shiye danwei*) and civil servants continued to receive separate treatment in policy.

Still, these new social policy regulations laid out an important principle – which would take at least ten years to be fulfilled in any practical manner – that migrant workers and urban residents employed in the same "urban enterprise" had access to the same benefits and provisions in social policy programs. And in

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recent years, cities such as Hefei and Chengdu have announced measures to provide the same pension coverage to their rural populations (living outside the cities but administered by the city government) as urban residents receive. One such rural hukou holder who had just received pension eligibility told Xinhua, "Only when I'm covered with pension insurance do I feel like an urban citizen."⁶ In Chengdu, Chongqing, and a few cities in Guangdong province, local experiments have granted pension rights to residents of rural counties surrounding urban areas in exchange for land use rights.⁷

While the three tiers of the past remain in place, with rural, urban, and officials receiving different treatment under separate programs, urbanization and migration continue to erode the rural and urban distinction. The 2010 Social Insurance Law further eroded these spatial and administrative distinctions by simply referring to "employing units" (*yongren danwei*) and "employees" (*zhigong*) in its various clauses. Meanwhile, the 30 million civil servants and employees in administrative units are under increasing pressure to finance some of the heretofore entirely free access to health insurance and pensions. Civil servant pensions and free health care insurance have come under heated criticism on Internet forums and even in the official press.

At the same time that the seeds were planted to equalize access to social insurance provisions, mass protests by unpaid pensioners and other "mass incidents" in urban areas exposed the fundamental incapacity of urban governments to provide promised compensation to the victims of state-enterprise restructuring and privatization. The central government stepped in to subsidize cities and regions that were unable to support large populations of retired and laid-off workers. A separate means-tested social assistance pro-

gram (*dibao*) for the urban poor was also introduced at this time. Urban protests by retired and laid-off workers, once common occurrences, are now rare in most cities. In part, the explanation lies with the central government's commitments. Over the past decade, a cumulative total of 500 billion RMB in subsidies for pensions alone has been distributed from the central government to local government.⁸ Also keeping protests under wraps has been the deployment of a vast "social management" apparatus, described in the essay by Ching Kwan Lee in this volume, that includes "stability maintenance offices" (*weiwenban*) to disburse protestors with cash payments negotiated on the spot with protest leaders.

The number of migrant workers receiving coverage for health insurance is now 46.4 million, up from essentially none (save for a few local experiments) in the 1990s. Workplace injury, a chronic problem in export processing zones, mines, and other areas with high concentrations of migrant workers, is addressed through compensation under another social insurance program. (Legal claims for an employer's negligence are another matter.) A reported 68.3 million migrant workers now have accident insurance. The government also claims that 41.4 million migrant workers are now covered under pension insurance, which because of its locally administered nature is controversial among migrants.

But the most impressive achievement in recent years has been the rapid expansion of social insurance for health care and pensions in rural areas. As part of the push for the creation of a "New Socialist Countryside," the government's effort to expand rural health care was in effect a way of reviving the old cooperative medical care of rural areas that existed before decollectivization. The New Rural Cooperative Medical Scheme (CMS) was launched

on an experimental basis in 2002 and now claims to have 812 million participants, meaning that rural health care coverage rose from 10 to 15 percent in the late 1990s to over 95 percent of the target population.⁹ By one calculation, the central government between 2009 and 2011 contributed about one-third of the 1.4 trillion RMB in public expenditures on health care. (Local governments accounted for the other two-thirds.) About half of the 1.4 trillion RMB in spending went toward subsidies for the uninsured to enroll in health care schemes (largely for the rural CMS and a program for urban residents not yet covered by enterprise-based health care).¹⁰

