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## Social Security: The Career of a Contested Social Idea in China During the Reform Era, 1978–2020

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### Introduction: The Rise of the Idea of “Social Security” in China

In the history of the People’s Republic of China, social welfare is a domain that has witnessed dramatic institutional changes. In various phases of economic development, the state established or restructured social security systems in a rather radical way: from the overwhelming state predominance in the socialist period (1949–1978), to the retreat of public responsibility at the beginning of the reform era (1978–2000), and, finally, to the recent return of the state that seems to be successively reclaiming its authority over other societal sectors and organisations. The inconsistency of welfare reform logic from period to period compelled the Chinese Communist Party (CCP) to craft delicate ideas to justify each policy change. One prime example is the notion of “social security”,

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L. Leisering (ed.), *One Hundred Years of Social Protection*, Global Dynamics of Social Policy, [https://doi.org/10.1007/978-3-030-54959-6\\_3](https://doi.org/10.1007/978-3-030-54959-6_3)

which did not exist in socialist China until years after the CCP launched its “reform and openness” (*gaige kaifang*) policy in 1978. Initially borrowed from the policy materials of international organisations, “social security” has been gaining recognition in both official documents and domestic academic articles as the way to characterise the state’s collective commitment to individual well-being and the corresponding institutional arrangements the state has made to honour this pledge.

The rise of the idea of “social security” in Chinese social policy has received scant scholarly attention. Indeed, most of the studies on this topic take this idea for granted without exploring its conspicuous emergence in the reform era. Even those accounts that reference Chinese culture generally suggest the impact of traditional familialism or community relief on the minimal role of the state but leave the question of why, and in what ways, new social policy ideas sprout unanswered (e.g. Chen 1996; Wong 1998; Twohey 1999). This is surprising given that the instrumental role semantics (or to use a more pejorative term, *propaganda*) has played in the CCP’s rule. Since its foundation in 1921, the party has mastered the discursive skills necessary to frame political and social situations in specific ways, as well as to enable mass mobilisation in its favour. Unveiling particular semantic contexts is the key to grasping the development of various policy fields, such as social welfare. The present study seeks to fill this gap by tracing ideational developments in these related fields. I argue that the career of the term “social security” and its variants neatly reflects the *zeitgeist* of social policy of the reform era, especially with respect to the relations of the state to other societal sectors (markets, social organisations, and others). The latter aspect is crucial but also problematic, given the monopolistic nature of CCP’s authoritarian rule. The consequence is a trajectory of somewhat elusive, if not contradictory, understandings of “social security” in the reform era.

It is important to note that the chronological sequence of various ideas analysed below by no means presumes a linear evolution or ideational continuity of the “social security” concept, rather the aim is to outline how, and in what ways, pertinent social welfare ideas arise and undergo semantic changes—at times intersecting with or even at odds with one another—in the Chinese context. To some extent, the coexistence of occasionally inconsistent ideas helps mitigate the potential

contradictions that would otherwise undermine the legitimacy of the government's reform efforts. The first section offers a historical background of socialist welfare ideas from 1949 to 1978. The following sections then outline the early idea of welfare "socialisation", the subsequent début of the concept of "social security", and its recent reinterpretation as "social governance". The final section summarises the chapter's findings and reflects on their implications for social policy in contemporary China.

## Socialist Welfare Ideas, 1949–1978: Urban Labour Insurance Versus Rural Residual Welfare

When founding the People's Republic in 1949 after the civil war, the CCP laid out a blueprint to build a socialist system that would uphold its ideological supremacy *vis-à-vis* capitalism. In the Cold War era, the Soviet model of urban development with a focus on heavy industry set the precedent for the new Chinese nation to follow and emulate, leading to what Selden (1988: 11) termed "mobilisational collectivism" both in urban and rural regions and, ultimately, class struggle, mass mobilisation, collectivisation of the economy, elimination of market mechanisms, and equal distribution. The state-owned enterprises (SOE) in conjunction with the *danwei* (work unit) system and the people's communes became two distinctive pillars of the Chinese socialist model.

### Urban Welfare

Urban welfare rested on SOE welfare programmes. Workers' benefits, including comprehensive, non-contributory, and fully fledged welfare benefits, stemmed entirely from the work units to which workers belonged. Given the vanguard role of workers in socialist ideology, the government established a full employment system (the iron rice bowl),<sup>1</sup> coupled with a comprehensive system of labour-related social benefits

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<sup>1</sup>A Chinese term denoting secure livelihood.

and guaranteed low-price food supply (Dixon 1981; Leung and Nann 1995; Lü and Perry 1997). Urban welfare featured high employment, generous benefits, and low nominal wages. Underpinning the urban system was labour insurance that covered such risks as old age, sickness, work injury, and maternity (in addition to unemployment since 1986). Each SOE was responsible for the financial expense of the insurance programmes for its employees: 3 per cent of total enterprise wages flowed into a collective fund for labour insurance. The trade union in each enterprise organised contribution collection under the umbrella of the All-China Federation of Trade Unions (ACFTU), which represented party-affiliated worker organisations. In the case of specific SOEs' financial difficulties, the state claimed final responsibility for the SOEs' contribution liabilities using tax revenue. Since all SOEs belonged to the state, management bore little concern for the operation's profits or losses, nor did the enterprise's performance have any impact on employees' welfare benefits.

