

**SOCIAL WELFARE UNDER CHINESE SOCIALISM -
A CASE STUDY OF THE MINISTRY OF CIVIL AFFAIRS**

by

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ABSTRACT

All complex human societies make social provisions to ensure the wellbeing and security of their citizens and to facilitate social integration. As in other societies, China's formal welfare system is embedded in its social structure and its informal networks of self help and mutual aid. This thesis explores the development of one of China's major welfare bureaucracies - the Ministry of Civil Affairs and the local agencies which it supervises from 1949, with especial reference to the period between 1978 to 1988.

The study begins by surveying the theories, both Western and socialist, that purport to explain the determinants of welfare. Richard Rose's welfare mix concept (1986) is modified to yield a framework that posits welfare development in terms of the role of the state, the family, the collective and the traditional culture of welfare. The operational definition in the Chinese context is then set out with reference to the programmes of social amelioration established under the aegis of the Ministry of Civil Affairs in order to assist those social groups that lack the capacity and resources for independent living. Before 1978, Civil Affairs Departments functioned as agencies of last resort, playing a small but vitally important role in meeting the needs of the poorest members of Chinese society. This remains true at the present time.

Then policy developments in the current period are analysed in both the national context and in the province of Guangdong, where the economic reforms have gone furthest in reshaping Chinese social life. Emerging from the review is the interaction between social and economic policies, including the impact of the transformation of the institutional context and the changes in broader political objectives.

In the final section, attention is drawn to the narrowly residualist character of the Ministry's approach to welfare. Several institutional factors, it is suggested, account for the degree of residualism - the state's narrow conception of the role of statutory welfare, the cultural importance of utilitarian Chinese familism, the all-embracing nature of the collective canopy and the general influence of the cultural legacy. The Chinese welfare system, it is argued, is what it is because it fits the structural requirements of Chinese socialism.

DEDICATION

To Siu Lun and Yu

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ABBREVIATIONS

BR	Beijing Review
CAD	Civil Affairs Departments
Cidian	Jianming Zhongguo Minzheng Cidian
Chronology	A Chronology of the PRC. 1949-1984
CQ	The China Quarterly
CSY	China Statistical Yearbook
CR	Cultural Revolution
Dangdai	Dangdai Zhongguo De Zhigong Fuli He Shehui Baoxian
Dashiji	Minzheng Bu Dashiji
DG	Dongguan
Fagui Xuanbian	Minzheng Fagui Xuanbian
FEER	Far Eastern Economic Review
FYP	Five Year Plan
FS	Fenjinde Sishinian
FYUD	The Forty Years of Urban Development
Gailun	Minzheng Gongzuo Gailun
GD	Guangdong
GMZ	Guangdong Minzheng (Magazine)
GDPCAD	Guangdong Province Civil Affairs Department
GDSZJ	Gaige Kaifang Zhongde Zhongguo Shehui Fuli - Guangdong Sheng Zhuanji
GDSTJNJ	Guangdong Sheng Tongji Nianjian
GZ	Guangzhou
GZCAD	Guangzhou Civil Affairs Department
Huibian	Minzheng Gongzuo Wenjian Huibian
HZ	Huazhou
Jiaocai	Minzheng Gailun Shiyong Jiaocai
MCA	Ministry of Civil Affairs
MIA	Ministry of Internal Affairs
NH	Nanhai
PLA	People's Liberation Army
PRC	People's Republic of China
PY	Panyu
SD	Shunde
SEZ	Special Economic Zone
SHBZB	Shehui Baozhang Bao
Shigao	Zhongguo Minzheng Shigao
Shouce	Minzheng Gongzuo Shouce
Tansuo	Minzheng Gongzuo De Tansuo
Wenjian Xuanbian	Minzheng Gongzuo Wenjian Xuanbian
Wenxuan	Minzheng He Shehui Baozhang Wenxuan
ZGMZ	Zhongguo Minzheng (Magazine)
ZGNCTJNJ	Zhongguo Nongcun Tongji Nianjian
ZGSHIJZL	Zhongguo Shehui Tongji Ziliao
ZGSHB	Zhongguo Shehui Bao
ZS	Zhongshan

GLOSSARY

CCP	Chinese Communist Party
Civil Affairs	or <u>minzheng gongzuo</u> , means work carried under the aegis of civil affairs departments, which includes social welfare services and production, disaster and social relief, resettlement of demobilized soldiers, preferential treatment, marriage and society registration, funeral reform, territorial boundary administration and supervision of grassroots neighbourhood organizations.
Community Services	or <u>shequ fuwu</u> , refers to services and amenities provided by urban neighbourhood organizations. Such provisions include nurseries, aged homes, social centres for the elderly, disabled and soldiers' dependants, reading rooms, canteens, shops, repair services, home help, support groups and so on. Services are financed by local communities and are given free or at a small charge.
<u>Darwei</u>	work unit for urban employees. For students, the <u>darwei</u> is their school or college; for the unemployed, it is the urban neighbourhood organization.
The "Five Guarantees"	or <u>wubao</u> , is a rural relief scheme run by rural communities that provides for food, clothing, housing, medical care, burial (for the aged) or schooling (for orphans) to the aged, disabled and orphans who have no family, work ability or means of livelihood.
<u>Fuli</u>	welfare
<u>Fuli Yuan</u>	social welfare institutions
<u>Fupin</u>	literally means aid to the poor. <u>Fupin</u> or development aid refers to loans granted to hardship households to start economic projects, also include support through supply of raw materials, training and technical assistance.
<u>Guanxi</u>	personal connections
Household Responsibility System	a system whereby rural households contract with the local collective (village) to lease land for cultivation. After delivering the agreed quota of produce (or cash in lieu), peasants can keep the surplus. This frees peasants to make their own productive decisions and assume responsibility for profit and losses.

<u>Jiuji</u>	relief
<u>Kaifang Gaige</u>	open door and reform
Labour Insurance	or <u>laodong baoxian</u> , refers to social insurance for urban employees which includes retirement, sickness, disability, survivor, maternity and health benefits.
<u>Minzheng Bu</u>	Ministry of Civil Affairs
<u>Mou</u>	one-sixth of an acre
<u>Neibu</u>	for internal use
Preferential Treatment	or <u>youdai fuxu</u> or <u>youfu</u> , refers to aid given to veterans, serving soldiers and their dependants.
Social Welfare Enterprises or Factories	or <u>shehui fuli giye</u> or <u>shehui fulichang</u> , refers to productive enterprises where at least 35% of the operatives are disabled persons. Such units qualify for tax reduction or exemption from the state.
Socialization of Social Welfare	or <u>shehui fuli shehuihua</u> , means the sharing of responsibility in the funding and administration of welfare support so as to avoid sole dependence on the state. Local communities, work units, social groups, families and individuals are expected to contribute to this effort.
The Third Plenum	the Third Plenary Session of the 11th CCP Central Committee held in December 1978. At this forum, the CCP resolved to change the general course of the country from political struggle to economic construction and reform.
The Three Partial Components	or <u>sange yibufen</u> , refers to the three central purposes of civil affairs work, namely the construction of grassroots power organs, social security, and civil administration and management.
<u>Xiang</u>	administrative village, normally comprises of a number of natural villages (<u>cun</u>).
Yuan	Chinese currency, also known as <u>renminbi</u> . In 1978, the official exchange rate was US\$100=168.36 yuan; in 1988, it was US\$100=372.21 yuan.
<u>Zhen</u>	town or township in rural areas

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CHAPTER ONE

SOCIAL WELFARE DEVELOPMENT IN CAPITALIST AND SOCIALIST SOCIETIES

1. Nature of Study and Central Concerns

This study examines the evolution of social welfare in China. Its central concern is this: what forces contribute to the development of social welfare under Chinese socialism and how do they interact to shape the welfare landscape? To accentuate its dynamic nature, I shall concentrate on the period when growth has been most rapid, from 1978 to 1988. To outside observers, this is a most intriguing decade. Known as the period of Open Door and Reform (kaifang gaige), the country ended its seclusion to rejoin the world community. In the economic sphere, there have been wide-ranging reforms to expedite the process of modernization. Politically, China has shed old animosities to form new alliances irrespective of differences in ideology. Indeed, post-Mao society is one of high promise, dramatic changes and palpable tensions. The new course has wrought profound alterations in the social fabric. New problems arose to challenge the existing social arrangements. During this period, the interplay between economic and social policy was highlighted as never before. The present, of course, cannot be divorced from the past. The themes of both continuity and change are to feature prominently in this exploration.

The current attempt is not a comparative study. It does not compare the welfare systems of whole countries. Nor does it analyse similar policies across nations. Nevertheless it embraces a

comparative perspective by placing Chinese experience in the light of developments elsewhere. In doing so, my belief is that real learning comes from comparison (Higgins, 1981) and there are distinct gains to be made. First, comparative social policy allows the researcher to distinguish between the general and the specific (also see Rodgers et al., 1968). Second, it widens one's awareness of the range of policy options (Finer, 1974). Most importantly, it permits one to "identify the social determinants of policy and to differentiate between culturally specific causes, variables, institutional arrangements and outcomes and those which are characteristics of different systems and different countries" (Higgins, 1981. p.14). I could not agree with this last point more. If the thesis is to make a theoretical contribution, any explanation(s) proffered must single out the universal and particular strands of Chinese welfare socialism.

To say China is special is a truism. It has the worlds' largest population (one billion people). Its culture dates back five thousand years. It is both vast and diverse. Above all, it is a socialist society. This richness suggests that it is important to be as attentive to possible theoretical implications as it is to empirical details. To address the latter, the study asks such questions as : How is social welfare defined in China? What are the welfare arrangements? What functions do they perform in Chinese society? What are some of the intrinsic and emerging problems? To explore the relevance of theory, there are two major questions. How far is the Chinese welfare system an example of certain theoretical paradigms? Or is it, by virtue of its idiosyncrasies, a unique case in its own right? As the study

unfolds, these issues will form its agenda.

Meaning of Welfare

Lest the study be taken for something which it is not, the frame of reference needs clarification. In this connection, it is essential to start with the meaning of social welfare as used in China and in the West.

Historically, in the West, social welfare was equated with charity and provisions for the poor. This approach was based in a context of laissez-faire, individual responsibility and private philanthropy before the twentieth century. Gradually, as notions of social right and collective obligation took root, social welfare was no longer treated as despised services for the unlucky few. In most industrial nations, the end of the Second World War saw impressive extensions in social protection. Together with this, the meaning of social welfare has broadened. It began to be used interchangeably with social policy and the welfare state (Titmuss, 1968 and 1974; Marshall, 1975; Sleeman, 1974; Mishra, 1977).

Traditionally, social policy is taken to mean policy regarding the social services in cash and in kind. Titmuss later broadens the scope of social policy to include benefits provided under the fiscal and occupational systems, which serve similar purposes in redistributing resources and enhancing social integration (Titmuss, 1963). Likewise, Townsend (1969) sees social policy as any policy that contributes to the fulfilment of socially defined objectives. The term welfare state is commonly used to refer to state-protected minimum standards in education, health, income and housing on the basis of equality of citizenship. Later on, the concept is extended

to the ways in which the welfare system operates in the context of the political economy of society (Gough, 1979). Now, in Western Europe, issues of employment, wages and overall macro-economic policy are considered integral parts of the welfare state complex (Esping-Andersen, 1990).

In contrast, social welfare in China has a distinct connotation. The Chinese word for welfare is fuli which translates as benefits and is frequently aligned with relief (jiuji) (Feuchtwang, 1987). In fact, the terms social welfare and social relief are commonly used together (Mok, 1983) and refer to assistance and services to vulnerable groups in society (Wong, 1986). Fragmentation in responsibility reinforces the marginal nature of welfare support. In China, jurisdiction for social welfare rests with the Ministry of Civil Affairs, Minzheng Bu. Meanwhile, for people at work, the concept of social insurance or labour insurance is applicable. Carrying the onus for social protection of the "normal" population are at least three state organs: Ministry of Labour for workers, Ministry of Personnel for state cadres and the Organization Department of the Communist Party for its 40 million members (Yuan Qihui, 1986).

The present study is concerned with the welfare work of the Minzheng Bu and agencies under its guidance. The major ways in which this system has operated and redefined its roles since 1978 form the core of a national purview. However, in recognition of its physical vastness and possible local variations, the study builds in a regional perspective. Guangdong Province, a pioneer in economic and social developments, was chosen for intensive study. This area focus is intended to throw light on the unity and

diversity of related arrangements as well as to enrich our knowledge of the complexity of the social policy process.

Despite its confined boundary, the welfare work of the Ministry is only meaningful when seen in the context of wider institutional arrangements to meet social needs in Chinese society. It invariably interacts with and is influenced by other systems of care. The part and the whole are intimately linked. In the backdrop of socialism in transition, what then were the implications for welfare? What problems have been thrown up and how did welfare organs rise to the challenge? Would attempts at institutional restructuring lead to new perceptions of the meaning and scope of social welfare? These themes will be tackled in the study.

Motivations

The study of Chinese social policy is a rather fallow field. This is in spite of the extensive and venerable scholarship on Sinology in the past decades. Most China experts - anthropologists, sociologists, political scientists, economists - have little to say on welfare matters. Oftentimes social welfare issues warrant no more than a chapter in a book or a few odd articles. Examples of the first kind are Whyte and Parish's Urban Life in Contemporary China (1984) and Village and Family in Contemporary China (1978), Ruth and Victor Sidel's The Health of China (1982) and Davis-Friedmann's Long Lives - Chinese Elderly and the Communist Revolution (1983). Special articles are also rare. In article form is Kallgren's report on the labour insurance scheme in the early years of its inception (Kallgren, 1969) as is Davis-Friedmann's analysis of the "five guarantees" scheme (Davis-Friedmann, 1978). A

particularly important book on the way Chinese work units function as agencies of production, administration and welfare is Walder's Communist Neo-traditionalism: Work and Authority in Chinese Industry (1986). Contributors like Croll, Feuchtwang and Hussain also enrich our understanding of welfare-related issues. For example, Croll (1987) has discussed the implications of the rural reforms in terms of the rise of the independent peasantry. Feuchtwang (1987) elucidates the changes in the system of basic social security in the countryside and suggests tentatively that the household and kinship links among households bear the brunt of social support. Feuchtwang and Hussain (1988) examine the nutrition and incidence of poverty in rural areas. Hussain and Liu have chronicled the history of rural social security (1989). On urban welfare, Davis argues that despite recent reforms in labour insurance, what has emerged is even more inequality in occupational entitlement (1988). She has also commented on the broad achievements of social policy after forty years of socialism (1989).

Apart from more general works, there are at least three books that focus directly on social welfare in China. The first one is Dixon's The Chinese Social Welfare System, 1949-1979. Published in 1981, this is the first book on the subject to appear in English and provides a wealth of information on welfare practices. Meanwhile, Wong and MacQuarrie's China's Welfare System: A View from Guangzhou is based on field observations by Hong Kong social workers in Guangzhou. It examines welfare services during the first half of the 1980s. I edited this volume and wrote a long introduction, therein acquiring a keen interest in following

through some of the vital issues raised in the book. Finally there is Chow's The Administration and Financing of Social Security in China (1988). Apart from describing the programme, the author evaluates its performance and prescribes certain solutions. The book offers a good factual account, even if the assessment tends to be impressionistic and general in character.

All the above are English publications from outside China. In addition, since 1984, there has been a treasure trove of indigenous literature relating to labour insurance, social security and social welfare. Such work usually appears in social science magazines and academic journals published by leading universities. The more prominent ones are Chinese Sociology and Anthropology, Shehui, Shehui Keshe, Chinese Economic Studies and Shehui Yanjiu. Of absolute importance are two Ministry of Civil Affairs serials: Zhongguo Minzheng (Chinese Civil Affairs, hereafter ZGMZ) and Shehui Baozhang Bao (Social Security Newspaper, hereafter SHBZB) as well as a regional magazine Guangdong Minzheng (Guangdong Civil Affairs, hereafter GDMZ). Relatively unknown overseas, they are truly mines of information on social welfare, covering new developments, official policies, service data, debates and problems. The first is a monthly journal, the second published twice weekly, and the third a quarterly. Although overseas subscription is accepted these sources remain undervalued by Sinologists.

In addition, the civil affairs system released many volumes of regulations, policy documents, handbooks and anthologies in the 1980s. Access to these is rather difficult; mine were obtained through informal channels. These materials are extremely useful in

shedding light on past and current practices. The coverage often goes beyond straightforward reporting; ideological debates, government attitudes and candid exposes of problems are included. The last feature distinguishes MCA publications from national newspapers and yearbooks. As a rule, the latter are more condensed, self-congratulatory and short on originality. Had it not been for the ministerial offerings, an indepth study on social welfare would not be possible.

Determinants of Social Welfare: Western Theories

Insights from two systems of social welfare are relevant to this study. The first source is the welfare state literature from Western capitalist societies; the other is from the experience of socialist states.

Before industrialization, social welfare in Europe was largely a family matter. In an economy of scarcity, poverty was the lot of the ordinary man and considered both natural (the result of individual failings and improvidence) and useful (for the wealth of the nation). Under such circumstances, the relief of the poor was left to private charity. Primarily, assistance was organized through the parishes and monasteries, and to a lesser extent by neighbours, guilds and friendly societies. By the sixteenth century, which saw an alarming increase in the number of beggars and vagrants in England and much of continental Europe, exclusive reliance on local decisions was becoming inadequate (Rimlinger, 1971, p.13). With the rise of the modern nation-state, poverty became a national issue (Flora, 1983). However, in the context of nascent nationalism and the economic power struggle in the

seventeenth and eighteenth centuries, the need to repress idleness and instil industry was felt so strongly that no decisive institutional changes for the relief of destitution emerged. It was not until the 1880s that the take-off of the modern welfare state occurred (Flora, *ibid*) when the social costs of industrialization were too rampant to be ignored.

Germany was the first modern state to introduce social security. In 1883, it introduced a sickness insurance scheme for workers. This was followed by invalidity and old age pensions in 1889 (Handel, 1982; Jones, 1985). In Britain, the terms on which poor relief was to be granted was radically revised under the 1834 Poor Law Amendment Act. Although the State accepted oversight for poor relief, the problem was narrowly defined as able-bodied pauperism and aid was based on the principles of "less eligibility"¹ and deterrence. In 1886, following alarming riots by unemployed workers in London, the government issued a circular authorising municipal schemes of public works to relieve the unemployed. The making of separate provisions reflected a change in official attitude — that the Poor Law was not appropriate in dealing with the problem of unemployment and that in the last resort society as a whole had responsibility, which led eventually to the Unemployed Workmen's Act in 1905 (Fraser, 1984, pp.140-1). In 1908, old age pensions were provided for a small number of the poorest elderly (over 70) who were subject to test of

¹ According to the Poor Law Commission, "less eligibility" meant that an individual should be given relief only on condition "that his situation on the whole shall not be made really or apparently so eligible as the situation of the independent labourer of the lowest class". (Report from His Majesty's Commissioners for Inquiring into the Administration and Practical Operation of the Poor Law, 1834, p.228) quoted by Rimlinger, 1971, p.52.

means and character. Three years later, the National Insurance Act of 1911 set up health and unemployment insurance for the self-supporting work force (Rimlinger, 1971).¹ In 1913 Sweden became the first nation to introduce an insurance pensions scheme covering the entire population. By that time nearly all countries in Western Europe had made some provision for pensions and sickness insurance (Johnson, 1987). In comparison, the arrival of social security in the United States took much longer; it was not until 1935 that the Social Security Act was passed, stipulating old age insurance and federal backed assistance for designated categories e.g. the aged, mothers with children and the blind (Jones, 1985). On the whole twentieth century developments in social policy in Western industrial societies have been impressive; by the mid-1950s most had consolidated and extended social security on a universal basis.

The importance of state social provisions can be glimpsed from the resources devoted to them. For example, in 1960 Britain devoted 13.9 percent of GNP to social expenditure; the percent was 14.5 for Sweden, 20.5 for West Germany and 10.9 for the United States (OECD Observer, No. 126, January 1984, p.5; Jones, 1985, p.80). The average social expenditure among the OECD countries was between 10 to 20 percent of the GNP. In 1985, the proportion increased to 23.7 percent of GNP for Britain, 33.4 percent for Sweden, 31.5 percent for West Germany and 20.8 percent for the United States (OECD, Social Expenditure 1960-90; Rose and Shiratori, 1986, p.209). In

¹ An initial motivation behind the British legislation was for national efficiency; recruitment for the Boer War had revealed a shockingly large number of young men unfit for military service. See Rimlinger, 1971, p.60.

the mid-1980s, the leading industrial countries devoted one fifth to one third of the GNP to social expenditure.

Two features stand out when one examines the pattern of social spending. First, a large part of the increase can be traced to the growth of pensions accompanying population aging. Second, the input of resources between countries does vary. Sweden and West Germany emerged as clear leaders whereas the United States and Japan (17.5 percent, *ibid*), both economic giants, spent less on social protection than other affluent nations.

A profusion of theories, what Castles calls "the battle of the paradigms" (Castles, 1981), have been advanced to explain the similarities and differences among welfare states. Roughly speaking, three kinds of perspectives can be distinguished. The first mode of explanation is technological-economic in nature, the second approach centres on the importance of politics and the third on the contribution of ideology to the development of social policy.

Included in the first perspective is the industrialization thesis. This sees social welfare as an inevitable consequence of the industrialization process. The genesis of change is thought to be located in the breakthrough and proliferation of technology which produced fundamental changes in the economy. A simple mode of production based on agriculture and small-scale handicrafts gave way to an urban industrial economy dominated by the factory system and modern enterprises operating along bureaucratic lines. As a result, changes in the social structure developed, giving rise to problems like family breakdown, eclipse of communities, unemployment, neglect of the elderly, public health, overcrowding

and so on. Permitting social costs to lie where they fell would result in social chaos and inefficiency. Therefore, societies had to find collective solutions through large-scale social intervention, which was also made possible by vastly increased wealth under the new economic order. The most lucid account of this thesis is provided by Wilensky and Lebeaux in their book Industrial Society and Social Welfare, 1965. Even earlier, the key role of the "logic of industrialism" was recognised by Kerr, Dunlop, Harbeson and Myers in Industrialism and Industrial Man (1962). They proposed that as industrial societies develop, they become increasingly alike as they respond to the same kinds of economic and technological imperatives and resort to common strategies of management. In short, industrializing societies converge, however different their starting point.

In the sphere of social welfare, the eventual pattern will be a mixed system underpinned by a major state role with various combinations of market, voluntary and informal care. Looking across different social systems, Mishra postulates that the extremes of total state control in socialist states and unremitting laissez-faire in capitalist ones will both narrow and move to the centre. This is because under capitalism, the injustices of the market, expanding democracy and the importance of a more efficient work force make a residual state role no longer viable; on the other hand, centralized planning and distributing systems will prove too rigid and increasingly unaffordable (Mishra, 1981).

Another way of interpreting the move to the middle way is for capitalist societies to adopt some of the collectivist features of socialist states and for command economies to inject free market

and pluralist features into their welfare system. There are strong indications that such a trend has been gathering momentum in Eastern Europe since the mid-1980s (Deacon, 1990). According to Pinker (1991a), this may not mean the end of ideology as prophesied by Bell (1960). Rather it is more accurate to talk about a growing disenchantment with classical political economy in its purest, competitive liberal form and the Marxist tradition of class struggle and complete state domination (Pinker, 1991a).

Both the industrialization and convergence theories are premised on the importance of technology in social change. A natural derivative is the close link between economic level and the range and generosity of welfare state provisions. To subject this proposition to empirical test, Wilensky examined the experience of 60 nations. He found the association between economic level and social development to be statistically important (Wilensky, 1975). Kohl supports this view: "The rapid economic growth of the recovery period after World War Two enabled Western democracies to increase public spending in almost all fields because of greater fiscal resources" (Flora and Heidenheimer, 1981, p.307). This, of course, is not a surprising finding. However it is not an adequate explanation for the diversity in welfare arrangements that prevail in societies with similar economic attainment. For example the United States and Japan are recognized welfare laggards. Besides, even though total spending may be broadly alike, there are substantial variations in institutional arrangements across nations. Furthermore, if attention is turned to socialist states, the discrepancy is more acute. Most countries in the Eastern bloc, except perhaps East Germany and Czechoslovakia, are technologically

and economically backward; however they do have extensive provisions for social care. Surely this monocausal and deterministic mode of explanation is too simplistic. In short, why is there only one model of social change? Why cannot prescriptions differ even if common maladies occur?

The second approach is to emphasize the role of politics. There are several permutations to this school of thought. One is to look at political intent in social reform. Here, the classic example is Bismarck's introduction of social insurance to thwart the appeal of revolutionary socialism. In this case, social policy was used as a substitute for widening the basis of political authority, and not as a consequence of it (Jones, 1985). Apart from this example, other cases are less clear cut. Indeed, the motives behind policies may not be explicitly stated and even their aims are subject to different interpretation (George and Wilding, 1984). The search for political intent behind specific reforms is too piecemeal and open to dispute.

An alternative means is to focus on the association between political parties and welfare policies. Following this, social scientists have investigated whether leftist parties, social democratic governments and Catholic party power are instrumental in social reform (Rimlinger, 1971; Castles and McKinlay, 1979; Flora and Heidenheimer, 1981; Pinker, 1991b). However, Heidenheimer, Heclo and Adams are less emphatic and argue "that there is at best an unreliable and fairly weak relationship between leftist dominance and extensive income transfers relative to the economy. More striking is the fact that where socialist parties and strong

labour movements are more or less absent, government transfers are consistently smaller in the aggregate" (Heidenheimer, Heclo and Adams, 1983, p.210). Nevertheless, such an argument is weakened by research that shows centre-right governments taking the lead in the growth of social expenditure (Alber, 1983). The case of Britain is instructive. Both before and after the Second World War, substantial agreement on welfare policies existed across the major parties. It was not until the mid-1970s that opinions became more sharply and overtly divided. Government hostility to high social spending notwithstanding, the conservative administrations in Britain and the United States could not embark on wholesale dismantling of the welfare state in the context of widespread public support of the social services (Johnson, 1987, 1990; Jowell, Witherspoon and Brook, 1989; Mishra, 1990).

A third permutation is to explore the relationship between state intervention and political and class conflict. This is essentially a Marxist perspective within which several approaches can be identified. First, there are those Marxists who see social welfare as gains wrested from a hostile capitalist class. For example, in accounting for the divergent developments of the welfare state in Britain and the United States, Mishra believes that "the higher the proportions of labour force unionized the greater the chances that the state will assume responsibility for basic needs" (Mishra, 1977, p.105). Second, there is an alternative top-down approach which describes advances in state welfare in terms of voluntary concessions from the ruling class in order to perpetuate their power (Saville, 1957). This ascribes the rise of the welfare state largely to the functional necessities of system

integration (maintaining the integrity of the system) and social integration (maintaining harmony between social groups) in capitalism (Baran and Sweezy, 1968). Most contemporary Marxists recognize the combined effects of both forces (Saville, 1957; Domhoff, 1971; and Offe, 1984).

In my view, the Marxist perspective is useful in pointing out the central problems in welfare capitalism. Because of the conflict of group interests, ideology and power, social welfare and capitalism coexist in perpetual tension. When the market serves as the primary channel of distribution, the welfare system can only augment its deficiencies, oftentimes reflecting and reinforcing the structural inequality in society. This point of view is, of course, not unique to Marxists. Many social theorists are agreed about the inherent contradiction between social and economic policy and the persistence of inequality and poverty in the midst of affluence can be attributable to it (Titmuss, 1963, 1968; Marshall, 1963; Miller, 1978; Le Grand, 1985; George, 1988).

In relation to China, the relevance of party influence and political conflict will be important issues for investigation. Admittedly, the institutional patterns are not the same. In the context of its one party polity and state dominance, how will these factors affect the choice of its welfare model? Will there be similar social tensions arising from the relentless push for modernization? Will new conflicts between groups emerge? These and the general question of whether social welfare there serves similar functions of system and social integration as in capitalist societies will be explored.

The third category of theories attributes a leading role in

welfare state development to the impact of ideology. For example, Baker's social conscience thesis (Baker, 1979) sees welfare provisions broadening as a result of a widening and deepening sense of social obligation. It is postulated that as deprivations become better known and more resources are at hand (with increased fiscalization), countries everywhere tend towards greater generosity in the social services. A parallel perspective is Marshall's citizenship thesis (1963). This traces the proliferation of social welfare to the acceptance of social rights, which, together with civil (guarantees of individual liberty) and political rights (right to vote and to seek political office) are the three component rights of citizenship. Defined broadly as the right to enjoy "a modicum of economic welfare and security", social rights gained ascendancy in the twentieth century and were credited with the transformation of the Poor Law. Thus, the social services, initially restricted to the needy, were later extended to the working classes and eventually to the whole population. This thesis enjoyed considerable support during the 1960s and 1970s. Its contribution, however, is more important in justifying an extension of social rights than in explaining the dynamics of their evolution.

More recently, Esping-Andersen (1990) has made an original contribution to the theoretical debate by identifying the importance of the nature of states and regime types in the structure of welfare provisions in post-industrial societies. He distinguishes between three models — the liberal, corporatist-statist and social-democratic trajectories, each with its distinct forms of economic and employment management, social stratification

and benefit structures. For an explanation of regime types, he looks beyond simple class mobilization to include the key role of political class coalition and historical forces. By looking at the richness of a country's experience indepth, this mode of analysis can overcome the pitfall of over-generalization from universal theory. Such themes offer food for thought in relation to a vast country like China.

The above are key paradigms that purport to explain the common causes of welfare states. Less elaborate but of no less importance are those variables identified as crucial to social policy development. One is the role of demography. Here, one's attention is drawn to such things as declining fertility, increased aging, the rise of divorce rates and single-parent families, which have the tendency to push up demand for social care (Room et al., 1990). Another is bureaucratic influence. This refers to the self-interest of bureaucracies, and professionals within them, to expand programmes quite independent of need. Hence, while emphasizing economic level as the key independent variable, Wilensky provides this qualification:

"Over the long pull economic level is the root cause of welfare state development, but its effects are felt chiefly through demographic changes of the past century and the momentum of the programs themselves, once established."
(Wilensky, 1975, p.47)

Still another factor is cultural diffusion (Rys, 1964). This stresses mutual exchange and learning. But the influence can also penetrate by political imposition. In this category are former colonies and states that came under Soviet dominance after the Second World War.

In China, there is no evidence of a professional welfare lobby. However, the problem of demography, caused by the one child population policy and rising numbers of old people, are matters of national concern. Likewise, the role of diffusion via the incorporation of the socialist development model is of interest. The extent to which socialist strategies imprint on China and the implications on welfare will be areas for exploration.

In trying to account for cross-national differences, the cultural or value dimension of social welfare merits further consideration. According to Tropman (1976, 1989), the backwardness of the American welfare state is due to such cultural values as individualism, problem morality, melting pot ethos, success orientation, limited government and respect for religious and ethnic diversities. Although values like protection of the weak, equality, and social right coexist, they are of secondary importance. The result, therefore, is a niggardly and fragmented system of care. In a similar vein, Glazer (1986) writes of two systems of welfare in America. Welfare I comprises the contributory programmes for all and education. Welfare II is the residual programmes for those not helped by the first kind. While programmes for independent individuals still expand despite the climate of stringency in the late 1970s, "welfare" programmes for the dependent are in increasing disrepute. He attributes such bipolar treatment not only to cultural values but fundamental features of American society: federalism, ethnic and religious diversity, race, individualism, voluntarism and profit-making agencies in social policy. By looking at the value patterns and institutional practices, the whole culture approach gives due weight to the

influence that the historical and social contexts have on welfare. It has the potential of discovering the general and special character of a country's welfare system.

The consideration of cultural factors brings us to the vortex of two rival perspectives set out earlier. To what extent are countries examples of universal models? Or can one only treat every country as unique? This question is tackled by Pinker in his 1986 paper "Social Welfare in Japan and Britain: A Comparative View. Formal and Informal Aspects of Welfare", using the central concept of the culture of welfare. In any society, the culture of welfare has two parts: values which influence people's notion of obligation and entitlement, and the conventions through which these values find practical expression. The two components are expressed partly in formal social programmes and partly in informal services based on the affiliations of family, friendship and neighbourhood. Values primarily influence choices made in social policy whereas institutional arrangements are affected by national characteristics. After contextualizing Japan and Britain's welfare ingredients in terms of statutory, occupational and voluntary services, he concludes that

"Comparative analysis is unlikely to reveal striking similarities between societies if the formal and informal dimensions of welfare are taken into account and both are then related to cultural variables." (Pinker, 1986)

Despite its brevity, the paper offers a stimulating line of enquiry. In the case of China, how relevant is the cultural legacy in shaping current practices? Can traditions blend with socialist ideology? These themes will be examined in this study.

