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Great Changes and Social Governance in Contemporary China



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Preface

Modern China, since the Opium War, has dropped far behind and suffered from attacks and bullies. “Inferior technologies, systems and culture” becomes a prevailing cultural psychology among most Chinese. Changing the pattern that “China is comparatively weaker than western countries” and reinvigorating China start from cultural criticism and innovation. Since then Chinese has begun to “open their eyes to see the whole world around” and learnt from Japan, Europe, America and Soviet Russia. We are in tension and anxiety for long, dying to get over from being behind and bullied, poor and weak and surpass Western powers. As it were, in the pursuit of dream of power nation and national rejuvenation for the last century, we focus on understanding and learning but do a little even nothing to get understood. It has no significant changes even in the modernization evolvement after China’s reform and opening up in 1978. Such phenomenon is well demonstrated by a great amount of translation of western writings in 1980s and 1990s. This is how Chinese perceives the relation between China and the world in modern times.

At the same time when Chinese is pursuing for the dream of power nation and national rejuvenation in modern times, they are also trying to seek for **DAO** to rescue from national subjugation and get wealthy and powerful by “material (technology) criticism”, “institutional criticism” and “cultural criticism”. **DAO** is firstly a philosophy, of course, as well as a flag and a soul. What philosophy, what flag and what soul are critical to resist national destruction and get wealthy and powerful? For over a century, Chinese people keep exploring and attempting in disgrace, failure and anxiety, and have undergone the phase of “western learning for practical application while Chinese learning as basis”, the failure of constitutional monarchy practice, the bankruptcy of western capitalist politics and the major frustrations of world socialist movement in early 1990s, but finally harvest Chinese revolution success, national independence and liberation, especially combine scientific socialist theoretical logic with Chinese social development history logic together and find out a Chinese socialism modernization path – a path of socialism with Chinese characteristics. After the reform and opening up in recent 30 years, China’s socialism market economy has got rapid development; economic, political, cultural and social construction have made tremendous achievements; comprehensive national

strength, cultural soft strength and international influence have substantially improved; the socialism with Chinese characteristics has made huge success; although not perfect, the institutional systems are generally established. China, a dream catcher for last century, is rising among the world nationalities with more confidence in unswerving path, theory and institution.

Meanwhile, we should be aware that the long-developed perception and the cultural mental habit of learning from the West constrain Chinese from showing “historical China” and “contemporary real China” to the world, although China has risen to be one of the current world powers. Western people and nationalities, influenced by the habitual history pattern that “China is comparatively weaker than western countries”, rooted in Chinese and western cultural exchange, have little knowledge of China’s history and contemporary development, let alone China’s development path, as well as cognition and understanding of philosophical issues such as scientificity and effectiveness of “China theory” and “China institution” on China, and their unique values and contributions to human civilization. The omission of “self-recognition display” leaves much room for malicious politicians to wide spread “China collapse”, “China threat” and “China national capitalism”.

During the development process of “crossing a river by feeling the way over the stones”, we concentrate more energy on learning from the West and understanding the world, and get used to recognize ourselves by western experience and words, but ignore “self-recognition” and “being understood”. We blend ourselves into the world more forgiving and friendly, but are not objectively or actually understood. Hence, just and responsible academic and cultural researchers should undertake the important assumptions to summarize **DAO** of successful socialism with Chinese characteristics, narrate China stories, illustrate China experience, use international expressions, tell the world the real China, and let the world acknowledge that western modern pattern is not the end of human history and the socialism with Chinese characteristics is also a valuable treasure of human thoughts.

Chinese Academy of Social Sciences organizes leading experts and scholars and some outside experts to write series of *China Insights*. These books introduce and summarize China path, China theories and China institutions, and contain objective description and interpretation to modern development in aspects of political system, human right, law governance, economic system, economics, finance, social administration, social security, population policy, value, religious faith, nationality policy, rural issue, urbanization, industrialization, ecology and ancient civilization, literature and art.

These published books are expected to let Chinese readers have better understanding of China’s modernization process in the last century, and more rational concepts on current troubles; intensify the overall reform and national confidence; agglomerate consensus and strength for reform and development; improve foreign readers’ understanding of China and create more favorable international environment for China’s development.

Beijing, China
January 9, 2014

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Introduction: Social Governance Being a Major Task in China's Development

After the global financial crisis, despite some uncertainties in the economic situation, the reform in China has, in fact, developed into a new growth phase. Therefore, it is a major task that China faces in this new stage to accelerate the pace of social governance, which will provide a new power source to the sustained and healthy development of the national economy and help to establish a broad social infrastructure for the social harmony and the long-lasting political stability.

The Proposed Social Governance Issues

The concepts of social development and social governance were created after the Reform and Opening Up of the Chinese economy to improve the theoretical system of socialism as well as social development practice.

However, it does not mean that there had been no actual social governance before the concept's formation. The word "society," in the past, was more often referred to as a combination of economy, politics, and culture. As Chairman Mao Zedong mentioned in his treatise *On New Democracy*, it is the new democratic society where the three aspects in New Democracy coordinate with one another that we are going to build. All work concerning the social governance is, as a matter of fact, incorporated in the construction of the economy, politics, and culture, hence no separated work.

Since the Reform and Opening Up in 1978, the government has changed its focus from "the class struggle" to "the economic development," which became a popular word, and remarkable achievements have been made in the field of economy. The Chinese economy is experiencing the fastest growth today, and practical demand for a more harmonious development of economy and society has increased. In December of 1982, after finishing the fifth "Five-Year Plan of National Economy," which was renamed as the "Five-Year Plan of National Economy and Social Development," "Social Development" was added in it. The plan disposed not only economic but also social development. Since the sixth "Five-Year Plan" (1981–1985) to the twelfth (2011–2015), the social development in China has been gradually

enriched including issues concerning the population, employment, social security, income distribution, health, science and technology and education, eco-environment, democracy and rule of law, social governance, and spiritual civilization. These issues all became relevant to the “social development” in comparison with those belonging to the “economic construction,” which led to the coordination of the economic and social development. During this process, China made various specific strategic plans for major social development issues, which helped deepen the understanding of the coordination between economic and social development.