These impressive increases in coverage must be regarded at best as a first step in resolving a complex rural health crisis, described in detail in William Hsiao's essay for this volume. The insurance programs are quite rudimentary, with people still facing unaffordable out-of-pocket expenses, at 50 to 60 percent of inpatient medical costs. Given the rising costs of medical care and medication, these programs are insufficient to reduce the threat of catastrophic financial expenses. A household survey that found 12.9 percent of respondents (rural and urban) facing catastrophic health expenses concluded that this converted to about 173 million people living in households with such financial burdens.¹¹ For rural and urban residents alike, a visit to the hospital for any major medical procedure requires, with few exceptions, that patients pay all charges up front and in full. It is then up to the patient to pursue the laborious process of seeking health care reimbursements from the local social insurance agency. Reimbursements for urban residents are capped at low levels – about four times the local per capita annual income. For the rural CMS, maximum reimbursements are much lower.¹²

Other rapid increases in state spending also need to be put in proper context. Spending on education, which has reached the government's goal of 4 percent of GDP, belies many serious problems. Public spending on education in rural China remains minimal. Internet forums regularly discuss inequities in education, with debates triggered whenever a particularly glaring example comes to light, as was the case in 2012, when it was reported that children in two villages in Hubei province had to bring their own desks to school.¹³ Anecdotal accounts suggest that the increases in spending have gone more so to showcase school buildings and less to teacher salaries and improvements in educational outcomes. With consolidation of rural schools and migration from villages, the number of primary schools in China continues a decline that started in the late 1970s.

Housing and land-use policies are not usually regarded in a strict sense as part of social welfare policy in most countries, but they are closely linked to welfare provision in China. During the dismantling of most state-owned enterprises and the mass layoffs that ensued in the 1990s, local governments took the highly significant step of selling state factories' worker housing stock to individual households at minimal prices (affordable even for most low-income workers). This constituted what later turned out to be a massive transfer of wealth to working class families, as urban real estate prices soared. Housing prices and possession became the source of great tension and social unrest as urban governments subsequently sought to remove households from their newly acquired dwellings at prices far below what real estate developers would pay to city planning agencies and their land corporations. In rural areas, land possession through the collective had been offered as a rationale in the 1990s for gov-

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ernments to exclude rural households from the social insurance programs given to urban residents. But as increasing numbers of villagers were dispossessed of their land, this excuse could no longer serve as a means of exclusion. It is no accident that the rapid increase in social insurance coverage to rural residents took place during the peak of rural land requisitions. As villagers lost their only asset that could be used for income support in old age, they received pension and health care insurance in return.

Experiments with the construction and financing of public and affordable housing have also been on the central government's agenda, with Chongqing serving as a showcase since 2007. That happened to be the year that Bo Xilai was appointed party secretary, but the social housing pilots in Chongqing were under way before then, led by Huang Qifan and with generous central government support. Bo's removal from office by the top CCP leaders came in part because his populist stances and political ambitions threatened a smooth leadership transition, but the social policies under way in Chongqing will likely continue without the charismatic party secretary to take credit for them. Huang was reappointed mayor of Chongqing in early 2013, and the constraint on the ambitious expansion of public housing – a proposed addition of 40 million square meters between 2010 and 2020 – appeared to have more to do with shaky public finances than with political legacies of the Bo years. The municipality of Chongqing is in fact more rural than urban, by population at least, with 20 million rural *hukou* holders among the city's 33 million total residents. As such, it is an ideal location for experiments in granting rural *hukou* holders benefits equal to those of urban *hukou* holders. A program in 2010–2011 provided 3.4 million rural *hukou* holders with an urban *hukou*, at a cost of 208 bil-

lion RMB for the additional expenses to subsidize the higher rates of social insurance payments for urban residents.¹⁴

As the Chinese government is well aware, at least from statements made in the Twelfth Five-Year Plan document and other broad policy outlines, China now is at a crucial turning point in its social welfare system. Local officials who run China's social insurance system on the ground are approaching, and in some cases have reached, the limits of what is possible in terms of financing under the current model, by getting new citizens registered for social insurance. They have also acquired almost all of the available rural land, and they have converted most of the urban housing to commercial uses in urban core areas. And as many have noted, local governments at the same time have gone deeply in debt to state banks and other financial entities. Leaving aside whether officials can continue to collect social insurance premiums from employers and their workers, China's changing demographics (see Deborah Davis's essay in this volume) make the current model of employer-based social insurance run through thousands of local governments increasingly unviable. Population aging will make it impossible not to alter the status quo, because under current arrangements a locality's pension and health care benefits are essentially funded out of that locality's workers. The shrinking workforce-to-elderly ratios will generate immense pressures on the decentralized provision of welfare.