A central element of urban social policy was labour insurance (*laodong baoxian*): an urban-centred and labour-first idea. The year 1952 saw the promulgation of *Labour Insurance Regulation of the People's Republic of China*, which laid the foundation of the urban welfare programmes. While the term "labour" revealed the employment basis of social welfare programmes and urban workers' privileged access to public benefits *vis-à-vis* other social classes (e.g. rural peasants), "insurance" defined the state's commitment to preventing social risks for this specific group (Dillon 2015). To achieve the goal of industrialising with a focus on heavy industry, the state's monopoly over crop prices in the pricing and marketing of agricultural products transferred rural economic resources to the urban sector.<sup>2</sup> In a time when China remained an underdeveloped economy and peasants made up the majority (80 per cent) of the population, the establishment of labour insurance appeared premature but revealed the CCP's ardent zeal for industrialisation.

One characteristic defining the labour insurance programme in the socialist era was the absence of unemployment insurance because joblessness was considered a pathology of the capitalist economy that would

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<sup>2</sup>Total resources directed in this way is estimated at over 600 billion yuan (Lin et al. 2000: 149).

(and should) not exist in socialism. Indeed, the architecture of the labour insurance programme strengthened the image of the state caring for citizens from the cradle to the grave. The underlying social contract between the state and urban workers assured the former's responsibility for employment security in exchange for the latter's lifelong devotion. The *danwei* became the organisational interface between the state and urban workers, undertaking care-taking responsibilities for their employees. For urban workers, affiliation to the *danwei* entailed economic resources in exchange for labour, political power through rankings in the organisation hierarchy, and symbolic esteem socially (Cheng and Selden 1997; Lü and Perry 1997). By the same token, urban social assistance programmes have remained largely rudimentary because poverty was an unusual incident that only occurred in the case of physical and mental disabilities or loss of family support. Aside from these two rare misfortunes, the labour insurance programme virtually covered all workplace risks and secured the urban livelihood.

## Rural Welfare

The socialist institutional framework of resource allocation in favour of urban workers operated at an enormous price, largely paid by the majority of the rural population. Owing to the rigid system of household registration (*hukou*) that prohibited peasants from freely moving around and choosing their residence, peasants often stayed trapped in the People's Communes, which granted meagre public benefits, and the land and families were the mainstays of social provision.<sup>3</sup> In this respect, the tacit understanding between the state and peasants brought the principle of self-reliance to the fore. Unlike the situations covered by urban labour insurance, this pronounced residualism left little room for any active state involvement in rural social protection programmes. Within the People's Communes, the main programme, "five-guarantees" (*wubao*), provided care for people in need, particularly frail elderly people, persons with

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<sup>3</sup>The residualist ideology underpinning the relationship between the state and peasants also reflects a moral economy, albeit a much more limited one compared to its urban counterpart.

disabilities, and young orphans who could expect no support from other sources. Originally consisting of food, fuel, clothing, education, and burial, the *wubao* programme was decentralised. The number of benefits and the eligibility criteria depended on local financial resources, leading to a considerable variation among the communes.

The cooperative health system (*nongcun hezuo yiliao*) established in the 1950s constituted the second pillar of rural welfare. Originating from the voluntary self-aid medical care system in some regions, this programme saw nationwide implementation during the 1960s (Bloom and Fang 2003; Liu 2004). It provided affordable, basic medical care for rural residents, promoted primary medical knowledge, and took sanitary measures such as vaccination. This health programme operated on the premiums collected from the communes' collective welfare funds. Together with *wubao*, rural welfare in the socialist era featured a strong decentralised structure in terms of finance and administration. Each locality was responsible for its own social provisions.

With the introduction of the *hukou* system, Chinese society was *de facto* divided into two separate worlds of social citizenship, that is, an employment-based, comprehensive social insurance system for urban residents and a community-based, residual social assistance system for rural inhabitants. This dualisation highlighted the stratification of social benefits based on the *hukou* status difference (urban vs. rural) and pronounced administrative decentralisation. Even during the turbulent period of the Cultural Revolution (1966–1976), when political tumult paralysed the central government, local implementation of the urban and rural welfare systems remained partially intact. The institutional legacy of the Maoist era has lingered for a long time even after economic reforms began.

## The Ideational Turn in the Course of Economic Reforms, 1978–2000: “Socialisation” of Welfare

Starting from our national circumstances, socialisation of social welfare adopts the multi-channel forms of state, collective, and individual provision to forge ahead with the joint development of multiple-ownership of

the welfare institutions. (“Opinions on accelerating the socialisation of social welfare” issued by the State Council, no. 19, February 2000)

The Third Plenary Session of the Eleventh Central Committee of the CCP in December 1978 marked the start of the reform process. Unique for this event was the official revision of the collectivist approaches of the Maoist era, with the conclusion that the introduction of market mechanisms along with a reduction of state intervention in economic spheres should be the key to reviving the moribund socialist economy. In 1979, the second session of the Fifth National People’s Congress ratified the party-state’s resolutions, with the overall goal of realising four modernisations in industry, agriculture, science and technology, and national defence. The bold moves under the leadership of Deng Xiaoping ushered in the “reform and openness” era that tremendously increased the national wealth in the following decades.