Entering the twenty-first century, the Chinese government has set up the goal of building a well-off society in an all-round way, pointing out that the goal was to “further develop the economy, improve the democracy, promote the science and education, enrich the culture, build a more harmonious society and improve the people’s livelihood” by 2020. The goal in the social aspect is to “build a more harmonious society.” The resolution of the fourth Plenary Session of the sixteenth Party Central Committee of the Communist Party of China (CPC) designed the crucial strategic plan of “building a harmonious socialist society” and the concept of “social construction.” On February 19, 2005, Chairman Hu Jintao delivered an important speech on building a harmonious socialist society on the seminar for provincial- and ministerial-level leaders in the Party School of the Central Committee of CPC. He explained the original thoughts for constructing socialist harmonious society, practical implications, basic requirements, and strategic plans. He also schematized the grand plan of constructing the socialism with Chinese characteristics, requiring that the social construction to be included in the original integration of economic, political, and cultural construction. In 2006, the *Resolution on Several Great Issues of Building Harmonious Society* was released at the sixth Plenary Session of the sixteenth CPC Central Committee. In 2007, the report of the seventeenth National Congress, for the first time, explained the “social construction” in a separate chapter of the report entitled “Accelerating Social Development with the Focus on Improving People’s Livelihood.” The term “social construction” became an important aspect in building the socialism with Chinese characteristics. In 2012, the Report of the eighteenth National Congress assigned the task of building a well-off society in six aspects, including employment, education, people’s lives, social security, health care, and social management. In 2013, the third Plenary Session of the eighteenth CPC Central Committee indicated to propel reforms and innovation of social sectors and social governance system. Innovation in the social governance system should be made with a focus on the fundamental interests of the general public. Harmonious factors should be promoted to the maximum extent, as well as the vitality of the social development and social governance level. The national security should be maintained in order to ensure that the people are content with their lives and jobs and the society is tranquil and orderly. It is also necessary to improve the methods for carrying out the social governance, to stimulate the vitality of social organizations, to reform the system which effectively prevents and reconciles social conflicts, and to improve the public security system.

In summary, the proposed concept “social governance” and the initial formation of the “social governance” system symbolized China’s in-depth understanding

about the social development patterns and as well enriched the theoretical system of the socialism with Chinese characteristics.

China Entering a New Stage of Social Development

Since the Reform and Opening Up and development over 30 years in the past, Chinese society has undergone tremendous changes, especially in the economic system, in the structure of the society, in the distribution of profits, and in people's ideas. China's economic and social development has entered a new phase due to these factors. Therefore, promotion of the social governance is the necessary choice for meeting the needs of socioeconomic development in its new stage.

The Changes in the Economic System Have Affected the Way to Organize Social Life

Among all the changes in the Chinese society, the most fundamental one involved reform of economic system and transition in social structure. There are two significant features in the changes of the economic system: the marketization of the economic functioning mechanism and the diversification in the types of ownership. The formation of these two features has their far-reaching social impact. Marketization levels in China were estimated at different rates in academia, varying from 50–60 % to 70–80 % according to different scholars. In any case, the estimate with over 80 % on the marketization of employment in China was accurate in practice. In terms of the changes in the ownerships; the scale of non-state-owned enterprises has surpassed that of the state-owned ones. According to the data of the second national economic census, released by National Bureau of Statistics (NBS) in 2008, the state capital accounted for 33.4 % of all the paid-in capital of the enterprises in China, while the collective capital with 3.0 %; the corporate capital with 25.5 %; the private capital with 22.9 %; the capital from Hong Kong, Macao, and Taiwan with 6.1 %; and foreign capital with 9.1 %. In terms of the components of Chinese Gross Domestic Product (GDP), the nonpublic economy (including individual economy) share exceeded 60 %. These changes have disintegrated the “unit system” formed in the planned economy era and have transformed the “unit people” into “social people” during the market economy era. According to a rough estimate, there are more than 70 % of the employees outside the “unit system” at present. This indicates that the social functions being performed by the government in the planned economy era are now shared by both the government and the society.

The Changes in the Social Structure and Those in the Profits Distribution Have Affected the Social System

There are four major changes in the social structure and the distribution of interests, which have profound and long-lasting influence on China's social system.

1. The changes in the urban–rural structure

Since the Reform and Opening Up, more than 200 million Chinese farmers have left their farms, even their villages, and became workers engaging in the secondary and tertiary industries. The percentage of agricultural labors in total employed population dropped from 70.5 % in 1978 to around 38 % in 2010, representing the world's largest urbanization process. This ongoing urbanizing process posits a big challenge for the social development in the future, in which transitioning farmers can adapt city life in terms of social system. Urbanization puts new pressure on China's development although it is also a new driving force in succession to the industrialization.

2. The changes in the income distribution

Through 30 years of the Reform and Opening Up, China has transformed from a nation with high degree of income equality to the one with relatively wide income gap in the world. The Gini coefficient, which is often used to measure the degree of equalization on income distribution, in China rose from about 0.2 in the beginning of the reform to about 0.5 now. The widening gap in income, unequal distribution, and relevant corruption led to a number of social problems. It became a major task to adjust the income distribution to a fair and reasonable one in order to establish an effective competition mechanism, to boost the economy by enhancing domestic consumption, and to maintain the social harmony and stability.

3. The changes in the population structure and the family structure

The strict policy of controlling the population growth has transformed China's population reproduction mode from one with high fertility, low mortality, and high increase rate to another with low birth and death rates and low increase rate. While the massive reduction in net population growth benefits the economic development and a general improvement in the people's living standard, it also accelerates the aging process. In 2008, the percentage of people aged 65 or older in China was 8.3 %, and in some large cities (i.e. Shanghai), it exceeded 20 %. The urban and rural family structure has also undergone fundamental changes: the traditional pyramidal form of the family structure in China has changed into a reverse-pyramid-shaped one, which has led to reduced impact of the traditional intergenerational care system in urban areas in China. It is thus urgent to establish a basic old-age insurance system benefiting both the urban and rural areas. The cost of the old-age security will put pressure on national finance, extending length of services to relieve financial pressure is conflicting to the employing demand, and it is also unsustainable to rely on the land subsidy.

Transformation of Development Mode Due to the Changes in the Supporting Factors for Economic Growth

After development of over 30 years, the political, economic, and social factors that support the rapid growth of China's economy have been greatly changed, which push for the changes of development modes in China.

1. The changes in the impetus behind reform

The reform in the economic system, which inspired the vitality of the society, has been an important driving force for China's rapid economic growth over the past 30 years. With the establishment of the socialistic market economy, the reforms in the economic sectors mainly focus on the improvement of the system. However, it is difficult to reach a consensus which benefits all as the reforms compromise the vested interests. Therefore, in order to deepen the reforms, it is necessary to expand them from the economic sectors to the social sectors. It is also necessary to encourage different parties of the society to provide new power for the development by sharing their fruits of development and providing new opportunities for development.

2. The changes in the supply and demand of workforce

The so-called demographic dividend is a favorable population condition for the economic development as a result of the relatively large percentage of working-age population and the relatively high ratio of workers to dependents. It is estimated that over the past 30 years, the "demographic dividend" has contributed to about 27 % of China's economic growth. As the demographic structure changed, the ratio of the working-age population kept declining and its growing rate declined. Thus, a negative growth is expected to occur between 2015 and 2020. In the future, China will meet a "shortage of migrant workers" more frequently while the unemployment rate remains high. Accompanied with the changes in the supply and demand of workforce and the fact that the new generation of migrant workers form the majority of the workforce, the migrant workers will soon have more requirements and expectations on their wages and labor rights. The topics on how to improve the technological state of the products so as to offset the increasing labor cost and how to establish harmonious industrial relations will become important to the social development.