Relevance of Socialist Experiences

From the start, the search for guidance from practising socialism is hampered by many difficulties. The key obstacle is the dearth of publications on the subject. Language barriers and restricted contacts have compounded the problem of communication between East and West. Insofar as materials are available, the statistical and contextual data are not as full as in the Western literature. Additionally, there is an absence of theory about welfare development, except in an idealised form by Mishra (1977) and Deacon (1983), which was so acknowledged by Deacon in his recent work (1990). Under such conditions, one's quest for relevant theory and conceptual frameworks from welfare socialism is not an easy one.

The Soviet Union, the first nation to go through a Marxist revolution and the most powerful of socialist states, offers a natural starting point. A few works in English about the Russian welfare state have appeared, the most wellknown being Madison's Social Welfare in the Soviet Union (1968), George and Manning's Socialism, Social Welfare and the Soviet Union (1980) and Deacon's Social Policy and Socialism (1983). In addition, Rimlinger (1971) and Pinker (1979) have documented the historical evolution of Russian welfare arrangements.

Contributions originating from socialist Europe were even fewer and these did not become available until the 1980s. By and large, Ferge of Hungary provides the best national sketch of a socialist state with A Society in the Making, Hungarian Social and Societal Policy 1945-1975 (1979). She has also published extensively in European volumes on social policy.

(1986, 1987, 1988, 1990). Other Eastern bloc writers include Sik (1988), Szelenyi (1978; 1983) and Szalai (1990) of Hungary, Svetlik (1988, 1990) of Yugoslavia, and Jarosz (1987) and Ksiezopolski (1987, 1990) of Poland. Their works have enriched people's understanding of socialist social policy.

In brief, the factors that emerge as being relevant in shaping socialist welfare systems are (1) ideology, (2) political and economic policies, (3) meaning of work and the enterprise, and (4) special conditions within these societies.

The Marxist ideology of distribution is buttressed by the concepts of equality and the primacy of need. Equal distribution of the social product can only come about after the private means of production has been abolished and all resources are brought under state control. In the transitional stage of socialism, due to economic backwardness and remnants of the old order, distribution is still tied to work. However, when the higher form of communism is reached, people will be rewarded according to need (Mishra, 1977; George and Manning, 1980; Deacon, 1983). In the Soviet Union, the state was anxious to enhance its legitimacy by early implementation of egalitarian principles. Thus, immediately after the revolution, it promised comprehensive non-contributory social insurance for all, free medical care and universal education. That such promises took longer to realize and had to leap over setbacks, notably in the Stalinist period, did not pervert the strength of ideology as a moulding force. Likewise, in Yugoslavia, which converted to socialism in 1945, a concern to solve the "social question of the working class" came early. The promotion of general social security and welfare is a means towards this end. In the

1950s, the leadership had taken the basic steps toward establishing a welfare state: a social security system was created by central legislation, the health service was socialized, housing was nationalized, free and compulsory elementary education was extended to eight years, and child care services started to expand (Pusic, 1987). It is noteworthy that these countries, when introducing extensive social security schemes, were more backward than when such programmes were adopted in market societies. In short, the ideological imperative of Marxism has been instrumental in achieving what can only be construed as "premature" social development.

Partly motivated by ideology and partly by strong desires to catch up with the developed world as soon as possible, all socialist states pursued common political and economic programmes after seizing power. The measures included land reform, nationalization of firms, heavy investment in heavy industries, and price and wage policy (Furtak, 1986). They all have the aims of equalization, creating employment (and preventing unemployment), and ensuring adequate, if only basic standards of life (Ferge, 1979; George and Manning, 1980; Deacon, 1983). The desired outcome has not been absolute equality. Because the goal has been to put production first, welfare policies were subordinate to it. Indeed Szelenyi argues that the social policy in centrally planned East European states is inherently inegalitarian in its effects. This is because with the disappearance of markets, the distributive mechanisms are basically created and structured by the state (1978). For example, in rationing urban housing, administrative allocation has demonstrably, albeit unknowingly, favoured

bureaucrats, intellectuals and white collar workers (1983). As long as some criteria have to be used in allocating scarce resources, the substitution of bureaucratic decisions for market criteria does not guarantee equality of outcome unless that goal is consciously pursued.

The fusion of welfare and economics and the latter's dominance over social policy in command societies has been recognized by many writers. For example, social security in the Soviet Union was used to enforce labour discipline and consolidate state power (Rimlinger, 1971; Kallgren, 1969; Dixon, 1981; Walder, 1986). Thus industrial workers were heavily favoured by the benefit structure. Rewards for the self-employed and collective farmers have been neglected. It was not until 1965 that the latter were brought into the scheme. The preoccupation with economic growth also resulted in high rates of investment. For example, in Yugoslavia, as late as 1976-80, the average share of investment was still 36.9 percent of GNP (Pusic, 1987). That such was possible was due to significant curtailment of consumption and infrastructural development. For the second item, Ferge estimated that in the West, two-thirds or more of all the investment served infrastructural purposes; this proportion was only around 40 percent in the planned economy (Ferge, 1987, p,80). With regard to social policy, the Hungarian government did not feel that an autonomous social policy was needed since the egalitarian framework of the command economy and rising affluence would solve all social problems (Ferge, 1979 and 1987). Such a view is of course consistent with the Marxist tenet of "basis" determining "superstructure". As long as full employment prevails, there will be adequate protection for all. Not

surprisingly public assistance and welfare services for special groups were not taken too kindly. If available, these were only granted to those who had no working ability or family support. Recipients of special welfare suffered from the stigma of dependence (George and Manning, 1980; Pusic, 1987; Ferge, 1987).

Under socialism, work is of paramount importance. Man has a right and a duty to work. To reward someone who has made no input to production is to encourage dependency and idleness. Hence welfare benefits have to be earned through labour and the state assigns an important welfare role to enterprises. Sik and Svetlik (1988) gave two reasons for the state's interest in direct provision of services by enterprises. First, it allows the state to omit some responsibilities, to promote the idea of collectivism on a lower (quasi-community) level and to simplify the welfare system. Second, enterprise welfare serves as a means of labour competition under conditions of full employment. Taken together, universal social services by the state and welfare support from employers are assumed to meet all human needs.

Finally, the effects of common characteristics of socialist societies. Despite Marx's dictum that the overthrow of the old regime will take place under advanced capitalism, most states were economically backward at the time of the revolution. Their economies were typified by the dominance of agriculture and relatively small industrial and service sectors (Ferge, 1987). Two outcomes followed from these conditions. One was the relative scarcity of economic resources for social consumption. For example, in the Soviet Union, continuing economic stagnation has caused the Stalinist reversion from utopian egalitarian social policy to one

that was firmly tied to occupational award to stimulate production (Mishra, 1977). This was also true of Eastern Europe. It came as no surprise that financial stringency would pervert the goals of equality and adequacy. Thus, Pusic, writing about Yugoslavia, was to observe that "the essential problem of the welfare state everywhere seems to be that its economic cost is increasing beyond its fiscal capability" (Pusic, 1987). Again, this is a familiar experience elsewhere.

Are the above themes relevant to China? With a per capita income of US\$280 in 1987 (World Bank, 1987), the effects of financial constraints were almost a foregone conclusion. Writers like Yuan Qihui in China (1986) and Nelson Chow in Hong Kong (1988) suggest that already labour insurance for urbanites may have been more generous than what China can afford. The other feature, the prominence of traditional structures in social care, has been widely recognized. In Chinese society, the vital role of the family, lineage and village communities is well documented (Fried, 1953; Freedman, 1966, 1970; Baker, 1979). Since the revolution, the family has kept its pride of place (Lei, 1985; Liu and Xue, 1987; Yuan Fang, 1988). Beyond the family, village communities were important agencies of local cooperation and mutual aid (Ngan, 1985). Their socialist replacements — the commune and work units — have likewise functioned as institutions for collective production and consumption (Whyte and Parish, 1978, 1984; Walker, 1984; Walder, 1986; Shue, 1988). The ways in which old institutional arrangements and their modern equivalents function as welfare instruments, the idea of continuity and change in

entitlement and obligation, will frame the agenda of the current study.

In Search of an Analytical Framework

After the above literature review, we can now phrase the major intellectual questions. Significantly, no theory stood out as being eminently suitable as a framework of explanation. Nonetheless, a number of important variables can be identified. From Western theories, these are: the place of ideology, the role of industrialization, political party influence and interest groups. Also deserving close scrutiny is a country's culture of welfare. Experience from socialist countries confirms the relevance of ideology. Other influences centre around the peculiarities of socialist states - their economic and political strategies, the special meaning of work and the importance of the enterprise, economic constraints, and the hold of traditional institutions. All these warrant exploration in the Chinese case. The next step is the search for a meaningful framework for analysis.

As was already mentioned, the welfare state as a concept has a number of shortcomings. First, it is closely linked to its social origins in Western liberal market societies. In Eastern Europe, the word welfare system is generally preferred. Second, the concept confounds state, or trappings of the government apparatus, with society. By focusing on statutory welfare, it does not do justice to other institutions in society that perform similar functions (Hadley and Hatch, 1981; Rose, 1986; and Sik and Svetlik, 1988). In short, a concept that is less culture-bound and broad enough to accommodate both formal and informal systems of social care is called for.

In conceptualizing social welfare, several models have been advanced. The classic dichotomy is drawn by Wilensky and Lebeaux who identify:

"two conceptions of social welfare... the residual and the institutional. The first holds that social welfare institutions should come into play only when the normal structures of supply break down. The second, in contrast, sees the welfare services as normal, 'first line' functions of modern industrial society." (Wilensky and Lebeaux, 1965, p.138)

Titmuss, one of the most eminent British policy analysts, distinguishes between three models: (1) the residual, (2) industrial achievement-performance, and (3) institutional redistributive models. The first and last correspond to Wilensky and Lebeaux's residual and institutional approaches. The second one "incorporates a significant role for social welfare institutions as adjuncts of the economy... (holding) that needs must be met on the basis of merit, work-performance and productivity" (Titmuss, 1974, p.70). The development of welfare in Western society is said to progress from the residual to the institutional model. For example, Romanyshyn (1971) conceptualizes the overall trend of social welfare development as evolving from charity to justice, passing through such phases as benevolence, social security and social planning, and ending in transformation into a welfare society. While these depictions may be useful in describing broad patterns, in reality most countries adopt a mixed approach (Pinker, 1971, 1979, 1991b).

A model that was based on the special character of socialist societies was developed by Mishra in 1977. Called the structural model, it identifies welfare as an integral part of the social structure. Among the more important features of this model are:

total state responsibility for meeting individual needs, the domination of the need-based ideology of distribution, comprehensive range of statutory services which cover the entire population, high level of benefits, high proportion of national income spent on state services, entitlement as of right and the social services as an expression of the basic values of society (Mishra, 1977, pp.121-49). This model is very much an ideal type. To be fair to the architect, Mishra did concede that substantial deviations from the norm exist in reality because of a backward economy in transition to communism. However, in the long run, he insists that the ideological imperative of need-based distribution will persist to a degree sufficient to bring services closer to the blueprint.

Taking the Soviet Union as an example of the structural model, the patterns of formal social services are quite similar to Western welfare states. In 1970, it had developed near-universal income security, comprehensive free health care for the whole population, and free and compulsory ten-year education. The proportion of national income spent on income maintenance, health and education was 18.3 percent as against 17.4 percent in Britain (Mishra, 1977). Meanwhile the major departures of Soviet experience from Western welfare states are the monistic role of the state, a poorly developed tax system and the near absence of a voluntary sector to augment state provisions. The most marked difference is the former's wide resort to wage policy to reduce income inequality. The social services, meanwhile, have the effect of increasing equality and improving living standards of the majority of the population (Mishra, 1977; Deacon, 1983).

Mishra's model does not, in my view, place enough emphasis on the role of work and occupational welfare. In China, enterprise welfare is of paramount importance (Walder, 1986). In the absence of a uniform system of social security for all citizens, labour insurance is confined to urban workers (Dixon, 1981; Walder, 1986; Wong and MacQuarrie, 1986; Shen, 1986). Furthermore, enterprises are responsible for funding the programme. Life-long employment in one work unit means there is no job mobility or a free labour market. Despite these divergencies, the structural model appears to have prima facie relevance for China. It is interesting to examine the extent to which the Chinese welfare system approximates this paradigm.

From the outset, it has been said that this study is a case study of a welfare ministry. However, the discussion of welfare state, welfare models and theories of development is at the system level. What are the justifications?

There are two good reasons for looking at macro phenomena. First of all, societal forces shape the environment and provide the contextual framework for the development of parts. Furthermore, the boundary between components is never clear cut. Nor can one demarcate micro, middle level and macro phenomena neatly. The fusion and mutual influence between institutions means that it is not possible to analyse a segment in isolation from the whole. From what is known about the situation in China, welfare policy for marginal groups is affected by the way in which welfare for the majority is designed. The allocation of responsibility, be it by certain government ministries, work units or neighbourhoods, is ultimately a societal decision. The resources devoted to different

kinds of programmes also have to come out of the total resource pool. Because of these reasons, a macro perspective is justified.

An analytical framework less bedevilled by the shortcomings of the welfare state concept is the welfare mix approach (Rose, 1986). As its name implies, welfare is the product of a mixture of social arrangements. In any society, there are four ways of providing a given service, depending on whether or not the service is monetized at the point of production, and whether it is sold at the point of consumption. These are: the market (where both production and consumption of services are monetized), the state (production monetized but consumption on a non-market basis), the household (neither production or consumption is monetized) and barter (a market exchange without money). Of the four, barter is of marginal importance in a modern economy. Thus total welfare in society (TWS) can be depicted by the following equation:

$$T W S = H + M + S$$

in which H equals the household production of welfare, M equals welfare bought and sold in the market, and S equals welfare produced by the state. The welfare mix of a given society is characterised by the proportion of goods and services produced by each supplier. Furthermore, each sector is inherently replaceable by another source of supply. Thus a dominant state role does not imply that state monopoly is inevitable, neither does a mixed economy of welfare lead to a diminution of welfare goods produced. Indeed, Rose believes that total welfare in society is likely to be greater if there are multiple rather than single producers although the distribution of welfare is likely to be different. The question of what is the best approach is ultimately a matter of political

choice. For example, the state can assume responsibility for universalist services in income maintenance, health care and education (as in Britain, France, and Scandinavia). Alternately, fiscal restraints can activate calls for privatisation (as by the Thatcher and Reagan administrations) and greater use of the voluntary sector (Wolfendon Committee, 1977; Hadley and Hatch, 1981). More elastic in the production and consumption of welfare is the household in response to such adversities as unemployment, decreased income and the curtailment of state provisions. The means available to the household include caring for disabled members, resorting to do-it-yourself services or mutual aid between households and neighbours. Exercising significant influence are cultural values in society. For example both Japan and China extoll family values. In these societies, the state takes a back seat in providing personal social services (Maruo, 1986; Pinker, 1986; Yang, 1957; Yuan Fang, 1988). One can argue that one form of provision may be morally superior or more efficient than other approaches. Nevertheless, the notion of a plurality of forces shaped by cultural and practical circumstances is a useful idea because it takes greater account of social and economic realities.

There are a number of objections to Rose's model. First, the three sectors do not have the same capabilities. Second, to regard production sources as basically substitutable ignores the possibility that the product may be different in quality or have important consequences on the producer. For example, home care of a handicapped member is not the same as rehabilitation treatment in a professional agency. When families are asked to take on too many burdens in social care, they face the risk of breakdown. Hence

equality of supply cannot be assumed under all circumstances. Most importantly, in command economies with limited markets, the ingredients of the mix may not be appropriate.

This last point leads us to examine further the special features of a socialist state. Furtak considers the following criteria as determining the socialist character of a state: the possession of the monopoly of power by a political party which adheres to Marxism-Leninism and claims to be building socialism and/or communism; the elevation of Marxism-Leninism to the exclusive ideology of state and society; the predominance of public ownership of the means of production, and the centralized planning of the economy (Furtak, 1986). The first two conditions guarantee and legitimize the party and the state. As for the economy, the place of the market is eclipsed by central planning, if not ruled out altogether. Seen in this way, Yugoslavia was rather unique in its lack of central, directive planning and its experiment with "market socialism". Even there, the socialist component was dominant. By the 1970s many East European states had tried out reforms to improve economic incentives through the incorporation of limited market mechanisms. Hungary in 1968 introduced liberalization of prices, profit as a success indicator, the principle of self-financing of enterprises, encouragement of private initiatives and decentralization of decision-making (Knight, 1983). In China, economic reforms started in the countryside in 1978; by 1984 they had spread to urban areas. The Chinese reforms, modelled very much on those of Hungary, went even further in admitting a role for the market (Knight, *ibid*). Recent publications have pointed towards some of the changes in people's

livelihood, power relations and welfare practices after the onset of the reforms (Croll, 1987; Feuchtwang and Hussain, 1988; Vogel and Davis, 1990; Goodman and Segal, 1991). As was said in the beginning, the interface between economic and social policies is an important concern of this study. A related issue is whether or not the development of more competitive markets in China will result in social chaos. The impact of these changes on the coherence of China's welfare system will be looked at in depth.

Conclusion

The themes so far developed need to be drawn into a close.

First, concepts in Western social policy tend to reflect values rooted in its own traditions and social system. To be meaningful in cross-system comparisons, concepts should be relatively free of such biases. This means that the analytical framework adopted should take sufficient note of the socialist and traditional character of China.

Second, countries differ significantly in cultural values, institutions and practices. These are an important source of influence quite independent of common ideologies and social structure. Thus socialist countries may also differ in their welfare arrangements on account of their different cultures. In the Chinese case, the vagaries of continuity and change in the culture of welfare has to be taken into account.

Third, the welfare mix approach seems to yield a reasonable framework of analysis. However, the ingredients of the mix should

derive from both system and cultural imperatives. Hence, in place of Rose's original trinity, the state/collective/household framework will be adopted. In the Chinese context, the collective refers essentially to the unit of production, which also performs political and social functions for the state. Meanwhile, the family will be the defining component of the household dimension. The introduction of market reforms and their impact on the other three sectors will be kept under review.

Fourth, it is proposed that the Chinese welfare mix is affected by sectoral changes which result in a redefinition of roles to maintain an overall equilibrium. The influence of possible determinants of welfare, identified through the literature review, will be examined in the light of the current analytical framework.

This chapter has set out the theoretical problems for the present study. In the second chapter, I shall clarify the substantive issues and propositions derived from the use of this analytical framework to examine the welfare role of the Ministry of Civil Affairs. The methods used in conducting this study are detailed in Appendix 1.

CHAPTER TWO

A WELFARE MINISTRY IN THE MAKING

The Ministry of Civil Affairs or Minzheng Bu was set up in 1978 (Minzhengbu Dashiji, 1988, p.292, hereafter Dashiji; Zhongguo Minzheng Cidian, 1990, p.8, hereafter ZGMZCD). Prior to this year, civil affairs work came under the Ministry of Internal Affairs or Neiwu Bu (1949-69). Since their inception, civil affairs departments have defined their mission as "sharing the burden of the state and solving the problems of the masses" (Civil Affairs Work in China, 1986. p.4). However, despite their responsibility for a host of political and administrative programmes, both ministries' most prominent function was and is social welfare. It is the contention of this thesis that examining the evolution of the Ministry's welfare work unravels the dynamics of welfare development in China. In turn, the forces that contribute to determining China's welfare mix spring from society's basic structures and their transformation.

The present chapter hopes to achieve five things. First, it locates the welfare contribution of civil affairs departments in the context of societal arrangements to protect the welfare of Chinese citizens. Second, it identifies the whole range of their duties, emphasizing service nature and targets. Third, it surveys the development of welfare programmes from 1949-78, which gives the historical backdrop to a focussed study of the current period. Then, it reviews the civil affairs approach to welfare. It is suggested that this represents a case of welfare residualism as a

result of the interaction between a number of factors. Finally, the lines of enquiry guiding the rest of the thesis are drawn. A number of propositions relevant to explaining the determinants of welfare in China are set out.

The first Civil Affairs Ministry in China was set up in 1906, in the twilight years of the Qing Dynasty. This Ministry had extensive responsibilities. Its duties ranged from police, public security, registration of households, land administration, roads, hospitals, to sanitation, public health and welfare (Minzheng Gongzuo Gailun, 1987, p.2, hereafter Gailun; Zhongguo Minzheng Shigao, 1986, pp.44-45, hereafter Shigao). The birth of the Chinese Republic saw the Qing agency replaced by the Ministry of Internal Affairs in 1912, later renamed Ministry of Home Affairs, Neizheng Bu (1918) after the practice of Western governments. This new organ had even broader jurisdiction. Its remit included: local government, elections, relief, rehabilitation and charities, household registration, land administration, police, conscription, registration of societies, health and the supervision of local officials (Shigao, 1986, pp.4-5). In 1940, a Ministry of Social Affairs was created to take charge of war relief and social welfare (China Handbook 1937-1945).

Before the communists achieved final victory, they had set up civil affairs agencies in occupied areas. These came under the aegis of the Ministry of Internal Affairs. This practice was perpetuated after 1949. Internal Affairs was one of the first ministries established under the Government Administration Council, later renamed the State Council. Below the central (ministry) level, civil affairs agencies were established in each

administrative region, province, city and county. The official designations are minzheng ting (for provincial civil affairs department), minzheng ju (city and county bureau) and minzheng ke (city district sub-bureau) (Gaige Kaifang Zhong De Zhongguo Shehui Fuli - Guangdongsheng Zhuanji, 1989, p.13, hereafter GDSZJ). To simplify the terminologies, the Ministry of Civil Affairs will henceforth be called the MCA and its predecessor the Ministry of Internal Affairs, the MIA. CADs or civil affairs departments (minzheng bumen) will be used as a collective term for all agencies fulfilling civil affairs functions and especially to refer to agencies below the central government level.

Social Welfare and Civil Affairs

The available literature suggests that social welfare in China operates under the tension of the relationship between a broad and a narrow definition. The narrow conception is represented by the welfare work of civil affairs departments while the broad view sees it as the sum total of arrangements to meet human needs in the material and spiritual domains. Under the latter notion, social welfare does not only mean help to vulnerable groups but also protection for all citizens - through allocation of work, distribution of income, measures to equalize life chances and consumption and spiritual betterment (Wong, 1986, p.84). To realize such broad aims, responsibility is diffused. CADs and many institutions contribute to their fulfillment.

Reflecting a broad perspective are the multiple welfare rights codified in China's Constitution, Marriage Law and Inheritance Law. In the 1982 Constitution, there are provisions for the right as

well as the duty to work (Article 42), the right to rest (Article 43), the right to retirement (Article 44), and most embracing of all, the right to welfare support:

"Citizens of the PRC have the right to material assistance from the state and society when they are old, ill or disabled. The state develops the social insurance, social relief and medical and health services that are required to enable citizens to enjoy this right. The state and society help make arrangements for the work, livelihood and education of the blind, deaf-mute and other handicapped persons." (Article 45)

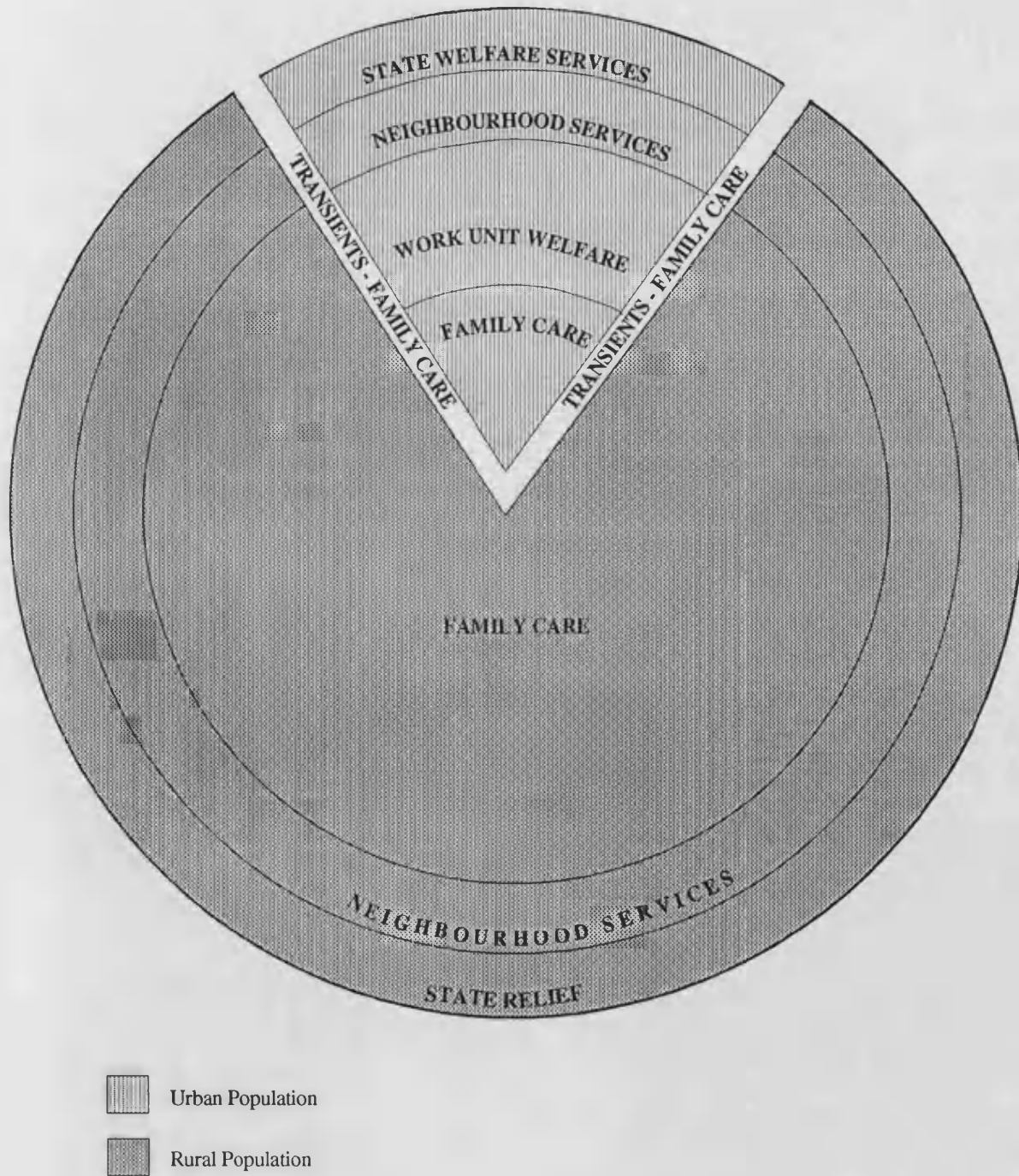
The Constitution also prescribes equal rights for women (Article 48). Article 49 stipulates the obligation of family support. This imposes duty on parents to support dependent children and grown-up children to support needy parents. Equally, protection of women, old people and children from abuse are also codified.

The duty of family support is further enshrined in other statutes. The Marriage Law (1980) extends reciprocal rights and duties to support to grandparents and grandchildren who have the ability to do so (Article 22). Meanwhile, the Inheritance Law (1985) guarantees the rights of citizens to dispose of personal property and heirs to inherit. Notwithstanding such rights, a share of the estate should be set aside to maintain dependents who cannot work and are without income (Article 19) (Palmer, 1988). In extreme cases, failure to support is punishable by imprisonment.

Rights can only be real if they can be translated into practice. In Chinese society, as in other mixed economies of welfare, many agencies and units are involved. Figure 1 gives a conceptual depiction of the Chinese welfare mix.

In the Chinese welfare system, there are three essential ingredients - the family, the collective and the state, the system operating in a layered nexus (Wong, 1986, p.85). As most individuals live in families, this institution is the core unit

Figure 1 The Chinese Welfare Mix



from which citizens obtain their nurturance and support. Historically, as later discussions will show, social welfare in China meant family welfare. Even after 1949, the importance of the family as a unit of social consumption did not diminish, despite communist attack on excessive family loyalty. Admittedly, the resources within the family are limited as well as exclusive to its members. For these reasons, public arrangements are necessary. In welfare matters, the part played by collectives is paramount. For city dwellers, the collective means the work unit (Whyte and Parish, 1984; Walder, 1986).

In the countryside, the collective is the commune where peasants work and live (Parish and Whyte, 1978; Croll, 1987; Shue, 1988). When welfare entitlements of urban and rural residents are compared, it is found that the former are winners. Urbanites are guaranteed jobs with life tenure. Workers in state-owned units and big collective-owned enterprises are covered by comprehensive Labour Insurance (see Appendix 2). Additionally, better-endowed enterprises provide amenities like housing, creches, canteens, clinics and the like to their employees (Dangdai Zhongguo De Zhigong Fuli He Shehui Baoxian, 1987, hereafter Dangdai). These perks are not available to peasants, who make up 73.77 percent of the population in 1990 (ER, 17-23 June, p.30). For them, subsistence was guaranteed by an egalitarian grain distribution system. There are also minimal support schemes financed by the commune welfare fund (Davis-Friedmann, 1978; Croll, 1987; Hussain and Feuchtwang, 1988). Rural decollectivization since 1983 has eroded even these meagre guarantees. Nevertheless, the locality retained the duty to relieve its needy residents and state aid

was supplementary. In cities too, urban neighbourhoods play a supplementary role in helping residents without family or occupational support (Chow and Woo, 1986). In recent years, community social services have proliferated in quantity and scope in recent years. Finally, state welfare is dispensed through civil affairs departments. With the exception of designated grants for social and disaster relief allocated by central government, CADs are funded by their respective tier of administration. This residual layer represents the last life line for citizens who have exhausted all means of getting help. By and large, it is special-need groups who become recipients of state aid, such as natural disaster victims, disabled soldiers, veterans and their dependents, and hardship households (Dixon, 1981; Wong, 1986). At the intersection between the second and third tiers, some overlap exists. Specifically, neighbourhood social programmes come under the oversight of CADs although direct funding is mostly local. This growing zone obfuscates the boundary between statutory and non-statutory care.

Civil Affairs Jurisdiction

To people outside China, the term civil affairs is amorphous in the extreme. Mao Zedong called civil affairs "work involving the people" (Gailun, 1987, p.2; Minzheng Gongzuo Shouce, 1982, pp.1-2, hereafter Shouce). In a similar vein, Marshall Zhu De hailed CADs as "the organization department of the masses" (ibid). Still, its meaning is no clearer unless one examines what actually goes on under its rubric.

In terms of functions, CADs carry out a wide spectrum of activities. To a significant extent, their motley duties suggest an undifferentiated hybrid agency in charge of home affairs. In 1983, the State Council identified eleven tasks for the Ministry of Civil Affairs. These are: (1) construction of grassroots power organs; (2) preferential treatment; (3) resettlement of ex-soldiers and retired army cadres; (4) rural disaster relief; (5) social relief; (6) urban social welfare; (7) administrative division; (8) supervision of marriage registration, funeral reform and societies registration; (9) monitoring and controlling the use of civil affairs funds; (10) directing development and training of cadres in the civil affairs system, and (11) directing the work of the China Association for the Blind and Mute (Minzheng Gongzuo Wenjian Huibian, 1984, Vol.1, pp.79-80, hereafter Huibian).

In the same year, the Eighth National Conference on Civil Affairs clarified the ministry's organizational mission (Huibian, 1984, Vol.1, pp.3-17; Dashiji, 1988, pp.581-94):

"In the wake of this epoch, the Ministry of Civil Affairs has to carry out the duty to build grassroots power organs, resettle demobilised military personnel, administer preferential care for veterans and their dependants, provide relief for disaster victims, the poor and social welfare services, take care of division of administrative areas, reforms in funeral and interment and marriage registration. Among these tasks, some contribute to the work of government construction, some contribute to social security and some contribute to civil administration and management." (emphasis added)

The above conceptualization is very important. It is the first time that the central purposes of the ministry have been identified. Under the new designation, the ministry's tasks come under "sange yibufen", three partial components. This means that

along with other state and nonstate bodies, it contributes to three kinds of national effort. The correlation between purpose and tasks becomes clearer when the two are juxtaposed.

Figure 2 MCA Tasks and Their Primary Purpose

<u>Nature</u>	<u>Tasks</u> (as in "Major Duties and Tasks of MCA, 1983)
Construction of grassroots power organs	1
Social Security	2, 3, 4, 5, 6, 11
Civil administration and management	7, 8
Organizational support work	9, 10

1. Construction of Grassroots Power Organs

CAD work in this area is confined to the grassroots level. In this zone is located both the lowest tier of government as well as mass self-governing structures below it. The first refers to village or township governments in rural areas and city districts (or small cities undivided into municipal districts) in urban areas. Between 1949-1954, 210,000 village governments were set up (Civil Affairs Work in China, 1986, p.3). However, these were absorbed into communes, which by 1958, were ubiquitous in all rural areas.