### **SOE Reform and Its Effects**

These ambitious plans could not succeed without overhauling the conventional, socialist welfare edifice. Urban SOEs first won discretion to retain a certain percentage of their profits for investment, welfare provisions, and bonuses. The SOEs’ autonomy gained further authorisation in 1984 when the government launched various management responsibility system experiments to allow room for independent decision-making of enterprises. These efforts led to a concrete policy in 1988 when the National People’s Congress passed the “Law of state-owned industrial enterprises of the PRC” to allow SOEs to operate at the managers’ own discretion. However, the efforts to separate SOEs from the trammel of the planned economy inevitably triggered a massive dismissal of their redundant labour force. In tandem with the loss of jobs was the erosion of generous welfare benefits meant to unchain SOEs from the severe burden of welfare liabilities for employees. The consequence was large-scale job loss and a suspension of pension payments to retirees.

The dismissal of the redundant labour force created a new impoverished group whose needs posed a huge challenge for the existing social

security system (Chan 1998; Smyth 1998, 1999; Whyte 1999). What characterised the unemployment protection of the post-socialist transition was the unique *xiagang* system—literally off-the-post—which prescribed SOEs to pay those laid-off a certain amount of monthly allowance despite their status as inactive. Due to the lack of a real unemployment benefits system, as is the case in a capitalist society, *xiagang* created a peculiar relationship between the laid-off workers and their enterprises in which the former temporarily left their positions but remained “employed” by the SOEs. This semantic invention allowed room for the CCP to avoid confronting the awkward question of why a socialist economy, in which unemployment should not exist at all, now witnessed a surge of laid-off workers.

However, the transitional *xiagang* arrangement hardly appeased the laid-off workers because many SOEs failed to honour their financial obligations. Payment deferral or even default resulted in hardship for the people concerned. Worries about the waning of the *danwei* system went hand-in-hand with scepticism over the sustainability of the withering socialist welfare system (Chan and Chow 1992; Leung and Nann 1995; Wong and Macpherson 1995; Wong 1998; Lee 2000). Uneven welfare retrenchment in the work units also produced an age-based hierarchy: while older cohorts generally benefited greatly from the occupational welfare system, younger cohorts who joined the work units later were most susceptible to the cutbacks in welfare provisions. Conceivably, the SOE reforms made a painful process palpable to the urban workers involved, especially the late 1990s saw the peak of SOE mass dismissals, which numbered in the millions.

The restructuring of the SOEs and the heavy toll incurred could not proceed smoothly without the refurbishment of ideas. This particularly applied to the case of urban workers who used to stand for the supremacy of the socialist ideal *vis-à-vis* Western capitalism. The Chinese socialist economy rested on the tacit premise that the government would provide for workers’ well-being in exchange for their lifelong devotion to the socialist fatherland. Now, the normative foundation of this moral economy crumbled with the retrenchment of urban welfare programmes—a moral crisis the CCP had to avert with an alternative justification for this



situation. Against this background, the conventional socialist ideas required novel elements to accommodate the new circumstances.

The reinvention of terms culminated in the “Opinions on accelerating the socialisation of social welfare” issued by the State Council (No. 19) in 2000, in which the central government explicitly addressed its goal to invite the joint participation of various societal sectors in welfare production. Noteworthy is the specific understanding of the term “socialisation” (*shehuihua*) and its Chinese characteristics during the reform era. Whilst Western readers may wonder if this notion signals a more public recognition of the state’s responsibility to provide social necessities, its content points in the opposite direction both in rhetoric and reality. The “socialisation of social welfare” stands in sharp contrast to the conventional socialist mode of work unit provisioning (*danweihua*), in which the SOEs bore the majority of the burden of providing welfare services, and refers to the transfer of financial responsibilities to non-state agencies (here the enterprises and employees themselves) (Wong 1995). “Socialisation” in this regard entails a clear territorial distinction between the state and society, with the latter encompassing all those sectors outside of the state hierarchy. In a similar vein, “socialisation” touches upon service provision. Already in the mid-1980s, the Ministry of Civil Affairs adopted the slogan “Social welfare provided by society” (*shehui fuli shehui ban*)—in view of contracting fiscal capacity—to probe the possibility of community-level service arrangements. Echoing the term “socialisation”, the idea behind the policy change suggested the state’s attempt to delegate its omnipresent responsibilities.