3. The changes in the major factors driving economic growth

Among the three factors (investment, export, and domestic consumption) that promote economic growth, investment and export have played more and more important roles in the past 30 years, while the domestic consumption power has played a weaker role. The impact of the global financial crisis in 2008 and the generally strengthening protectionism in international trade in consequence clearly showed that the development pattern of big investment, big exports, and fast growth was unsustainable in the long run; we must take measures to expand domestic consumption, ensuring it will be the major factor that promotes economic growth.

4. The changes in the resource, energy, and environmental conditions

For the past 30 years, economic growth has been mostly relying on the high consumption of resources, energy, and environment. While the rapid exploitation and utilization of land, minerals, and energy and water resources promoted the economic growth, it also restrained the sustainable growth in the future and led to various social conflicts. Grim warnings are those repetitive outbreaks of large-scale mass incidents related to land and environmental issues in the past 2 years. The stricter limits on carbon emission set by the international community and the increasing shortage in resources (such as water) are now forcing us to change the development pattern.

All these cases show that for China's sustainable economic development, it is necessary to change the development pattern and create new driving force for economic growth.

China's Economic and Social Development Entered the New Growth Phase

The most outstanding connotation of the "new growth phase" is that the new driving force will change significantly compared with that in the past, which means it will depend more on the changes in the development pattern, the acceleration of urbanization, the expansion of domestic consumption, and the implementation of a comprehensive social reform.

1. The process of industrialization and urbanization entered the new growth phase of mid-term acceleration

According to international standards, a period of great transition in socioeconomic structure occurs when the percentage of added value in GDP in the agricultural sector is below 5 %, the percentage of agricultural workforce is below 30 %, and the degree of urbanization is over 50 %. In terms of the GDP composition in China, the ratio of agricultural added value in the agricultural sector was below 10 % in 2010 and is expected to be less than 6 % in 2015; when it comes to the employment structure, the percentage of agricultural workforce was below 38 % in 2010 and is expected to be 33 % in 2015. In terms of the composition of urban-rural population, the percentage of urban resident population was around 48 % in 2010, while in 2012 it is expected to be over 50 %, which is the critical point for a structural transformation, and is expected to be up to 53 % in 2015. These statistics indicate that the process of industrialization and urbanization in China has entered the phase of mid-term acceleration. Urbanization, in succession to the industrialization, became the driving force during China's development.

2. People's lives entered the new growth phase of mass consumption

China had spent more than 20 years (1978–2000) in increasing its per capita GDP from less than \$ 300 to more than \$800. However, since 2003 when the per capita GDP exceeded \$1000, China's per capita output and income have experienced exponential growth (it was over \$2000 in 2006, over \$3000 in 2008, and over \$6000 in 2012), and the residents' consumption mode will be upgraded frequently. Some large household consumption types, including those of housing and automobiles, became common in reality; consumers' spending in education, health care, communications, tourism, culture, and others rose quickly. These characteristics imply that China has generally entered a new growth phase of mass consumption. If the actual consumption level can rise correspondingly, the domestic consumers' demand will play an increasingly important role in promoting economic development.

3. The national education entered the new growth phase of mass education

China has established a universal 9-year compulsory education system, and a rapid development of vocational education and professional degree education. The gross rate of the higher education enrollment in 2009 reached around 24 %, entering a popularization phase. The overall quality of citizens has significantly increased: the illiteracy rate among people aged 15 and older dropped from 22.81 % in 1982 to 7.77 % in 2008. In general, China is now shifting from a country with rich human resources and large population to a country with a large number of competent workforces. Followed by a strong growth in consumption of education, the new growth phase of mass education has come and is rarely affected by the financial crisis.

4. The social security in the new growth phase of national safety net

In recent years, the social security system has been rapidly developing: the system of minimum living security has been quickly established in both urban and rural areas; a new universal health care system has been established with a focus on the medical insurance for urban workforce and that for urban residents and the new rural cooperative medical care; the pension system benefiting both rural and urban residents has been established as well. It is expected that by 2020, a social security system will be set up with three pillars: the old-age pension system, the basic medical insurance, and the minimum living security system. The national safety net will play a key role in protecting citizens' lives, stabilizing future consumption expectations, and improving current consumption ability.

5. The new phase of social reform starting from economic reform

Since the past 30 years, the reforms in system and mechanism in China have been focusing on the economic system. Compared with the reforms in other areas, the economic reform is the most comprehensive one. It released enormous power of the market and has significantly promoted the economic development. Although the socialist market economy has been established, the huge economic and social changes still require further reforms in China's system and mechanism and need a transition from economic reform to a comprehensive one. The crucial task is to conduct a social reform covering the areas of employment, income distribution,

social security, urban–rural social construction, and social governance, operation of public institutions, community organizations, and social organizations.

In the “new growth phase,” it became important tasks for the economic and social development to deepen the reforms in the social system by accelerating the urbanization, developing the social undertakings, expanding the public services, and improving the social security system.

In summary, the new concept and method of “social governance” and “social construction” were proposed to meet the requirements of the new phase, to solve the new great challenges in China’s development, to seize development opportunities in the new growth stage, and to seek a new impetus and a new prospect for development.

Key Areas of Social Governance

From a macro point of view, the work of social governance should be divided into three aspects: the basic livelihood construction, the social undertaking construction, and the social security construction. They are the key areas of the social governance and constitute a relatively comprehensive system.

The Construction of Basic Livelihood

Setting up basic livelihood construction as one of the major areas of social governance is determined by the goal of the social governance. The construction of basic livelihood touches upon several important areas, including those of employment, income distribution, and social security. Their development is related to people’s livelihood, social equity, and justice and is a symbol for the level of civilization in the city.

Now, the issues concerning the employment in China include those about employment of the incoming workforce in urban areas, transfer of the rural surplus workforce and reemployment of the unemployed ones, improvement of the workforce quality, adjustment and upgrade of the employment structure, and establishment of a national labor market. Addressing these issues will not only help realize the citizens’ right to seek for employment, but also ensure a healthy and sustainable economic development. In recent years, China has made tremendous efforts in promoting employment, but the unemployment rate of the total labor force remains high. Therefore, the first step is to solve the problem of unemployment. Considering the urgent need to adjust China’s economic structure, strengthening the workforce training and improving the labor quality become the next steps. Admittedly, the quality of the Chinese labor force is improved in terms of their education level. According to the statistics in 2007, the average schooling years of the working-age population ranging 15–64 in China is 8.90, being equivalent to the education level

of a junior high graduate. However, it was not sufficient enough according to the demand of the economic development and structural readjustment. Judging from the international experience, we notice that as long as a country's economic development reaches the medium level, its average national education level correspondingly proceeds into senior high education from junior high education while promoting higher education on a mass level. In addition to the development of the national citizens' education for raising the quality of the future workforce, another key job is to strengthen the training and improve the quality of the reserved labor. However, insufficient investment is the bottleneck in the current national labor training. According to the statistics of OECD in 2003, among its 26 member countries, 16 had over 1 % of their own GDPs invested in the public sectors concerning employment; even the percentage of the United States reached 0.68 %, and that of China was only 0.23 % in 2007. The third major task is to further reform the management of population migration; to eliminate all the left-behind institutional barriers from the planned economy, which restricted the normal flow of workforce and violated the basic social rights of migrant labors; and to improve the unified labor market across the country.