Communes combined both economic and government functions. For twenty-five years, they were responsible for all facets of rural administration until their abolition in 1983. Replacing them were zhen (town) and xiang (administrative village) governments. To assist administration, villagers' committees were formed. These are rural equivalents of residents' committees found in city areas since 1954. Both rural and urban structures are given responsibility for self-government, self-education and self-catering (Gailun, 1987, pp.43-46). As they were linked to the public security and household registration agencies within the area, they also played a surveillance role vis-a-vis fellow residents (Dixon, 1981, p.172).

The MCA has four specific tasks in relation to grassroots administration (Gailun, 1987, pp.46-49). First of all, it keeps watch over the operation of grassroots polity and reports problems to senior party and government echelons. Second, it sums up experience and promotes the exchange of views and good practice. The third task is to amend and propose needed regulations and guidelines for more effective functioning. Finally, the MCA supervises the work of organizing and strengthening villagers' and residents' committees. In balance, it is the last task that has most salience to welfare as community care became more important during the reform decade.

2. Civil Administration and Management

The CAD's role in this respect is more straightforward. The primary tasks are marriage registration, funeral reform, and division of administrative areas.

According to the 1981 Marriage Law and Marriage Registration Regulations, citizens wishing to marry, divorce or resume husband-and-wife relations with former spouses must file their application with the relevant marriage registration office. In rural areas, this means the village or township government, and in cities, the neighbourhood office. CADs are responsible for inspecting and directing the work of these offices. Civil affairs cadres also conduct ideological education - to teach socialist ethics concerning love, marriage and family life and the need for birth planning. Such indoctrination contributes to the fostering of spiritual civilization, that, together with material civilization, are considered the twin pillars of socialist culture (Gailun, 1987, p.299).

Regarding funeral reform, the ministry sets out to change old customs and promote new practices. It denounces the traditional preference for lavish funerals and earth burials. In their stead, CADs advocate frugal ceremonies and cremations.

The work of societies registration began in the 1950s. Welfare bodies, art and literary societies, academic research centres, religious and mass organizations were required to register with the MIA. This work did not appear to be an important activity and lapsed during the 1960s and 1970s. Registration drives were stepped up in 1988 when a special division was set up in the MCA (ZGMZCD, 1990, p.392).

MCA work in territorial administration takes three forms (Gailun, 1987, pp.66-67). The first is the logistical work of drawing up administrative boundaries and choosing place names. The second task is to mediate in territorial boundary disputes. During

the reform decade, such work became more important as the value of land increased. Finally, the MCA facilitates the formation of towns. In this, it counsells provincial governments by studying the needs, location and establishment structure of new towns. One purpose of township formation is to satisfy the rising material and cultural needs of the rural masses. More significantly, towns relieve the pressures for peasant influx into cities by localizing industries. Indeed, township development has become a vital part of the country's economic strategy (Fei, 1986). MCA contribution in this area strengthens its work in building administrative and resource infrastructures for social development.

3. Social Security

By far the most important role of the CADs is directed at social security. An authoritative definition of social security comes from Lu Mouhua, a senior Ministry official in charge of cadre training:

"Socialist social security in our country generally means measures to protect and actively enhance security in the material and spiritual life of the people by the state and society. Social security, when manifested in the form of compensation for various losses and risks is social insurance; when manifested in compensation for physical handicaps, overcoming and prevention of hardships, and raising the quality of life is social welfare; when manifested in non-compensatory assistance in relation to natural disasters and poverty is social relief. In the main, social security is the total system of comprehensive protection of life for all members of society under socialism. Social insurance, social welfare and social relief are the instruments of its implementation or concrete forms. They are indispensable parts of the social security system." (Lu, 1986, p.90) (emphases added)

This view subsumes social welfare and social relief under the broad goal of social security and is representative of government thinking as a whole (SHBZB, 15 May 1986, 1 April 1988; Seventh Five

Year Plan for Economic and Social Development). In the West, the equivalent concept would be social welfare. There, social security is commonly identified as an income-maintenance programme while social welfare refers to social services in kind and in cash (Kahn, 1979; Wilson and Wilson, 1991, pp.3-34). Despite semantic differences, MCA programmes oriented to social security, according to their own definition, serve similar purposes as Western concepts of welfare. The common goals are to enhance the well-being of citizens, meet needs of vulnerable groups and satisfy society's needs for integration and security.

For the purpose of this study, four schemes operated by CADs fall under the scope of welfare. These are preferential treatment, resettlement of demobilized personnel, social welfare, and social and disaster relief. I shall dwell on these very briefly since they will be given fuller treatment in subsequent chapters.

(1) Preferential Treatment

The preferential treatment programme covers five categories of people. These are (i) dependents of serving army personnel; (ii) dependents of martyrs and deceased soldiers; (iii) disabled soldiers and government workers; (iv) demobilized army personnel; and (v) retired veterans and army cadres.

Preferential treatment or youfu gongzuo originated in the 1930s (Gailun, 1987, pp.68-9). At that time the communist army was based on farmer-fighters who handled the dual tasks of production and war in tandem. When the Red Army were away in combat, the livelihood of their dependents became a problem. The solution then was to mobilize the masses to give help - in tilling and giving aid in

kind (Gailun, 1987, pp.69-70; Minzheng He Shehui Baozhang Wenxuan, 1985, pp.343-44, hereafter Wenxuan). This tradition of mass compensation for national service was preserved after 1949. Not only did it serve a welfare purpose but also guaranteed a steady supply of military recruits.

In the commune period, the major means of mass aid took the form of awarding work points to soldiers' dependents. Assistance in kind and cash was also given (Dixon, 1981, pp.348-49). From the government, there were one-off death grants, disability pensions, institutional treatment and convalescent facilities. The statutory programmes have continued. However, since the reforms began, collective or mass aid has taken the new form of cash grants. This new practice is more congruent with a rural economy run on a cash nexus (Gailun, 1987, p.80; Wenxuan, 1985, p.340).

(2) Resettlement of demobilized personnel

In line with the country's rigid household registration policy which restricts residential mobility, demobilised personnel are resettled back in their home communities (Cidian, 1987, p.112). Upon discharge, rural recruits are given a small gratuity, food allowance, and travel expenses (Dixon, 1981, p.354) to make their way back to their villages. The majority return to farm work while some become village cadres or join rural enterprises. In rural resettlement, the role of CADs is facilitative; direct placements are found by local governments and collectives.

Urban residency status ensures that recruits from cities return there to await job allocation (Gailun, 1987, p.113). Different treatment is accorded to various groups. Those who had work return

to their former work units as far as possible, or are placed in other units. Former students or hitherto unemployed youths are allocated jobs by labour bureaux, which apportion all intake quota among various trades and government organs. In assigning work, the policy has been to favour those with earned merit. This means that decorated heroes enjoy first placement rights according to their expressed preference (Gailun, 1987, p.114).

(3) Relief

Relief work of the Ministry is divided into disaster relief and social relief. Together these two categories took up over 40 percent of the civil affairs budget during 1981-85.¹

Each year about 100 million people are affected by natural disasters, e.g. floods, droughts, locusts, frost etc. which cause serious damage to lives and property (Gailun, 1987, p.145). The ministry is not the only body to fight and relieve disasters; mass mobilisation involving state organs at all levels, the masses and the army is the practice during major calamities. Yet, on-going responsibility for disaster relief rests with the MCA.

Four specific tasks are involved in disaster relief work. The first one is assessment. Immediately after a calamity is reported, local CAD officials make on-the-spot investigations regarding the size, nature and extent of the damage, assess the abilities of local communities for mutual help and estimate the nature and volume of aid needed. Then there is the job of actual dispensation.

¹ In the Sixth Five Year Plan period (1981-85), total state spending on civil affairs amounted to 11.4 billion yuan. Expenditure on disaster relief was 31 percent. 26 percent was spent on social welfare services, including relief of the indigent in city areas. See Civil Affairs Work in China, 1986, p.19.

The policy is to confine the grant to the worst affected areas and victims. The third task is to review relief policies and their implementation so that suggestions for improvement can be made to party and state organs at a higher level (Gailun, 1987. pp.161-62).

Social relief is directed at the alleviation of hardship connected with poverty. Three components are involved: rural relief, urban relief and self-regeneration through work (shengcan zigou) projects.

The "five-guarantee" scheme is the cornerstone of the rural relief programme. Originally, the "five guarantees" consisted of food, fuel, clothing, education and burial (Gailun, 1987, p.170; Cidian, 1987, p.157). In time, the contents have been upgraded. Beneficiaries are confined to the elderly, disabled and young orphans who have no family support, work ability or means of livelihood. This scheme is funded and administered by the locality. In addition, the local collective also dispenses temporary relief to hardship households. In the mean time, the CAD role is one of monitoring and direction. State relief is restricted to areas of chronic deficit.

In the cities, three groups of residents are eligible for state relief. The first group consists of "three-no" targets (no family support, no work ability and no means of livelihood) (Cidian, 1987. pp.168-69). A second group are poverty-stricken households e.g. families with a large number of dependents, irregular income or no employment. Finally, aged and frail workers laid off during the austerity drive between 1961-65, who have reached retirement age and are unemployed are given monthly relief equal to 40 percent of their former basic wage. Yet another category became eligible after

1978 (Shouce, 1982, pp.417-9; Gailun, 1987, p.178). This comprises rehabilitated political deviants, discharged criminals, and rusticated youths who returned from the countryside, and other "bad elements". Among these, only the "three-nos" and designated redundant workers are eligible for regular relief from their local CADs.

Self-regeneration through productive work involves helping natural disaster victims and poor households to overcome their difficulties and regain self-sufficiency through engaging in production (Gailun, 1987, p.185). The work of CADs includes educating the masses on self-reliance, running pilot projects and promoting sideline production or self-employment. Such work has been upgraded into a fuller programme of giving development aid to the poor. Under the fupin initiative, CADs not only give loans but coordinate other state agencies to provide material and technical support to start entrepreneurial activities (Gailun, 1987, p.208).

(4) Social Welfare

Social welfare services were traditionally confined to people with "three-no" status. The services come in three forms: social welfare institutions, social welfare production enterprises, and urban community services.

CADs run three types of social welfare institutions (Lu, 1986, pp.81-83). The first type are social welfare homes (shehui fuliyuan), which serve a mixed clientele - mostly old people, also some disabled and orphans. The second type (ertong fuliyuan) are facilities for orphans and abandoned children, most of whom are handicapped. Finally, there are mental hospitals for former

soldiers and "three-no" cases. In recent years, under pressure to open up access to other groups, CAD-run institutions have admitted self-financed residents and offered day treatments on a fee for service basis (Dashiji, 1988, p.757).

Social welfare production enterprises provide employment for the severely disabled who have some ability for work but cannot cope with open employment. The state grants income tax relief to factories where at least 35 percent of the operational staff are disabled persons (Shouce, 1982, p.458-59). Both CADs and local collectives (neighbourhoods, villages and enterprises) operate welfare work schemes for the disabled.

Beyond the scope of welfare institutions and factories, local communities are increasingly involved in running social services for residents. A wide array of services are provided, ranging from group homes, day care, domiciliary support and household help.

The final welfare programme is relief for vagrants. Multi-purpose centres called reception and dispatch stations provide relief, re-education, deviants-clearance and repatriation services. Those without homes and who repeatedly return to cities to beg are put to work in settlement farms (Gailun, 1987, p.275; Shouce, 1982, pp.476-77).

Historical Review of Civil Affairs Welfare, 1949-1978

Official periodisation runs into five phases (Gailun, 1987, pp.8-9). In each of these periods, I shall comment briefly on the political and economic exigencies and identify major developments under civil affairs.

(1) Immediate post-revolution phase (1949-52)

In this stage, the mammoth task of nation building was complicated by the profound destruction that followed the Sino-Japanese conflict (1938-1945) and the Civil War (1946-1949). Hence national priorities were post-war reconstruction, government building, re-imposing social order, undertaking land reform and reviving the national economy. CADs were involved in many of these activities. The First National Civil Affairs Conference held in 1950 laid down the following duties for CADs (Gailun, 1987, p.8): the formation of democratic government, preferential treatment, resettlement of demobilized personnel, social relief, productive work relief, hardship subsidy, land administration, household registration, nationality, division of administrative areas, territorial boundary mediation, registration of societies, marriage registration, mobilisation of civilian workers (in public works projects), resettlement and migration, rehabilitation of vagrants, and reconstruction of old base areas where the early communist guerillas operated. In addition, CADs had oversight of religious and overseas Chinese affairs.

In this period, CAD relief work was epitomized by the following slogan - "achieve self-regeneration through productive work, overcome the hardships by thrift, practise mutual aid among the masses, substitute work for handouts, and to supplement by necessary relief." In terms of actual achievements, CADs recorded the following (Gailun, 1987, pp.165-66):

repatriation of 1.2 million dispersed persons from eight cities
back to their home villages;
providing relief for 1.21 million urban residents;

receiving 110,000 orphans, disabled and destitute elderly; rehabilitating and resettling 240,000 vagrants; also prostitutes, drug addicts (4 million), thieves and other bad elements.

A few observations on the work in this period are apposite. First, the bulk of the activities focused on rehabilitation, relief and political control. Besides welfare work, the MIA was quite prominent in setting up people's representative councils in local areas. Second, massive relief was judged undesirable as well as impossible because of paucity of resources. This meant that the emphasis was on self-reliance and not dependency. Third, missionary welfare work, which hitherto played an important role in the republican period was attacked and this paved the way for its abolition in 1953. Finally, the veteran programme received high priority. No less than five regulations relating to preferential treatment were announced in December 1950.¹

(2) Socialist transformation phase (1952-1957)

This phase coincides broadly with the period under the First Five Year Plan (1953-57). In cities, nationalization of industries was followed by the organization of handicraft, trade and commerce into collective enterprises. By the end of 1956, 90 percent of

¹ These are: Temporary Regulations on Commendation and Relief of Martyred and Deceased Revolutionary Army Personnel; Temporary Regulations on Preferential Treatment for Dependents of Revolutionary Martyrs and Revolutionary Army Personnel; Temporary Regulations on Commendation and Relief of People's Militia and Civilian Workers; Temporary Regulations on Preferential Treatment and Relief of Disabled Revolutionary Army Personnel; and Temporary Regulations on Commendation and Relief of Injured and Deceased Revolutionary Workers. See Gailun, 1987, p.71.

handicraft workers, 99 percent of privately-owned industrial enterprises and 85 percent of privately-owned commercial enterprises were taken into the public sector. At the same time, collectivization of agriculture developed rapidly. By 1956, 96.3 percent of peasant households had joined cooperatives (A Chronology of the PRC, 1986, p.19, hereafter Chronology).

On the political front, a number of campaigns took place to consolidate communist dictatorship. First, there was the mounting of the "Five-Anti" and "Three-Anti" campaigns from 1952. The former was aimed at officials: to combat corruption, waste and bureaucratic abuse of power. The latter was directed at industrialists, merchants and the middle classes to eliminate bribery, tax evasion, theft of state property, incorrect fulfillment of government commissions, and the use of official economic information for private gain (Kraus, 1979, pp.34, 66-67). A milestone was the adoption of the Constitution (1954) (Chronology, 1986, p.12). Then, there was the lynching of intellectuals orchestrated through the short thaw to "let a hundred flowers bloom, let a hundred schools of thought contend", which quickly gave way to the Anti-Rightist Campaign (1957) (Chronology, 1986, p.21; Wong, 1979, pp.56-59). A party rectification campaign then followed.

These political onslaughts effectively eliminated actual and potential opposition to the regime. Thus by September 1956 the Eighth National Congress of the CCP concluded that the socialist system had in the main been established. The principal contradiction was no longer that between the working class and the

bourgeoisie, but that between the rapidly growing economic cultural needs of the people and the ability to meet such needs. Following from this, the main task of the country was to concentrate on developing the social productive forces to meet the economic and cultural needs of the people (Chronology, 1986, p.18).

In civil affairs work, this period was marked by an internal reorganization and the convening of two national conferences. In March 1953, the Ministry was restructured. This resulted in a re-shuffling of duties among old divisions and the creation of the Director of Relief and Director of Registration (Minzheng Bu Dashiji, 1988, p.59, hereafter Dashiji). The second conference, held in October 1953, endorsed the continuation of the tasks laid down in 1950 (Dashiji, 1988, pp.67-68). However, at the next conference in November 1954, the MIA was severely attacked by Vice-Premier Chen Yi for wrongly aspiring to monopolise the work of government construction, thereby usurping the authority of the party and superior government organs. The MIA party group was forced to conduct self-criticism. Thereafter this aspect of MIA work went into eclipse (Dashiji, 1988. pp.88-89).

In social welfare and relief, CADs continued to stress the principles of encouraging self reliance, mutual aid, thrift and minimal reliance on state aid. In 1953, the takeover of all former missionary welfare services was completed, forming the core of the ministry's institutional programme.¹ The China Blind Persons Welfare Association was also set up in that year.

¹ In 1953, CADs had taken over 451 charitable undertakings from overseas missionaries (247 from USA; 204 from UK, France, Italy and Spain). 198 of these were run by Protestant churches, 208 by Catholic organizations, see Shigao, 1986, p.300; also ZGMZCD, 1990, p.329.

Regarding self-regeneration through work projects, statistics from 52 cities recorded a total of 1,802 work units in 1954. A total number of 220,000 poor people were given employment (Gailun, 1987, p.190; Shigao, 1987, p.294).

In urban relief, because of the nationalization and collectivization drives, new targets were included (old and frail hawkers, rickshaw pullers, religious personnel and dependants of offenders and deviants undergoing rehabilitation) (Gailun, 1987, p.166). Meanwhile re-education and dispatch work continued. By 1956, CADs had rehabilitated 426,000 vagabonds and prostitutes and ran 90 settlement farms which gave work to 26,000 vagrants (Gailun, 1987, p.282; Shigao, 1986, p.303).

In rural areas, after the conclusion of land reform peasants were mobilized to join cooperative schemes. One way of inducing participation and preparing for rural collectivisation was to ensure that the indigent receive support. Thus, the 1956 Model Charter for Advanced Agricultural Producers' Cooperative spelt out the importance of giving relief to members without families and ability to work. This laid the basis for the "five guarantees" (Gailun, 1987, p.170; ZGMZCD, 1990, pp.283-84).

Improving the veteran programmes became more pressing with the conclusion of the Korean War (October 1950-July 1953). In 1955, the government passed the Conscription Law and issued the Resolutions Regarding the Resettlement of Demobilized Military Personnel. The first transformed military service from volunteer service to compulsory conscription (Cidian, 1987, pp.107-8). The latter laid down concrete methods of resettlement and preferential treatment. The need for a more vigorous approach stemmed from the failure of

earlier efforts. Some areas were amiss in placing veterans in jobs and giving help to the disabled. Many enterprises refused to employ former soldiers, branding them as "lacking job skills", "too fond of giving opinions" and "insubordinate" (Shouce, 1982, p.246). Such problems caused widespread grievances and were potential threats to the draft. The new law and resolutions represented a social policy response to ensure the success of conscription. Operating under clearer powers and responsibilities, resettlement work became more routinised and important. Included in the reform was the creation of a regular office under the CADs. This facilitated work execution and probably enhanced their political standing. One example of actual work done included 66 crippled revolutionary soldiers' schools, which provided accommodation, health care and vocational training (Shouce, 1982, pp.245-51). Between 1949-56, some 260,000 disabled veterans were helped, of whom 60,000 graduated to become workers and 4,000 entered institutions of higher learning (Dixon, 1981, p.346). Furthermore, CADs ran seven institutions which restored limbs for disabled veterans. These later developed into artificial limb factories (ibid).

(3) Socialist Construction Phase (1957-1965)

Successful conclusions to the Anti-Rightist and party rectification campaigns allowed the government to devote full attention to economic development. The principal targets of the First Five Year Plan were fulfilled one year ahead of time. During 1953-56, the government recorded an average annual increase of 19.6 percent in the value of industrial output and 4.8 percent for agriculture (Chronology, 1986, p.19). Such successes prompted Mao to hasten the

drive in communization and launched the Great Leap Forward (GLF) in 1958. The GLF called for hyper-speed development in all sectors of the economy to catch up with the West in a few years. Euphoria was short-lived however. By the following year, the signs of failure, industrial stagnation and decreased agricultural output, were apparent. To compound the policy blunders were natural disasters in three consecutive years - severe droughts and flooding which resulted in an estimated death toll of 15-30 million (Ashton et. al, 1984; Riskin, 1987). 1960 also saw the tensions with the Soviet Union erupting in a full-scale split. Not surprisingly, production faltered. The average annual growth rate during 1958-62 was 0.9 percent for agriculture, 0.6 percent for light industry and 5.7 percent for heavy industry (as against 4.5 percent, 13.9 percent and 21.5 percent respectively during the First Plan period) (Pairault, 1988, p.29).

By 1961, the government was forced to carry out a programme of "adjustment, consolidation, filling out and improvement" (Chronology, p.30). In agriculture, there was more decentralization in decision-making. There was also greater tolerance of household cultivation ("the peasant was returned to his village and the family to its hearth") (Dixon, 1981, p.203). Likewise, more realistic targets were set for industry. A brief spell of revival soon followed. In late 1964, Premier Zhou Enlai announced the government's intention to build a strong socialist economy with modern agriculture, industry, national defence, and science and technology. However, this plan was still-born as one year later, political clouds gathered and burst into the storm of the Cultural Revolution (CR).

To guide the work of the CADs, three national conferences were held in this period. The Fourth Conference (1958) reflected the spirit of the times by advocating that politics should take command in all tasks. Cadres, the masses, veterans and all welfare recipients were enjoined to take full part in the GLF. What this meant in concrete terms was unclear. However, in the 1959 conference, officials reported a slackening of CAD work (Cidian, 1987, p.21). Particularly hard hit were preferential treatment and resettlement work. Disruption also resulted from the transfer, hence loss of, civil affairs cadres. At the same time, CADs lost their brief over territorial administration, household registration and migration.¹ In the Sixth Conference (1960), there were renewed calls to strengthen all civil affairs work. Still, the policy of faithfully following the political line of the GLF prevailed. By 1961, economic chaos was such that further austerity was mandated. The MIA, like all state organs, followed the state policy of staff contraction, reducing its establishment from 561 cadre posts to 417. Its cadre training school, set up only two years ago, was also closed down (Dashiji, 1988, p.181).

Concerning resettlement work, the principle of returning demobilized personnel to their place of origin, "from whence you come, to whence you go" was formally enunciated in 1958 (Shigao, 1986, 161; Gailun, 1987, p.108). The same year also saw the passing of two more sets of regulations to tighten supervision of demobilized soldiers and army officers (Gailun, 1987, p.339). CADs

¹ Responsibility for household registration was transferred to the Ministry of Public Security in 1956; migration, to the Ministry of Agriculture in 1958. Work concerning territorial administration and elections was transferred to the the Secretariat office under the State Council in 1960 but regained by MIA in 1961, see Dashiji, 1988, pp.730-31; see also Gailun, 1987, pp.8-9.

were urged to pay closer attention to ideological work of helping veterans to re-enter civilian life. The significance of resettlement work was reflected by the number of veterans involved. By 1958, some 4.8 million had been successfully demobilized (Gailun, 1987, p.102).

In 1960, the MIA called a discussion workshop on preferential treatment (Gailun, 1987, p.75). For the first time, there was the suggestion that such work should combine the efforts of both the state and the masses (rather than relying primarily on the latter). The work in rural areas should achieve three kinds of integration (san jiehe): integrating preferential treatment by the masses with government subsidy, integrating political education with material benefits, and integrating the working methods of preferential treatment with the "five-guarantee" programme (Gailun, 1987, pp.75-76). By 1963, the MIA happily reported that many areas were able to achieve their objectives of "assessing case eligibility in spring, re-assessing it in summer, and paying out preferential aid in autumn" (Shigao, 1986, p.162). In the communes, a yearly average of four billion work points were allocated to eligible peasants, including veterans and soldiers' families (*ibid*). Another improvement was recorded in 1965 when rural veterans sustaining Class 3 disability became eligible for long-term subsidy (in place of a one-time disability grant) (Cidian, 1987, pp.74-75). This extension pacified a disgruntled group. It was also a step in the direction to improve the lot of former combatants.

In social welfare, two developments were important. The first was the clarification of the nature of CAD-run welfare production enterprises. These were to consist of four kinds (Shigao, 1986,

p.298):

- (i) protective type - units for the blind, deaf and mute;
- (ii) service type - units producing tools, cultural articles, artificial limbs for the disabled, and crematories;
- (iii) reform type - rehabilitation units for vagrants;
- (iv) self-help type - work units for dependents of martyrs and servicemen and poor households.

Along with this categorization was the loss of CAD jurisdiction over other types of work schemes. For example, workshops for the unemployed were transferred to neighbourhood agencies.

The second concerned institutional care. In 1958, the Fourth Conference proposed that CADs should set up mental hospitals for "three-no" targets. In 1959, most big cities had embarked on such a building programme. Some provinces also started to operate integrated social welfare institutions. By 1965, CADs ran a total of 819 homes, including mixed institutions, children's homes and mental hospitals (Shigao, 1986, p.301).

In social relief, the economic crisis dictated the need for new relief measures. Between 1961-65, many workers were laid off after the fiasco of the GLF. Those within this group who had special hardships were given a monthly relief. In rural areas, the rudiments of the "five guarantees" had been established in 1956. The National Programme of Agricultural Development promulgated this scheme explicitly:

"The agricultural cooperative, in treating those commune members who have no work ability and who are widowed, childless or are orphans, should ensure that they get appropriate support in their livelihood, to guarantee food, clothing, fuel, education and burial" (Gailun, 1987, p.170).

Apart from categorical assistance, rural relief remained limited. Families who fell on hard times could apply for relief from the commune welfare fund. However, only temporary help was available. During the "three years of difficulties" (1959-61), a partial "de-communization" took place. Just as the GLF introduced mess halls, nurseries and old people's homes overnight to socialize family functions, the period of readjustment saw these structures disappear all at once (Whyte and Parish, 1984). Family self-help was again emphasized. Government support was confined to subsidies for veterans and disaster relief.

(4) The Cultural Revolution Period (1966-76)

The Cultural Revolution years are now called the "ten years of chaos", "the dark age" and "the lost decade". The causes for the CR and its long-term effects will probably be debated for years. However, the immediate impact is clear: intense political struggles, interruption of production (especially in urban enterprises), and social upheavals (Yan and Gao, 1986). In the domain of public administration, the government apparatus became the prime target of attack by red guards, youths mobilized by Mao to seize power from the authorities and to build a new culture. By 1968, the chaos was such that the control of state agencies at all levels had to be transferred to revolutionary committees formed by representatives from veteran cadres, the People's Liberation Army (PLA) and workers (Chronology, 1986, pp.45-46). Of immediate relevance welfare was the abolition of the MIA in 1969 (Dashi, 1988, p.132), along with the Ministry of Labour (Dangdai, 1987, p.418). The work of mass organizations like labour unions and the

women's federation was also severely disrupted (Dangdai, 1987, p.323).

The assault on the MIA reflected Maoist condemnation of "economism", or the use of economic incentives in motivating workers (Dangdai, 1987, pp.91-3, 202-3; Dixon, 1981, p.120). Although the brunt of the attack had been aimed at the Ministry of Labour and trade unions, welfare support of all kinds was denounced (Dixon, 1981, p.121). To Maoist radicals, welfare was a form of bribery used by State Chairman Liu Shaoqi and "capitalist roaders" to win the allegiance of workers. For its replacement, Maoists advocated self-reliance; even welfare for the indigent became politically suspect. However, apart from these general accusations, it was unclear whether there were any specific reasons for abolishing the MIA.

What happened after the MIA was demolished? There was no doubt that the effects have been disastrous. From the information available, most local CADs survived in this period. In many places, CADs were amalgamated with other departments (Wenxuan, 1985, pp.602-3). However the be-heading of the central apparatus deprived the organisation of its leadership. In this period, policy directives or circulars appear to have dried up completely, apart from a few guidelines on veteran resettlement. There was also the loss of civil affairs posts and personnel, especially at the village or town level. Under such circumstances, local services were left to languish on their own. By 1972, the sorry state of affairs was causing enough concern for the State Council to convene a meeting to discuss what should be done about the work of the defunct MIA. The outcome amounted to a formal dismemberment

(Gailun, 1987, p.76). The Ministry of Finance, which appeared to have swallowed up the MIA in 1969, was given responsibility for the preferential treatment programme. Resettlement work went to the Labour Office under the State Planning Commission, with actual placements handled by provincial authorities. Disability assessment became the joint responsibility of the Ministry of Health and the PIA. Given such disarray, one can only surmise that the human costs must have been considerable.

All in all, research on this period is hampered by serious shortage of secondary data. Neither were CAD officials willing to talk about what happened during the CR when the subject was brought up. Such an information black out makes the CR years the least understood phase of civil affairs history.

The MCA - the Case of Residualism in Welfare

The history of civil affairs before 1978 tells the story of a fledgling organization. Steady developments took place between 1949-1957 and after the GLF. During the CR years, local CADs were left to their own devices after the central ministry was disbanded. Tortuous and devious their fortunes may be, the CADs have survived with their welfare functions intact. It is no exaggeration to say that in their first thirty years, one can see a welfare bureaucracy in the making. What approach does civil affairs welfare and relief represent?

Civil affairs agencies maintained that they were serving up to one fifth of the nation every year. Taking 1984 as an example, the composition of clients served by CADs is given in Figure 3.

Figure 3. Persons Served by CADs and Agencies
Under Their Supervision in 1984

Preferential Treatment and Resettlement		
Dependants of martyrs & deceased veterans	3,000,000)	
Disabled soldiers	840,000)	(a)
Dependants of serving soldiers	22,000,000)	
Retired & demobilized military personnel	21,000,000)	
Urban Social Welfare		
Residents in social welfare institutions	70,000	(b)
Disabled people in welfare factories	197,000	(b)
City residents under regular relief	230,000	(c)
City residents receiving temporary relief	1,000,000	(c)
Redundant workers on 40% pension	260,000	(d)
Rural Relief		
"Five-guarantee" recipients	2,961,000	(d)
Residents in old people's home	210,000	(e)
Development aid for for rural poor	3,300,000	(f)
Settlement farm workers	15,000	(g)
In addition, potential beneficiaries include		
Victims of natural disasters (estimate)	100,000,000	(h)
Disabled persons	51,000,000	(i)

Note:

The figures do not include users of administrative services such as marriage and divorce registration.

Sources:

- (a) Gailun, 1987, p.73.
- (b) Wenxuan, 1985, p.170.
- (c) Gailun, 1987, p.167.
- (d) Wenxuan, 1985, p.315.
- (e) Wenxuan, 1985, p.373.
- (f) Figures for 1985, see SHBZB 6 March 1986.
- (g) Gailun, 1987, p.289.
- (h) Estimate by MCA, see Summary of Proceedings of the Eighth National Conference on Civil Affairs.
- (i) According to the 1987 national sample survey on the disabled, an estimated 4.9 percent of the population (51 million) were suffering from disability, see SHBZB, 11 December 1987.

When the above figures are examined in the light of services rendered, the MCA claims turn out to be inflated. Most clients are not directly served by CADs. An even smaller number received help on a regular basis. After leaving out users of administrative services (e.g. marriage registration, funerals) and temporary relief, only two categories made up its core targets. These were (i) soldiers, veterans and their dependents; and (ii) marginal groups like the "three-nos". In CAD parlance, they were "the most adorable" (zui keai) and "the most pitiable" (zui kelian) (Minzheng Gongzuo de Tansuo, 1989, p.24, hereafter Tansuo). Even for these residual groups, more help came from neighbourhoods and collectives than from the state.

Association with stigmatized groups most probably gave the CADs a tarnished image. CAD officials were sometimes derided as doing no more than "bai bai nian, pai pai qian" (paying New Year visits and doling out a little money). In other societies, the unemployed and the homeless suffer a loss of social esteem. In Chinese society where family and work status are the benchmarks of social identity, deprived persons become virtual pariahs. Were it not for the veteran programmes, the perceived usefulness of CADs would be even smaller.

Cognizance should also be taken of factors which diminished programme effectiveness. The disaster relief programme was a good example. MIA records indicated that emergency grants did not always go to the most needy, according to policy. Widespread practices of embezzlement, indiscriminate relief and misuse of funds (ranging from diverting state grants to official entertainment, staff housing and bonuses) have been reported (Gailun, 1987, pp.155-57;

Huibian, 1984, Vol.2, pp.139-40, 147-50, 692-97; Dashiji, 1988, pp.81-82). Of these infringements, the most serious was indiscriminate relief, vividly depicted as "drizzles" and "spinkling with pepper". These practices stemmed from local cadres yielding to popular demand to distribute aid equally among neighbours, regardless of need. Not surprisingly, the amounts actually received by disaster victims were paltry and totally inadequate in alleviating hardship.