### Policy Reforms: Pensions and Healthcare

Nonetheless, behind the official euphoria for welfare pluralism (*fuli duoyuan zhuyi*) lay the reality of the state’s outright retreat from all major welfare responsibilities for urban workers. In various policy domains, “socialisation” has come close to effectively meaning marketisation and privatisation. Pensions are one prime example: during the 1990s, reform efforts of this policy area centred on the introduction of a multi-pillar pension system. Inspired by advice from the World Bank (1994), the

State Council issued an announcement (*guanyu shenhua qiye zhigong yanglao baoxian zhidu gaige de tongzhi*) stipulating that the programme would consist of a combination of basic social pension insurance, topped up by a personal account for individual workers (so-called *shehui tongchou yu geren zhanghu*). The establishment of individual accounts aimed to expand the funding base and reduce employers' contributions as well as provide incentives for employees to also contribute. All workers owned a personal fund account that was portable throughout their job career. The individual contribution rate was set at no more than three per cent of the individual's average wages for the previous year, which would then rise by 1 per cent every two years.

In many aspects, the reality of pension "socialisation" during that period was far from rosy. For one, many localities with SOEs in fundamental financial difficulties had to bear enormous pension liabilities in addition to the monthly allowances provided to spare workers who had been laid-off. Deferred payments or even defaults due to enterprise bankruptcy had become so widespread that they plagued the old-age security of many pensioners. The late 1990s witnessed the disgruntled urban pensioners' large-scale protests, which placed huge pressure on local governments who had to answer to these protesters' demands without jeopardising social stability. Moreover, the mixture of social pooling and individual accounts failed to fulfil its acclaimed promise to provide multi-pillar support for old-age security. Quite the contrary: due to the decentralised political structures and the lack of legal frameworks during the reform period, the central government had little leeway to enforce penalties for local non-compliance (Béland and Yu 2004; Frazier 2010; Shi 2011). The individual accounts were often empty because most of the contributions paid into them were unlawfully diverted to settling more urgent pension liabilities for current pensioners—instead of accumulating in the prescribed funds. Especially in places that traditionally had many SOEs, not least the Liaoning province, local labour departments (the main bodies of implementation) often found it difficult to coerce enterprises to make contributions, particularly those already struggling to survive.

To tackle these urgent issues, the central government implemented local-level experiments in 2000—starting with Liaoning—and subsidised

the provincial governments in their efforts to liquidate the empty individual accounts. Financial challenges posed by the above period of pension “socialisation” did not recede until a decade later when the booming Chinese economy replenished the public purse with abundant tax revenue. Local governments won more fiscal leverage to resume payments to pensioners and *xiagang* workers. But even so, the problem of empty individual accounts still haunts the urban pension insurance programme up to today, mainly due to the increasing pace of population ageing that largely countervailed the dividends from strong public fiscal growth. The latest “China pension actuarial report 2019–2050” that the Chinese Academy of Social Sciences (CASS 2019) compiled estimated that, unless either institutional reforms took place in due course or enormous public subsidies chipped in, China’s pension insurance programmes would begin to run deficits in 2035. In short, policy efforts to “socialise” pensions achieved the goal of limiting the state’s responsibility at the expense of enterprises and individual workers.

In healthcare and education policies, the “socialisation” of welfare went even further. The programmatic reform of the urban healthcare system (alongside pension reform) began in the 1990s. The retreat of the state proceeded with a rise in private providers in the urban stationary health sector (marketisation). As public subsidies to hospitals declined, they could not help but turn to issuing more drug prescriptions for profit. The situation in rural areas also changed for the worse because the existing Rural Cooperative Healthcare programme broke down following the collapse of the People’s Communes (Duckett 2011; Unger 2002). Marketisation has led to the exacerbation of social inequality by increasing the risk of poverty in case of illness. The “socialisation” of welfare also entailed uneven territorial politics: the central government imposed meritocratic mandates on local cadres, which prioritised performance evaluations based on economic growth over social redistribution in their jurisdictions. The lopsided emphasis on local economic growth (GDPism) led to low social expenditures and unequal welfare rights throughout the 1980s and 1990s, especially in fields that had large, local financial responsibilities (such as education and healthcare) (Shi 2012b; Béland et al. 2018). All of these problems put enormous pressure on the party-state, as illustrated by the new phrase “three big mountains” (*sanzuo dashan*) that

referred to the new social risks associated with healthcare, education, and housing. This term mirrored the extremely negative public perception of the economic reforms' marketisation consequences.<sup>4</sup>

## The Emergence of the Idea of “Social Security” in the New Millennium: From GDPism to Inclusive Growth

Social security is a human right and is defined as the set of policies and programmes designed to reduce and prevent poverty and vulnerability throughout the life cycle. (International Labour Organisation 2017: 1)

The state's attempts to “socialise” their welfare responsibilities led to public discontent and social unrest. Against this background, a semantic turn began to take place in the late 1990s: the state largely shifted away from their initial touting of public-private welfare partnerships to a re-emphasis on the comprehensive public responsibility for social provisioning. Official documents boasted the ideas of “take humanity as basis” (*yiren weiben*) or “inclusive growth” (*baorongxing zengzhang*), which demonstrated the party-state's growing awareness that social policy was an essential tool for redressing the dire consequences of the economic reforms (Gong and Su 2010). A cognitive shift took place in tandem with this discursive change: while economic growth remained crucial, its sustainability would require social protections that would address the social misfortunes resulting from the ongoing market reforms. The idea of social security thus entailed the imperative to redress the results of the uneven stress on economic development by focusing on income redistribution and human well-being.