The widening gap among classes of is one key issue in income distribution in China, and it has been widely recognized in the society. In order to narrow the gap, China has done a lot of work in recent years, such as adopting the strategy of poverty reduction, implementing the strategy of developing the western region of China, increasing the minimum wage multiple times, abolishing agricultural taxes, increasing personal income tax threshold, and raising transfer payments for farmers and poor households in urban and rural areas. However, these measures failed to turn out remarkable results in reducing income inequality, and the trend of widening inequality has not been fundamentally reversed. The problems of uneven primary distribution have become even more serious in China. After a reflection over this worsening situation and a reference to the experience of the countries whose inequality levels of income distribution are relatively low, three important mechanisms are required to mutually function to regulate the income distribution. First is the economic mechanism, namely, economic growth and structural readjustment. As economic growth enlarges the "cake (i.e., social wealth)," which is available for allocation, the economic restructure leads to changes in the structure of employment and occupation. As a result, the size of middle class will expand and the share of property incomes will reduce in the total national income and finally will help narrow the income gap. The second one is the national redistribution mechanism, mainly including the taxes and various transfer payments. The experience of many countries showed that a good national redistribution mechanism has an obvious effect on narrowing the income gap. The third one is the social mechanism. Most of all, all relevant social interest groups participate in deciding the income distribution, such as developing trade union movements as well as establishing and operating the collective negotiation system of salary. Therefore, in order to accomplish the important mission of regulating the income distribution and narrowing the income gap, the first task, at this stage, of the social governance in China is to establish these three mechanisms and to ensure that they are functioning normally, reasonably, and

effectively. Of course, China's current way of income distribution is going through a transition period, especially suffering irregularity in distribution. Large scale of gray or even illegal incomes as well as the unreasonably high incomes in some monopoly industries have not only exacerbated the income inequality, but also posed a negative impact on social mindset of the public. Therefore, standardizing income distribution is also an important task in China's social governance.

Social security in China is quite comprehensive in terms of the types, but some problems remain in the system. For example, it still does not benefit all and remains to be an undeveloped system with programs that were on uneven levels, broken, or "fractionalized." It should also be noticed that in the implementation of the transfer payments, China's current social security system has, to some degree, a reversed regulation effect on the income distribution. In view of this, there are four aspects in the next step in building the social security system in China: the first aspect is to continue to expand its coverage, the second is to keep improving the level of social security in accordance with that of the economic development, the third is to gradually construct a relatively unified urban-rural security system, and the fourth is to provide social security more fairly and impartially and to resolve its current counter-effect issue. In addition, the issue of housing recently has become a social problem with strong social reaction. Superficially, the high cost of housing is unaffordable to buyers, but the real cause underneath is the lack of reasonable planning and management about the affordable housing and the real estate market supply. Therefore, it is where the reform of the housing policy could break through from so as to promote a healthy growth in the real estate industry.

The Construction of General Social Undertakings

The general social undertakings include those concerning education, science and technology, health care, and culture. In modern society, the development of these social undertakings can produce strong external benefits. All the undertakings are public goods or quasi-public goods, which can improve the national basic quality, strengthen national innovation capability, and enhance national soft power; they are also the foundation of the economic and social modernization. In different fields of social undertakings, the modes of employed social governance are as well different. As the development of education and health service determines the opportunity structure of a society, it requires more emphasis on equality. When it comes to science and technology and culture, their development is managed by both the foundational sector and the operational sector. The foundational sector requires more investment from countries, while the operational one grows through market development. Now we are going to discuss more about education development.

Objectively speaking, China has paid great attention to education development. In 1993, the Central Committee of the CPC and the State Council promulgated the first *Outline of Chinese Education Reformation and Development* (the third issue of CPC documents, 1993); in the June of 2010, the Political Bureau of the Central

Committee of the CPC held a meeting, reviewing and adopting the “National Mid and Long-term Reform and Development Plan (2010–2020),” which strategically planned and deployed the development of China’s education in the next decade. It is the critical point in the next decade to transform China from a country with rich human resources into the one with greater human resources.

The Construction of Social Harmony and Social Safety

A good social order and the secured social safety are basic social conditions to economic and social development. While China now lies in a period of rapidly developing economy as well as a period of frequent social conflicts, various social risks might trigger social safety problems and influence social orders in China. At present, the social problems which impact China’s social safety and stability can be roughly divided into three types. The first type includes various criminal offenses. Statistics have shown that from 1978 to 2008, the number of criminal cases of first instance in court increased from 147,000 to 768,000 throughout the country, with an average annual growth rate of 8.59 %, and the number of first-instance criminal cases increased from 1.53 to 5.78 among every 10,000 people. Particularly, the number of such cases has been increasing for 11 consecutive years since 1997. The second type includes different man-made disasters associated with production and life safety. In recent years, various serious accidents associated with production safety (especially mine disasters), poor food and drug quality, and the environmental pollution continue to occur and further result in a huge loss of lives and property as well as the social confidence. Safety issues resulted from environmental pollution have been accumulated for 20–30 years with high occurrence rates, and they cannot be ignored. The third category includes interest conflicts of all types that are deeply embedded in the social structure during the transition period.

The first commonly seen type of social safety issues can be controlled by the strengthened police force, while more fundamental solutions are needed for the other two types. The main reasons for these problems and conflicts lie in the violations of some stakeholders in pursuit of profits during the transition period and also in the consequent imbalances and conflicts of interests between different groups. Therefore, in order to fundamentally change this unstable situation, China has to solve those deep-rooted problems that are caused by the major social safety issues and to get rid of the vicious circle in which the government strengthens “stabilizing” work, while the social situation becomes more unstable. The construction of social safety is an important component of social governance and also an integrated and complex systematic project involving political, economic, and cultural constructions. In addition to the daily “stabilizing” work, constructing social safety system from the perspectives of reform and institutional innovation can be more important. On one hand, more standardized supplies are expected to make up the breakage of the norm system during the transition period and to eliminate possibilities with which one could seek profits in shady deals by taking advantage of the breakage. On

the other hand, the unified binding force restricting social norms is expected to be strengthened in order to resolve social misconduct due to the absence of standards, especially to eliminate alternative standards or the hidden rules that replace explicit rules. By cutting off the connection between social misconduct and forcefully obtained interests, the underlying causes of the abnormal social conflicts caused by the imbalance between different social interest groups should be eliminated. Meanwhile integration of social norms is also expected to be strengthened. It is supposed to establish a reasonable and effective mechanism for social psychological counseling in order to reduce effects, in which social problems and conflicts are intensified by various negative social emotions and attitude.

The Resource Support for Social Governance

Social governance is a huge systematic project requiring investment of large amount of resource. The investment is not purely resource consumption, but a type of productive input. On the other side, its output includes the growth of common welfare, the optimization of social restructuring process, and a new motivational source for sustained and healthy development of economy and society. After 30 years of development, China is now equipped with qualifications in meeting investment demands of resources for social governance. Of course, the resources required in social governance are not merely material ones, but also a large amount of human and organizational resources.