The meagreness of aid should be seen in the context of total state spending on civil affairs. According to the official history of the MCA (Dashiji, 1988, p.734), total expenditure on civil affairs between 1950 and 1978 was 13.9 billion yuan. Over the years, there was a slight but steady increase in funding, from 64 million yuan in 1950 to 1,392 million yuan in 1978. In per capita terms, spending per head also went from 0.31 yuan in 1952 to 1.45 yuan in 1978. However, the total civil affairs bill remained inconsequential in the national budget and its share was quite constant throughout these years. Between 1950 and 1978, the average proportion of civil affairs spending was 1.6 percent of the state budget. Thus, the MIA remained a poor and humble bureaucracy in the government hierarchy.

Having reviewed the twisting saga of civil affairs in the first three decades, it is now time to examine how comfortably the analytical framework proposed in Chapter One lends itself to an interpretation of historical trends.

A number of strands stand out from the history of CADs before 1978. First of all, the role of the party and state. Here one finds that CCP party ideology dictated the government effort. Before

1978, a total of six national conferences on civil affairs were convened for the purpose of clarifying MIA tasks and emphases. Significantly, all of these took place after CCP congresses or National Peoples' Congresses, which rubber-stamped CCP recommendations (Walker, 1981, p.53). The linear order of party, government and ministerial authority is also discernible in preambles to MIA documents which resolutely proclaim MIA's duty to follow the overall line of the party and the state. In fact, the MIA saw itself as a link between party, state and the masses, and an instrument to follow the nation's work agenda at each phase of socialist construction.

Within the ministry, as in all ministries and commissions, the party group (bu dangju) was the nerve centre for formulating and enforcing policy. Usually the Minister acted as the party group secretary and a few senior cadres made up its membership. The MIA party core reported to the Party Central Committee which received and approved its recommendations and then issued policy directives. Thus decision-making was the monopoly of the party apparatus while the ministry carried out its resolutions. The fusion of party and state, in structure and in personnel, ensures the observation of the official will.

In the government as a whole, the MIA position was a meek one. Over the years, its jurisdiction has diminished in the light of growing functional specialization of government. For example, some of its political and administration duties were transferred elsewhere. More importantly, its marginality stemmed from the government's policy of decentralising welfare responsibility to other institutions in society. Of particular prominence were the

work unit, urban neighbourhood and commune, which serve as agencies for production, distribution and political control. Thus the CADs' humble part in welfare evolved by design and not by default.

Equally important was the state's reliance on the family in ensuring social care. This was especially true in rural areas where statutory provisions were practically non-existent. This explained why CAD mottos in welfare work were "self-reliance by the masses, mutual aid, dependence on the collective, and state help as the last resort". The shortage of resources at the disposal of central government also dictated this approach. In fact, the pre-eminence of the CCP, its ideology, general government policy and MIA role are closely interwoven. The significance of this amalgam constitutes an area of investigation in explaining the Chinese welfare mix.

That the government was able to get away with so little direct involvement in meeting welfare needs forces our attention on functional alternatives. In this regard, the collective's special contribution was noteworthy. In the countryside, collectivization of agriculture provided the basis of not only primary distribution but also mutual care. Production teams and brigades supported their needy residents by funding the "five guarantees" and relieving hardship households. Civil affairs welfare was confined to supplementing community care in face of chronic shortage and crises (e.g. natural disasters). A similar function was entrusted to enterprises in urban areas. To the extent that occupational benefits proved inadequate, neighbourhood self-provision served as a back up. This made possible the CAD's role as the agency of last resort. Consequently contribution of the collective in welfare and

the impacts of recent organizational changes in the collective structure is another area for investigation.

Restricting aid to the "three-nos" in both urban and rural areas is a telling indication of the place of the family in meeting needs. Admission to CAD-run homes and regular social assistance was contingent on the absence of family support. When temporary hardship arose, the household as a unit could apply for relief. The CADs also put much emphasis on harnessing the traditional virtue of filial obligations. Its ideological work related to funeral reform and marriage registration was likewise directed at modifying family attitudes regarded as harmful to socialist ethics. The conscious exploitation of family self-help and moral reform needs to be examined in the context of overall government policy on the family, changes in family structure, and its adequacy in fulfilling its caring function in the face of change. The post-1978 reforms are likely to exacerbate the pressures on the family.

One variable that is implied but not made explicit in this historical review is the place of traditional culture. The Chinese family was the key welfare instrument throughout China's long history. Also of importance was neighbourly cooperation in rural communities and village mutual aid. (In contrast, the work unit and the administrative street/neighbourhood are socialist structures.) To what extent do traditional values and practices in welfare manifest continuity? Similarly, past beliefs about statutory responsibility could influence people's expectations in the present day. Inevitably the theme of continuity and change in the culture of welfare is a crucial facet for study notwithstanding China's socialist characteristics.

Substantive Propositions

The historical review of civil affairs establishes the welfare system subsumed under the MIA as an approach underscored by residualism. The next step is to extend the enquiry to the current period. For the purpose of this study, developments from 1978 to the end of 1988 will be scrutinised. This first reform decade provides a fertile field for exploring the relationship between social and economic development. It is also a time when more information, as well as direct opportunity for interview-visits, is available than at any other time. After thirty years of operation, the civil affairs apparatus inherited a rich welfare legacy. The new environment that provides the conditions for more orderly political conduct and prospects for additional resources from economic growth should give a new impetus for consolidation and reform in welfare.

In the light of the welfare mix framework and the foregoing discussions, the central problem for the thesis is what accounts for the welfare approach of the civil affairs agencies. It is argued that a clue concerning the narrow identity of the CADs, playing a supplementary part vis-a-vis other social institutions, must be sought through a holistic purview of the relationships between all relevant agencies. My contention is that a residual status for the CADs is the result of the interaction of four factors - the culture of welfare, the role of the family, the collective and the state. Four propositions are suggested to account for the outcome:

1. The pre-liberation culture of welfare in Chinese society was conducive to shaping marginal expectations of state welfare support. In particular, views on philanthropy, primacy of family obligations, perception of state-individual relations and importance of communal care evinced a framework of values receptive to a narrow approach to welfare. Similarly, welfare practices located in traditional institutions contributed to cultural acceptance of a limited state welfare role.

2. Welfare residualism was attributed to a narrow conception of welfare as perceived by the party and state, preference for a decentralized approach to need satisfaction and the paucity of state resources. The marginality of statutory care was shaped by communist aversion to non-productive consumption and the place of welfare in socialist societies. The government's reliance on decentralized welfare arrangements allowed it to reduce its direct service role to the very minimum. Resource constraints likewise mandated stringency to welfare relief.

3. Skeletal state welfare provisions from the CADs were made possible by the continued importance of the Chinese family as a welfare mechanism in socialist China. Despite its repugnance towards the atomistic and feudalistic aspects of Chinese familism, the state embraced a family policy of exploiting the ethical and utilitarian dimension of such a legacy. The family as a basis of social consumption has never been firmly challenged. With the onset of economic reforms, the family took on more functions in caring for its members. This bedrock of

primary obligation lessened the need for direct welfare intervention by the state.

4. The residual role for the CADs was related to the centrality of the collective as a welfare instrument. Essentially, the collective referred to the unit of production in both rural and urban contexts. The reliance on the collective canopy rested on the sanctity of work and the role of work as an allocation mechanism under Chinese socialism. The fusion of employment and welfare guaranteed subsistence and security for the vast majority so that only minimum provisions needed to be made for special groups. However, the reforms have altered the basic institutional pattern. By and large, it was the weakening of the collective institutions that called for new welfare reforms in civil affairs.

Overall, the above propositions posit the dynamics of the Chinese welfare mix in relation to the role of traditional culture and basic institutions of Chinese society. Changes in welfare functions in one sector will have implications for other institutions so that redistribution of responsibilities is needed to keep the mix in equilibrium to respond to human needs.

CHAPTER THREE

THE REFORM AND OPEN DOOR DECADE

Pressures for Reform

The Chinese economy at the end of the Cultural Revolution was in very poor shape. During these ten years, both industry and agriculture advanced at a snail's pace. The per capita grain output in 1977 was roughly the same as in 1957 (Xue, 1981). In the urban industrial sector, over one-third of all state-owned enterprises were running at a loss in 1976 (Perry and Wong, 1985, p.4). For both urban and rural residents, the Chinese economy was an economy of shortage marked by scarcity of goods and services and almost every necessity of life. Despite advances in health, nutrition and education ¹, Maoist policies had left the nation backward and impoverished. In 1978, rural per capita income was only 134 yuan per annum (Fenjinde Sishinian, 1989, p.4, hereafter FS); for urbanites, 316 yuan (FS, 1989, pp.96-97). Such a low standard of living after three decades of building socialism was galling. Politically, the machinery of governance was in ruins as party and state organs were first shaken by red guards and then passed into military control. Ideologically too, people's faith in the party was shaken by constant reversals, power struggles and over-mobilization (Hannan, 1985; King, 1986). The death of Mao and the

¹ Life expectancy at birth increased from 35 years in 1949 to 67.3 for males and 70.7 for females in 1987; death rate decreased from 25 per thousand to 6.7 per thousand (FS, 1989, p.90). In 1988, primary school enrolment rose 4.5 times over 1946; for high school, 26.9 times. The enrolment rate for school children was said to be 97.2 percent, see FS, 1989, p.71.

arrest of the Gang of Four (a radical clique led by Mao's wife, Jiang Qing) thus saw the country pregnant with a desire for change.

The reforms that emerged were not merely a result of domestic imperatives. New geopolitical perceptions of China's place in the world, in particular in a smaller international economy, were emerging (Perry and Wong, 1985, pp.5-6). Economic isolation precluded China from becoming more modernized. The success of developing countries, notably the Four Little Dragons of Hong Kong, Taiwan, Singapore and South Korea capitalizing on expanding opportunities of world trade in the 1960s and 1970s was instructive. China too could benefit from abandoning its autarkic stance. Similarly normalization of relations with Japan and the United States, the end of the Vietnam war, and the advantage of maintaining leverage vis-a-vis the United States and the Soviet Union made the case for rejoining the world community compelling. Of course, if China was to develop quickly, Western technology, investments and markets would be indispensable.

Alternative Change Approaches

Between 1976 and 1980, there was contention over a number of alternative approaches to change (Solinger, 1982; Hamrin, 1984). At first, conservatives led by Hua Guofeng, Mao's appointed successor gained the upper hand. They favoured only limited modification of the economic programme adopted since the mid-1970s. By 1978-80, a pragmatic approach had unfolded. Deng Xiaoping and his proteges Hu Yaobang and Zhao Ziyang were leading proponents. Firm believers in raising the economic well-being of the nation by whatever means that worked, they championed bold experiments that departed from

the Maoist mode. At the same time, from 1979, another group of veteran leaders led by Chen Yun and Peng Zhen argued for a more orthodox programme (Burns and Rosen, 1986, pp.5-6). Dubbed the "bird-cage economists", they were willing to concede more space for economic incentives but remained committed to central planning (Vogel, 1989, pp.76-80). Of the above, the pragmatist agenda carried the day. However, classical ideologues had considerable influence, keeping up vigilance and criticism on measures that smacked of capitalism.

General Goal and Strategy

At the Third Plenum of the Eleventh CCP Congress in December 1988, Deng's followers unveiled plans for a new course. From then on, the country was to abandon such leftist slogans as "taking class struggle as the key link" and "politics to take command". Instead the general orientation would be shifted toward economic development. The party resolutions were ratified by the Second Session of the Fifth National People's Congress in 1979. The country was set on the course of "readjusting, restructuring, consolidating and improving the national economy."

The overall goal of the reforms was to achieve the four modernizations - in industry, agriculture, science and technology, and national defence. The specific objective was to quadruple the gross value of industrial and agricultural output between 1980 and 2000 and to increase per capita income from about US\$300 to US\$800, or about five percent each year. In order to reach these targets, the population would have to stay close to 1.2 billion at the end of the century (World Bank, 1985, pp.1-2). Two general principles

guided the reform programme : "to the outside, adopt openness; to the inside, enliven the economy" (duiwai kaifang, duinei gaohuo). China then officially entered the era of open door and reform (kaifang gaige).

If the general ethos was to enrich the nation, the reforms did not have a well laid out agenda. The official strategy was to "take a step, then take a look" (zou yibu, kan yibu) (Vogel, 1989). Pragmatic incrementalism, however, did not mean that the steps taken were not bold and sweeping. Touching virtually all areas and all party and government organs, the reforms attempted to introduce change at the systemic level (tizhi gaige), leaving only the socialist structure intact.

Rural Reforms

Since 1957, people in the countryside were organized into communes. In 1978, there were 52,780 communes. Each commune had an average of 13 production brigades, which in turn were made up of seven to ten production teams. A commune covered the approximate area of a township and could include some 15,000 persons. At the lowest level, each production team averaged about 35 households (G. D. Johnson, 1988). In terms of function, the commune was a unit of economic organization as well as an organ of government. Decision-making was highly centralized.

The centrepiece of rural restructuring was reform in agriculture. Operating under the Maoist line of producing grain as the key task and attaining local self-sufficiency, land was not always farmed to its best advantage. Individual incentive was hampered by an egalitarian work point system of income

distribution which did not relate reward to effort (Ghose, 1987). At the same time, the restrictions on private plots, rural markets and sideline occupations depressed rural income. However, the safety valve of relieving rural stagnation via migration to cities was blocked by a rigid system of household registration which has been in force since 1957 (Taylor, 1988). All these policies locked the peasants in a rural bondage of tight control, low productivity and bare subsistence.

The household responsibility system was the most notable reform in agriculture. Paradoxically it was not introduced from above. Rather, different forms of work contracting were initiated by the grassroots. From 1978, Sichuan and Anhui peasants began leasing land from their production teams to farm on a work group, household or individual basis. After delivering the agreed quota of produce, peasants could keep the surplus. These arrangements proved so popular that they spread to other areas. By the end of 1982, 79 percent of peasants had signed household contracts; one year later, 98 percent of production teams' land had been contracted to households (Chronology, p.91). Simultaneously, the contract period was extended from a few years to 15 years (Croll, 1988).

In addition, a number of other new agrarian policies were pursued. First, in 1979, state procurement prices for farm produce was raised by 20 percent. At the same time, agricultural taxes were reduced. Second, the government promoted domestic sideline production: keeping of pigs, sheep, rabbits, chickens, fish ponds, silkworms and so on. Then, in 1984, the State Council gave permission to revive rural markets and allow the sale of grain outside the peasants' own counties and provinces. A more radical

move came one year later when the state abolished its monopoly on grain purchase and switched to buying on contract (Croll, 1987; FS, 1989, p.21). By and large, the rural economy was reoriented to run on market lines, thereby stimulating individual effort which was lacking under the old system.

Above all, the government was keen to develop rural industries to raise income and absorb surplus labour. The last decade saw an explosion of rural industrial enterprises (xiang-zhen qiye). Between 1981 and 1986, these units jumped from 2.30 million to 15.15 million at the breakneck speed of 45.8 percent per annum. During the same period, their workforce grew from 30.91 million to 79.37 million, or 20.7 percent per year (Chen and Xia, 1988, pp.56-57). By the end of 1988, rural industries accounted for 35.5 percent of rural income (China Report. Social And Economic Development 1949-1989, p.67, hereafter CRSAED). 95 million farmers were working in the industrial and tertiary sectors (BR, 30 April - 6 May 1990).

The economic reforms were also accompanied by political reorganization. The 1982 new constitution provided for the abolition of communes. Beginning in 1983, administrative functions of communes were transferred to township (zhen) or village (xiang) governments, which also had the remit to provide cultural and welfare services. Below this lowest tier of administration, villagers' committees, the parallels of residents' committees in urban neighbourhoods, were organized to function as self-governing, self-educative and self-servicing mass organs ("CCP and State Council Joint Circular on the Implementation of Separation of Government From Commune and the Establishment of Xiang

Governments", 12 December 1983).

Effects of Rural Reforms

On Production

The effects on farm output were remarkable. In the first five years, production of grain grew at 5.6 percent per annum, reaching a peak of 402.3 million tons in 1984 (BR, 19-25 February 1990). There was also a sharp increase in the supply of non-grain products as a result of diversification and specialization. However, after 1984, grain production began to level off. The success of cash crop farming and rural sidelines made grain cultivation unattractive. By 1986, serious concern began to surface about the prospect of a grain shortage. Conservative leaders like Chen Yun clamoured for renewed emphasis on its production (Sullivan, 1988).

On Distribution

On the economic front, the most important consequence was the resurrection of the family farm. Under the new system, households were given free rein to make their own economic decisions and assume accountability for profit and loss. This heightened incentives. At the same time, higher purchasing price for farm produce, sideline work and industrial employment raised peasant incomes. Between 1978 and 1988, rural per capita net income¹ rose from 134 yuan to 545 yuan. This represents an increase of 15.2 percent in absolute terms or 9.7 percent after inflation has been taken into account (FS, 1989, p.104; CRSAED, p.263). Concurrently,

¹ Net income refers to income left over after deductions are made for production expenses, depreciation, taxes and levies.

the proportion of households living in poverty, defined as having an annual per capita income of less than 200 yuan went down sharply. In 1978, 82.6 percent of households were in this income bracket. By 1988, only 5.3 percent lived below this level (FS, 1989, p.465). Whether this can truly represent an alleviation of rural poverty is a complex matter. This issue will be further explored in Chapter Five.

There were bound to be winners and losers in a competitive economic climate. In the main, people who prospered were households which had abundant labour power, skills, capital and information on markets. Residents in coastal and fertile places also did well. Households without these advantages were left to begrudge the good fortunes of specialized households (for whom at least 50 percent of the income comes from some form of commodity production) and "ten-thousand yuan households" (wanyuan hu). Just as income inequality across households had widened, polarization along regional lines became more pronounced (Ta Kung Pao, 23 February 1987; Kueh, 1988). Inland provinces suffering from the effects of geography and underdeveloped infrastructures felt shortchanged by state policies that favoured the seaboard areas (Sullivan, 1988). Official tolerance of income gaps, rationalized as "to let some people get rich first" (yang yibufenren xianfu qilai) led to the spread of "red eye disease" (jealousy), fueling animosity between the haves and havenots.

Another consequence has to do with surplus farm labour. Thanks to increased efficiency and specialization, up to a third of the 300 million agricultural workers could become redundant (Taylor, 1988; Ming Pao, 16 November 1990). Although many have found jobs in

rural industries, trade, construction, transportation and services, the spectre of large scale rural unemployment threatens to produce social and economic instability (White, 1987). Furthermore, selective migration of young able-bodied persons causes family separation. Those left behind tended to be women, children and the old. Even though remittances are a boon to household incomes, they cannot compensate for the disruption of family life. Such issues as old age care and socialization of children become more of a problem.

Political and Social Implications

The return to household farming meant a corresponding weakening of party and collective control. Commentators attributed it to rising affluence in villages. A new centre of influence based on possession of material assets emerged to rival and corrode official power - through bribery, cooptation and payment of fines to resist such policies as birth planning (Sullivan, 1988). The loosening of bureaucratic control gave rural households new freedoms to manage their lives. This included the revival of old "feudal" customs - rebuilding ancestral halls, constructing elaborate graves, worshipping deities, holding lavish funerals and wedding feasts (Renmin Ribao, 14 November 1985; Hongqi, 15 July 1986 and 1 October 1986; Sullivan, 1988). These indulgences were more rampant in affluent coastal areas. Even rural cadres were culpable, setting bad examples to the masses and making law enforcement difficult. Besides, there were misgivings about ideological confusion and "spiritual pollution" (Marks, 1988).

More importantly, the diminution of party and collective

authority was caused by the change in the institutional framework. Village and township governments could not match the communes in authority and resources. Of immediate concern to welfare was the problem of funding. Previously, allotment for collective health and welfare projects came from the commune welfare fund, which was deducted from collective income before allocation to households. When agriculture was decollectivized, the revenue had to be scraped together from various sources - taxes, profits from rural industries (if available) and household levies after primary distribution (GDSZJ, 1989, pp.86-87; Ming Pao, 15 February 1990; Hussain, 1989). Reportedly peasant resistance was common. When households had to live by their own devices without much help from the authorities, it was hardly surprising that helping the needy became an unwelcome burden (Xu, ZGMZ, May 1990, p.40).

As a corollary, there have been a number of social regressions. One was the collapse of collective health insurance schemes which had been highly effective in ensuring peasant access to primary health care (Taylor, 1988; Davis, 1989; Henderson, 1990). Concurrently, there were losses of valuable human resources such as teachers and doctors, who responded to the government's call to get rich by changing to more lucrative occupations. More worrying was decreasing school enrolment when money-minded parents withdrew their children to work in family farms or village enterprises. Not unexpectedly, most of the drop-outs were girls (BR, 21 October 1985; Renmin Ribao, 25 October 1987; Ming Pao, 19 November 1990).

Stripped of the collective umbrella, the vacuum in social security in villages was fully exposed. Civil affairs bureaux, which have oversight of rural social welfare, have to correct the

damage. Rural poverty has always been a problem. Now, the survival of the indigent has become a more critical issue. The problem was aggravated by demographic and social change. In particular the rising number of old people in the population and shrinking family size (as a result of population planning policy) reduced the abilities of families to look after their members. An indepth analysis of these themes will be made in Chapters Nine and Ten.

Urban Economic Reforms

The urban reforms were the second stage of the reform. In December 1984, the Central Committee adopted the long-awaited "Decisions on the Reform of the Economic System". In tackling the urban industrial economy, the tasks facing the reformers were more complex. Typically, urban productive and business enterprises came under the ownership of the state or the collective. Attached to different tiers of administration, subordinate units were run on bureaucratic fiat. This meant that decisions relating to output, supply of raw materials, capital and sales were made by higher authorities. The other important factor in production, labour, was assigned by labour bureaux. Enterprises had no power to refuse their quota nor could they dismiss redundant or recalcitrant staff. The results were overmanning and waste. The sole responsibility of managers was to achieve their assigned annual targets under the state plan (Yuan Qihui, 1986; Lu, 1989). Given the intimate link between the state and enterprises, any changes in the urban industrial economy struck at the heart of not only business management but also public administration.

General Direction

In simplified terms, the overall directions of the urban programme can be conceptualized as four fold. First, the economy was to transform from a rigid command structure to one that would respond to such levers as price, interest rates and taxes. Second, enterprises, the cells in the urban economy, were to be invigorated by granting them more managerial autonomy, making them responsible for profits and losses, and linking reward to performance. Third, a better sectoral balance in favour of light industry (rather than heavy industry) and the tertiary sector was used to improve availability of goods and services. Fourth, the ownership structure was to be modified. While the socialist sector would remain dominant, it would be supplemented by the individual and mixed-mode economy (Sino-foreign joint ventures, cooperative units and foreign-owned enterprises). The rationalization was that the non-socialist components could inject needed skills and capital, increase employment and augment shortages for the consumer.

Content and Implementation

I shall be brief on policies that were designed to improve the macro-economic framework and the investment environment. These included the adjustment of the monetary and credit systems, granting the regions more financial autonomy and power in managing foreign earnings, drafting of economic legislation, and setting up fourteen open cities and four special economic zones. Most importantly, the reform of the price system was to bring about a rational allocation of resources which truly reflect the value of commodities. It was with this last area that the reformers had the most difficulty.

Partial opening of the price structure created many anomalies: intensified shortages of some items, profiteering, corruption and above all inflation. Inflation was especially serious after 1985 when the general index of retail market prices increased by 8.8 percent (1985), 6 percent (1986), and 7.3 percent (1987) over the preceding year (China Statistical Yearbook 1988, p.691, hereafter CSY). In 1988, it reached the intolerable level of 18.5 percent (Ta Kung Pao, 1 March 1989; BR, 19-25 February 1990). To soften the blow on consumers and forestall political unrest, the only option was to increase subsidies. Thus between 1978-1988, state subsidies leapt from 15.4 billion yuan to 76.3 billion yuan, of which price subsidies accounted for 9.4 billion yuan (1978) and 31.7 billion yuan (1988) respectively (CRSAED, p.336; Ming Pao, 9 January 1989). By 1990, state subsidies accounted for 31 percent of revenue (Ming Pao, 3 September 1991). Such outgoings contributed to fiscal imbalance. Thus deficits in the state budget occurred in all years between 1979 and 1988 except for 1985. In this period, cumulative deficits reached a staggering 65.2 billion yuan (Ming Pao, 16 February 1990).

A significant development in the early 1980s was the encouragement of the individual economy. This was brought about by two policies. First, in 1980 the State Council adopted "Certain Policy Decisions Regarding Non-agricultural Individual Economy in Cities and Towns". One year later, the "Resolutions Concerning Opening of Opportunities, Enlivening the Economy and Resolving the Question of Employment in Cities and Towns" was announced. The result has been a rapid growth of the self-employed. In 1978, the individual economy was negligible - with a work force of 150,000.

At the end of 1988, China had 6.59 million self-employed persons working in cities and towns (FS, 1989, pp.96-97), mostly in commerce, service, transportation and small-scale production. At the same time, the proportion of employees in state and collective sectors also changed somewhat. In 1978, the state economy employed 78.4 percent of all urban workers while the rest (21.6 percent) were in the collective units. By 1988, the corresponding percentages were 73.4 percent and 25.9 percent respectively. Another 0.7 percent of the urban work force were found in enterprises of other modes (FS, 1989, pp.96-97).

From the perspective of welfare, the most pertinent changes were reforms in the enterprise structure. The temporal sequence of these reforms is not easy to determine. This is mainly due to the fact that experimentation invariably preceded policy enactment and that different places followed their own timetables. Furthermore, the pace of introducing certain policies, most notably price reforms, was postponed when planners met with opposition and practical difficulties.

The move to enhance incentive in production was heralded by across-the-board wage rises for urban workers in 1977. Pressure to raise wages has built up for a long time since they have been effectively frozen throughout the Cultural Revolution (Dangdai, 1987, p.94). Next, wider use of bonuses and piece rates was adopted. At the same time, enterprises were allowed to retain a greater proportion of their profits. Then in 1984, retention of profit was substituted by remission through taxes (li gai shui) (Lee, 1986). Later, bolder strategies came in the form of the Bankruptcy Law (November 1987) and Enterprise Law (August 1988).

The first empowers the closure of units which are unable to pay their debts. The second exposes enterprises to full responsibility for profits and losses, thus facing market forces head on without recourse to state subsidies. However, from information available, the last two measures have only been implemented on a limited scale because of the problems they entail (Wu, 1988b; Hsu, 1988).

In the system of employment, radical changes were introduced by four important regulations that came into effect on 1 October 1986. These were: "Temporary Regulations on the Implementation of Labour Contracts in State-owned Enterprises", "Temporary Regulations on the Recruitment of Workers in State-owned Enterprises", "Temporary Regulations on the Dismissal of Workers in State-owned Enterprises who Violate Discipline", and "Temporary Regulations on Unemployment Insurance for Workers in State-owned Enterprises".

These regulations have profound implications. The first measure abolished life tenure for new recruits into state enterprises. At year end 1988, China had 12.33 million contract workers, amounting to 9.1 percent of all urban employees (FS, 1989, p.98). The second regulation made possible open recruitment and competitive examinations for posts. It also abrogated the system of ding ti which provided the option to substitute an adult child for a parent who left a work unit (Davis, 1988). The effect of the third was to give enterprises the right to fire employees who repeatedly disobeyed rules. The grounds for dismissal include such offences as "having a poor attitude to service" and "quarrelling with customers" (FEER, 16 October 1986). Finally, the fourth legalized unemployment insurance, hitherto anathema to a socialist society. During the period of redundancy, an allowance equivalent to 50-75

percent of the workers' previous basic wage (excluding bonuses) would be paid up to a maximum of two years (Renmin Ribao, 10 September 1986).¹ Shanghai was the first place to introduce unemployment insurance in October 1986. By May 1988, 30,000 persons there had received this allowance (SHBZB, 10 February 1989).

Official alarm over escalating social security expenditure propelled reforms in this area. In the 1950s and 1960s, the number of retirees was small. As late as 1978, there were only 3.14 million retirees. However, by 1988, their number shot up to 21.1 million (FS, 1989, p.99). This drastic increase resulted in hefty expenditures. In 1978, labour insurance and welfare funds for retirees accounted for 1.73 billion yuan; in 1988, they cost 27 billion yuan (CRSAED, p.373). If the total bill for staff welfare benefits for all workers are included (covering pensions, health care, hardship subsidies, allowances and collective welfare facilities), the spending sprang from 7.81 billion yuan to 65.6 billion yuan in 1988, an increase of 840 percent over ten years. If the same trends continue, the social security bill will impose an impossible burden on the economy.

Retirement benefits (including pensions, health expenses and subsidies), were the most expensive item in the labour insurance budget. In 1978, these took up 21.1 percent of total insurance and welfare spending; by 1988, the proportion was 39.2 percent.²

¹ Unemployment insurance funds are administered by provinces or municipalities, to which state enterprises contribute one percent of their total payroll. Workers who have been dismissed, made redundant through bankruptcies or whose contracts are not renewed can collect 60-75 percent of their basic wage for the first year when unemployed, and 50 percent for an additional year (FEER, 16 October 1986).

² In 1987, out of 19.64 billion yuan spent on labour insurance and welfare funds for retired state workers, pensions accounted for 67.9 percent; medical care, 11.9 percent; living subsidies, 10.5 percent, according to CSY, 1988, p.174.

Consequently pension reform topped the action agenda.

The method of financing pensions since 1969 has been irrational to say the least. When first introduced, enterprises paid three percent of the wage bill to a national pension fund, with labour unions taking part in its administration. However, the practice became untenable during the Cultural Revolution when the relevant agencies - the Ministry of Labour, All-China Federation of Trade Unions and their subordinate organs were abolished (Dangdai, 1987). In November 1969, the Military Control Commission in the Ministry of Finance redefined pensions as a non-operating expense, and shifted from the system where pensions were paid from funds earmarked for pensions (zhuan kuan zhuan yong) to a system of reimbursement (shibao shixiao) where each enterprise covered pensions from their current wage bill (Davis, 1988). This singular method was a millstone on enterprises; it also gave rise to inequalities. "Old" units, those with a high proportion of retired workers, went broke paying pensions. Even for "young" units, such expenditure could devour any profit that could be ploughed back into productive investment. Enterprise hardship and bitterness over unfair burdens cried out for redress (Yuan Qihui, 1986; Shen, 1986; Yu and Liu, 1986).

1984 saw the beginning of experiments with unified financing of pension funds (tong chou) at the city and county level. By early 1988, 1,600 cities and counties (70 percent of the total) had adopted this measure (Zhongguo Jingji Gaige Shinian, 1989, p.539). The next step is to extend this to the provincial level (interview data, 1988).

In the area of health care too, full reimbursement for treatment has resulted in waste and abuse. The All-China Federation of Trade Unions revealed that some enterprises in Zhongshan, Nantong and Hangzhou have introduced health insurance schemes built on contributions from employees and work units. By and large, Guangdong experiments have gone further than other places. For contract workers, free health care has been dispensed with altogether. Instead workers were paid some 10-15 percent more than tenured staff as compensation. In some state enterprises, permanent workers received a fixed sum health care allowance of 5-7 yuan per month instead of free treatment. Two exceptions were: the scheme did not apply to retired workers nor for treatment of serious illnesses, for which full reimbursement was still allowable (interview data, 1988). Ultimately, these experiments were to culminate in a complete overhaul of the existing labour welfare system. It was envisaged that by 1990, a "prototype" social security system would evolve (Seventh Five Year Plan for Social and Economic Development, 1986-1990).

Implications of Urban Economic Reforms

When compared with the rural reforms, the success of the urban reforms is more difficult to assess. In the opinion of Gale Johnson (1988), "either little reform has occurred or, when there have been significant reforms, most reforms have misfired because the reform was incomplete, and the results that occurred had serious negative consequences." (D. G. Johnson, 1988).

For the urban consumer, there is no doubt that recent reforms have improved their living standards. Goods and services, until

then scarce and poorly served, have increased in quantity and quality. Nowadays almost every commodity can be bought in the open market. Shops, restaurants and services operated by private operators make life easier for all urban dwellers. Likewise, competition forces state firms to provide better services. These changes are noticeable to any regular visitor to China in the 1980s.