The reframing of overall social problems contributed to the “return” of the state's role in social provision. Alarmed by the widespread perception of social injustice resulting from the economic reforms, central government initiatives since 2000 have introduced new social policies covering

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<sup>4</sup>The slogan “Three big mountains” first appeared in Mao Zedong's revolutionary call to overturn China's three major obstacles: imperialism, feudalism, and bureaucratic capitalism.

almost all segments of the population while simultaneously granting special payment transfers to laggard inland regions in support of their social programmes. Further reform efforts have promoted the institutional integration of existing social insurance programmes (CDRF 2012; Shi 2012a). For example, in 2003, the central government played a direct role in the introduction of the New Rural Cooperative Medical System and, in 2007, the abolition of school fees and the introduction of universal health insurance coverage. In addition, in 2012, the government contributed to the instalment of the new social insurance programme for serious illnesses (Brown et al. 2009). In 2016, some local governments also launched their pilot, long-term care policy programmes.

It is interesting to note that the term “social security” (*shehui baozhang*) did not appear in mainland Chinese until the late 1980s when academics and welfare practitioners realised that the dire social consequences of the economic reforms would not be resolved unless the state initiated comprehensive social policy reforms. In addition, the term *shehui baozhang* denoted the collective responsibility of the state for providing a basic safety net for the people—in stark contrast to the notion of welfare socialisation that was dominant in the welfare reforms of the preceding period. This new idea referred to both the normative reframing of the state-market-society nexus (in which the state should resume its leadership role) and the institutional restructuring of the welfare system (which should include public social insurance, social assistance, and social service programmes to secure citizens’ well-being).

Furthermore, international organisations’ knowledge diffusion played a role. The ideational void left over by the Cultural Revolution prompted Chinese elites to search for new ideational elements appropriate for the new epoch. They found inspiration in the documents of renowned international organisations, such as the International Labour Organization (ILO) and the International Social Security Association (see Hu 2015; Liu and Leisering 2017). Whilst no evidence could specify the original authorship of the Chinese term *shehui baozhang*, its debut in 1986 in the Seventh Five-Year Plan signalled official recognition of the need to address social policy issues directly. This juncture witnessed the introduction of the first People’s Republic unemployment insurance programme, an

unprecedented step in tackling the rising *xiagang* problem.<sup>5</sup> Later social insurance reforms also witnessed the involvement of international organisations.

To be sure, the early appearance of a new idea such as social security is certainly not equivalent to its immediate public popularity. The state's primary role in social policy expansion did not take shape until much later (the new millennium), owing to the even more acute challenges that arose out of the SOE reforms in the 1990s. In other words, the emergence of the concept of social security merely sowed a seed in intellectual (and official) minds but remained far from formal institutionalisation in public policy domains. For the mid-1980s to the late 1990s, the state's attempts to "socialise" social welfare prevailed, leaving little space for the realisation of the social security model. It was not until the late 1990s that one can observe the growing significance of the social security idea in Chinese social policy, both ideationally and institutionally. In academic literature and official discourses alike, the use of the term *shehui baozhang* mushroomed with a clear reference to the state's responsibility to establish a basic social safety net for the people. Characteristic of this understanding is the official interpretation as follows:

Social security (*shehui baozhang*) is the cornerstone of the people's well-being. It is a vital socio-economic institution, including primarily social insurance, social assistance, social welfare, and charity activities... The Chinese government highly appreciates the construction of a social security system, in accommodation with the economic development level.

(Chinese government's website at [http://big5.www.gov.cn/gate/big5/www.gov.cn/test/2012-04/20/content\\_2118401.htm](http://big5.www.gov.cn/gate/big5/www.gov.cn/test/2012-04/20/content_2118401.htm), accessed 29 March 2020.)

The advent of the Hu-Wen era (2002–2012) introduced real, substantial change in terms of the state's reversal regarding "welfare socialisation" (see Howell and Duckett 2019). Under the rubrics of "take humanity as basis" and the "harmonious society" (*hexie shehui*), the Hu-Wen

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<sup>5</sup>The insurance programme had the title "job-seeking insurance" (*daiye baoxian*) rather than "unemployment insurance" (*shiye baoxian*), which indicates the state's awkward handling of this social problem in a self-proclaimed socialist economy.

leadership sent an unequivocal message of the state's return to the social domain. Since 1998, there has been a quantum leap in social policy expansion in both urban and rural areas. Social policy expansion in terms of a fully fledged, basic layer of social security protections for all, especially for vulnerable population groups, such as farmers, migrant workers, unemployed workers, and the urban poor. One of the most essential efforts was the urban-rural harmonisation programme, which established new basic social pension and health insurance programmes to cover both urban and rural residents (Shi 2012a). At the same time, policies addressing the woes of transient populations also took shape: many localities granted migrant workers access to the urban worker social insurance programme, although many migrants remained reluctant to take advantage of this offer. The diverse designs of the disparate insurance programmes in the various regions often deterred insured migrants from transferring their entitlements when they moved. Meanwhile, the government achieved significant progress in improving rural livelihoods, notably with the introduction of the New Rural Cooperative Medical System in 2003, the abolishment of agricultural taxes in 2006, and the guarantee of nine years of free education for children the following year. Even in the residual social assistance environment, a modern programme "Minimum living-standard guarantee" (*zuidi shenghuo baozhang, dibao*) replaced the traditional *wubao* to become the major pillar of poor relief for urban (in 1999) and rural (in 2006) households in need (Leung and Xiao 2015; Gao 2017).