Financial Resources: The Material Guarantee for Social Governance

According to the international experience, the mobilization of financial resources involves two aspects: the national public resources and the social resources. Investment of the national public resources is the most important financial guarantee for social governance. Since the Reform and Opening Up, the Chinese government has invested more public resources in the field of social development. For example, the percentage of social culture and education expenses in China's total financial expenditure increased from 13.1 % in 1978 to 26.8 % in 2006. However, with regard to the demand of social governance, the investment of public resources in China was still insufficient. According to statistics from the Organization for Economic Co-operation and Development (OECD) in 2005, the total net expenditure of public fiscal systems given by 26 of its members accounted for 25.5 % in average of the gross national income (GNI); only the percentages of Korea and that of Mexico were less than 10 %, while those of the remaining 24 countries were all more than 20 %, in which France held the highest percentage of 35.3 % among all

countries. According to the data from "China Statistical Yearbook 2009," about four types among various types of public financial expenditure obviously belonged to the social spending, namely, those on education, social security and employment, health care, and urban and rural community affairs. These four types totally contributed 2.27777 trillion Yuan in 2008, accounting for 36.4 % of the total financial expenditure and being equivalent to 7.5 % of the GNI of that year. But the percentage was still below the 9.5 % of Korea's in 2005. In accordance with the need for social governance and the principle of avoiding social governance investment that would cause excessive pressure on national economy, China should consider gradually increasing the percentage of its net social spending in the GNI to 12 % in the next 5 years, and this requires further restructure of public expenditure. Thus, in the next 5 years, China should also consider to increase the percentage of its social spending in public expenditure to about 60 % while controlling the shares of expenditures in the economic development, administration, and other expenses at about 15 %. This structure will help invest more public financial resources into social governance according to the international level. For instance, among all the spending of federal, state, and local governments in the USA in 2005, the percentage of the economic spending was 8.4 %, government spending 6.5 %, social spending 58.9 %, national defense spending 10.2 %, and others 16.0 %.

There are three major sources of the social resource. The first source is the social governance investment inside various institutions. For example, the input of social responsibility as a part of the social responsibilities is provided by modern enterprises. The second is obtained from various private nonprofit organizations, which can sustain and develop themselves by providing nonprofit paid service. The third is the social donation, including charity donations. According to OECD statistics of its 26 member countries, the total nonpublic investment to society accounted for 3.8 % in the gross national income on average in 2008, and the net investment accounts for 2.9 %. In present China, its social resources investment in social governance is still relatively limited. For example, according to the statistics in China, the total charity donation amount was 50.9 billion Yuan in 2009, corresponding to 0.17 % of the GDP or 0.75 % of the total national fiscal revenue in that year, while the donation amount reached \$300 trillion in 2008 in the USA, accounting for about 2 % of its GDP or 10 % of its total fiscal revenue. In order to improve the social governance in China, it is urgent to study how to better mobilize the social resources into social governance, which specifically indicates that we should study how to carry out reforms and innovation in the system, so as to promote the input of social responsibility inside enterprises and other institutions, and how to develop civil organizations and foster channels for social donation, so as to provide sources of social donation to the society.

Human Resources: The Active Force in Social Governance

From the perspective of social governance, human resource is composed of professional and volunteer human resources. Professional human resources include teams of full-time staff from relevant departments of the government, social service agencies, community organizations, and civil organizations. In current China, more than 40 million people of the professional human resources serving in social governance are composed of the mass groups supported by public finance and the staff in relevant governmental agencies, public institutions, intermediary organizations, grassroots community organizations in both urban and rural areas, and civil organizations. It can be said that they are the basic human resource for social governance in China. However, considering the needs of modern social governance, the number of specialized personnel in the true sense is still not enough, and the key is to speed up the training of professional social workers.

Voluntary human resources include the mass volunteers. A great development of volunteerism in China has been promoted in recent years, and the number of volunteers has been growing fast. According to the statistics till 2009, the total number of registered volunteers is 30.47 million in China. From the international experience, the volunteer team is an important power for social cohesion. However, compared with many countries in the world, the development of volunteerism and volunteer teams of China relatively lags behind. Therefore, it is necessary to improve the volunteerism and accelerate the development of volunteers in accordance with the need of the times.

Organization Resources: The Integration Foundation and Effective Security of Social Governance

Social governance calls for organizational support and integration. Various existing organizations, including party and governmental institutions, enterprises and public institutions, grassroots community organizations, mass organizations, and civil organizations, are all organizational resources for social governance. However, their roles in social governance are different due to their different goals. Therefore, the government needs to set up a specialized social governance sector in order to better plan and coordinate its work in social governance. When it comes to enterprises, their organization function is to operate the economic resources in a market-oriented way with the aim at gaining profits. In general, they can participate in social governance in the light of their social responsibilities. Generally, various kinds of public institutions of culture and education sectors as well as those of medical care and health sectors are directly related to general social governance. Although being the significant organization resources, they still need to transform in accordance with the concepts and targets of social governance. Most of their transformation must be ensured so that the public interest and provide public services can be served with

increasingly high quality. In addition, by directly serving the masses, the grassroots community organizations can mobilize the masses to participate in organizations and provide the critical organization resources of grassroots community for social governance. With the main organizational functions, the official society organizations and civil organizations are the important platforms for social governance. All of them can be called as social organizations. Together with the public institutions of culture and education sectors and those of medical and health sectors, they form the third collective major sector which has the Chinese characteristics.

The official social organizations always function as a bridge or a connection among the party, the government, and the people. In the process of social transformation, such organizations are also faced with the transition phase, in which they should better provide services for relevant social groups. After a reasonable and moderate transformation of functions, the official and semiofficial communities will become vital organization resources for China's social governance according to the statistical analysis. The communities and organizations come from the Women's Federation, the trade union, the Association for Science and Technology, the Red Cross, the Humane Society, the Federation of TSU (Taiwan Solidarity Union), the Chamber of Commerce, the individual association office and the industry association, as well as their grassroots organizations. The total number of these organizations is nearly 1.6 million.

The development of civil organizations is also of great importance in social governance. Since the Reform and Opening Up, with the economic marketization and restructure of government administration, tremendous changes has taken place in the way of organizing social life in China; thus, "unit people" in the planned economy era have transformed into "social" ones, and reorganization of the society is required. In addition to urban and rural community organizations, the civil organization becomes a major alternative media to organize the society. According to the Civil Affairs Department, China has got more than 400 thousand registered civil organizations by 2009, 30 organizations in every 100 thousand people, more than 70 times as that in 1988 (0.4 organizations per a million people). But now the density of civil organizations in China is still low, which is not comparable with that in some deeper-developed countries. For example, according to statistics, in 2001 the United States had more than 1.6 million private nonprofit organizations, about 670 in every 100 thousand people, and in 2005, India had about 1.2 million private nonprofit organizations, about 110 for per 100 thousand people; Canada had 80 thousand registered non-governmental organizations, about 250 for per 100 thousand people; in 2007, Britain had 500 thousand to 700 thousand private organizations, about 830–1160 in every 100 thousand people. For various reasons, there are a number of nonprofit organizations registered in the business sector in China; besides, it is estimated that millions of unregistered grassroots organizations now exist in China. If these organizations can obtain the legal status of civil organizations, the density of them will have a substantial increase; thus, in the next 5–10 years the density will surely reach 100 per 100 thousand people.