An important gain was the rise in urban incomes. In 1978, the annual per capita income of urban households was 316 yuan; in 1988, it was 1,119 yuan, an increase of 380 percent in nominal terms and 120.9 percent at constant prices (FS, 1989, pp.96-97). However growing inflation since 1985 has eroded purchasing power. In 1987, about 20 percent of urban wage earners reported a fall in their living standards as a result of rising prices (Hong Kong Standard, 18 August 1988). This worsened in the following year when 34.9 percent of all urban families experienced such a drop (Renmin Ribao, 1 March 1989; Ta Kung Pao, 1 March 1989). Among the hardest hit were government employees and workers on fixed pay.

There was no evidence that the hoped for improvement in enterprise effectiveness had occurred (D. G. Johnson, 1988). Productivity had not risen as a result of greater enterprise autonomy nor had bonuses induced greater effort. In fact, in most work units, bonuses were given in standard amounts due to measurement problems and peer jealousies. The result had been inflated pay and bonus awards.

The enrichment of the ownership mix was associated with more inequality in staff welfare. Under the old system, workers in small collective undertakings, seasonal workers and apprentices endured

inferior benefits (Walder, 1986; Lockett, 1988). Following diversification, these deprived groups were joined by contract workers, staff in rural industries and employees in joint ventures and foreign-owned enterprises, all of which did not enjoy job tenure. Completely left out of any security cover were employees in the individual and private economy. Contraction of welfare benefits, for example, in health care, likewise induced hardship. The worst off were employees in failing enterprises whose survival in a climate of open competition and inflation were more precarious.

The serious gaps in China's labour insurance coverage was pinpointed by a senior member of the Chinese Academy of Social Science, Zhu Qingfang (1990). According to her estimate, of the country's 535 million labour force in 1989, only 29 percent (160 million) were covered by social security. Some 75 percent were outside the safety net altogether. The deprived groups included the 11 million workers in collective enterprises below the county level, 47 million workers in rural enterprises, 12.8 million non-regular employees in state firms, 23 million employees in individual and private enterprises and 320 million peasants. The existence of such severe shortfalls called into question the country's claim of having a superior social system.

Labour mobility has not occurred on any scale. Despite the introduction of unemployment relief, objections to dismissal were intense. This was attributable to the low level of relief as well as ideological aversion to redundancies in a workers' state. In equal measure, the underdevelopment of socialized housing, child care, health services and welfare facilities not linked to

employment made lay-offs impractical and politically costly. Under such circumstances, the hitherto closed system of welfare support administered by civil affairs bureaux came under mounting pressure to make their services more accessible. Likewise, neighbourhood organisations were asked to step up their provision of informal care. Concurrently, population aging also increased demands for welfare support. From 1964 to 1990, people aged 65 and above increased from 3.6 percent to 5.58 percent (1990 Census). This may be low by international standards. The sheer numbers, with the attendant cost of old age care, can be crippling to a developing economy (Zhu, 1990). The real crunch will come in the next century. In 2000, there will be 130 million elders aged 60 and over (11 percent). By 2025, the number will swell to 280 million or 20 percent of the population (National Committee on Aging, 1988).

As yet, the new methods of financing social security are too new to allow an assessment of their effectiveness. In itself, the development of unified pension funding was hardly more than a partial solution to a very complex problem. As it is, the system of social security is too fragmented and the economic conditions over the country too diverse for the emergence of a uniform system. At a narrower level, just within the ambit of civil affairs programmes, the challenge of safeguarding the livelihood of the destitute in the midst of emerging affluence and widening inequality is a tall order given very meagre resources. Further examination of these issues will follow in subsequent chapters.

Political Reforms

Political reforms were intended as a complement to economic

restructuring, namely to remove the organizational strictures that impede the deepening of economic reforms. In China, the party and the state are fused, with the party reigning supreme in political and social life. Thus the core issue in political reform centres on the position of the party, especially its relation to government and economic institutions.

The need to separate the powers of the party from the state was identified by Deng Xiaoping. In his opinion, the fusion has given rise to unhealthy outcomes, namely overconcentration of power and bureaucratism ("On the Reform of the System of Party and State Leadership", August 1980).

The principle of dividing the powers of the party from those of government was put into practice for the first time to relieve Hua Guofeng of his premiership, which he held simultaneously with the chairmanship of the CCP and chairmanship of the CCP Central Military Commission. Also, secretaryship of the party committees and revolutionary committees (government) of the same province were assumed by two different persons (Chang, 1988). However, further progress has not been easy (Burns, 1989b).

Another reform target was party leadership at the enterprise level. In order to free decision-making from bureaucratic interference, party secretaries of enterprises were to have their powers curtailed so that factory directors could become solely accountable for enterprise performance. Party committees then would play a supervisory role and concentrate on ideological work.

The Beijing Dyeing and Printing Plant, which I visited in April 1988 was one of thirteen mills in the capital to introduce reforms

in political leadership.¹ There, the factory director had been made the legal person of the firm. The party secretary was relieved of tasks in direct management but would be consulted over important matters. Should conflict of opinion come to a head, the views of the factory director would prevail. This new system was said to have resulted in efficiency in decision making and more effective management. Many such experiments have been reported by Chinese sources. Nevertheless, there did not seem to be consistent evidence that party secretaries had relinquished their predominance; factory directors operated with more responsibility than real authority (Zhongguo Qiyejia, No.1, 1987, p.18).

In the ideological sphere, there have been campaigns to counteract "corrupt" influences associated with Westernization and economic liberalization. In October 1983 a short-lived campaign against "spiritual pollution" was mounted. It was called off when the reforms were threatened. However, criticisms on ideological deviance, corruption, profiteering and erosion of public morality have been aired with regularity. Since 1983, the term "bourgeois liberalization", referring to ideas of Western capitalism and democracy, came into currency. This led to the forced resignation of Party Secretary Hu Yaobang in January 1987 for failing to suppress pro-democracy student demonstrations (FEER, 5 October 1989). The fact that the economic reforms were encountering increasing difficulties also underlined stiffened resistance to the reforms.

¹ The Beijing Dyeing and Printing Plant had a work force of 3,300 in 1988. It produced textile goods worth some 200 million yuan in 1987. The information was obtained from my interview with the plant's party secretary in April 1988.

Implications of Political Reforms

The effects of the political reforms were harder still to judge. In general, the promise to segregate party and state powers was more talked about than delivered. Having been in full command since 1949, a diminished role for the party amounted to self-immolation. This would not only strike at entrenched interests but also destroy the foundation of Chinese politics. For old revolutionaries, negation of party leadership is a betrayal of socialism.

In the relation between the central government and regions, though, much devolution has occurred. Since 1980 provinces and municipalities have been given more power over their budgets and allowed to retain more funds for their own use (Guojia Yusuan, 1987). This led to a rapid growth of locally retained revenue, that is extra-budgetary funds outside the state plan. Between 1978 and 1987, such funds increased nearly six fold from 34.71 billion yuan to 202.9 billion yuan. Its size in relation to the national budget also increased from 50 percent in 1981 (FS, 1989, p.65) to 91.2 percent in 1988 (CRSAED, p.332). Fiscal decentralization has resulted in diminished central receipts. When ministry regulations cannot be backed up by state grants and subsidies, central influence decline. In welfare matters, the detriments lay in the weakened ability of the Ministry to effect regional redistribution and implement key projects. The feeling of powerlessness in guiding local welfare development was palpable in MCA officials during my visit in 1988.

The issue of political reforms threw up sharp divisions within the party. On the one hand, liberal-minded leaders were convinced that changes in the political structure were needed to complement

the economic reforms. As long as bureaucratic power remained centralized, liberalization of economic forces would encounter institutional constraints, which made the full realization of economic reform difficult (Chen, 1988). However, resistance was strong and reformers had to tread gingerly over potential minefields. What's more, Deng's support for political liberalization was uncertain. The contention of the two factions vitally affected the future direction of the reform agenda.

Guangdong Under Reform

Guangdong and its unique position

Guangdong province, situated to the south of China, lies directly north of Hong Kong. It has a total area of 212,000 square kilometres. In 1988, its total population stood at 59.28 million (Guangdongsheng Tongji Nianjian, 1989, p.57, hereafter GDSTJNJ). In size and population, it is similar to the United Kingdom (1987 population: 56.87 million; area: 244,493 sq. km.). Historically, it had the reputation of an important trading region and centre of Chinese emigration.

In 1979 the central government resolved to adopt special and flexible policies in Guangdong (and Fujian), in other words to allow it to go one step ahead of other places in modernizing its economy (Guangdong Nianjian, 1987, p.62; Vogel, 1989). This privilege was conferred on Guangdong because of its unique position. The province was the place of origin for over 90 percent of Hong Kong people. The two places share commonalities in dialect and culture and sustain strong familial and friendship ties. They also have had a long history of economic exchange. Since the end of

the Second World War, Hong Kong has emerged as a centre of regional development in the Pacific Rim. Guangdong's proximity and close links with Hong Kong placed it in an unrivalled position to gain access to the latter's market, capital, management technology and world-trade networks. The signing of the Sino-British Joint Declaration on the Future of Hong Kong in 1984 signaled even stronger links ahead when the sovereignty over Hong Kong reverts to China in 1997. If China achieves its goal of modernization, with places like Guangdong attaining affluence, and in time administers Hong Kong successfully, the return of Taiwan will be more hopeful. Thus the political goal of national unification also lay at the back of economic reforms and the granting of privileged treatment to Guangdong (Vogel, 1989, pp.82-85).

Guangdong's Reform Experience

According to the System Reform Office of the Guangdong Provincial Government, three phrases summarized the territory's reform experience. They were: "to the outside, more openness; to the inside, more liberalization; to units below, more decentralization" (interview data, 1988).

Guangdong occupies a central place in the country's coastal development strategy. Designated as an experimental zone, the territory is to be a window that opens to the outside world. Three of the country's four special economic zones (SEZs) are in Guangdong (Shenzhen, Zhuhai and Shantou); the fourth, Xiamen is in adjacent Fujian. SEZs have the mission to learn and digest new practices from the outside as well as attract foreign capital. Since 1986, Guangdong has ranked first in foreign exports (total

value: US\$4.29 billion) (GDSTJUNJ, 1989, p.18). Two years later, foreign exports rose to US\$7.33 billion and US\$7.9 billion foreign funds have been used (FS, 1989, p.251), equal to 16.6 percent of all foreign capital used (FS, 1989, p.59). Guangdong also had 60 percent of all Sino-foreign joint ventures (GDSTJUNJ, 1989, p.15) and earned 80 percent of all export-processing fees (interview data, 1988). Without any doubt, it is the most outward-oriented region in China.

Guangdong's progress in market development has gone further than other places. The component under state-directed planning has shrunk as the market-regulated components have expanded. In 1988, the ratio of planned procurement quota as against open market transactions were :

25 : 75 for agricultural products

20 : 80 for industrial goods

30 : 70 for natural commodities (interview data, 1988)

The province also benefitted from a special formula of government financing. Starting from 1980, Guangdong (and Fujian) have followed the "big contract system". This means that after boundaries for income and expenditure were defined, the amount of revenue to be delivered to central government would be fixed for a period of five years (CRSAED, p.339). In 1979, Guangdong handed over 890 million yuan to the central treasury. For 1988, the quota was negotiated at 1.4 billion yuan, to increase by 9 percent annually thereafter. At the same time, Guangdong was allowed to keep more of its foreign exchange earnings: it surrendered 70 percent as against 75 percent for other provinces (interview data,

1988). Such favourable treatment was the envy of other areas.

The economic development of Guangdong in the first reform decade has been remarkable. In 1978, Guangdong ranked seventh in the value of its gross domestic product; by 1987, it was third in the country (GDSTJNJ, 1989, p.14). Between 1978 and 1988, Guangdong's gross domestic product increased from 93.1 billion yuan to 109.86 billion yuan, or at the average rate of 12.9 percent per year.

Per capita income in the province likewise rose rapidly. In 1988, the annual rural net income per head was 809 yuan, 616 yuan more than in 1978. For urban workers, the average wage was 1,474 yuan in 1988, an increase of 1,072 yuan over 1978 (GDSTJNJ, 1989, p.19). In the prosperous Pearl River Delta, incomes went even higher. By 1988, worker salaries there averaged 2,307 yuan per annum (GDSTJNJ, 1989, p.360). Other high-wage areas included open coastal cities like Guangzhou (2,683 yuan) and Zhanjiang (1,828 yuan) and the SEZs (Shenzhen: 3,388 yuan; Zhuhai: 2,764 yuan and Shantou: 1,603 yuan, GDSTJNJ, 1989, p.389). Thus Guangdong wages are among the highest in China. In 1988, the province was number one in gross domestic product, value of goods retailed, foreign export, average urban living expenditure, personal savings and amount of foreign capital used (Liang, 1990, p.4).

Historically, the distinctiveness of Guangdong people was long recognised. The Cantonese have always been regarded as having special characteristics. "Chinese from other provinces stressed the uniqueness of the Cantonese. They were considered uncommonly belicose, and they were often looked down upon as serpentine yeh-man (savage southern barbarians) whose habits were bizarre and

uncouth." (Wakeman, 1966, p.57). Other stereotypes were that they were "clannish, diligent in the pursuit of their own advantage or that of their family, eager to embrace new ideas or novel things, often impulsive, stubborn, and unyielding (and therefore difficult to deal with in business), egalitarian in spirit, and personally aggressive." (Vogel, 1969, p.21; Moser, 1985, p.208) On the other hand, the Cantonese were proud of "their cosmopolitan tradition, their cleverness, their quickness, their technical skills in getting things done (Vogel, 1989, p.21). Strong localism among the masses and leadership gave rise to an urge to speed up growth. In this respect, leaders from provincial to xiang-zhen levels were equally committed. One way of getting the help needed — capital, markets, equipment, donations — was to seek out former natives now resident in Hong Kong and Macau to contribute to the development of their home communities.

With their reform achievements, the distinctiveness of Guangdong aroused greater national attention. In sum, the feelings were a combination of admiration, jealousy and disdain. Their remarkable growth, increasing affluence and sophistication spurred envy. At the same time, they were criticised as being capitalistic, bourgeois and unscrupulous (Vogel, 1989, p.447). Beijing was very critical of Guangdong's activities in smuggling and corruption. In particular capitalist practices in the SEZs attracted the wrath of central condemnation (Vogel, 1989, pp.120-21).

Feelings and judgement apart, Guangdong had to contend with the same socio-economic challenge that confronted the country during the course of modernization. For example, there was the issue of income inequality. Apart from the more developed delta basin and

special economic zones, much of Guangdong remained backward. This was especially true for the hilly areas in the north and west. There was also the problem of relieving the poor after communes were dismantled. In the urban areas too, new employment practices created insecurities as well as new freedoms. Guangdong was the first to experiment with labour contracts. By 1988, contract staff (555,600) made up 7.4 percent of all workers (GDSIJNJ, 1989, p.13). In terms of ownership type, the urban labour force comprised of 5.03 million employees in state-owned units, 2.17 million in urban collectives, 594,300 individual workers and 275,100 in other (e.g. joint, foreign) enterprises, all with different tenure and welfare entitlements. Similarly, the rising number of the elderly has meant mounting pressures for improved welfare. The social demands and the efforts of welfare agencies and localities in meeting such needs will be the subject of Chapter Six.

CHAPTER FOUR

THE ORGANIZATION AND FUNDING OF CIVIL AFFAIRS

The civil affairs system is made up of bureaucratic agencies, the CADs, and the local communities under their oversight. The effectiveness of CADs is intimately linked to the adequacy of their organizational structure, manpower and financial resources. Without these, policy implementation would be difficult. Neither would they be able to direct and coordinate the work of informal agencies at the grassroots. This chapter examines related managerial issues in the light of developments in the 1980s. Two major themes are explored. In Part One, the organizational aspects - central and local CAD structures, their changing remit and personnel issues - are analysed. Part Two focuses on civil affairs financing. Pre-reform methods are surveyed briefly to lay the ground for a thorough examination of post-reform funding arrangements. As it turns out, this review exposes serious institutional shortcomings in the system of welfare.

Part One

The Organization of Civil Affairs

The decision to re-establish the civil affairs apparatus was taken in the First Session of the Fifth National People's Congress on 26 February 1978. The Ministry of Civil Affairs (MCA) was set up to replace the defunct Ministry of Internal Affairs (MIA) and Cheng Zihua was named Minister (Dashiji, 1988, p.292). At the same time the MCA Party Group (Minzhengbu dangzu) was formed, with Cheng doubling as its Secretary. He was assisted by two deputy secretaries and ten other members, eleven of whom held the rank of vice-minister (Dashiji, 1988, p.294). What distinguished this party group from previous ones was that it was larger; under the MIA, the party group consisted of three to seven members. This no doubt reflected the scope of organizational and policy development work that was ahead.

The party group lost no time in carrying out its tasks. After two days in office, it convened its first meeting. Its immediate job was to investigate the state of civil affairs work in the country. The thirteen members divided themselves into six teams to visit different regions and hold discussions with local officials (Dashiji, 1988, p.295). In July the decision was taken to call the Seventh National Civil Affairs Conference, the first one in eighteen years, to set out future directions. The deliberations of this and other important forums will be detailed in Chapter Five.

Ministerial Structure

The Ministry of Civil Affairs is an executive agency under the State Council (central government). It is linked through its party

group to the party centre's Committee on Politics and Law (zhengfa weiyuanhui). Important policy, personnel and administrative decisions are made in the party system while the Ministry has the job of carrying out party resolutions.

In May 1978, the MCA was divided into eight departments/offices with specialised functions: general administration, rural relief, preferential treatment, urban social welfare, civil service personnel, political affairs, social organizations and and civil management. The following months saw the Ministry given new responsibilities in drawing up administrative boundaries, organizing local elections and assessing middle and lower level government cadres (below chu grade).

In 1979, the Ministry set up a new office: Office of People's Letters and Visits. This office dealt with complaints from aggrieved service recipients and enquiries from the public. Apart from this, a number of bodies were formed under the supervision of the MCA. First, there was the revival of the China Association for the Blind, Deaf and Mute which had been disbanded during the Cultural Revolution. Control of this and other bodies was achieved through appointment of MCA leaders to organize and head the sub-party group and incorporation of the latter's administrative posts in the Ministerial establishment (Dashiji, 1988, p.306). Second, the Institute of Prosthetic Research was founded (Dashiji, 1988, pp.311-12). Third, the Steering Group on the Reception and Resettlement of Indo-Chinese Refugees was created under the State Council. The Minister of Civil Affairs was made its leader and the ministry given the job of resettling ethnic Chinese refugees expelled from Vietnam after the two countries went to war briefly

in 1979 (Dashiji, 1988, p.317).

In July 1980, the civil service personnel work that the Ministry undertook for general cadres was turned over to a newly created Personnel Office under the State Council (Burns, 1990). In the same month, the State Council approved the formation of the Research Office on Revolutionary History in the Ministry. As at mid-1980, the total establishment of the MCA consisted of 326 cadre posts (including 26 posts in social organizations under its supervision) (Dashiji, 1988, p.346).

In 1981, the Ministry added a Resettlement Bureau to take charge of resettlement of retired military cadres and soldiers, hitherto the province of an office under the State Council (Dashiji, 1988, p.353). This led to the increase of 4,000 cadre posts in local resettlement administration nationwide. To offset the additional expenditure, an earmarked grant was voted by the Ministry of Finance. This year also saw the Ministry carrying out its task of organizing elections (Dashiji, 1988, pp.363-4). In September 1981, eight more cadre posts were approved for the MCA while local CADs also gained between one to four extra posts (Dashiji, 1988, p.366). Further reorganization took place in November 1981, when the Research Office on Revolutionary History was abolished. New departments put in place included the Office for Policy Research, Cadre Bureau, Office for Foreign Affairs and a task group on party discipline. On the other hand, cadre posts in the General Administration Office and Office for People's Letters and Visits were cut. Thus, notwithstanding the creation of new divisions, at the end of the year, the MCA establishment had only grown marginally (374 cadre posts) (Dashiji, 1988, p.369).

1982 saw another drive in austerity; the State Council trimmed the MCA establishment by 15 percent to around 320 posts. Likewise, the party group size was reduced. It now had five members instead of the original thirteen (Dashiji, 1988, p.375).

A very important development was the naming of a new minister, Cui Naifu to replace Cheng Zihua (Dashiji, 1988, p.378). A native of Beijing, Cui joined the CCP in 1948 and served in Lanzhou University for a long time (in the party office and as academic registrar). He was a protege of the former minister in two previous posts and followed Cheng to the MCA in 1978 (SHBZB, 16 December 1988). As befits his long spell in higher education, Cui is a frequent contributor of articles to MCA publications. Under his tutelage, the MCA actively promoted theory building and research related to social security and social welfare. He was generally thought of as dynamic and forward-looking.

In 1983, the MCA instituted the Bureau on Personnel and Education. In addition, the State Council approved the formation of three new bodies: the China Research Centre on Rehabilitation of Physical Disability, the China Welfare Fund for the Disabled (Dashiji, 1988, pp.411 and 414; Huibian, 1984, Vol.1, pp.80-4) and the Institute for Administrative Cadres of Civil Affairs (Dashiji, 1988, p.416; Huibian, 1984, Vol.2, pp.753-4). The last two are of special interest. The China Welfare Fund for the Disabled was the brain child of Deng Pufang, eldest son of paramount leader Deng Xiaoping. Himself a paraplegic (crippled after the Red Guards threw him down a building during the Cultural Revolution), Deng Pufang committed himself to improving the lot of the handicapped. He was its vice-director and later director (1985). The Fund was

affiliated to the MCA and Deng held the substantive rank of vice-minister. With his impeccable guanxi (personal connections), this body enjoyed high-level support and also attracted substantial overseas donations. It was credited for spearheading a national census of the disabled in 1987 and expansion of rehabilitation services (Wong, 1990). The Institute for Administrative Cadres of Civil Affairs, on the other hand, is the only higher academic (degree-equivalent) institution responsible for training civil affairs managers. Its formation accelerated the pace for cadre training.

In 1983, the MCA went through another reorganization. The resultant structure and ministerial duties (as laid down by the State Council) has been set out in Chapter Two.

In 1984, the MCA decided to build six civil affairs vocational middle schools (in Harbin, Changsha, Tianjin, Jinan, Chongqing and Wuxi) (Minzheng He Shehui Baozhang Wenxuan, 1985, p.609, hereafter Wenxuan). These offer two-year pre-service training in civil affairs work as well as short courses in specialist aspects of management to serving officers. Other locally administered centres then followed. By 1987, nine more vocational middle schools were in operation; another three were being planned (SHBZB, 11 September 1987). However, the capacity fell far short of demand; in 1987, there were 100,000 civil affairs cadres in the country. Inadequate training greatly hinders the professionalization of welfare work.

In 1985, three new organizations were established. The first one was the Chinese Research Institute of Civil Affairs Theory and Social Welfare, with Minister Oui as president. This centre had the aim of investigating the theory and practice of social welfare

(Dashiji, 1988, p.469). The second new body was the China Sports Association for the Mentally Retarded. It provided training for mentally retarded athletes and organized China's participation in overseas sports competitions (Dashiji, 1988, pp.474-75). Third, the Ministry took the decision to publish a nation-wide bulletin. Initially called the Zhongguo Minzheng Bao (China Civil Affairs Newspaper, ZGSHB), within a few months its name was changed to Shehui Baozhang Bao (Social Security Newspaper) (Dashiji, 1988, p.494). The formation of both the Research Institute and SHBZB reflected the growing importance of social security in the MCA agenda. Minister Cui and some of the senior leaders in the Ministry were closely identified with this push.

In 1986, the MCA took on additional duties. First, it was given the day-to-day work of arbitrating in territorial boundary disputes. The economic reforms have increased the value of land. As a result, competing claims by local authorities became more frequent (Dashiji, 1988, pp.489-90). Second, it acquired the responsibility for overseeing neighbourhood organizations after the State Council approved the MCA's Draft Report on the Organization of Villagers' Committees (Dashiji, 1988, p.497). In October, the MCA acquired the authority to oversee the routine work of building and supervising residents' organizations (Dashiji, 1988, pp.531-32). Third, the same year also saw the State Council instituting the Steering Group on the Economic Development of Poor Regions, with an MCA vice-minister appointed as a member (SHBZB, 21 August 1986; Xuanbian 1986, pp.59-66). Henceforth, the ministry was not only involved with direct relief but also took part in the planning of overall strategies to develop backward areas. Fourth,

the ministry made a proposal to start a social welfare lottery to raise funds for welfare services. Agreement in principle was granted by Premier Zhao Ziyang in July (Dashiji, 1988, p.521). Its implementation in 1987 blazed a new trail in alternative ways of welfare financing.

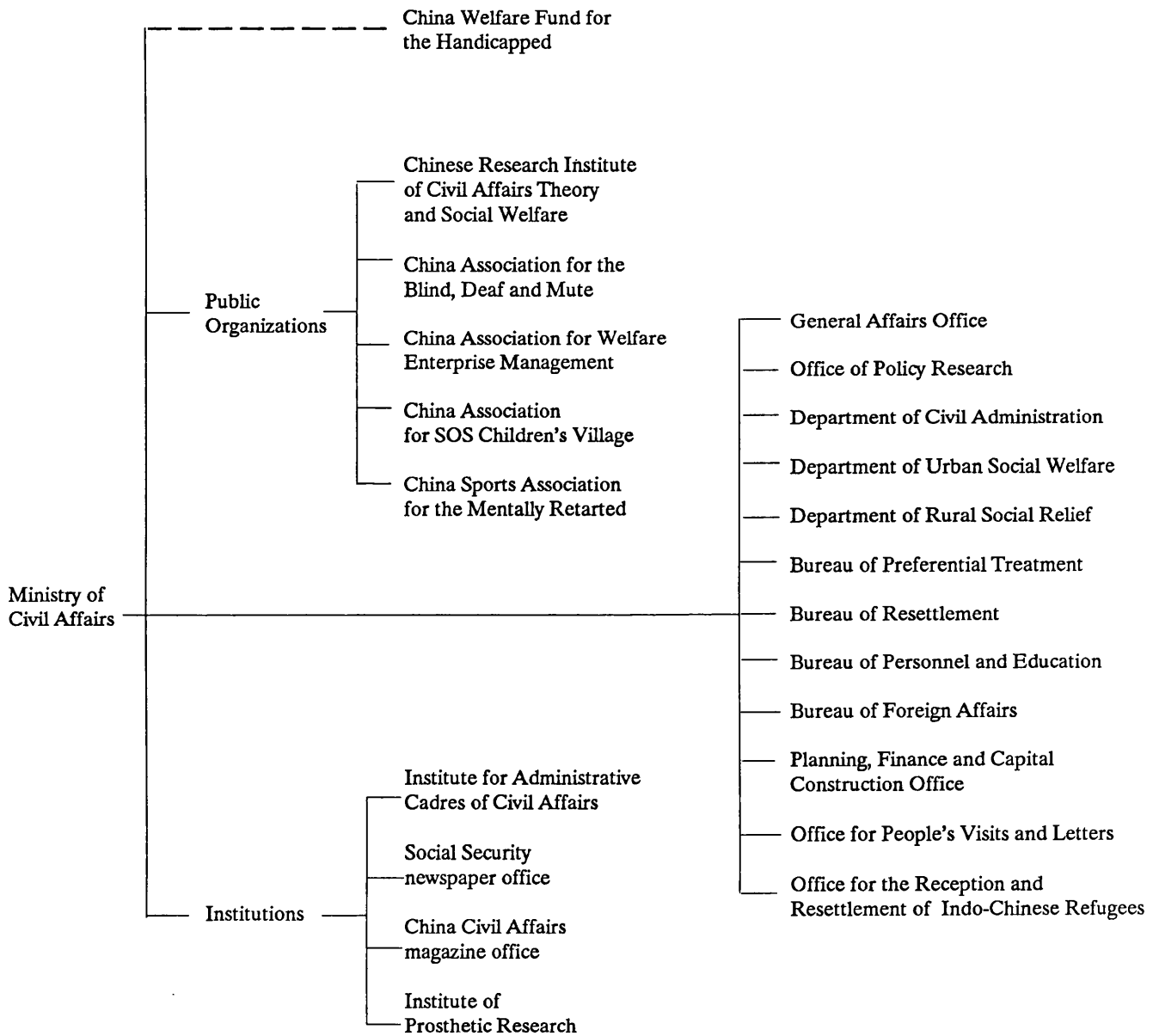
The accumulation of duties exerted pressure for reorganization. In mid-1986, the MCA had a new structure (Figure 4).

In 1988, the ministry underwent yet another reorganization. The ministry now has fourteen functional departments, as listed below (GDSZJ, 1989, pp.19-21).

1988 MCA Structure

1. Administrative Office [Bangong Ting]
2. Department of Grassroots Administration [Jiceng Zhengquan Jianshe Ci]
3. Department of Preferential Treatment [Youfu Ci]
4. Department of Resettlement [Anzhi Ci]
5. Department of Disaster and Social Relief [Jiuzai Jiuji Ci]
6. Department of Social Welfare [Shehui Fuli Ci]
7. Department of Administrative Division and Place Name Administration [Xingzheng Quhua He Diming Guanli Ci]
8. Department of Societies Registration [Shehui Guanli Ci]
9. Department of Social Affairs [Shehui Shiwu Ci]
10. Department of Marriage Regulation [Hunyin Guanli Ci]
11. Department of Policy and Regulations [Zhengce Faqui Ci]
12. Department of Personnel and Education [Renshi Jiaoyu Ci]
13. Department of Joint Projects [Zhonghe Jihua Ci]
14. Department of International Cooperation [Guoji Hezuo Ci]

Figure 4 Organisational Structure of the Ministry of Civil Affairs of the People's Republic of China, 1986



Source: Ministry of Civil Affairs

Several observations may be made about the latest MCA re-organization. First, there is much more functional differentiation. The hitherto nebulous tasks subsumed under civil management have been divided among several divisions. This is more rational and gives better attention to their unique purposes. Thus, the departments on administrative division and place name administration, social affairs, and marriage regulation became separate divisions. Second, some measure of unity in rural and urban welfare administration has been achieved. Previously, rural relief and welfare came under the Department of Rural Relief while a separate department dealt with relief and welfare matters in urban areas.

The new structure is more sensible in the light of increasing urbanization in the countryside and urban migration in the 1980s. Third, the work on marriage and societies regulation has expanded in scope. Now, regulation rather than mere registration is mandated. This enlarged the administrative power of the ministry. Fourth, new divisions have been formed to suit changing circumstances. They are the departments of Grassroots Administration and International Cooperation. The former is much needed to enhance organizational support to community social services, which have become a new growth point in social care in urban areas. Similarly the formation of villagers' committees created a base for service delivery under the supervision of the xiang-zhen assistant. Meanwhile, increasing cross-national contacts via study visits, joint projects, and consultancies underscore the importance of having special staff to handle the work. All in all, the new structure is more logical and better suited to the complexities of the Ministry's work at the present time.