It is too early to gauge the effect of these recent measures on inequality. One early assessment of rural health insurance expansion, based on official surveys by People's Republic of China Ministry of Health scholars and published in *The Lancet*, reached the optimistic conclusion that “[t]he expansion of the insurance program seems to have been instrumental in nar-

rowing the inequalities in access between rural and urban areas, between western and central areas in comparison with the east, and between poorer and wealthier income groups.”¹⁵ But one could just as easily point to the underlying design of social insurance as an obstacle in reducing inequalities. Just as in the American Social Security or Medicare system (social insurance programs that politicians continue to label as “entitlements”), one gets back in pensions and elderly medical care reimbursements roughly what one has paid in over the course of employment. To introduce social insurance in a country like China, with its vast income gaps between urban and rural residents, therefore does little to reduce income inequalities. To note just one example, the average monthly pension for an urban retiree was 1,511 RMB in 2011.¹⁶ For the new rural pension program, the nationwide minimum monthly flat benefit was 55 RMB, which was below the national average for rural minimum income support of 82 RMB.¹⁷ While the adjusted benefit in many rural counties is higher than this base level, the gap between urban and rural pensions remains vast.

What all the above tells us is that a combination of equalized access to social policies, along with escalating spending, has at the very least put the Chinese state in the position of making substantial commitments to future spending – and from the top less so than strictly from local coffers. The significance of this is worth considering for what it implies for future engagements between state and society in China.

If we know anything about politics in the aftermath of states that have initiated comprehensive undertakings in welfare expansion and expenditure, as China has over the past decade, it is that the policies tend to generate fierce defenders, in both

the beneficiaries and the bureaucracies that operate the programs. This prevents politicians from easily reversing policies and spending commitments. Moreover, once such policies are in place, the pressures for expansion grow, and benefits increase. China has seen a rapid expansion in social insurance coverage over the past five years, and it faces pressures to increase the patently unfair levels of benefits for rural areas. Continued urbanization, even if the *hukou* system is retained, will heighten the necessity of providing rural populations with benefits approaching those of urban residents. If China were to face a fiscal crisis and pressure for austerity, as some observers now predict, it will be very difficult to retract state commitments toward social policies that were extended to hundreds of millions of citizens in the past ten years.

Whether the Chinese state at central and local levels will have the fiscal capacity to cope with these pressures is contingent on many other factors, including future rates of economic growth. The point here is that regardless of the economic scenario one chooses, a politics of inclusion and access to social policy is well under way. Politics in China will obviously differ from those in countries with partisan and electoral political competition over the expansion or retrenchment of welfare benefits. But one can see in the performances of politicians such as Bo Xilai and Wang Yang, in the years prior to the leadership change in 2012, a conscious positioning of themselves as populist figures, or at least playing a populist card within the narrow constraints of today’s Chinese Communist Party. It is surely no coincidence that both men had served as party chiefs in Chongqing, the metropolitan focal point for centrally supervised experiments to incorporate rural populations into the urban social security system. The Bo Xilai affair has no doubt reined in those with ambi-

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tions to serve at the top from going public as contenders for Politburo seats. But the incentives for local officials to take credit for expanded social insurance, for public housing, and for increases in medical and pension benefits are clearly here to stay.