The Systems and Mechanisms in Social Governance

In line with the rules and requirements of social governance, the sustainable development provides a stable foundation to accelerate the reform pace and to build relevant mechanisms and systems, which can be divided into three aspects in general:

The first aspect is the basic legal system. The Constitution, relevant laws, and regulations should be improved to form a modern civil right system, which functions as the basis for and the objective of the legal and institutional system and as the criterion for its efficiency. The civil right system in modern society consists of three types: the first is civil right, the fundamental personal right and property right for individuals; the second is political right, the right of equal political participation; and the third is social right, which is composed of the rights to get economic benefits, social security, and a standard civilized life. While all these three types of rights are reinforced in China's current Constitution and laws, they still need to be integrated, and laws concerning citizens' right of equality ought to be more explicit, especially those about the property right and equal right to political participation of the agricultural class. The goal of these laws is to eliminate the inequality of rights between urban and rural residents within the traditional dual social structure.

The second aspect is the social legislation system that directly regulates the practice of social governance. From the perspective of legal principle, social legislation refers to all legislation relevant to social governance, including those on employment and training, anti-poverty, family allowance, housing, education, medical and health service, social security, social organization, charity, and social responsibilities of enterprises. At present, two main problems of China's social legislation remain unsolved. The first is that the legislation in different fields is not integrated well yet, and each is still far from the basic requirement of justice. Therefore, it is necessary to arrange, integrate, and improve the existing laws, regulations, and policies and to enhance the equity and justice. The second problem is that there are only norms in forms of regulations, outlines, or policy schemes in some fields of social governance, including those income distribution, labor training, housing, medical and health service, social organization, and social responsibilities of enterprises. It is urgent to launch relevant national laws because the current norms cannot meet the need of developing China's social organizations and will even restrict their development. Fundamental laws on social organizations should be launched as soon as possible. Therefore, the private organizations will develop in accordance with the principle of pluralism, independence, and rule of law, and the management of basic concepts and regulations will be reexamined. The laws will also protect the civil right of associating free and foster reforms in the dual management system. Besides, they will help increase the number of civil organizations and improve their quality, ease the access limitation, and strengthen the management and supervision of the all processes.

The third aspect is the security system of social governance, whose goal is to protect the operation of social governance. Five specific systems under the security system need to be reformed urgently. They are the financial and taxation system, the

investment system, the personnel system, the appraisal system of government performance, and the social supervision system. In addition, the core of the reform in financial and taxation system is to provide tax support for groups involved in social governance except for the government, for instance, to give tax cut to the charitable donation from institutions or individuals or to the funds raised by social organizations. There are no institutionalized fiscal and taxation systems in China. Instead, specific ways of examination are used to offer tax preference to social organizations across the country. Only few civil organizations have the opportunity to enjoy the privilege, while many official or semiofficial ones are the beneficiaries. It will not help invest the social resources to social governance. The investment system refers to the way in which public resources, especially the fiscal budget, are invested to social governance. In general, the degree of the legalization in China's fiscal budget is not high. Some investments in social governance have not been included in the fiscal budget system yet; in particular, the financial support for civil organizations is far too weak. There are two key points in constructing the talent system. The first is to establish a system for the growth of the professionals in social governance (such as those specialized in social work). The other is to involve the employment, technical titles, and social security of the staff in social organizations, especially those private ones, in the national institutional system. It will ensure that the social organizations can attract and retain qualified people and inspire their enthusiasm. The CPC committees and the governments play a leading role in practicing social governance, and their efforts on it will have a large influence on its efficiency. Therefore, it is necessary to reform the performance-appraisal system of government, and it is critical to involve social governance in the system, so as to encourage the CPC committees and the governments to pay close attention to social governance.

On the basis of summarizing experiences of the other countries, there are four major mechanisms of social governance: (1) the social cooperation mechanism marked by broad social participation; (2) the mechanism to mobilize social resources, which is oriented by the investment in social governance; (3) the response mechanism of social demands, which gives priority to demands of the most needed and urgent in social governance; and (4) the mechanism of social competition and supervision with the goal of maximizing both cost and social efficiency of the resources allocation.

The Mechanism of Social Participation and Cooperation

The social cooperation marked by broad social participation provides the social governance with a vital socialized mechanism, which emphasizes cooperation rather than confrontation during the process of social governance, and encourages integration of different social resources instead of mutual competition. Logically, the mechanism of social cooperation includes three steps: the formation of partnership, the articulation of interests, and the equal negotiation.

Social governance entails not only the leading function performed by the governments and the state-owned enterprises but also the broad participation of non-state-owned enterprises, urban and rural communities, social organizations, and citizens. They provide a broader social foundation for social governance. Such social foundation is conditioned on the social participants' empowerment. The broad empowerment enables all these participants to share equal opportunities and sources and helps form a partnership in social governance. Socially, such kind of partnership, which requires more horizontal interaction than merely the vertical bureaucratic control, is essential to social resources mobilization and social solidarity and will stimulate all social participants to social governance. The vertical bureaucratic control, which has long dominated China's institutional system and political culture, however, must be reformed so as to create an environment suitable for a collaborative partnership.

According to the analysis of considerable social confrontations rooted in conflicts of interest, it is clear that inequality in profit distribution is merely one aspect of the overall problem. More seriously, the so-called venting angry behaviors are triggered by resentment toward society when an adequate, reasonable, and fair interests-related articulation mechanism was not sufficiently available to different groups of interests and when vulnerable groups lack access to suitable opportunities and sources of interests-related articulation or their appeals expressed are not heeded or responded acceptably. Therefore, a legal and valid mechanism of interests-related articulation, heed, and response is critical to reducing and solving conflicts of interest and to promoting social cooperation. Within the mechanism, the most important job is to socialize and systematize the expression through appropriate policy arrangement and consequently achieve a rational and orderly way of social interests-related articulation.

Next, another mechanism of democratic negotiation ensures that the interests-related appeals expressed are satisfied adequately. It is becoming a more important social mechanism to promote social solidarity and collaboration. In order to reach an agreement on certain solutions, the mechanism focuses on equal rights shared by different participants and improves dialogue and understanding between each other through consultations. The possible conflict of interests will be expressed rather than suppressed in consultations and then will be understood or even solved under compromises. Also, while such solutions are reached by equal and spontaneous consultation rather than coercion, they are more socially legitimate. It means no external factors, for example, the government, can be blamed once the solution does not work out. More generally, such mechanism is to address more public affairs in social lives than to coordinate the relationships between different interest groups. It is a new democratic system and mechanism and is more widely applicable, especially to the democratic process of local society, compared with the typical democracy of representative system in the West. This democratic negotiation mechanism based on the equal rights of participants proves to be quite effective according to the local practices in several parts of China.