The term "social security" thus took a crucial turn both in rhetoric and in substance—away from the state's retreat in the "socialisation" sense to the acknowledgement of the state's comprehensive public responsibility for all citizens. Thanks to the solid state treasury funded in times of rapid economic growth, the Hu-Wen leadership trod an alternative path to social policy expansion. The CCP's Seventeenth National Congress's 2007 report expounded on the necessary components of social security:

Social security is the cornerstone of social stability (*shehui wending*). It should be based on social insurance (*shehui baoxian*), social assistance (*shehui jiuzhu*), and social welfare (*shehui fuli*) with an emphasis on basic old-age security, basic healthcare, and a minimum livelihood guarantee

supplemented by charity activities and commercial insurance. We should accelerate our pace for establishing a unified social security service system.

(The People Net; <http://politics.people.com.cn/GB/8198/6429195.html>; accessed 12 August 2019)

However, it would be misleading to conceive of the recent policy advancements as constituting a generous social security system for all. What emerged from the renewed state endeavour was a welfare edifice with basic protections for all and ample room for stratified benefit levels to accommodate different occupational groups and regional diversity (Shi 2012b; Béland et al. 2018). The state explicitly envisioned that the new social security system would entail a basic pillar of social security with universal coverage and need-based entitlements (*guangfugai, dishui ping*) to which supplementary schemes could be established according to local circumstances (*duocengci*), while also securing the long-term financial sustainability of social security (*kechixu*). Given China's vast size and enormous regional diversity, social security as a leitmotif needed to ensure some leeway for decentralised governance, namely flexibility in institutional design and policy implementation. Understanding this feature is crucial to grasping the specifically Chinese version of social security, which implied that the state's responsibility was to provide basic security to all citizens but left room for the stratification of social benefits among different population groups *and* across the regions.

Moreover, the accentuation of social security for all should by no means disguise the state's intent to police the lives of its citizens. From the very beginning, the state conceived of social security as a useful tool for maintaining social stability (*weiwun*). While this type of social control is not foreign to social policies elsewhere, the official semantic context of the concept of "social security" reveals certain Chinese characteristics. Already in the Hu-Wen era, the concept of "social management" (*shehui guanli*) had burgeoned to underline the importance of administering society as an object. This idea originated in 1998 from a central government proposal to recognise social management as a central administrative function. Subsequently, in 2004, "innovating social management" (*chuangxin shehui guanli*) became a core concept for the fourth plenary



session of the Sixteenth CCP Congress. The session also coined the phrase “party leadership, government responsibility, societal cooperation, public participation” to describe key policy principles.<sup>6</sup> The term “social management” gained recognition in the Eleventh and the Twelfth Five-Year plans: one chapter specified it as a key government target (Pieke 2012). Subordinating social security to the state’s overall governance goal of maintaining social stability has since taken root.

## Social Security as “Social Governance”, 2012–Present: From Regulatory Managerialism to Statist Control

The construction of a comprehensive social safety net in the new millennium takes on an ambivalent feature: on the one hand, it embodies the governmental response to various population groups’ demands for more public, social provisions. On the other hand, underneath the pronounced expansion of social security lies the firm grip of the state over civil society. What is noteworthy about the idea of “social management” is its essence of regulatory managerialism that advances a new understanding of the mixed public-private welfare economy, somewhat akin to the Western notion of the “regulatory welfare state” (Shi 2017a; see Leisering 2011). This concept explicitly encourages the participation of non-state organisations (NGOs) in providing welfare support under the supervision of the CCP: the party-state establishes a regulatory framework that deploys non-state actors in provisioning social services. Inviting these social organisations into the service domains that the state conventionally dominated resulted from necessity because the state could no longer meet the growing public demand for social services. This situation is reminiscent of the “socialisation” idea delineated before and, yet, the state’s “social management” appears even more ambitious in its attempt to ensure the incorporation of non-state organisations into the state’s overall development vision. The Hu-Wen era witnessed a widening spectrum of civic

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<sup>6</sup>A shift towards social governance in China. *East Asia forum*, 9 September 2011, accessed on 15 January 2019 at <http://www.eastasiaforum.org/2011/09/09/a-shift-toward-social-governance-in-china/>.

participation under this doctrine (Spires 2011; Teets 2013). Even NGOs found their niche in various parts of Chinese society.