China's substantial expansion in social policy also invites comparisons that might illuminate how and whether a large growing economy can translate the fruits of growth into social policy outcomes that promote greater equity, or at least reduce inequality. The categories or comparisons one chooses suggest different trajectories for China's social policy in the future. If we place China's story within the old framework of modernization theory, then urbanization and other structural changes, including the growth of an urban middle class, could be predicted to reduce inequalities by simply reducing the ranks of the rural poor. By contrast, accounts that see China and its political economy as a post-socialist narrative may lead to much less optimistic assessments, given the fate of public health, education, and social policy more generally in some of the formerly state socialist economies, particularly those of the former Soviet Union, including Russia. Those who see China's growth trajectory as most similar to those of the East Asian developmental states are likely to take the recent transformations in social policy as another instance of successful "growth first" policies in which social spending and consumption are first repressed and then gradually introduced after decades of rapid growth. (This overlooks the fact that the East Asian cases, unlike China, enjoyed growth with relatively low levels of inequality.)

I prefer a framework that reads China's welfare expansion as a more contingent event and not the inevitable outcome of social structure or economic transitions. It is true that the current expansionary

mode in social policy would not have been possible without the benefits of rapid growth and urbanization. Yet if there are any comparisons to be made with China, the most useful in terms of social policy would be, as I suggested at the outset, with countries that possess large economies with legacies of inequalities. Size is by no means a sufficient condition for economic growth, but when it does occur, it can exacerbate the existing pattern of inequalities. In large uneven developers, the designs and details of social policy can lead to differing outcomes: one is to reinforce existing distinctions in socioeconomic status, creating a situation in which the poor remain marginalized yet potentially mobilized on the basis of their exclusion from national social policy. Another possible outcome in social policy is to level such distinctions, through policies and laws that have the potential to create equal access to social policies and, with it, a possible expansion in conceptions of citizenship.

At least two other large uneven developers fall into the first category. Brazil and South Africa launched direct transfer payments to the poor ("social pensions") decades ago, after high growth brought accelerating income inequalities. In both cases, governments (Brazil in the late 1970s and South Africa in the 1940s) also faced great pressures from rural migration into cities. Their new social policies did little to reduce entrenched social inequalities, let alone the closely related measures of income inequality. India would be an example of the second outcome, in which social policies and laws generate a pattern of rights movements and legal mobilization.

Thus far, China seems to have taken neither the path of "expansion and exclusion" (Brazil and South Africa) nor that of social legislation and mobilization (India). The Chinese government has enacted a host of administrative measures

and has increased spending on many areas of social policy. But the transformations in China's social policies are more categorical and spatial rather than substantive. Rural residents and migrants who lack coverage are being brought into health care and pension programs that still possess numerous, serious flaws. This movement of spatially designated groups into social policies will neither enhance nor erode the prospects for continued CCP rule in China. But this transformation does have the po-

tential to create a form of politics in which these groups, defined in policy, pursue concrete demands on the state for greater benefits or protection from benefits cuts. The "harmonious society" envisioned by the CCP over the past decade of social policy expansion is more likely to become (or remain) a contentious society of groups making claims for expanded access to social spending – and all the more contentious if the Chinese state faces fiscal constraints in the future.

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ENDNOTES

- ¹ World Health Organization, *The World Health Report 2000* (Geneva: World Health Organization, 2000), 152. China was ranked so low overall largely for the assessment on the "Fairness in Financial Contribution" component, where China placed 188th out of 191 countries (see p. 191). This component is based on household contributions to the overall financing of the health care system – meaning that households in China bore most of the costs of health care expenditures (p. 148).
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- ³ "2011 niandu renli ziyuan he shehui baozhang shiye fazhan tongji gongbao" ["Ministry of Human Resources and Social Security, Statistical Report on Developments, 2011"], June 5, 2012; available at http://www.mohrss.gov.cn/SYrlzyhshbzb/zwgk/szrs/ndtjsj/tjgb/201206/t20120605_69908.htm.
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- ¹¹ Qun Meng et al., "Trends in Access to Health Services and Financial Protection in China between 2003 and 2011: A Cross Sectional Study," *The Lancet* 379 (March 3, 2012): 812.

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