The Mechanism of Resource Mobilization

The resources needed for social governance mainly come from the national public resource and various social resources. Additionally, another two types of resources are financial aid in developed countries given by the government to foreign development and resources provided by international non-governmental organizations overseas. These resources can also be used in social governance. As China continues its economic and social development, developed countries successively cut down or even canceled their financial aid to China. When it comes to the resources provided by international non-governmental organizations overseas, some are mainly undertaken by civil organizations in China, while others are unacceptable because they are provided by some organizations with particular political inclination. Therefore, overseas resources will not be the major source of resource needed in China's social governance although some domestic social organizations, especially those private ones, receive most of supportive resources from international non-governmental organizations. The resource for social governance in China should and must depend on the national public resources and the social resources inside the country.

Apart from the political leadership, the strategic planning, the regulation and social norm, and organizational implementation, the country of China shoulders many other responsibilities within social governance. Those being as important include providing public resources for social governance, organizing supervision and performance evaluation of its allocation, correcting deviation, and solving problems. When allocating available resources, the country needs to gradually increase the ratio of public investment in social governance to its total financial expenditure by providing a long-term growth mechanism in accordance with relative strategies and plans. It is expected that its ratio in China reaches 60 % in the next decade, and the government eventually provides a public investment mechanism with which national public resources mainly contribute to social governance.

Admittedly, social resources inside the country contribute to another major source of the resource required in China's social governance. The social resource, yet in terms of quantity, will not become the mainstream but an important complement to the national public resource, which is the case even in the countries where the culture of donation is well developed, such as the USA. However, the political and social values of social resource mobilization go beyond its quantitative value, which, in one way, strongly indicates that the social governance is a social participating activity. When it comes to the complex and diverse social resources, it generally includes three major types: the investment made by enterprises to fulfill their social responsibility, the charitable donation given by non-enterprises or individuals, and the initial investment made by institutions or individuals in order to create civil organizations especially private non-enterprises and foundations.

Among the enterprises' investment, a considerable amount will be used to meet the requirement of their own social responsibilities, including environment protec-

tion, production safety, and employee welfare. To standardize investment, a country is required to introduce relevant laws and regulations. The remaining part of the investment, as input to community development, is voluntary rather than compulsory. It is required to introduce a corresponding social mechanism that secures enterprises benefit from their community participation as they expected. Enterprises should be able to select suitable partners, either local self-organizing institutions or other active social organizations within the community. If they are forced to collaborate with a certain type of community organization, and if at the same time these organizations cannot earn the trust of the enterprises, they will surely lose initiative in community development participation. Additionally, to encourage its initiative, it is also necessary to design an encouraging institutional arrangement for assistance. Within this type of cooperation, tax advantage is the most important one to consider, followed by the right to know about resource flow and the motivation for reputation gains. In summary, voluntary participation, optional partnership, and institutional motivation are the main mobilization mechanisms for enterprises to fulfill their social responsibilities and participate in community development.

These mobilization mechanisms can also be applied to the active participation, social governance, and donation of non-enterprise institutions and individual citizens. The only difference is whether the mechanism of optional partnership converted into that of optional recipient of social donation. If the regulations only allow donors to give donation to specific recipients who are suspicious to be trusted, the donors may end up donating less or none, which has been a proven rule according to the world history of charity. The charity and donations in China are relatively falling behind due to its underdeveloped charity culture and improper mobilization mechanism. So far, the nation only entitles the donations to a few official social organizations, which turn in the donations to the government or authoritative department for reallocation. This regular practice restrains the society from its own development and the formation of a positive culture of donation.

Finally, apart from following the principle of free will and providing relevant encouraging regulations, reasonable requirements for market access set by the government are also essential to private organizations to be established, especially those private non-enterprise institutions. Although the government has so far realized the importance of reforming the social governance system and developing social organizations, it is still practicing the traditional logic with which government controls the society rather than encourage citizens and society together to grow. This has resulted in the fact that some civil organizations failed to register legitimately and otherwise had to be registered as in the business sector, which means they have to shoulder the responsibility as a for-profit organization, such as the pay duty, while carrying out nonprofit activities. This situation will also hinder the development of social organizations and thus become a disadvantage for mobilizing social resources.

The Response Mechanism of Demands

After the establishment of the public-investment-oriented mechanism that is mainly designed for social governance, social resources should be proportionately allocated in the following areas of social governance, including education and health, social security, job security, revenue assurance, housing security, social assistance, and construction of basic communities in urban and rural areas. Three principles are supposed to follow in the actual allocation of resources: the principle of impartiality and fairness, the principle of legalization, and the principle of demand response. The principle of impartiality and fairness requires the government to offer public services and products accessible to everyone and to narrow the quantitative and qualitative differences between individuals. Besides, the principle calls for impartial and fair public services and products apart from equal basic public services. The principle of legalization emphasizes the standardized and systemized investment in social governance resources, whose implementation requires relevant social legislation. This principle, on one hand, ensures that the social governance resources are legitimate and relatively stable and, on the other hand, prevents social governance from being embezzled or misused. Finally, the principle of demand response, a mechanical principle, is a prerequisite for the equality principles and legal regulations. This requires social governance resources to be invested in where social governance is needed the most and the most urgently rather than being allocated without differentiation toward any demand. It is obvious that instead of the strength of different stakeholders, the primary goal of social governance should be the yardstick to measure the significance of a certain requirement. Therefore, a scientific and democratic decision-making mechanism is needed when implementing the principle of demand response.

China has been through circuitous process learning about social development and allocation of resources for social governance. Before the Reform and Opening Up, the Chinese government dominated the social resource allocation in the context of planned economy. However, the government lacked access to adequate information about management and thus addressed all economic and social affairs by its administration, which led to the low efficiency or inefficiency as the outcome. After the Reform and Opening Up, China realized that the market mechanism was the most effective and essential tool for resource allocation in economical operation. It eventually established the socialist market economy, based on which the government focused its job more on macro-control, eliminating erratic elements for economic development, coordinating the relationship between reform, development, and stability, which ensured a rapid, stable, and sustained growth in economy. However, it was once believed that market economy also needed to be introduced into social development sectors such as those of health, education, and other nonprofit or welfare organizations. This will have a negative effect on realizing the social welfare function, and if the needs of people are not satisfied, there will be problems. We eventually realized that there are specific principles and power for allocating social resources in these sectors. That is to say, social governance is a

way of social development, where the resource allocation is based on specific social structures and in accordance with the interests of different social groups. Somehow, the mechanism of demand response is essential to a fair, reasonable, and effective way to allocate social governance resources.

The Mechanism of Social Competition and Supervision

From a macro perspective, social governance, which involves an enormous amount of resource input, should be carried out in accordance with the mechanism of demand response based on the principle of impartiality and fairness. From a micro perspective, there are two major problems when allocating the resources: (1) how to prevent the resource input from being embezzled or misused and (2) how to ensure their cost effect and social effect.