However, hope for a nascent civil society soon vanished after the advent of the fifth-generation Xi-Li leadership. With the slogan “Chinese Dream”, Xi Jinping advocated for the grandiose resurgence of the Chinese nation under the CCP’s command (Economy 2014; Shi 2017b). Underneath this overarching, strategic goal lay his endeavour to empower a new state that would assume a pre-emptive role in orchestrating all societal sectors’ contributions to the Dream. A significant semantic shift took place from “social management” to “social governance” (*shehui zhili*). Though seemingly equivalent terms, the nuance between “social management” and “social governance” lies in the latter’s broader goal: for the state to steer (even monitor) society from all sides. Hailed as the “Fifth modernisation” at the Third Plenum of the Eighteenth CCP Central Committee in 2013, the aim was to upgrade (modernise) the state’s capacity for governing the nation.<sup>7</sup> In essence, “social governance” unravelling an explicit, technocratic vision of the party-state’s *engineering* of society via rule by law (not *rule of law!*) under changing economic and social circumstances (Li 2018). “Social governance” had nothing to do with supporting the flourishing of civil society, as “social management” might still entail. Quite the contrary: it implied the circumscription of the state’s range of civic participation and only by the monopolistic CCP rule. To fulfil this statist project, Xi adopted a much more draconian approach towards social organisations than his predecessors: lawyers engaging in human rights activism were arrested in a nationwide crackdown in 2015—all remain in jail today—followed by strict police regulation of foreign NGOs in 2017. Even businesses faced new limits after the government announced an ordinance requesting the insertion of CCP personnel into corporate management (*dangjian*), foreign companies included.

In social policy, Xi-Li leadership largely followed the expansionary direction of the Hu-Wen era, albeit in an instrumental fashion. In order

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<sup>7</sup>The term “Fifth modernisation” echoes the slogan “Four modernisations” (*sige xiandaihua*; refers to modernising industry, agriculture, national defence, and science) the then premier Zhou Enlai promulgated in the 1960s and the second-generation leader Deng Xiaoping re-emphasised in the late 1970s (see the above analysis on the “socialisation” of welfare).

to accelerate the pace of interregional development, “urbanisation” (*chengzhenhua*) took the lead as the guiding principle for social cohesion. In 2014, the *hukou* system experienced a fundamental overhaul that eliminated the urban-rural household registration barrier by granting peasants urban resident status should they work and live in middle- and small-sized cities for a certain period of time.<sup>8</sup> In addition, the central government requested that local cadres implement all necessary measures in a bid to eradicate (rather than alleviate) poverty by 2020—a temporal horizon the party-state outlined to make China a well-off, middle-range society (*xiaokang shehui*).

Consequently, the notion of social security experienced a fundamental shift during the Xi-Li era. It denoted a contributory means to building an auspicious society under the proclaimed socialist banner rather than an end to achieving social rights for the people *per se*. Since social security implementation falls within a range of administrative jurisdictions, citizens’ access to social benefits is in danger of falling victim to arbitrary bureaucratic discretion. In other words, social governance is coercive in nature because it grants or withholds social rights based on the conduct of ordinary people, gauged by the official yardstick of “good citizenry”. Indicative of this substantive change to the idea of social security was the introduction of the “social credit system” (*shehui xinyong tixi*) in 2015, which grades each citizen according to his/her conduct in daily life.<sup>9</sup> The omnipresence of surveillance, closed-circuit televisions (CCTVs) enables the government to track the behaviour of every person. The government limits or even denies those with low “citizen scores” access to common activities, such as purchasing train tickets or opening bank accounts. Some localities have gone even further and barred the children of those families who failed the credit test from attending local schools.<sup>10</sup> Above

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<sup>8</sup> Chinese Communist Party (CCP) Central Committee’s “Opinions regarding the further deepening of *hukou*-reform” (*Renmin Ribao*, 1 July 2014). Local governments followed this directive by passing relevant reform measures in the following years. However, metropolises, such as Beijing, Shanghai, Shenzhen, and Guangzhou, kept in place strict barriers to resident status for newcomers.

<sup>9</sup> China “social credit”: Beijing sets up huge system. *BBC News*, 26 October 2015. Accessed on 10 November 2019 at <https://www.bbc.com/news/world-asia-china-34592186>

<sup>10</sup> A recent report by the agency of the “social credit system”, the National Public Credit Information Centre, states that, in 2018 alone, the court declared around 12.8 million Chinese citizens “creditless”. Information collected on 13 December 2019 from the central government website: [http://big5.www.gov.cn/gate/big5/www.gov.cn/fuwu/2019-02/19/content\\_5366674.htm](http://big5.www.gov.cn/gate/big5/www.gov.cn/fuwu/2019-02/19/content_5366674.htm)

all, migrant workers, who already suffer inferior social rights due to their secondary *hukou* status, have become an easy target of the new control measures. The Beijing government's use of the pejorative term "low-end population" (*diduan renkou*) in its expulsion of migrant workers from the suburban Daxing District in the winter of 2017 is a recent expression of explicit, official discrimination. The recent news release of the government's new plan to extend the application of the "social credit system" to foreign companies has aroused much anxiety amongst Western corporations who fear political censorship.