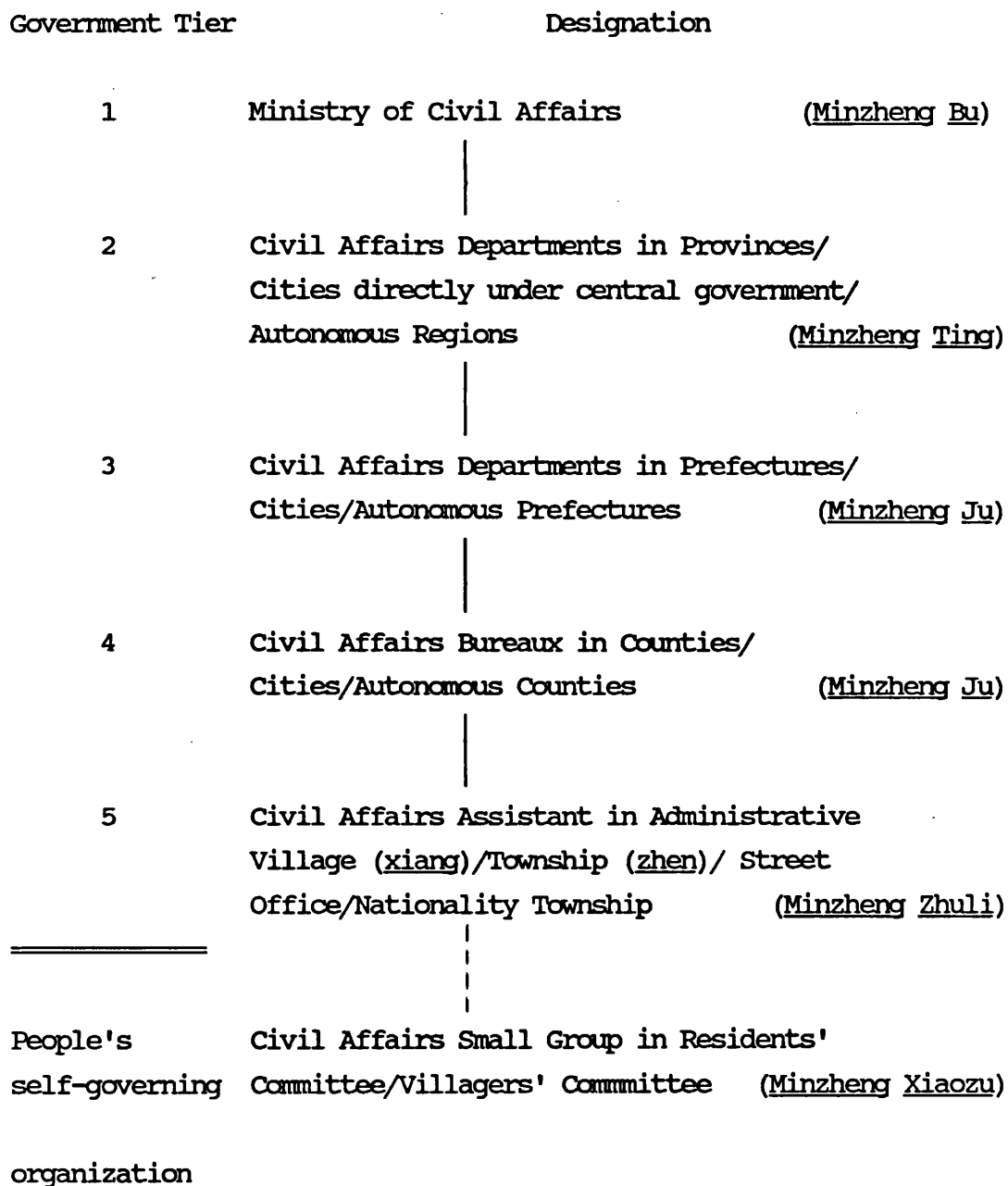
Regional and Local Organization

In local areas, civil affairs departments are answerable to two lines of authority. Vertically, a CAD at a particular level is part of the system of civil affairs with the Ministry at the apex; it is both superordinate and subordinate to CADs above and below it. In this system, the upper level organ issues policy instructions, advice and professional guidance. It also channels funds earmarked for specific purposes, mainly disaster relief, developmental aid to poor areas, and pensions and relief to retired army cadres and government staff. All other funding of local civil affairs projects is voted locally. The question of financing, a key issue in central-local relationships, will be examined shortly.

Figure 5 depicts the national civil affairs system. At each horizontal level, the government is formally elected and supervised by a people's congress. For tiers 1 to 3, the local legislature is elected by the people's congress immediately below it and serves a five-year term. Direct elections of people's congresses are prescribed for levels 4 and 5 and the term of office is three years. As said before, it is the local administration that controls the bulk of the funding. In addition, civil affairs appointments are decided locally.

Some examples can illustrate this principle of dual accountability. In the case of a municipal CAD, it is answerable to both the provincial CAD and the local municipal government. In turn, it directs the work of the CADs in city districts and civil affairs assistants in xiang-zhens. Meanwhile the CAD at the municipal district reports to both the municipal CAD and municipal government.

Figure 5 The National Civil Affairs System



Note: ___ Line Authority
 - - - Indirect Authority

Source: GDSZJ, 1989, p.13.

In terms of centre-local relations, the 1980s was a period of decentralization. While the periphery enjoyed more financial and management autonomy, the influence of the ministry and upper civil affairs organs have waned vis-a-vis the local administration. The weakening of top-down influence emerged very clearly from my interviews. Officials from both the centre and the provincial civil affairs apparatus felt somewhat helpless in exacting obedience from below when they no longer held the key to the essential resources of money and personnel. In particular, they could not sanction subordinate CADs which would not give higher priority to welfare. The Guangdong experience was indicative. Despite their wealth, some townships and even cities in the Pearl River Basin had neither a social welfare home nor welfare factory. The Guangdong Province CAD was at pains to influence these laggards. However, there was not much they could do apart from a mixture of patient persuasion and unrelenting criticism.

An additional gripe from some officials, in less guarded moments, centred on the perception that a reverse relationship existed between pay and position in the civil affairs system. It was said that cadres in xiang-zhens enjoyed higher pay than their superiors in municipal bureaux and the latter earned more than ministry officials. What made this possible was differential tolerance of entrepreneurial activities by state agencies at different levels. CADs at city level and below could take up trading and profit-making projects; provincial and central authorities could not. This point was corroborated by an economic consultant working with the Ministry of Finance, Athar Hussain, during personal discussions.

So far the examples given are anecdotal. Short of having reliable national pay statistics, it is not possible to draw any firm conclusions. Besides, wage differentials are only one form of clout. However, what is remarkable is the consistency with which such views were held. Overall, the feeling that in senior echelons officials had been losing prestige and influence over local development was quite widespread, whether in Beijing or Guangdong. It echoed central concerns over deepening regionalism. The centrifugal tendencies that emerged were an important agenda for future research.

Documentary information on provincial and local CAD organization was hard to obtain. Because of the dearth of published materials, it is difficult to be precise about the general pattern. Here I shall restrict myself to interview data on Beijing and Guangdong as examples of local permutations.

At the provincial level, the minzheng ting has a divisional structure that closely parallels the Ministry's. This is because provinces administer to a large population; Guangdong, for example, has jurisdiction over 60 million. In 1991, the GDPCAD was divided into 14 divisions, virtually identical to the Ministry structure. At headquarters level, the provincial bureau had a cadre establishment of 160 officers (1991 interview data).

At the municipal level, because cities differ in size and administrative status, their structure and establishment also vary. In Guangdong, the number of cadres in municipal CADs ranged from 15 to 45 in 1988, with an average of 25 officers. Zhanjing city, for example, had an establishment of only 79 cadres (interview data, 1988). Further down still, my interviews suggested that county CADs

also diverged in size and structure, ranging from cadre establishments of 15 (Shunde) to 34 (Dongguan) and functional divisions of four (Shunde) to eight (Nanhai and Dongguan).

More uniformity characterised the xiang-zhen organization. Being the lowest level of government ruling between 20,000 to 40,000 persons, each xiang-zhen had only one civil affairs assistant to take charge of the whole range of civil affairs duties. Exceptionally, some townships would have two assistants. For example, Guangdong recommended two cadres if the township population was over 40,000. Shunde had the best ratio: two assistants for each xiang-zhen; Dongguan had between one to two. My Guangdong interviews revealed a general reluctance to approve more posts; local administrations pointed out that deploying even one more cadre would double the cost. So, some xiang-zhens in the delta areas took on a non-tenured worker to assist the civil affairs official. What was more common, however, was part-time deployment, which produced an impossible workload and was the source of perennial complaint of such agencies (Shantou Minzheng Ju, GDMZ, 1990, Issue 4, pp.12-14; Cui, ZGMZ, January 1989, p.6). Besides the question of cost, low pay also created the need to double up from the staff side. According to my informants, civil affairs salary was lower than for other posts; civil affairs assistants needed extra pay from part-time work if they were to stay in post.

The thin provision on the ground has long been recognized as a serious impediment to service planning and delivery in the countryside. Compounding the problem of numerical weakness were a host of maladies. First, civil affairs assistants experienced frequent transferrals to other posts (SHBZB, 18 September 1987).

As the posting was controlled by the xiang-zhen government, county CADs were unable to block the move. Two effects followed from this. Cadres could not develop commitment and expertise in their work and disruption of service inevitably occurred. Another difficulty was the lack of training. Very little was available by way of funds and materials for training rural cadres (SHBZB, 18 September 1987). Finally, the quality of the cadres left much to be desired. The specific concerns were over their age and education (SHBZB, 1 April 1988; 15 April 1988).

One case illustrates these common predicaments. Ta Xian in Sichuan is a large rural county with 1.1 million population. In early 1988, its Civil Affairs Bureau wrote to Minister Cui to air their grievances over high staff turnover. Although all its 93 constituent xiang-zhens had managed to fill their CA Assistant post, 74 were part-time incumbents. Between January to October 1987, 48 cadres had been transferred; in one xiang, the occupant changed three times within the year. In terms of quality, 40 cadres were over 50; 53 only had a primary education. Under such difficult circumstances, the officials were simply overwhelmed. Some had no time to file statistics; if they did, their accuracy could not be assumed (SHBZB, 1 April 1988).

The above was by no means an isolated case. Similar laments appeared regularly in ministry serials. Bearing in mind that three quarters of the Chinese live in rural areas, the implication was profound. Precisely because local communities were to take on a bigger role in social care, leadership from a professional cadre was essential. If rural welfare is to develop properly, the present organization is woefully inadequate.

Civil Affairs Manpower and Quality

At the end of 1982, the civil affairs manpower system had some 70,000 cadres. At that time, there were 55,000 xiang-zhens in the country but the number of civil affairs assistants was only 48,000 (part-time appointees included) (Gailun, 1987, p.326).

Table 1 Age Group Distribution of Civil Affairs Cadres, 1982

(Percentages)

	60 & over	51-60	36-50	35 & below
provincial and county level cadre	3.4	28.9	45.6	21.6
<u>xiang-zhen</u> C.A.Assistant	1.4	25.3	52.7	20.6

Source : Gailun, 1987, p.326.

For work at the xiang-zhen level, the age factor was important. This stemmed from the job nature and the direct work environment. In rural areas, the work of a civil affairs cadre was physically demanding. In order to supervise welfare work in villages, much travelling was required, often to places where good roads, transport and accommodation facilities were difficult. Hence, an older person was more disadvantaged than a younger one. Even for provincial and county cadres, regular inspection was essential if they were to keep in touch with local areas, otherwise they ran the risk of passivity and isolation.

Table 2 Educational Level of Civil Affairs Cadres, 1982

(Percentages)

	College	Senior Secondary	Junior Secondary	Primary School
Provincial and county level cadre	4.8	25.1	64.4	14.5
<u>Xiang-zhen</u>				
C.A. Assistant	1.3	17.5	56.7	24.5

Source : Gailun, 1987. p.326.

The above table indicates that over half of all cadres have only had junior secondary schooling. The provincial and county officials are better educated, with a quarter attaining senior secondary level. The ministry has acknowledged that poorly educated personnel generally had more problems with understanding state policies, filing accurate reports and exercising good judgement. Matters were then more prone to be passed up to superiors than resolved locally.

In 1985, the country had some 87,000 civil affairs cadres and a contingent of 300,000 service and care staff. Of the cadre corps, 5,064 had a college education (5.8 percent); 10,680 reached vocational middle school level (12.2 percent) and 71,256 had a standard of middle school and below (82 percent). Within the last group, 68,000 (78 percent) had junior middle school and below educational level. In comparison, of all 22 million government cadres in 1985, 22 percent had a college education; only 30 percent had a background of junior middle school and below (Wenxuan, 1985, pp.606-7, and 615). Obviously, the qualification of civil affairs personnel was inferior to state cadres as a whole.

More recent figures suggests a modest improvement in education among civil affairs cadres. In 1987, among 105,000 officers, 5,498 (5.24 percent) had a college education; 13,790 (13.13 percent) reached vocational middle school standard while 85,630 (81.54 percent) had a standard at senior middle school and below. In terms of age, 27,130 cadres (25.8 percent) were aged 35 and below; 49,824 (47.55) were between 36-50; 27,951 (26.6 percent) were above 50 (SHBZB, 11 September 1987). Comparing the 1987 figures with those of five years ago, there has been a slight lowering of age. However, it was not possible to generalize about the same improvement in education. The first reason was that the terms used in all years were not defined. For example, it was not known whether "standard" referred to attendance or attainment. Second, the classifications were crude and lumped together many levels. For instance, "junior middle school and below" subsumed people with junior secondary, primary, no formal schooling and illiterates. Breakdown into sub-categories was not available. Given such unsatisfactory data, one has to be cautious about making inferences.

Two measures have been adopted to improve cadre quality. The development of training was one response. The recent establishment of civil affairs colleges has been mentioned. In 1987, the civil affairs education system was said to have the capacity to cater for 2,000 cadres, including pre-service training, refresher courses and more skill-based workshops (for example, accounting and finance, managing welfare factories). In addition, 14 technician training schools were in operation, producing, for instance, artisans in the makin of prostheses, mechanical tools and hearing aids (SHBZB,

1 July 1987). Another new development was training in rehabilitation. Here, the ministry benefitted from outside help. Visiting rehabilitation experts conducted short-term classes (from a few sessions to several months) for local teachers and para-professionals working with the handicapped. The results were said to be encouraging, both in the acquisition of work skills for staff and improved functioning for service recipients (SHBZB, 23 February 1988).

Embryonic plans exist to introduce professional social work education. From 1952 to 1979, university teaching of the social sciences was banned; among the casualties were social work and sociology. It was not until 1979 that the discipline of sociology was re-established (Wong, 1979; Yuan Fang, 1986). Social work, regarded as applied sociology, thus regained a new lease of life. Two attempts have been made by the ministry to professionalise welfare work through training in social work. First, there were efforts to pool scarce professional expertise to build a national college of social work. Progress has been limited; up to 1991, the plan has not materialized. Second, the teaching of social work began in selected sociology departments in Beijing University, People's University and Zhongshan University (interview data, 1988). Even then, the achievements have been modest, one reason being that the teachers themselves have had no professional social work qualification. Therefore, judging from the progress so far, it will be a long time before welfare work becomes a professional activity, if ever. Until that happens, it will remain an administrative activity dictated by bureaucratic norms rather than the standards of a profession.

The second response was the selection of model cadres. In China, the use of models (mofang) was a time-honoured method in communist ideological campaigns (Burch, 1979). Thus, the CADs have a tradition of picking advanced units and workers. In 1986, the ministry introduced a grand title - the Bull's Award (Yuziniu zhang) as the highest accolade for a civil affairs worker. The first winner was Zhong Baoqi, a civil affairs assistant from Liaoning province (Dashiji, 1988, pp.539-40; Xuanbian, 1986, pp.405-11). In addition to his enthusiasm, selflessness and technical competence, Zhong was lauded, in particular, for his single-handed achievement in starting many projects to help poor peasants. His selection was a belated vindication of the rural cadres working in the wilderness. It also reflected the mood of the times, 1986 being the high tide of the fupin campaign. Concurrently, the ministry stepped up its propaganda to raise professionalism and moral ethics among its cadres. Such qualities as putting duty and clients first, embracing frugality and accepting self-sacrifice were stressed alongside the possession of technical competence.

Conclusion

Three comments can be made on the organization of civil affairs in the first reform decade. First, the organization of the ministry and local civil affairs agencies has followed a more rational path of functional differentiation. Internal reorganization has been dictated by enhanced scope and complexity of civil affairs work. There have been two countervailing trends. On the one hand, its welfare role has been emphasized. On the other, there has been a

parallel growth of its administrative functions. So in many ways, the ministry still retained its historical baggage as a home affairs ministry. This profusion of tasks was detrimental to the growth of organizational mission. As a result, some opinions within the ministry hold it should specialize in welfare. Contrariwise, others were reluctant to see the CADs relinquish their political and management functions. Ultimately, the future direction and orientation of the ministry is a national issue. So far, no decision on possible specialization has been taken.

The second point relates to the inadequacy of the local organizational structure. To begin with, the staffing of the county/city CADs appears insufficient to exercise leadership and oversight of subordinate agencies. More critical was the xiang-zhen establishment. As it was, the existing structure could not promise faithful implementation of policies, much less innovation. The weak organization and manpower situation made it virtually impossible to narrow the welfare gap between rural and urban areas.

The third issue has to do with the quality of manpower. The deficiencies in the form of cadre age and poor educational attainment adversely affected professional competence, policy adherence and ability to make creative decisions to meet local needs. The attempts to improve training and raise personal commitment were commendable. However, without real improvements in conditions of service, professional training and moral incentives in themselves were insufficient. The perceived injustice of central and regional level cadres being paid less than their local counterparts further weakened morale. It also reinforced the feeling of loss of influence over local development as a result of decentralization of authority.

Part Two

Civil Affairs Financing

Pre-1978 Social Welfare Funding Methods

Before the reform period, funds for civil affairs projects came mainly from two sources: government allocations and collective funding. State funds were allocated from the central and local governments. Budgets of the State Council and the MCA made up the central budget. Funds made available by provinces, cities and counties were included in the budget of local government (Minzheng Faqui Xuanbian, 1986, p.253, hereafter Faqui Xuanbian). Meanwhile collective expenditure referred to money raised within rural communes and subordinate brigades and teams in rural areas, and in urban areas, resources provided by neighbourhood organizations.

The general pattern of funding before 1978 had a number of characteristics (Wong, 1990c). First, the central government played a leading role in allocating welfare relief funds to local areas through a system of quotas and controlled local expenditure via approved budgets (Guojia Yusuan, 1987; SHBZB, 12 February 1988). Although the balance of central fiscal powers vis-a-vis local areas was stronger in some periods than in others, on the whole centralization was the norm before the reforms. Second, civil affairs bureaux were constrained by ministry regulations on the use of different types of allocations. Diversion from one purpose to another was prohibited. In practice, however, many abuses and digressions were reported, including indiscriminate dispensation of disaster relief grants, embezzlement and illicit diversions of funds (Gailun, 1987, pp.155-57; Dashiji, 1988, pp.86-87). Third,

the state and collectives shared responsibilities for financing welfare projects. The items for which the state shouldered the major burden were preferential treatment (state grants only for pensions, death grants, disability relief and institutional services), disaster relief, urban relief ("three no" targets, hardship households, redundant workers laid off between 1961-65), social welfare services in cities (social welfare institutions and welfare production enterprises) and aid to poor areas and teams. Poor relief in rural areas was primarily funded by local communities; likewise important was preferential aid from the masses. In these, central largesse only went to areas in chronic deficit. Fourth, both state and collectives followed a principle of thrift in controlling welfare spending. Service providers were enjoined to become self-reliant, that is, live within their means and not blindly emulate more prosperous places. The upshot of the frugality ethic was that on average civil affairs spending was contained to around 1.6 percent of total government expenditure before 1979 (Dashiji, 1988, p.734, reference Chapter Two).

Civil Affairs Expenditure 1978-1988

Table 3 presents the total government expenditure on civil affairs in the last decade. In money terms, civil affairs spending more than doubled. However the rate of growth was uneven. In 1979, the first year after the MCA was re-established, the outlays jumped by 35 percent. Between 1979 and 1980, the spending fell slightly. The reason for this was unclear but may be related to sharp increase of government deficits as a result of massive imports of overseas goods and technology associated with the Hua Guofeng leadership

Table 3 Civil Affairs Expenditure, 1978-1988

Year	Amount (100 m. yuan)	percent over previous year	As % of govt. expenditure
1978	13.92	-	1.25
1979	18.80	35.10	1.48
1980	17.48	- 7.00	1.44
1981	19.23	10.00	1.72
1982	19.60	1.90	1.70
1983	21.81	11.30	1.69
1984	24.05	10.30	1.59
1985	30.01	24.80	1.64
1986	34.40	14.60	1.51
1987	36.19	5.20	n.a.
1988	40.13	10.90	1.50

Source: Dashiji, 1988, p.734 for statistics up to 1986; 1987 and 1988 figures from SHBZB, 14 April 1989.

between 1978-80 (Rosen and Burns, 1986). Then, more or less steady rises continued until 1985. Thereafter the rate of growth became more moderate; the latest report suggests that during 1986-1990, state expenditure on civil affairs only increased by an average of 6.43 percent per year (Li, ZGMZ, June 1990, p.39). A more telling indicator of the paltry nature of the civil affairs bill was its weight in the state budget. As a percentage of public spending, civil affairs outgoings represented a mere 1.55 percent on average over the decade. There was actually a slight drop from the pre-reform average of 1.6 percent.

The general approach could be summed up by the principle of developing "multiple levels, multiple channels and multiple means"

(duo cengci, duo gudao, duo xingshi) of funding (GDSZJ, 1989, pp.147-48). By multiple levels was meant both vertical tiers (central government, province, county/city, xiang-zhen/street organisations, villagers'/residents' committees) and horizontal sectors (state, collective, groups, individuals) in the welfare nexus. Multiple channels referred to diverse sources of income. These included, inter alia, funds voted by different layers of administration, retained profits from xiang-zhen or neighbourhood enterprises, donations from government departments and social units, charitable contributions from the masses, income from social welfare enterprises, sponsorship from citizens, gifts from overseas and special funds. Finally, multiple means denoted various methods of raising income. New developments included the introduction of different forms of economic enterprises, fee charging, holding charity performances and auctions, and creating special funds of one kind or another. In short, the overall aim was to husband all available resources in the country and exhaust all possible methods to garner more revenue for social welfare.

The government and party line was to eschew state monopoly in welfare finance. Social welfare was to be the business of every person and social unit in society. Ultimately, it was hoped that a "reasonable distribution" of responsibility would evolve between state, collective and individuals (Sixth Five Year Plan for Social and Economic Development; SHBZB, 12 June 1986).

The official jargon had considerable overlap in meaning. To simplify matters, I shall review the major new developments under different sources of funding.

1. State Funding

At the end of 1978, the resuscitated MCA re-issued the 1962 regulations governing the use of preferential treatment and relief funds (Shouce, 1982, p.627; Fagui Xuanbian, 1986, pp.241-46). In 1984, a more detailed set of regulations - Ministry of Finance and Ministry of Civil Affairs Joint Circular on the Use and Management of Civil Affairs Funds was promulgated (Fagui Xuanbian, 1986, pp.247-57).

Four principles were enshrined in the 1984 regulations. First, the principle of "designated fund, designated use" (zhuan kuan zhuan yong) was re-affirmed, banning virement of monies to unauthorised purposes. Second, equal distribution of relief payments was disallowed. Priority in aid was to be given to areas and households/victims who experienced the most severe hardships. Third, all units were to practice economy, cut waste and maximize saving so as to use resources more effectively. Service units should generally implement a financial responsibility system which defined its managerial accountability under contract. Fourth, in decision-making, the principle of democracy was to be followed. This meant that in deciding on such matters as office budgets, quota allocation and large items of expenditure, leading cadres should make decisions after holding group discussions. Similarly, in distributing temporary subsidies and disaster and social relief, the views of the masses should be integrated with the assessment of officials. The above stipulations were no doubt related to a number of serious offences uncovered in 1981-82, which led to condemnation by then Party Secretary Hu Yaobang (Shouce, pp.642-45; Dashiji, 1988, p.362). They also addressed longstanding irregularities

which have earned civil affairs departments a bad name.

In addition, the regulation codified a number of new measures introduced after 1978. They were, first, the permission to use part of the allotment for disaster relief to help poor households develop production. Second, a responsibility contract system on disaster relief budgetting was introduced based on experiments in 1980. Henceforth, local areas adopting this method managed their disaster relief programme within pre-set limits agreed with central government. While they earned the right to retain unspent revenue, they had to give up claims for additional central appropriations except for dire emergencies. Third, as far as possible, loans would be used to replace grants. Only people who had no repayment ability (e.g. the "three-nos") could get handouts. These themes will be analysed in depth in Chapter Five.

In 1985, further local autonomy, hence greater responsibility in financial matters, was granted. This was spelt out in an innocuously named administrative note - Ministry of Civil Affairs and Ministry of Finance Joint Circular Regarding Adjustments to Preferential Treatment and Relief Standards [Minzheng Bu Caimu Bu Guanyu Tiaozheng Fuxu He Jiuji Biaozhun Yaoquan Wenti De Tongzhi] (Fagui Xuanbian, 1986, pp.258-59):

"(1) Adjustment to one-off death grants for revolutionary martyrs and deceased personnel (from official duty and illness), relief for revolutionary disabled personnel and maintenance standard for revolutionary disabled veterans resident in convalescent institutions will be standardized by the Ministries of Finance and Civil Affairs. For all other preferential treatment and welfare relief targets, persons receiving relief and subsidies from service units, and maintenance standards of inmates will be determined by provinces, autonomous regions and cities directly under the central government in accordance with policies and regulations, the financial ability of local areas, and

living standards of the masses. Their bureaux of civil affairs and finance will make specific proposals and report to people's governments in provinces, autonomous regions and cities directly under the central government for approval. The funds will be self-arranged by local finance authorities.

(2) The principles for various relief, subsidies and maintenance standards set by local authorities should be: to ensure that living standards for preferential treatment targets are higher than the average living standards of the local masses; to ensure that living standards of relief targets are comparable to basic living standards of the local masses and to ensure subsistence living for personnel under reception and dispatch treatment. Living standards for single elderly, orphans and disabled persons should be better than other recipients under the same category of veteran and social relief. Hereafter, relief and maintenance standards should be suitably adjusted following the development of the national economy, reform in the price system and improvements in general living standards of the people." (emphasis added)

Two messages stood out loud and clear. One was the retrenchment of central government involvement. From 1985 onwards, the initiative to undertake welfare work was clearly devolved to local areas which took on the major burden of financing welfare from the local government budget. This is also the view of Davis (1989). Second, welfare improvements were to come about after economic growth was attained. This reflected official tolerance of a lag in social welfare development.

As regards service standards, once the centre gave up its right to set benchmarks except in some veteran benefits, its admonitions to local authorities had an empty ring. At the same time, a local approach to standard setting was justified in terms of wide differences in socio-economic levels prevailing in the country. Of course, the backdrop was the readjustment of centre-local relationships. As part of the bargain, local authorities, having gained more autonomy than before, must shoulder broader obligations.

2. Local Community Funding

In the countryside, the masses have long contributed to the support of soldiers' families and "five guarantee" households. In the post-commune period, the usual method was to issue special levies, which could be regarded as a kind of welfare tax. The practices varied widely in different places.

The obligation to contribute to the aid of welfare targets was usually incorporated in the contract that peasants signed with the local collective (xiang-zhen or villagers' committee) (SHBZB, 8 January 1988). The form of payment could be in grain or cash. Many areas raised separate collections for soldiers' dependents and "five-guarantee" households. Levies could be assessed in many ways -- according to the amount of land a household contracted, the number of working persons in a household, or a combination of land and hand (GDSZJ, 1989, pp.87-88, 106 and 115-17). Very often different formulae were used to calculate incomes, hence the amount of levies issued on various kinds of economic pursuits (farming, forestry, grazing, commerce, industry, fishery, transportation or construction) were variable. In districts where rural industries were highly developed, enterprise profits replaced individual levies. This was the case for affluent counties in Guangdong (GDSZJ, 1989, p.149; 1988 Guangdong interviews). So, residents in rich areas were doubly favoured. Not only did their local government have more money to spend on services, they paid no direct welfare tax.

Many rural areas had introduced centralized collection and use of levies. By the end of 1989, over 20,000 xiang-zhens

(38.8 percent of the total) practiced fund pooling at the xiang-zhen level (ZGSHB, 1 May 1990). This spread the burden across wider boundaries in contrast with pooled funding on a brigade basis under the commune system. Places which had set up sound accounting systems centralised at the county level, allowing for wider sharing. In contrast, the more "backward" localities could only manage pooling at villagers' committee level.

Still another case of regional inequality was differential provisions for pensions, for example in suburbs of Shanghai, Beijing, Guangzhou and the more industrialized patches in Jiangsu and Zhejiang. There, pensions were given to peasants above a certain age (BR, 12-18 March 1990, pp.20-21). The money usually came from individual subscriptions, subsidies granted by rural industries or both. Despite its title, the amount was usually small, ranging between 15 to 120 yuan per month, and functioned more as living supplements than suffice for retirement income. Also, the number of beneficiaries was small; only 900,000 rural inhabitants were allegedly covered (ZGSHB, 16 February 1990). For the vast majority of rural elderly, the family was still the main source of support.

In general, levies were not a satisfactory method of financing. First, they were difficult to collect. Peasant resistance to paying levies has been reported (Hussain, 1989; 1988 Guangdong interviews). Second, they had an ad hoc character and a dubious legal standing. Because of these limitations, they are at best temporary expedients. More permanent arrangements, like a sound system of local taxation, are needed to furnish an adequate and reliable base of funding.

3. Development of Social Welfare Production

Social welfare production enterprises create employment for disabled persons. In the reform decade, they were increasingly looked upon as an income source. Funds so created were used to expand production, upgrade equipment and improve the welfare of employees in these enterprises. In many places, for example in Guangdong and Beijing, welfare factories gave subsidies to projects like old peoples' homes and children's homes. They were also expected to donate money to worthy causes at the behest of their superintending agencies.

In the 1980s, a rapid expansion of welfare factories and workshops took place. In 1982, there were 1,574 social welfare production units producing goods worth 928 million yuan. By the end of 1988, the number of units soared to 40,496; the value of goods produced amounted to 20,630 million yuan (SHBZB, 14 April 1989).

Similar in aim but serving different clientele were economic enterprises designed to give jobs to poor households under the fupin programme. These fupin jingji shiti may take the form of factories, farms, quarries or workshops. In October 1988, the ministry reported a total number of 45,000 such entities. They produced goods worth 6 billion yuan and earned 720 million yuan profit (SHBZB, 7 October 1988).

4. Income-generation by Welfare Homes and Units

Under the general ethos of competition and materialism, social welfare homes and service units were also asked to earn more income for themselves. The reasons were two fold. First, the central government was in deficit, as has been discussed. Second, self-

raised income could finance internal service expansion and improvement of service standards and staff welfare. The last was sorely needed to raise staff morale: in the last decade, civil service salaries dropped behind those of industrial workers, the self-employed and the more enterprising peasant households.

Entrepreneurship took many forms. On the one end, there were ventures like growing fruit trees and cash crops, breeding chickens and pigs, fish-farming, flour milling and wine-making. More ambitious projects included the operation of factories, restaurants and holiday-resorts. In all, such pursuits produced incomes of 30 million yuan for service units in 1988, equivalent to 10 percent of their operating budget (SHBZB, 23 June 1989). Case studies will be presented in the chapter on Guangdong.

There were two more ways of income-generation. One was the admission of fee-paying residents in CAD-run institutions. At the end of 1988, such cases amounted to 17,000 or 24 percent of all residents; in CAD-run mental hospitals, the number was 11,000 or 55 percent (SHBZB, 23 June 1989). Another means was charging the general public for the use of CAD services like day treatment in rehabilitation hospitals. Open access was generally welcomed as they met genuine needs in the community.

5. Social Welfare Lottery

In August 1987, China floated its first social welfare lottery in Shanghai (SHBZB, 14 August 1987, 24 March 1989). The avowed purpose was to raise money for welfare programmes, particularly to help the disabled, elderly, orphans and poor households. It was also meant to augment the shortage of state funds; in 1987, only 400 million

yuan could be made available for welfare projects.

The proceeds from the lottery were divided up in three ways: 35 percent as prizes, 15 percent as operating costs and 50 percent to go to a social welfare fund (SHBZB, 14 August 1987). In 1988, a nation-wide campaign was launched. Up to the end of 1989, lottery sales amounted to 789 million yuan, netting 304 million yuan for welfare schemes (ZGSHB, 6 April 1990). Among all provinces, Guangdong held the best sales record. In 1988, tickets worth over 90 million yuan (at 1 yuan each) were sold; 29.55 million yuan were retained for use within the region (SHBZB, 24 March 1989).

6. Donations

Under Mao, China prided itself on its self-reliance in relieving domestic disasters without foreign aid. The most extreme example was the stubborn refusal of overseas aid after the 1976 Tangshan earthquake which killed a quarter of a million people (Qian, 1986). The policies of open door and reform brought about a fundamental change in attitude. In 1980, the State Council authorized the acceptance of United Nations donations for the relief of typhoon victims in Guangdong (Dashi, 1988, p.345). Thereafter, China also obtained relief aid from OECD countries. From 1983 to 1988, total foreign donations came to some US\$50 million (Tansuo, 1989, p.178).

Another source came from the large overseas Chinese communities. Indeed, making philanthropic donations to one's native place was a long-standing tradition among Chinese emigrants. In the past, many schools, hospitals, roads and bridges were built with such money. Overseas remittances were sharply curtailed in the 1960s and 1970s. When the country ended its isolation, sizeable

donations found their way back. Guangdong and Fujian got the lion's share as places with the largest number of emigrants. Guangdong alone received some 25 million yuan in the few years before 1989 (Li, in GDMZ, 1989, Issue 6, p.23).

Finally, domestic contributions also went towards the support of welfare projects. These could be voluntary or mobilized. Examples of the latter kind were money solicited from "ten thousand yuan households", firms and ordinary residents. At times, these collections amounted to forced levies and were a source of irritation to enterprises and households alike.

7. Mutual Funds and Social Welfare Funds

Since 1983, there has been a significant proliferation of special funds. Variously called mutual benefit funds, social security funds, social welfare funds or social insurance funds, these were collections specially created for welfare purposes. Many had a contributory element when individuals and households paid monthly premiums to build up their entitlements to borrow, withdraw money for a contingency, or draw a pension. Wealthy enterprises or individuals were also encouraged to donate to these funds.