To maximize both the cost and social efficiency of social resource input, it is necessary to introduce an appropriate mechanism of resource allocation, where the competition mechanism is proved to be the most effective according to the international experience. Of course, the competition mechanism is different from the market mechanism, since its goal is to maximize both cost and social efficiency instead of economic profit as allocating the resources in social governance. Therefore, more should be done with the given resources to pursue efficient social development. Therefore, the restriction in budget of resource allocation and usage is not as "strict" as that in the market economy. In this sense, the competition mechanism, which aims at enhancing the efficiency of the allocation and the usage of social governance resources, can be named as the social competition mechanism. The typical pattern of competition mechanism is that the resource contributors select the most qualified resource consumers, such as social organizations, to purchase public service. The word "select" implies the situation that multiple resource consumers of the same type coexist, for example, many a social organization provides social service of the same type. When it comes to their "qualification," there are at least three concerns: (1) whether the scheme for resource use is rational or feasible, (2) whether the resource consumers are qualified and capable, and (3) whether they are credible. Though not being limitless, the social competition mechanism may still be adjusted to as many occasions as possible.

An authentic, effective, and comprehensive system supervising the allocation and usage of resources is necessary regardless of their types, public or social nature, or their ways to allocate and use. Social supervision is critical to preventing the resources from being embezzled or misused. Therefore, compared with the auditing and supervising departments of the government, an efficient social supervision system may be of more significance. The sources of social supervision include media, resource contributors, and an independent third party. In respect of media, it is necessary to promote the publishing system reform, adjusting the media structure, supporting private media, and regulating its behavior and management through legislation. In terms of resource contributors, any of them has the right to regulate

the use of the resources they contribute. As long as they make a request, the recipients have to provide them with the information of their resources that are in use and to respond to their questions. This should be confirmed by law and guaranteed by regulations. The audits from an independent third party function to address possible challenges regarding credibility of auditing inside organizations and auditing department of the government. It ensures that the auditors have no associated benefits from whom they audit and further to ensure an independent and impartial auditing process that brings unique advantages in preventing the resources from being embezzled or misused. Not to mention the significance in regulating social resources, the auditing from an independent third party also can be introduced into the supervision of public resources. Certainly, the independent third party itself should be supervised by the society.

The Policy System of Social Governance

The work practiced by social governance reflects on government's public social policy. According to the prevailing division approach, the government's public policy can be divided into economic policy, political policy, social policy, cultural policy, etc. The social policy can be further divided into policies concerning employment, welfare, income distribution, education, health care, environmental protection, etc. Thus, China has formed a rich social policy system when practicing social governance. The social governance in its short- and medium-term planning in China has gradually established relevant legislative system and institutional framework. Relevant innovations and policies that provide experience and direction for the legislative system and institutional framework can be carried out in the following areas.

First, the population policy. China claimed to maintain a low birth rate, improve population quality, and optimize its population structure. It implements favorable, rewarding, and supportive policies to those who practice family planning. It actively works to address the aging problem. It encourages rational migration and protects the right of the migrating population. China addresses different population issues coordinately and encourages people for comprehensive development.

Second, the employment and labor relation policy. In terms of employment, giving full play to the market, China establishes a unified, open, competitive, and orderly labor market coordinating urban-rural development. It strengthens the government's service function to promote employment. It improves the training and service system of employment and workforce and develops labor-intensive industries, service industry, and small and medium-sized enterprises with large employment capacity. It encourages people to find jobs on their own or start their own business and promotes various ways of employment. It helps new workforce in both urban and rural areas and graduate students to find jobs. It helps rural surplus workforce transfer to the urban labor market and promotes reemployment of laid-off workers. In terms of labor relations, China establishes a mechanism where the

government, trade unions, and enterprises together collaborate on labor relations. It improves relevant laws and regulations and the arbitration and mediation methods to address labor disputes. It protects employees' rights according to the law and aims at forming a win-win labor relation where both employees and employers can benefit from each other and promote social solidarity.

Third, the income distribution policy. The distribution system implemented in China practices distribution mainly based on the workload in addition to other various coexisting distribution modes. The system makes distribution in accordance with the contribution of different production factors. It promotes common prosperity by increasing the income of low-income earners, expanding the percentage of middle-income earners among the total population, limiting exorbitant incomes, and banning illegal incomes. It works to rationalize the order of income distribution by strengthening the regulating function of tax on income distribution, increasing the transfer payment from the government, so as to narrow the income gap between different regions and that between different social members. In particular, it is important to make and renew the policy that supports social forces to help regulate the income distribution. The policy encourages consultation on working conditions, remuneration, and relevant social insurance and helps to balance the force between labor and capital and solve the problem caused by the excessive inequality in primary distribution.

Fourth, the social security policy. China advocates the social security system should be improved in coordinating social insurance, social relief, social welfare, and charity in the hope to benefit all urban and rural residents. It advocates improving insurance systems of basic pension, basic medical, unemployment, work injury, and maternity. It promotes reforms of the endowment insurance system in the government and public institutions, develops supplementary insurance from enterprises and commercial insurance, and works to address the issue of social security of migrant workers. China promotes the social welfare by improving special-care mechanism and social assistance system for the purpose of protecting the rights of women, children, and the disabled and supporting social activities in the areas of charity, community donation, and mutual aid among people. In particular, it is important to integrate various established social security systems with one another and address the ubiquitous problem that different social groups receive unequal social security service within the same system.

Fifth, the urban-rural administration policy. China works to coordinate the urban-rural development by encouraging industries to assist the development of agriculture and cities to support rural areas. It promotes reforms which can help narrow the gap between urban and rural areas, including residence, employment, social security, and housing sectors, and works to gradually eliminate the institutional barriers against migrant farmers. It gives policy support to education and health care in rural areas and improves the compensation system of land requisition.

Sixth, the technology and education policy. China implements the strategy of rejuvenating the country through science and education. It encourages innovation, the leaping development in major areas, and the practical and sustainable

development in technology. It gives priority to technological development in major areas including energy, resource, environment, agriculture, and information, so as to promote a national innovation system and popularize the science and technology. In the area of education, China gives priority to educational development. It works to popularize the education for all-around development and strengthen the government's responsibility to guarantee compulsory education and popularize the 9-year compulsory education. It develops vocational education, improves the quality of higher education, and ensures the equal opportunity of education, so as to nurture a learning society.

Seventh, the public security policy. China establishes a public security system including social security, food and drug safety, production safety, traffic safety, and disaster prevention and mitigation. It follows the rule and law and addresses social security issues comprehensively. It tempers justice with mercy and punishes various criminal activities by the law. It encourages citizens to participate in the public safety. It protects human rights and people's lives and property and maintains the social order.

Eighth, the environmental protection policy. China gives priority to protecting the environment and allows rational development, while it limits excessive exploitation of it. It carries out the comprehensive protection with a focus on preventing pollution. The policy aims to prevent the pollution from the source and protect ecological environment and change the present status of protecting the environment after pollution or polluting the environment along with protection. It advocates developing circular economy, building a resource-saving and environment-friendly society. It establishes the ecological compensation mechanism by adhering the ecological idea that those that exploit the environment should protect it and those that benefit from the environment should pay back.