The recent initiation of the "social credit system" lays bare the fact that, although "social security" as an idea is taking shape in the reform era, the scope and extent of its social rights protection remain vulnerable to bureaucratic infringement. Whilst modern Western welfare states may also restrict or even withhold welfare rights, they mostly do so to immigrants with a more limited legal status (e.g. denizen, non-citizen, or asylum seeker) than citizens. This differentiation of citizenship in terms of status and rights entitlement corresponds to Lockwood (1996)'s description of "civic stratification", suggesting that access to, and the capacity to demand, citizenship rights critically depends on the possession of moral or material resources. In this vein, the Chinese case exemplifies the unequal nature of the "social credit system" in which the state bureaucracy wields considerable power in allocating limited resources based on an individual's merit or demerit *de jure*. The absence of any check on the bureaucracy's power (such as a free press or independent jurisprudence), to keep possible administrative abuse at bay, further erodes the statutory (and substantive) foundation of social citizenship rights.

## Conclusion: Social Security in the Shadow of Hierarchy

The emergence of the concept of "social security" and its changing interpretations in the reform era testifies to the shifting contexts of collective perception of social questions and to changing state-society relations as a result of social policy reforms (for a summary see Table 3.1). In various phases of "reform and openness" policies, the party-state adopted

**Table 3.1** Seventy years of social protection in China: changing ideas and policies

Period	Changes in politics and society	Social questions, social ideas, and problem groups			External ideas and models	Key actors	Policies, legislation, and programmes
		Broader ideational frames and contexts	Broader ideational frames and contexts	External ideas and models			
1949–1978	Socialist economy	The social question dormant and the urban worker has supremacy	The urban-rural divide in social welfare	Soviet model of industrialisation	Central leaders (Party, state)	Urban <i>danwei</i> versus rural people's communes	
1978–2000	The "Four Modernisations", reform of state-owned enterprises, and lay-offs of urban workers	"Socialisation" of welfare	Delegation of welfare responsibilities to non-state sectors	Ideas of privatisation and marketisation	Central and local leaders (Party, state)	Urban pensions (1997) and healthcare (1998) Reforms	
2000–2012	Rising poverty and social inequality	"Social Security"	State's resumption of its welfare responsibilities	The human right to social security (ratification of UN Social Covenant) and comprehensive social provision for all	Party, state bureaucracy, and civil society	Pension insurance for urban and rural residents (2003) and urban social assistance ( <i>d/bao</i> 1999, and rural 2006)	
2013–2020	Rising authoritarian state	"Social governance"	The resurgence of the Chinese nation, "Chinese Dream", and the "well-off society"	The rejection of external (Western) models	Party and state bureaucracy	Social credit system (2020)	

elaborate rhetorical devices to frame the contexts in which public responsibility for social provisioning experienced constant redefinition. Whilst an overall trend of social policy expansion has dominated since the new millennium—set in motion by the Hu-Wen leadership—the accentuation of the “social security” concept in the current Xi-Li era has undergone some nuanced but substantial changes. One crucial distinction lies in the role of social policy. Unlike his predecessors in the Hu-Wen era who associated “social security” with humanity-based social harmony, the current leader Xi Jinping seems resolute to place “social security” under the direction of a strong state (Shi 2017b). The changing interpretation of “social security” has led to different social policy models that at times swing between extremes: whilst the Soviet model dominated the socialist period, the “reform and openness” era witnessed aspirations to follow the examples of other countries, such as Chile’s pension privatisation when Chinese welfare reforms focused on the “socialisation of welfare” or the ILO notion of social security for all when the states resumed responsibility for welfare (Hu, in this volume).

“Social security” is undergoing yet another significant change in content under the current leadership. In the name of the party-state’s “Chinese Dream”, “social security” must conform and subordinate itself, if necessary, to the national goal of China’s rise on the global stage. Instead of serving as an end in itself, namely to protect the social rights of each citizen, “social security” is now part of the social governance framework that empowers the party-state’s rule over society and individuals. The immediate consequence of this interpretation of “social security” is that it is vulnerable to bureaucratic infringement and thus is fragile. In addition to the alleged public responsibility for the people’s well-being, “social security” is now charged with subduing civil society and individuals per the code of conduct that the state bureaucracy unilaterally defines.

To be sure, the social control innate to social policy is neither unique nor confined to China. The collective utilisation of social policy has been crucial for the historical rise of nation-building in the West. However, there welfare states have generated synergies between the individual and collective benefits (Kaufmann 2012: chapter 8), whilst in China, the collective interests of nationhood and social stability have often overridden

concerns for individual welfare rights. Moreover, bureaucratic control over citizens' behaviour in Western welfare states has proceeded within the rule of law, democracy, and a free civil society, a circumstance largely unknown in contemporary China. The authoritarian regime's unchecked grip has infringed on civil society and individuals on an unprecedented scale, leaving very little statutory space for any civic engagement and citizenship rights protection. Although the quantitative growth in social policies may point to the emergence of a Chinese welfare state, one must not overlook the background of an assertive Leviathan with an ever-expanding range of statecraft that encroaches on the core substance of the "social" ideas inherent in "social security", namely the individualist understandings of social protections and rights, beginning when the term first appeared in official semantics. The erosion of this normative foundation, which is present in the reform era of the 2000s, may well foreshadow the end of this progressive reform journey.

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