The CADs have been at the forefront of this development. Some gave start-up grants or provided subsidies to cover administrative costs. Some schemes operated on an insurance compensation principle, for example, to cover the loss of crops, draught animals and houses. By year-end 1988, 75,000 funds of various kinds were in operation, collecting subscriptions of 690 million yuan (SHBZB, 14 April 1989). In 1989, 102 counties had started pilot insurance schemes, which covered some 4.93 million households and collected

28 million yuan. Furthermore, 100,000 villagers' committees have set up mutual help savings funds covering 20 million households and collecting 400 million yuan (ZGSHB, 5 January 1990). Not surprisingly, most projects were located in the rich areas.

Conclusion

Welfare financing in the reform decade was typified by diversification and ingenious methods of developing funding sources. The need arose from tight budgets. In particular, innovations were forced by changes in the institutional framework, which destroyed old arrangements in funding communal obligations. Consequently efforts were directed at socializing responsibility among all sectors in the community. To that end, a great deal of ideological exhortation was invoked. Hence, in the 1980s, local communities and direct service units had become aggressive fund raisers. The results have been mixed. On the one hand, more resource avenues were tapped, for example by taxing profits from the burgeoning rural industries. On the other hand, there were hidden snags. For example, the management's money-making fever may divert attention from running a good service, as will be explored in the chapters to follow. At the same time, appeals for donations could become a subtle form of blackmail on the newly rich. Furthermore, regional disparity had widened. Local authorities were given the responsibility to finance their welfare needs without the cushion of state-backed redistribution. Increasing inequality can sow the seeds of discontent.

Despite much ingenuity and drive, the plague of inadequate funding remained. This made it difficult for CADs and communities

to satisfy new welfare needs. A more immediate headache was the livelihood of dependent groups who could not share in the general improvements in living standards and were hurt most by inflation. All these developments increased the marginalization of the poor and homeless, making their lot more disagreeable than when most people were poor and had few means to get rich. The efforts made in safeguarding the livelihood of the most vulnerable members of society and the extent to which such endeavours have succeeded will be the subject of the next two chapters.

CHAPTER FIVE

CIVIL AFFAIRS — THE NATIONAL PURVIEW IN THE FIRST REFORM DECADE

This long chapter reviews the development of social welfare work during the first reform decade of 1978-1988. It contains three parts. Part One elaborates the overall direction and policies of civil affairs work. This is conducted through an examination of the resolutions adopted in civil affairs conferences and the country's five year plans which set out the rationale, aims and specific targets for various civil affairs programmes. Parts Two to Five take a critical look at welfare policies and their implementation. Four welfare programmes — preferential treatment, veteran resettlement, social welfare services and production, and relief work are scrutinised. An assessment of their successes and failures in contributing towards improving social security is attempted. In Part Six, a conclusion is drawn by conceptualizing the directions of welfare developments during the first reform decade. A conceptual model of social welfare responsibilities, with its constituent institutions, source of funding and the underlying value premises, is proposed.

Part One

Mapping Out New Directions

The Seventh National Civil Affairs Conference, 1978

The conference took place in September 1978. 680 key civil affairs personnel and party and state cadres attended the conference (Dashiji, 1988, pp.299, 556-5). At the meeting, Minister Cheng presented a key-note speech entitled "Under the Premise of Repudiating the Gang of Four, Diligently Carry Out Civil Affairs Work in the Struggle to Fulfil the Overall Duty in the New Era". Cheng reaffirmed that the major business of civil affairs departments was preferential treatment and settlement of demobilized military personnel, rural relief and disaster relief, and social welfare. From the conference synopsis, two themes stood out. First, the party must pay more attention to civil affairs work. Restoration was needed to maximize social stability as the country pushed for reform. Resuscitation could only begin with the party giving it more attention. Second, the rebuilding of the civil affairs apparatus must proceed quickly. Without an appropriate organization, normal business could not resume, much less take on new duties. The urgency with which agency construction was regarded has been dealt with in the last chapter. In particular, enlarging the party group provided the leadership structure for the nascent ministry.

The Sixth Five Year Plan 1981-1985

The preparation for the ministry's input into the Sixth Five Year Plan (FYP) dominated its attention after the Seventh Conference.

When the FYP was released, Section 4 on Social Welfare Services sounded terse and empty (Dashiji, 1988, p.735):

- to maximize all potential elements and to adopt multiple measures to actively provide various social welfare services;
- to take good care of the livelihood of rural "five guarantee" households and the families of martyrs and soldiers;
- to suitably develop some convalescent homes and sanatoria, and to arrange for workers and cadres to go in groups to receive treatment and cure at different times;
- The state will spend 12.6 billion yuan over five years for the furtherance of preferential treatment and social relief.

When compared with sections on health, education, labour welfare, birth planning and other social programmes, its brevity gave the appearance of an afterthought. Such treatment reflected two attitudes. First, civil affairs departments were to carry on with traditional services and cater to old targets. Dramatic new fronts were not envisaged. Second, civil affairs work was of subsidiary importance in the overall development of the country. Still, the projected budget for the period was an improvement over the past.

The Eighth National Civil Affairs Conference, 1983

If the last conference endorsed the significance of continuity, the Eighth Conference was remarkable in clarifying new thinking. The 690 participants attending the forum renewed their pledge to have civil affairs contribute to the overall goal of the four modernizations. Besides providing assistance to some 200 million

people, CAD work could facilitate economic construction, political development and modernization of the armed forces:

"Doing civil affairs work properly is beneficial to: the consolidation of the people's democratic centralism and the development of socialist democracy; mobilization of army morale and promotion of modernization of national defence; safeguarding the livelihood of targets for preferential treatment and relief, and promotion of stability and solidarity in society; and the propagation of communist moral ethics and the promotion of socialist spiritual civilization." (Dashiji, 1988, p.584)

The above expectations have special meanings in the light of new conditions. In the area of political construction, the establishment of village and township governments and villagers' committees provided the machinery needed for rural administration after the abolition of communes. Insofar as they incorporated welfare tasks in their official functions, they furnished the basis for neighbourhood mutual aid. With reference to soldiers and veteran welfare, the relevant tasks have assumed added significance with the country's plan to trim the armed forces from four million soldiers to three million from 1985. In addition, a new conscription law was being drafted. Coming into effect in 1984, the legislation routinised the arrangements adopted since 1978. Now, the People's Liberation Army would cease to be an army of volunteers; instead conscripts would make up its main strength which would be supplemented by a professional core of servicemen who volunteered to prolong their service. Much as the draft gave the state greater certainty over recruitment, the morale of combatants could be adversely affected if their families could not get adequate compensation. For this reason, reforms in preferential aid took on political importance. Next, the concern for social integration was underpinned by the changing environment. In order

for individual and enterprise competition to take place, a stable political and social framework was vital. Expansion and improvement in social security could reduce the shocks and pains unleashed by economic change. Also, the minimization of income polarities was essential to ward off discontent. Needless to say, the protection of the most vulnerable gained a new urgency as they lacked the means for unassisted survival. Finally, the promotion of socialist spiritual civilization through the fortification of socialist morals, attitudes and habits supplied the antidote to ideological contamination. In welfare matters, CADs could mobilize and reinforce mutual help. This was not only a more compassionate way of caring, it also saved valuable state resources, which otherwise would have to be made more available in looking after the needy.

Overall, the tasks of civil affairs in the new era were summarized succinctly by the concept of the three partial components, sange yibufen - civil affairs to serve the objectives of political construction, social security and civil management. Within this trinity, the work of social security was to be the most important.

The Seventh Five Year Plan 1986-1990

The Seventh FYP, adopted by the Central Committee of the CCP in September 1985 and formally passed by the Fourth Session of the Sixth National People's Congress in April 1986 called for attention to social security. The existing arrangements have left out many groups in Chinese society. In the urban areas, labour insurance covered only employees of state-owned enterprises and large collectives while workers in small collectives, individual and

private enterprises all received inferior benefits. In the countryside, the "five guarantees" and limited relief for veterans, their dependants, and hardship households were the only provisions in rural social security. The burgeoning army of former peasants working in rural enterprises were excluded entirely from labour security. These gaps became too prominent to ignore.

In order to complement the country's economic reforms, notably enterprise reforms, new social security systems "with Chinese characteristics" were called for. The intention was to produce, by 1990, a "prototype" social security system. The contents were to include social insurance, social welfare undertakings and preferential treatment. Modifications in funding and administration were also proposed. Nevertheless, the plan was noticeably vague on terminology. For instance, there was no definition of what "Chinese characteristics" meant. This was also true of the term "social insurance", unheard of before 1985. Only later did it transpire that "social insurance" covered not only labour insurance but also social protection for contract workers, the unemployed and ultimately all workers excluded from existing arrangements.

The MCA Five Year Programme 1986-1990

The MCA issued its own Five Year Programme to complement the country's five year plan. First of all, it identified four major deficiencies within the system of civil affairs. First, civil affairs development fell behind the growth in the national economy and other social programmes. Many veterans and soldiers' dependants could not enter old age homes, many destitute aged who should be taken into care were not and rehabilitation services were woefully

inadequate. Second, concern was expressed about the dilapidation of buildings. Most of the welfare homes and centres, which were converted from ancestral halls and temples or confiscated from former missionary charities suffered badly from lack of maintenance and repair; 30 percent of such structures were in danger of collapse. However, state funds for renovation and extension were extremely short. Likewise, living standards of inmates stayed well below that of ordinary citizens. Third, the low standards of preferential treatment and relief were recognized. Living standards of recipients lagged behind that of the masses; in no way could they keep pace with general improvements in living standards in the country. Fourth, the report acknowledged low effectiveness and poor management. Care services offered were of poor quality. Similarly, welfare production enterprises were badly managed, inefficient and backward.

Next, the ministry spelt out the guiding thought for civil affairs work in the current period. The spirit echoed the general development ethos of the whole country. The CAD doctrine is to "liberate thinking, reform and innovate, help the poor and people receiving preferential treatment, overcome poverty to get rich, continually develop and perfect a social security system with Chinese characteristics alongside the construction of basic level polity in order to fulfil the overall mission and objective of the party in the new era." (SHBZB, 12 June 1986)

To give flesh to the above, six areas of development are identified (SHBZB, *ibid*).

1. Participate actively in building a prototype social security system; the ministry should systematically take part in testing out

useful approaches (shidian). A workable model must suit China's special requirements and operate on principles encompassing multiple delivery methods (xingshi duoyang), different items of coverage (xiangmu butong), and varying standards of provision (biaozhun youbie).

2. Help the poor by making use of all available resources in society; in order to enable the poor and soldiers' dependants to get rich, developmental aid must be strengthened. For the relief of natural disasters and poverty, special funds should be set up. Help must not only take the form of grants but also include the supply of materials, technical help and knowledge so that the needy can regain self-sufficiency. The aims of CADs are to help the majority (dabufen) to escape from poverty and enable some (yibufen) to attain affluence.

3. Expand and transform direct social welfare services; service transformation should be done in three ways. First, their supply should change from state monopoly to joint provision by the state, collectives and individuals. Second, standards should gradually move away from minimal relief (jiuji xing) to maximizing welfare (fuli xing). Third, the service orientation should progress from custodial care (gongyang) to integration of custodial support and rehabilitation (gongyang yu kangfu xiang jiehe). The growth of services should proceed in a planned and coordinated manner. In large and medium-size cities, model facilities can be built as demonstration projects. Besides expansion of services, living conditions of residents should be raised gradually. As far as possible, CAD programmes should also admit fee-paying cases and open its doors to serve the general public. Finally, CADs should

also improve service conditions for their staff.

4. Expand social welfare production enterprises in cities and rural areas; these units have the main aim of providing work for disabled people. While stressing their social utility (shehui xiaoyi), their economic effectiveness (jingji xiaoyi) should not be neglected. At the same time, more job opportunities should be created under the auspices of non-state agencies. All the while, the competitiveness of enterprises should be maintained and enhanced by technological innovation and infrastructure improvement.

5. Improve preferential treatment and relief work; as the state's fiscal ability and people's living standards improve, there should be a commensurate rise in benefit levels for preferential treatment and social relief. In time these programmes will change their emphasis from providing pure hardship relief to adopting broader service objectives. While recipients' basic living standards must be defended, it is equally important to help people earn their living and to "get rich through industry". In addition, the ministry plans to promulgate the Law on Preferential Treatment for Military Personnel and Law on Social Relief to give firmer backing to policy enforcement.

6. Ensure the resettlement of retired military cadres and soldiers; during the plan period, CADs must work closely with other state and social agencies to resettle military cadres and soldiers.

Alongside general guidelines, specific attainment targets were spelled out:

- to provide 800,000 beds in social welfare homes of all kinds to accommodate 750,000 residents;
- social welfare production enterprises directly run by

- CADs to produce goods valued at 2.6 billion yuan by 1990, to increase at the rate of 8 percent per year;
- the national cremation rate to reach 39 percent by 1990, to grow at 2.7 percent annually;
 - to set up the China Institute for Rehabilitation and Research and Institute of Prosthetic Research in Beijing;
 - preferential treatment and relief funds to total 16 billion yuan in the five years, growing at 6.3 percent per year from 1985;
 - to establish six vocational middle schools for the training of civil affairs cadres and one civil affairs training college, the former kind to recruit 8,000 students, with 5,000 completing the course by 1990.

Development of Other Areas of Civil Affairs Work

Although social security work has become the main thrust of civil affairs in the 1980s, civil management and political construction work has not been neglected. I shall only summarize those developments that have implications for social security.

First, the ministry has participated actively in reforming the rural administrative structure by disbanding communes and establishing xiang-zhens. At the end of 1988, the country has set up 69,842 xiang-zhen governments. Second, to facilitate grassroots governance, CADs have directed the formation of villagers' committees, which have grown to 845,025 in 1988 (Cui, ZGMZ, December 1990, p.4). Third, the ministry has also contributed to revising the criteria for the formation of townships and small cities, within its remit of territorial boundary administration.

From 1982 to 1987, the number of townships increased from 2,968 to 11,103 whereas the number of medium and small cities grew from 278 to 378 (Cui, *ibid*). The growth of towns and cities has provided the administrative infrastructure vital to economic development of rural areas. In turn, this supplied the basis for administering rural welfare, where a bigger role has been assigned to local communities. The significance of the last point will emerge with greater clarity later in the chapter.

Part Two

Preferential Treatment

The Seventh National Civil Affairs Conference in September 1978 defined the general principle of preferential work as "let politics take command, arrange for production, preferential treatment by the masses, and relief by the state". After the Third Plenum (December 1978), the first slogan was considered a remnant of leftist thinking. So, during the Eighth Conference, the reference to politics was changed to "engaging in ideological education" (sixiang jiaoyu). Similarly in line with the emphasis on entrepreneurship and self-reliance, "arrange for production" became "giving assistance in production" (fuchi shengchan).

In parenthesis, ideological education refers to propaganda work. Among the three principal targets, the aim was to help aid recipients to become self-reliant and support the four modernizations; ordinary cadres and the masses to support the PLA and their dependents; and civil affairs cadres to do their work well. Giving assistance to production, on the other hand, entails providing help of all kinds - money, materials, technical aid and facilities to set recipients on the road from subsistence to prosperity. Indeed former soldiers and military cadres possessed good potential for getting ahead because of their training and connections. Therefore their talents would be useful to both military and civilian life (jundi liangyong rencai). By giving them development aid, the authorities set out to kill two birds with one stone: to help former soldiers directly and turn them into activists in helping poor neighbours.

To facilitate programme planning, the ministry conducted a general survey to register all eligible recipients beginning in October 1978. This work was completed in August 1979 (Dashiji, 1988, p.317). However because the information was considered sensitive, the report was never released. Later reference mentioned the figure of 4.9 percent of the population being covered by preferential treatment: nearly 3 million dependents of martyrs, deceased soldiers and personnel missing in action; 840,000 disabled military personnel; 22 million dependents of serving soldiers; and 21 million demobilized and retired soldiers (Gailun, 1987, p.73). However, it must be remembered that these numbers referred to total eligible persons. Actual recipients were fewer. Services obtained varied locally and according to personal circumstances.

1. State Relief and Subsidy

(1) Death grant

The death grant is a one-off payment to compensate families for the loss of a member in the defence of the nation. For survivors who have no working ability and no regular income, on-going relief at fixed intervals and in fixed amount (dingqi dingliang jiuji) is also payable.

Regarding on-going relief, a major change came in 1985 when a monthly cash grant was introduced, designated as regular relief (dingqi fuxu). The ministry issued the following schedule for the reference of local areas, as in Figure 6. This served as general guidelines for local authorities which could determine the exact level of payment to suit local conditions. There was no doubt that the new scales were far more generous than previous ones. Between

1979 and 1987 state expenditure on survivors' regular benefit went up by 405.8 percent (SHBZB, 6 November 1987). To implement the new regulations, an additional 80 million yuan was allocated from the Ministry of Finance in the first year.

Figure 6 Regular Relief for Dependents of Martyrs and Personnel
Who Died From Duty and Disease, w.e.f. 1985

A. Death from Duty

Residents in villages	20-25 yuan per person per month
Residents in small towns	30-35 yuan p.p.p.m.
Residents in medium and large cities	35-40 yuan p.p.p.m.

B. Death from Disease

Residents in villages	15-20 yuan p.p.p.m.
Residents in small towns	25-30 yuan p.p.p.m.
Residents in medium and large cities	30-35 yuan p.p.p.m.

Source: Dashiji, 1988, p.684.

At the same time, the basis for calculating death grants was also reformed. Way back in 1955 the one-time death grant was calculated in units of food grain and the equivalent value was paid out in cash. In 1985, the grant was aligned to the deceased person's last monthly wage, a better reflection of current living standards.

Figure 7 One-time Death Grant, w.e.f. 1985

Revolutionary martyrs	40 months (last wage)
Death from duty	20 months
Death from disease	10 months

Source : Dashiji, 1988, pp.686-87.

Two supplementary points can be added. First, the above benefit was payable to the surviving dependants in descending order: (1) parents if the deceased was unmarried; (2) spouse if the deceased was married; (3) either parents or spouse, recipient to be decided through family decision; (4) children and siblings for those without parents or spouse (GDMZ, Issue 3, 1991, p.44). The priority given to parents was understandable as conscripts were called up between 18 to 22, when most were still single. However, it was unclear what would happen when there were multiple contenders even though local CADs were supposed to adjudicate. Second, there was the provision of increasing payment in line with earned merit. The increments were: additional 35 percent if the deceased was decorated by the Party Military Commission, 30 percent if decorated by the military region, 25 percent for first class military honour, 15 percent for second class honour and 5 percent for third class honour.

Generally speaking, the new stipulations were definite improvements on previous methods. Wage-related payments were more adaptable than fixed awards, thereby obviating the need for constant revisions when wages rose. By the same token, general relativities based on rank and cause of death were more rational. Insofar as wages are rank-related, seniority is automatically taken into account. On the other hand, wide differentials raised awkward questions. First, there was the issue of arbitrariness. Second, merit-based adjustments further widened inequality. It was doubtful whether the principle of compensation for sacrifice and relief for hardship was not compromised in such a way that altered the nature of the grant itself.

In 1988, a new set of regulations came into effect, Preferential Treatment Regulations for Military Personnel. It reaffirmed the basic principle of san jiehe, integrated efforts of state, society and the masses in providing preferential treatment. With regard to the one-time death grant, the concept of linking grant levels to number of months salary was retained. However the previous schedule of specifying monthly equivalent payment was omitted. This was adopted to maximize ease of future adjustments. Instead of having to amend the scales, the ministry could define new standards from time to time.

In respect of regular relief for survivors, the 1988 regulations concurred with the spirit of the 1985 amendments in allowing local areas to fix relief levels. However, a state-prescribed minimum was now in force. The practice of "safeguarding the floor level, not fixing the ceiling" (baodi bu fengding) acknowledged the need for a protected baseline but at the same time was realistic about regional differences in economic and social development.

(2) Disability relief

Disability relief is payable to disabled soldiers, police, militia and civilian workers hurt in combat as well as cadres of the democratic parties and mass organizations. The relief was previously given in grain (1950-52) and from 1953, in cash, with payment dispensed twice yearly. Rates varied according to degree of disability, cause and residential status. No relief schedule was available before the reform period. Between 1979 and 1987, rates were revised several times.

Effective from 1 January 1988, a new schedule was published, as set out in Figure 8 below. As can be seen, higher awards went to persons sustaining disabilities in the course of combat and duty than from disease and for those resident in the countryside. The

Figure 8 Standard Scales for the Relief of Revolutionary Disabled Workers, January 1988

Category of Relief	Grade of Disability	Nature of Disability	Scales of Relief (p.a.)
Diabled personnel resident in rural areas	special	from combat	1,200 yuan
		from duty	1,100
	1	from combat	1,020
		from duty	950
		from disease	860
	2A	from combat	740
		from duty	660
		from disease	600
	2B	from combat	538
		from duty	480
		from disease	450
	3A	from combat	336
from duty		322	
3B	from combat	272	
	from duty	272	
For employed disabled personnel	special	from combat	240
		from duty	216
	1	from combat	204
		from duty	184
	2A	from combat	156
		from duty	140
	2B	from combat	135
		from duty	122
	3A	from combat	108
		from duty	98
	3B	from combat	90
		from duty	82

Source: GDSZJ, 1979, p.114.

differentials between classes of disability were very wide. Relief rates for peasants were much higher as they were not guaranteed employment and disabilities affected their future earnings much more than urbanites who had a work unit to which to return. The 1988 regulations also retained the concept of relativity. More significantly, however, they introduced the new principle of relating disability of the special class (complete loss of work ability) to the national average wage of an ordinary worker. Based on this notional figure, standards for other ranks were derived in a preset formula. The "average worker's wage" concept was a better way of linking compensation to average earnings in society. Wage indexation allowed easy adjustment and the calculation was potentially more scientific. This gave better protection to disabled veterans living in villages although with rising prices their living standard still fell behind the rest of society.

(3) State subsidy

State subsidy can be either temporary or regular. Temporary subsidy is given in contingency situations, for example for natural disasters and illness, to disabled veterans to top up their meagre disability relief. Also eligible are veterans who do not qualify for disability payment but need help to tide them over periods of hardship. For those who become too frail and old to work, for example Red Army soldiers (lao hongjun) who enlisted before 1937, a regular subsidy may be given by the local government (ZGMZCD, 1990, p.147).

Taking state relief and subsidies as a whole, there has been some achievements in the period 1979 to 1986.

Table 4 Annual Per Capita Relief, Subsidy and Preferential
Aid Enjoyed by Preferential Treatment Targets 1979-1986

	1979	1983	1986	1986/1979
		(yuan)		(% increase)
1. One-time death grant	447	484	862	92.8
2. Disability relief	103	123	235	128.2
3. Regular relief	52	110	263	405.8
4. Reg. relief for retired & demobilized soldiers	52	110	153	194.2
5. Subsidy to Red Army veterans	-	533	659	-
6. Preferential aid from the masses	84	136	255	203.6

Source : Dashiji, 1988, p.761.

Between 1979 to 1986, most items of state aid (1 to 5) have increased substantially in amount. The biggest rise was in regular subsidies for survivors; improvements in death grants were modest. In this period, the state expended 4,290 million yuan on preferential relief and subsidies, equivalent to the total amount spent in the previous 29 years (SHBZB, 6 November 1987). Concurrently, aid from the masses also grew dramatically, doubling in 8 years. In 1988, preferential aid from the state and the masses was 1,100 million yuan and 880 million yuan respectively (SHBZB, 14 April 1989). Nevertheless, rising inflation since 1986 has eroded

purchasing power and increased relative deprivation (Zhou, ZGMZ, October 1989, pp.10-11). From 1987 to 1988, if the effects of price rises were taken into account, the real value of preferential aid from the state and the masses actually declined by 9.3 percent (SHBZB, 14 April 1989).

2. Preferential Treatment from the Masses (Qunzhong youdai)

Qunzhong youdai refers to goods and services given by the masses and society to soldiers and their families. Just as the earliest forms of mass aid by way of substitute tilling (1950-56) had been replaced by the granting of work-points (1957-1980), the latter method was no longer compatible with new conditions. As a result, both urban and rural areas adopted a universal cash payment system (pupian youdai) to compensate soldiers' families.

To understand the need for change, some background information on military pay and recruitment conditions is important. The PRC adopts different approaches in recruiting and remunerating officers and rank and file soldiers. Officers come primarily from graduates of military academies, colleges and vocational middle schools; some are promoted from serving soldiers who pass the requisite examinations. Having the status of a government cadre, officers are salaried personnel and their families have an assured income. Such conditions do not apply to ordinary conscripts. Coming mostly from rural areas, persons answering the draft (three years for the army, four years for the navy and air force) do not draw a monthly wage. What they get is free board and lodgings in the barracks and a small stipend (about 20 yuan per month) as pocket money. Neither do their families get any state remittance. Under the reforms, the

economic consequences for soldiers' dependants were obvious - denuded labour power and diminished income. The loss was especially galling to rural families who needed manpower to work their responsibility land (zeren tian) or make money through other means. Even in urban areas, greater choice in jobs and self-employment also made national service unrewarding. Without reasonable recompense, there will be resistance to the draft. A universal cash grant system was an answer to the problem.

In the countryside, pupian youdai was calculated by joint reference to the family's actual need and the average annual income in the community. The amount of subsidy usually fell between 50-100 percent of the average annual income of one unit of labour power (laodong li). Besides cash payments, local neighbourhoods also gave development aid (fuyou), similar in nature to fupin for the poor. A fuller description for fuyou and fupin will follow later.

Funding for veterans' support came from two main sources. For localities that maintained cooperative rural industries and other collective projects, enterprise incomes and profits provided the revenue. In general, the more money coming from this source, the less necessary it was to rely on per capita levies, the second means of finance. Areas that resorted to raising levies were usually poor communities that had little industrial income. As discussed before, this has implications for territorial justice. Residents in prosperous places were exempted from welfare tax; those in poor areas were doubly penalized by earning lower incomes and having to contribute directly to community welfare.

On the other hand, resourcing in urban areas centred around work units and neighbourhoods. The old work units of conscripts

who held jobs before serving in the army paid half of their basic wage to their dependants every month. Danweis were also obligated to re-engage former employees who finished their national service. Meanwhile financial support for families of previously unplaced conscripts came from street offices, which also granted temporary relief to demobilized soldiers awaiting job placements.

In 1985, annual cash subsidy to rural conscripts averaged 232.2 yuan per household. This increased to 255 yuan in 1986, as seen in Table 5. During 1987, preferential treatment from the masses grew to 810 million yuan, benefitting 3.2 million households of deceased and serving soldiers. The amount further increased to 880 million yuan in 1988. However, as said before, if price rises were taken into account, the value of preferential aid actually dropped 9.3 percent over the previous year (SHBZB, 14 April 1989).

3. Institutional Care

Four types of veterans institutions are run by CADs: (a) homes for disabled soldiers, (b) sanatoria for chronically ill ex-servicemen, (c) psychiatric hospitals for retired and demobilized soldiers and (d) homes of glory (guangyong yuan) (for single elderly but also accepting orphans and disabled dependants of veterans).

Between 1980 and 1985, the total number of veteran institutions went up from 564 to 1,045, averaging an annual increase of 13.1 percent; and the number of beds, from 31,612 to 41,320, or 5.5 percent per year (Dashiji, 1988, pp.742 and 744). Of the total supply, state provision grew from 25,873 to 32,658 beds while those maintained by rural communities increased from 5,739 to 8,662. In percentage terms, the expansion of non-state services has

been more rapid (annual 8.6 percent) than state services (4.8 percent) (Dashiji, *ibid.*). Generally, there was still underprovision. For example, in 1984, for a population of 840,000 disabled veterans, only some 40,000 beds were made available. Another problem was uneven distribution. For instance, in 1985, Hebei province alone had 8,277 beds (20 percent of total beds), followed by Jiangxi (6,997 beds, 17 percent) while Gansu, Ningxia and Xinjiang all had below 100 beds (Minzheng Gongzuo Wenjian Xuanbian, 1986, pp.451-52). To what extent these problems have been rectified since 1985 remained a mystery.

For those fortunate enough to be served, living standards as measured by average spending per resident (mainly food) has shown modest gains.

Table 5 Average Annual Living Expenditure Per Resident
In Institutions for Ex-soldiers, 1979-1986

	1979	1983 (yuan)	1986	1986/79 (% gain)
Homes for disabled soldiers	464	382	701	51.1
Sanatoria for chronically ill ex-soldiers	272	292	436	60.3
Psychiatric hospitals	233	279	356	52.8
Homes of glory (aged homes)	153	190	432	182.4

Source : Daishiji, 1988, p.762.

In all institutions, maintenance standards for residents

increased by over 50 percent between the years. Aged homes in particular managed to catch up with other establishments. However, when the effect of inflation was reckoned, the gains were negligible. CAD officials acknowledged that residents were still substantially worse off than fellow citizens.

On another front, veteran institutions have made good attempts to upgrade the quality of care. In a move to professionalize services, the ministry advocated broader aims of providing care and rehabilitation treatment besides custodial support. Since 1986, 104 sanatoria and homes have provided active rehabilitation treatment to some 27,000 inmates. As a result, it was reported that more than 30 percent of recipients have shown "marked improvements" (SHBZB, 8 January 1988). Another new initiative was open access of home facilities to the general public. In this respect, some successes have been reported. Since 1986, four million out-patient treatments have been given by veteran sanatoria and hospitals in a fee for service basis (*ibid*). In addition, the admission of self-financing residents alleviated their tight budgets. Nevertheless, given the shortfall of service, one cannot be sure whether the open door policy has worked against soldiers and their dependants.

4. Other Activities

Besides material support, CADs and the masses undertook other activities to honour the PLA. To commend martyrs, CADs built and maintained memorial structures, compiled biographies of heroes, and mounted exhibitions and propaganda drives. Since 1980, 341 name scrolls of 1.5 million martyrs were published. In the last 30 years, some 5,000 memorial monuments were built.

Another programme was solicitude and support (yongjun youshu). The highlights of this took place during the New Year, Spring Festival and the anniversary of the founding of the PLA. Celebrations were usually preceded by ministry circulars reminding state and party leaders to honour PLA personnel and support their families. Highly publicized broadcasts and home visits with officials bearing gifts dramatized the events. Indeed these yearly rituals were so well marked that they stereotyped CADs as "bai bai nian, pai pai qian (paying visits, giving money) agencies.

Furthermore, there was the citation of advanced units. Selection of government offices and community organizations that have performed outstanding work in yongjun youshu was conducted at regular intervals. Similarly exemplary individuals were extolled. The best known model is undoubtedly Lei Feng, a young PLA officer who performed many virtuous deeds and died during the course of duty (ZGMZCD, 1990, p.179). Up to 1987, 19,373 units and 70,076 persons have received citations.

The authorities were also keen to mobilize the masses to serve the military in more direct ways. Marked targets included grassroots organizations like militia units, big enterprises, schools and neighbourhood groups. According to MCA reports, the masses have organized some 1.14 million support groups. Such work involved some 12.87 million individuals who performed 11 million "good deeds" (hou shi), whatever that meant. From what is known, the impact of these activities are more symbolic than real. Nevertheless, given that the state had no plans to take up the onus of paying reasonable wages for conscripts and devising an adequate support package for veterans, constant reminders to the masses to remember their debt to the military were necessary.

Part Three

Resettlement of Military Personnel

Since 1958, the resettlement policy has followed the policy of "from whence you come, to whence you return" (cong nali lai, hu nali qu). This means that demobilized personnel go back to the places where they enlisted. Between 1978 and 1987, 8 million former soldiers were resettled (SHBZB, 22 January 1988).

1. Resettlement of rural recruits

Each year, about 700,000 to 800,000 ex-servicemen return to their place of origin, representing about 80 percent of soldiers leaving the army. Before 1978, returnees were able to rejoin their former communes. After agriculture have decollectivized, this avenue was closed. Instead former soldiers had to fend for themselves, albeit with the new skills and connections they acquired during their army stint.

To prepare veterans for their re-entry to civilian life, rural returnees are given a strong dose of indoctrination. Specifically they are taught to become independent (fu zhi) and not to rely on the state. This is undertaken to assuage feelings of injustice when they compare their lot with their urban peers, who continue to benefit from state-assigned work placements.

The job of helping veterans is not confined to CADs alone. Many government departments are involved in mobilizing resources and giving assistance. For example, the programme of fuyou, development aid for veterans draws on the effort of many agencies, each contributing what they can. Agricultural departments teach

cropping advice and farming techniques. Supply bureaux give them preference in selling seeds and fertilizers. Bank and credit agencies arrange for loans and credit and so on. However, it was the CADs that have the job of coordinating inter-sectoral aid.

As discussed in Chapter Two, the specific tasks of CADs are three fold. They are (1) reception and repatriation, (2) resettling former soldiers, and (3) monitoring and coordination.

Since 1983, in order to fully exploit the talent of ex-servicemen, CADs originated the setting up of job exchanges at county, district and xiang-zhen levels. From 1983 to 1987, some 2,000 counties and cities have established military-civilian manpower development agencies (jundi liangyong rencai fuwu jigou, serving more than 1.5 million veterans (SHBZB, 25 March 1988). By the end of 1987, 250,000 former soldiers were employed as village cadres, 260,000 were placed in rural industries, and 110,000 took up rural sideline and specialist productions. In addition, former soldiers set up a total of 2,300 joint economic enterprises. In 1988, the number of manpower development agencies grew to 2,300, serving some 510,000 persons (SHBZB, 14 April 1989).

In the area of skill training, CADs made use of outside resources. Colleges and technical experts were invited to conduct special classes, retraining schemes and counselling. An advanced city was Jiamusi in Heilongjiang which set up a string of training bases, drawing on the help of over 100 units. Changting County in Fujian was also cited for innovative projects making use of existing militia camps for training locations. Furthermore, to enable stable leadership and institutional support, there was a corps of seven cadres from various departments to direct the work.

Apart from a few outstanding examples, however, the performance of such schemes varied substantially. While some offered rigorous programmes, others appeared to be organized haphazardly. My informants suggested that the training given in most was limited in scope and quality. The vast majority of rural veterans who could not benefit found job hunting difficult. For them, serving the nation had caused them to miss out on local opportunities.

2. Resettlement of Urban Recruits

Since the 1950s, the placement principle was to find jobs that matched the professional skills of the veteran (hangye duikou). At the end of the Cultural Revolution when the country faced serious problems of unemployment and underemployment, it was no longer easy to put former soldiers back in their old trades. In 1980, a resettlement conference adopted a new policy of finding work for returnees. The resolution was that each industry or work sector (xitong) has to accept a state assigned quota (an xitong fengpei renwu, baogan anzhi) under the state plan. This meant that labour agencies still found work in the employment sector where the returnee originated, but the job given might not match his skill and training.

At the same time, the authorities made attempts to enlarge employment sources. Apart from simply waiting for job placements, returnees were encouraged to find work using private channels or to become self-employed. The general ethos was to get rid of dependency and passivity, i.e. reliance on "eating from the big pot" (chi daquo fan).

In 1983 a joint circular from the ministries of Civil Affairs,

Labour and Personnel, Public Security, and Defence further resolved to link urban job placement with merit and achievement. What this implied was differential treatment. For former soldiers who achieved merit and prolonged their military service, they would be placed in jobs according to their preference; receiving units were expected to utilize their expertise in assigning duties. At the same time, those who completed their national service would have priority of allocation over those who did not. On the other hand, miscreants were to be penalised. Ex-soldiers who were convicted of offences during their tour of duty or while awaiting job placement would be treated like any job-awaiting youth (daiye qingnian), meaning that street offices rather than labour bureaux would assume responsibility for introducing them to jobs. The length of service would also affect placement priority: former soldiers who served for over one year would be placed only after the group that completed their tour; those serving less than a year would not get any priority at all.

Ministry strictures notwithstanding, placement efforts for urban veterans meet with many difficulties (Han and Pan, ZGMZ, October 1989, p.18; Han, ZGMZ, August 1990, p.24; Bai, ZGMZ, July 1991, p.18). First of all, many work units were reluctant to accept their quota of returnees. Now that enterprises were expected to become competitive and managers had more power over recruitment, only the very skilled were taken on. Second, most work units tried to limit their intake. For example, a common strategy was to confine their obligation to children of their own employees. In turn, these difficulties reverberated on placement agencies. Some tried to refocus their efforts. As soon as they had found work for

priority targets (decorated soldiers and officers), they considered their mission fulfilled. Unrealistic expectation of returnees compounded the difficulties. Most wanted civil service jobs or work in financial and trade offices; employment as production operatives and in unprofitable enterprises was shunned. Finally, widespread practices of "going through the back door" by those with good connections stirred resentment. The lack of openness in placement work also accentuated the feeling of nepotism and corruption. To a large extent, many of these problems are the product of the economic reforms. Indeed they are so complex and intertwining that they defied easy solution.

3. Resettlement of military cadres

Retired staff (55 for males and 50 for females) are entitled to pensions (65-85 percent of basic wage according to year of service) and the full range of occupational benefits and allowances. In 1978, a new retirement status, li xiu, was created to induce aged veterans to retire. This applied to army cadres who began their revolutionary career before 1949 (Davis, 1988, 1990). On top of pensions equivalent to 100 percent of their basic pay and all perks, li xiu cadres retain their political privileges (right to read government reports, attend meetings and briefings and be considered for advisory posts). There are also provisions for incremental awards: an additional 5-15 percent of basic pay for earned merit and previous service in hazardous environments, and attendance allowance for veterans suffering from special class disability or chronic illness. Finally, retired cadres enjoyed housing assistance not available to the rank and file. By year-

end 1988, 48,000 housing units were built for retired officers (Cui, ZGMZ, January 1989, p.5).

In the reform decade, CADs stepped up supervision work of retired cadres. This began with the transfer of the personal dossier (dang an) from the armed forces. In China, the personal file contains all vital information on a person such as his/her past and current activities, group affiliation, political proclivity and personal and family circumstances (Walder, 1986). It is used as a tool of political control and holds the key to one's fortune. The other aspect of supervision is on-going indoctrination. In the late 1970s and early 1980s, frustrations of retired officers and soldiers had given rise to a number of unruly incidents (nao shi) (Dashiji, 1988, pp.351, 356). Because of their sensitive nature, the reports were kept under wraps. From what was known, inadequate support to veterans, difficulties over work placements and lack of supervision were conceded to be contributing factors. In order to strengthen the control of veterans, the State Council created a Steering Group on Resettlement of Retired Soldiers and Retired Cadres in March 1981. This group first had its office in the MCA, designating the ministry to be responsible for carrying out the routine work. Three months later, the MCA established its Resettlement Bureau. Execution of daily work identified by the Steering Group was then substantially strengthened.

Starting in 1983, CADs were made responsible for overseeing former army cadres, taking over the job from communes and street offices which were proving inadequate to the task. To give effect to the new policy, CADs received special manpower and funds. By

the end of 1988, there were a total of 1,377 agencies devoted to supervising veterans (SHBZB, 14 April 1989). At the same time, CADs expanded supportive services. Housing assistance was one important resource. The building of cadre rest stations (gan xiu suo), centres providing support and social activities for retired army cadres, was another. The size of these establishments varied. In Guangzhou, the cadre rest station occupied one whole building offering comprehensive services. But in some urban neighbourhoods they may only occupy one designated room. However, from my visits to many neighbourhoods, most of them were small club rooms with little by way of furniture or amenities. Drop-in users were few.

Part Four

Social Relief and Disaster Relief

The relief programme consists of three components: natural disaster relief, social relief, and development aid or poverty aid (fupin) which developed from efforts to reform the first two schemes.

With universal employment and work-based welfare forming the pillar of the urban welfare system, relief of natural disasters and poverty has a decidedly rural orientation. During the commune period, the relief programme followed the party line of "rely on the masses, rely on the collective, self-regeneration through production in the main, supplemented by necessary relief from the state" (yikao qunzhong, yikao jiti, shengchan zigou weizhu, fuzhiyi guojia biyaode jiuji). Primary responsibility was placed on the masses and rural collectives while the state role was subsidiary. This did not change with the reforms.

In 1983, the Eighth Civil Affairs Conference spelt out the general direction as "rely on the masses, rely on the collective, regeneration through production, mutual help and mutual relief, supplemented by necessary relief and development aid from the state" (yikao qunzhong, yikao jiti, shengchan zigou, huzhu hujiu, fuzhiyi guojia biyaode jiuji yu fuchi). When compared with the pre-reform goal statement, the new emphases were "mutual help and mutual relief" and "developmental aid from the state". These were mandated by emergent circumstances. With the abolition of communes, the collective element, though not eliminated universally (Oi, 1990), has largely dissipated throughout much of rural China. As discussed before, this plunged local communities into a crisis in

welfare financing and a new fiscal base had to be fashioned out of taxes from rural industries and household levies. In these ways, the values of mutual help and mutual relief by the masses were maximized. At the same time, poverty in the midst of emerging wealth and greater income inequality became a political issue confronting the state. For one, civil affairs agencies came to the conclusion that handouts were too passive and could not help the poor to regain self-reliance. To be truly effective, the assistance given should aim at helping people earn their living. Hence, development aid or poverty aid (fupin) was instituted alongside the regular relief programme.

1. Natural Disaster Relief (ziran zaihai jiuji or jiuzai)

At the 1983 conference, three major reforms in disaster relief policy were legitimized, as mentioned in Chapter Four. First, the adoption of the responsibility system in disaster relief funding. Experiments first started in Ningxia and Gansu. By 1985 this method spread to other areas. The essence of the system was for the central government to negotiate with a province a fixed grant the latter would receive annually for disaster relief over a period; the latter then managed the best it could within it. While local areas retained unspent money, they gave up the right to ask for more. The contracted amount was determined by such factors as the region's history of natural disasters, number of poor counties, local financial ability and demographic characteristics (Gailun, 1987, p.158). This policy was justified as promoting local initiative and responsibility in managing their resources. At the same time, it addressed such problems as exaggerating relief needs

or hiding hardship situations from the centre.

Second, reform in the use of relief funds. The aim was to ensure the most flexible use of limited relief funds to turn "dead money into live money" (siqian bianwei huogian). By "dead money" was meant money given by way of grants which went towards meeting the consumption needs of victims like food, clothes and shelter. In contrast, "live money" was money given out as loans to encourage entrepreneurship and the recycling that became possible with repayment. Both grants and loans performed useful functions. By allowing local authorities flexible use of funds for both purposes, the utility of limited state money was enhanced.

Third, change in the method of payment. After the immediate requirements of victims were met, recipients who were deemed capable of repayment were required to return the amount received without interest. Only those without work ability, e.g. "five guarantee" households, were exempted.

Table 6 Natural Disaster Victims Receiving Relief
From the State, 1981-1985

Year	No. of recipients (million persons)	% decrease over previous year
1981	98.837	-
1982	88.066	- 7.1
1983	71.780	-18.5
1984	57.286	-20.2
1985	23.778	-58.5

Source : Dashiji, 1988, p.750.

The effects of implementing new disaster relief policies were worrying. From Table 6, the most striking discovery was the progressive fall in the number of recipients of state relief. The decline was sharpest after 1983.

From ministry records, 1983 and 1985 were bad years when heavy losses of lives and property occurred, hence fewer beneficiaries could not mean fewer needs (Dashiji, 1988, p.751). 1986 was another disaster year. Because of the ruinous drought, MCA had to ask the central government for a supplementary grant. Initially, 100 million yuan was approved but in the end 20 million yuan was clawed back. For the year as a whole, actual state spending on disaster relief amounted to 1.02 billion yuan, exceeding the MCA's original budget by 130 million yuan (Dashiji, 1988, p.547). The year 1988 witnessed even more calamities, necessitating state expenditure of 1.04 billion yuan and 10 billion catties of food to relieve the victims. Still, out of 235.4 million people affected, only 68.4 million person-time units (per person per time) of relief were given (SHBZB, 14 April 1989).

In view of the above outcomes, state policies deserve closer analysis. Regarding the relief fund responsibility system, the intended effects have either not occurred or have created new problems. To begin with, it was impossible to work out an appropriate grant figure, if only because disaster prediction was fraught with difficulties. It was also impossible to stamp out the abuse in the use of relief funds, a long-standing problem. Immediately following the release of the 1983 regulations, a number of serious breaches were revealed -- in Anhui, Shanxi and Jiangxi in May 1984 (Dashiji, 1988, p.430), in Founan and Gaoan counties in

June 1984 (Dashiji, 1988, p.437) and Huoyou county in 1986 (Dashiji, 1988, pp. 524-25). Interestingly some of the incidents were widely publicized in the national press, along with stern reprimands from top state and party leaders. Given that all PRC newspapers are under party control, such handling could be an indication of the severity of the problem. It could well be construed as attempts to shame CADs into adopting stricter financial control so as to preempt further pleading for more handouts.

The evidence concerning flexible use of relief funds was mixed. On the positive side, much valuable work on poverty aid has been embarked upon, as will be discussed shortly. Contrariwise the policy resulted in much confusion. For example, in the absence of firm guidelines on what proportions could be used for emergency payment as against poverty aid, many areas followed the political wind and became unduly stingy in dispensing relief. This could explain why the recipient population dropped so sharply. By 1986, many articles in SHBZB and ZGMZ were clamouring for more attention to the subsistence needs of disaster victims.

With respect to combined use of loans and grants, the evidence was also chequered. On the one hand, difficulties in getting grants, except for "five-guarantee" targets, led to the growth of credit cooperatives and mutual funds initiated by the masses and CADs, either singly or in conjunction with agricultural banks and insurance companies, as was said earlier. On the other hand, there was a reduction in state aid. From 1984 onwards, the ministry withheld disaster relief grants to rural counties with annual per capita income above 400 yuan. Between 1982 and 1987, 4.2 billion

yuan was released as loans, equivalent to 57 percent of all funds budgetted for natural disaster relief (Minzheng Bu, Zhongguo Jingji Tizhi Gaige Shinian, 1988, p.560). This forced local areas to rely more on bank loans and community resources to satisfy development needs and finance welfare services.

2. Social Relief (shehui jiuji)

In Rural areas

The "five guarantee" scheme was the cornerstone of the social relief programme in the countryside.

Table 7 The "Five Guarantee" Scheme, 1978-1988

Year	"Five-G." persons (10,000)	"Five-G." recipients (10,000)	Rate supported (percent)	Communal spending (10,000 yuan)	Spending per head (yuan)
1978	315.0	267.8	85.0	12,571	46.9
1979	n.a.	n.a.	n.a.	n.a.	n.a.
1980	294.4	253.9	86.2	17,223	61.4
1981	289.9	259.5	89.5	20,363	79.4
1982	298.9	269.0	90.0	28,455	107.7
1983	295.1	283.8	96.2	33,867	122.5
1984	296.1	269.1	90.9	41,866	151.5
1985	300.8	223.8	74.4	52,854	214.5
1986	293.2	220.4	75.2	n.a.	n.a.
1987	287.0	219.0	76.3	46,164	210.8
1988	250.1	218.8	87.5	64,574	295.1

Sources:

1. Figures for 1978-1985 are from Zhongguo Shehui Tongji Ziliao 1987, p.120, hereafter ZGSHUJZL.
2. 1986 and 1987 figures are from Zhongguo Nongcun Tongji Nianjian 1988, p.278, hereafter ZGNCTJNJ; per head spending calculated from aggregate figures.
3. 1988 figures are from ZGNCTJNJ 1989, p.319; per head spending calculated from aggregate figures.

From Table 7, it is obvious that not all designated persons actually received social assistance. Before 1980, the percentage of people supported was less than 90 percent. Thereafter, the rate increased and peaked in 1983. The collapse of the commune system after 1983 seriously threatened the viability of the scheme. Between 1984 and 1985, total communal spending increased by 26 percent, so has per head spending, which reached 215 yuan in 1985. However the percentage of persons supported plummeted to 74.4 percent. This suggested that localities were more selective in granting aid. In 1986 and 1987, the proportion aided remained at similar levels. It was not until 1988 that the support rate climbed back to pre-1980 levels. In terms of per head spending, there were notable gains. Even then, bearing in mind that the annual per capita net income of the rural masses has reached 545 yuan (FS, 1989, p.104), living standards of "five-guarantee" households were only half of those enjoyed by fellow villagers.

The plight of needy people not getting help aroused much attention. Some destitute persons were reportedly found begging from their neighbours or left entirely unsupported. This prompted a number of ministerial and provincial circulars reminding the masses of their communal duty. The response from local areas has been to find alternative means of financing the "five guarantees", as discussed before. Now most places have centralized collection and distribution of aid within xiang-zhens. More prosperous places like the Pearl River Delta in Guangdong relied primarily on enterprise incomes from rural industries. However, these methods were far from satisfactory. Levies, in particular, were ad hoc; likewise enterprise incomes fluctuated from year to year. More reliable

means of securing income have not been found.

One definite improvement in providing support to "five-guarantee" households has been the building of communal care facilities. Homes of respect (jinglao lou) or aged homes quadrupled in numbers between 1978 and 1988; total residents increased three times, reference Table 8. By the end of 1987, 36 percent of xiangs had established at least one aged home (SHBZB, 25 March 1988); by 1988, this increased to 48.5 percent (SHBZB, 14 April 1989). Some areas have moved further ahead. For example, in Shandong, by 1987, 90 percent of xiang-zhens there had established an aged home; in Jilin province nearly all xiang-zhens had one facility.

Table 8. Aged Homes Maintained By Rural Communities, 1978-1988

Year	No. of Aged Homes	No. of Residents (10,000)	Total F-G Persons (10,000)
1978	n.a.	n.a.	315.0
1979	7,470	10.6	n.a.
1980	8,262	11.2	294.4
1981	8,544	11.5	289.9
1982	10,586	13.8	298.9
1983	14,047	16.9	295.1
1984	21,190	24.6	296.1
1985	27,103	30.9	300.8
1986	26,678	28.5*	293.1
1987	28,014	31.3*	287.0
1988	28,532	32.5*	250.1

Note : * refers to "five guarantee" elderly only.

Source : same as for Table 7.

A related development was the setting up of "five-guarantee" service centres, which was pioneered by Jilin. Based in the aged homes, these centres became a base for organizing support services, for example, collecting and supplying grain and domiciliary help to the needy in their homes (Cidian, 1987, p.158; SHBZB, 3 April 1987). This approach was quickly copied by other areas.

There were other changes. One was income generation. As discussed before, the nature and scale of projects varied. In 1987, entrepreneurial activities were reaping an income of 60 million yuan. By September 1988, 80 percent of all rural homes were engaging in some form of money-making activity (SHBZB, 23 June 1989). Yet another experiment was the promotion of care and support contracts between the elderly, their family or other carers. These agreements were meant to provide better guarantees for support, make explicit rights and duties, and forestall quarrels among heirs. Both ordinary old people and "five guarantee" folks were encouraged to make such agreements. For the latter, the contracts would be signed with a relative (who had no legal duty to support), neighbour, local cadre or the village collective. These were then witnessed by village officials. The major terms of exchange was for the "five-guarantee" elderly to get material and labour support from the designated carer or collective and the latter to gain possession of the receiver's estate, usually his/her house when he/she died. While this has worked well when both parties entered the transaction voluntarily, there have been reports of elders being forced to give up their property as a pre-condition of receipt. The ministry has condemned this practice as violating old people's rights to self-determination. However, since the funding

and administration of the "five guarantees" is a local responsibility, outside intervention is difficult. Equally the enforcement of such contracts was an issue given that they had no legal standing. Persuasion and social pressure may not be effective in ensuring compliance.

Some prosperous places have gone even further in old age protection by setting up pension schemes. The money comes from individual contributors, collective subsidies or both. For example, in Taoyuan county, Hunan province, individual peasants paid three yuan a month and the village also topped up the payment. On reaching age 60, subscribers could get between 18-40 yuan per month depending on their years of membership (SHBZB, 3 June 1988). Similar schemes were found in Jiangsu, Jiangxi, Hubei, Fujian and Guangdong. By mid-1988, 7,104 villages had these provisions, covering 325,800 peasants (*ibid*). In 1989, pension plans were operating in 8,000 villages; total subscribers amounted to 900,000 (ZGSHB, 23 February 1990).

In Urban Areas

In 1978, the country started to rehabilitate persons who had been persecuted during the Cultural Revolution and offered them state relief. Twenty-five new groups hitherto excluded because of their deviant backgrounds now became eligible. Some of the more important categories were: unemployed rehabilitated rightists and intellectuals; former political deviants (Guomintang personnel, spies, Trotskyists); discharged prisoners and offenders with no families; families of criminal offenders who experience hardships; overseas Chinese and foreign nationals resident in China who

experience hardships; unemployed family members of deceased industrialists and capitalists; disabled and unemployed university graduates and sent-down youths returning to the cities; persons who experience difficulties as a result of injuries arising from birth planning; workers discharged from enterprises who experience difficulties and so on (Gailun, 1987, p.180).

An analysis of the above list reflects a number of interesting facts about welfare policy before the reform. First, political deviance could disqualify one from claiming support. The new rule offers irrefutable evidence about the importance of political desert in determining need in pre-reform China. Second, family characteristics were just as influential. Coming from an undesirable class took away one's eligibility for help. Third, people who had suffered on account of state policies at the time, e.g. sent-down youths, discharged workers and persons disabled as a result of birth planning now became eligible for aid. Restoring welfare rights to rehabilitated persons fulfilled three functions. First, it signaled the new spirit of disregarding class and political factors in deciding on the treatment of individuals. Second, it recognized that certain state policies were themselves unjust and that victims should be compensated. Above all, the more humane policies spoke one central message -- social stability was fundamental to the fulfilment of economic modernization. Only by removing the sources of social conflict could the chance of success be increased.

3. Poverty Aid (fupin)

Early attempts to help deficit households to engage in economic

activities were pioneered by Guangdong, Hubei and Sichuan after the Great Leap Forward. However the nascent schemes were aborted by the Cultural Revolution. There were calls to revive and further expand fupin work after the reform.

In 1982, the Party Central Committee and State Council resolved to allocate 200 million yuan a year (for 10 years) regional aid to poor areas in the arid North West (central Gansu, Shaanxi and Ningxia). This was followed by a multi-ministry circular (State Economic Commission, MCA, Finance, Commerce, Foreign Trade, Agriculture and Fishery, Education, Agricultural Bank of China, State Commodities Bureau) demanding concerned state agencies to provide grants, credit, materials, advice and services to poor production teams and households in late 1982 (Huibian, 1984, Volume 2, pp.214-17). In 1984, another joint party and state circular called for the speeding up of fupin projects (SHBZB, 4 April 1989).

In 1985, the state agreed to reduce and exempt poor areas from agricultural taxes for three to five years. In 1986, regional aid for old base areas, territories inhabited by national minorities, border and poor areas (lao shao bian qiong) was incorporated into the Seventh Five Year Plan. The same year also saw a further injection of one billion yuan state-backed loans (with interest paid by the government) to poor regions. In 1987, selected poor counties were exempted from paying energy and transportation development funds. They were also allowed to lower the reserve fund ratio for bank deposits. Between 1985 and 1987, the state further gave food, cotton and clothes worth 2.7 billion yuan to poor areas (SHBZB, 4 April 1989). The use of loans to poor regions continued.

In 1988, additional credit worth 700 million yuan was approved to help poor counties start industries, with another 50 million yuan designated for grazing areas. The estimate in early 1989 was that state aid and development funds to poor regions cost some 4.05 billion a year (SHBZB, 4 April 1989).

While the above policies had an area focus, the CAD role was at first confined to assistance to individual households. In 1978, the ministry started the rallying call for fupin experiments. The 1982 joint circular extended the roles of CADs to being advisor, planner and coordinator to central government,

"to assist the party leadership to work out poverty aid plans, do investigation and surveys and summarize work experience; strengthen coordination between departments, organize collective assistance and mutual help among the masses; allocate appropriate amounts of rural relief funds for fupin work" (Huibian, 1984, Volume 2, p. 216)."

To qualify for fupin, beneficiaries must not only be poor but must also fulfil certain criteria. The following groups are eligible:

- (a) households with few resources but have labour power and production outlets;
- (b) soldiers' dependants who cannot maintain subsistence despite preferential aid;
- (c) households with skills and business experience but have no capital;
- (d) households experiencing unsurmountable difficulties in the short term (as a result of natural and manmade disasters);
- (e) former landlords and rich peasants (who had their class labels removed) encountering hardships;

- (f) hardship households who have corrected their past mistakes and lazy habits after a period of re-education and observation;
- (g) dependants of offenders who support the sentence, abide by the law and actively engage in production (Gailun, 1987, pp.200-2).

If one looks closely at the above criteria, three features stand out prominently. First, eligible households must have the potential to regain self-sufficiency, viz. the possession of labour power and skills. This distinguished them from "five guarantee" targets for whom relief is more appropriate. Second, fupin acted as a supplement to existing assistance measures, for example veteran support and debilitating disasters. Third, the last three groups were rural equivalents to new groups of urbanites given political rehabilitation after 1978. However, an additional qualifier applied in the rural case -- such persons must possess the correct moral attributes, e.g. repentance, hard work and obedience. In view of the difficulty of judging these qualities, much arbitrariness could result.

CAD-sponsored fupin activities took two major forms -- first, decentralized help tailored to the requirements of individual households and second, poverty aid economic entities. In the countryside, the use of fupin farms were particularly useful. They supplied seedlings, fish fry or healthy strains at cheap prices to local farmers, which served to develop the local economy besides creating employment. The first place to try out this approach was Dongyi Xiang of Lucheng County, Shanxi. The ministry considered its experience so valuable that it arranged an on-site conference to introduce it to other areas. By the end of 1988, fupin entities

increased to 76,000 (SHBZB, 14 April 1989).

In adopting both collective and decentralized approaches, the MCA dictum was fuzhi-fuben. Fuzhi is support through education -- instilling in the poor the determination to become self-reliant, work hard and get rich. This helped to overcome the apathy and lack of confidence experienced by the poor. Fuben literally means giving support with capital - money, human and technical. Without material inputs, the motivated poor would not have the concrete tools to improve their lot (Gailun, 1987, pp.211-12). Since 1984, following the successful example of Chengdu City in Sichuan, the work of fupin and fuyou (development aid to soldiers' dependants) have been combined (Gailun, 1987, pp.79-80). This "double-support" (shuang fu) formula made sense as both embraced the same aims and methods. During the period of the Sixth FYP (1981-85), 2,100 counties (90 percent of all counties) and 56,715 townships/streets (61.9 percent) had undertaken shuang fu work. Altogether some 11,876,000 households benefitted and 5,485,000 have reportedly been lifted from poverty (tuopin) (Dashiji, 1988, p.737).

1985 marked the high tide of fupin. No less than two special conferences (one national, in June; one regional, in October) were held. However CAD fever for fupin must have produced neglect of elementary relief. At the Central Committee Work Conference on Agricultural Work on 19 December 1985, veteran leader Chen Yun called for action to solve the food shortage problem in poor areas. In particular, the MCA was asked to respond with concrete proposals (Dashiji, 1988, p.491). This subsequently prompted Minister Cui to concede, in January 1986, that "we must first let hardship households have food, helping the masses in poor areas develop

production can follow" (Dashiji, 1988, p.491).

Nonetheless, there has been no relaxation of fupin work. By the end of 1986, some 17,378,000 households had received development aid; out of these, 8,097,000 households had reportedly escaped from poverty (Dashiji, 1988, p.756). The cumulative figures for recipient households reached 18,444,000 by the end of 1987 (Minzheng Bu Policy and Regulations Department, ZGMZ, October 1989, p.6) and 21 million by October 1988 (SHBZB, 7 October 1988). The percentage of such households escaping from poverty within the year was 29.2 percent during 1987 (SHBZB, 25 March 1988) and 30.52 percent during 1988 (SHBZB, 14 April 1989).

It is hard to comment on the effectiveness of the fupin programme. The first problem was conceptual ambiguity. In 1985, the CCP Central Secretariat defined poor households as those with an annual per capita income of 200 yuan (Wang, GDMZ, 1991, Issue 6, p.28). Since then the poverty line has not been raised despite rising inflation. The state policy was to let local areas work out their own poverty measure although the 200 yuan yardstick was still used nationally. Even then, one could argue that this benchmark was meaningless because living standards across the country were so diverse. What's more, what passed for tuopin was equally unclear. MCA guidelines were impressionistic at best. The first criterion is that after getting aid from the state and the masses, the designated household can support itself and possess enough food and clothes (wen bao). Second, it can afford basic living and achieve some surplus (weichi jiben shenghuo, lueyou jieyu). Third, it possesses the means to expand production. Finally, all debts have been repaid (Cidian, 1987, p.149). As to what the above

qualifying phrases mean, there is no further elaboration. More vexing still, how vigorously these criteria were being applied in different areas was a mystery. Given that policy implementation at the rural grassroots was prone to management constraints, the accuracy of local reports cannot be assumed. Hence the reliability of national statistics was in question.

Definitional problems apart, a few negative outcomes were observed. First, fewer households were receiving relief. Also lack of clarity on what activities could be supported by fupin has led to confusion, defaults on loans to risky ventures and over-emphasis on economic viability of the project as against the need of the borrower (Ci, ZGMZ, March 1990, p.38; Zhan, ZGMZ, January 1991, p.10). Nevertheless, there were some beneficial effects. First, the use of loans did benefit many poor households, at least one third were said to have escaped from poverty. Second, limited state funds were recycled to help more people than would have been possible otherwise. Finally, the difficulty of obtaining state money and bank loans at reasonable interest rates generated local self help. The growth of mutual funds and credit schemes run by the masses and CADs tapped local savings for rural development and mutual aid.

Variously called social security funds, social welfare funds or mutual funds, these schemes operated on principles of individual contribution and grassroots management. Some incorporated an insurance element to indemnify peasants from loss of crops and property. The first project was started in Boyang County in Jiangxi province in 1982. Fund members could borrow money to tie over hardships or start a productive venture. Hailed as a model, the Jiangxi Disaster Relief, Poverty Aid and Mutual Help Saving

Fund was a harbinger of similar endeavours. By 1988, Jiangxi had 19,200 mutual funds covering 94 percent of all villagers' committees in the province, collecting premium of 100 million yuan; in Shandong, such funds amounted to 2,384, accumulating some 68 million yuan. For the country as a whole, 75,000 funds were in operation by the end of 1988 (SHBZB, 14 April 1989). The premium collected and the amount of compensation paid out by grassroots insurance schemes were said to be eight to ten times more than state relief (SHBZB, 18 February 1988). It would seem that these funds lived up to the new principle of "self insurance" (ziwo baozhang) as against dependency on the state (Tansuo, 1989, p.176; SHBZB, 28 February 1989).

The definition and measurement of poverty is an exceedingly complex matter; all known approaches have their own share of problems (Townsend, 1979; Piachaud, 1981, 1988). In China, the difficulties involved in the study of poverty are even more immense. Even if one accepts the use of an absolute measure, the 200 yuan poverty line is unhelpful. First of all, one does not know how it is derived. Secondly, it has not been revised in the light of inflation. Hence however reasonable it might be in 1978, it was totally unrealistic ten years later. In 1988, 13.5 percent of all rural households still had a per capita net income between 200-300 yuan (FS, 1989, p.465) and some 10-15 percent of rural inhabitants had a net income below 50 percent of the country average (FS, 1989, p.107). In my view, these two indicators more satisfactorily reflect the extent of rural poverty. The latter, by incorporating a relative dimension, is in line with the definition of poverty used by the Commission of the European Communities in 1981, which

identifies the poor as being those households whose disposable income is less than 50 percent of the average disposable income in the country concerned (Room, 1990. p.55). (According to this definition, 43.9 million people in twelve European countries, or between 12.8 to 13.9 percent of the population in 1985 were in poverty). Seen in this light, rural poverty is still a significant problem affecting from one in ten to one in seven of the peasant population in China. Given the gigantic scale of needs and meagre resources available, anti-poverty policies of the state face an uphill battle in helping the poor.

Part Five

Social Welfare

Whereas relief usually takes the form of material aid, a social welfare programme consists of the provision of a direct service. Its components are (a) social welfare services, (b) social welfare production, and (c) community services.

1. Social Welfare Services (shehui fuli shiye)

At the start of the reform period, the country had 8,235 institutions catering to 165,000 residents (Dashiji, 1988, p.757).

Table 9 Social Welfare Institutions, 1979-1988

	1979	1988
Number of homes	8,235	39,103
CAD-run	765	2,103
community-run	7,470	37,000
Number of beds	195,000	695,000
CAD-run	63,000	131,800
community-run	132,000	564,000
Number of residents	165,000	542,000
CAD-run	59,000	n.a.
community-run	106,000	n.a.

Source:

1. Figures for 1979 are from Dashiji, 1988, p.757.
2. Figures for 1988 are from SHBZB, 14 April, 1989.

When the MCA began to pick up the shambles of welfare institutions after the Cultural Revolution, it realized that a more extensive residential programme could not come about by expanding state services. The major obstacle was the lack of state funds. As

a result, it opted to encourage local communities to increase facilities for their homeless indigent. This allowed the CADs to focus on upgrading service standards and home management so that state facilities could become role models for community homes.

From Table 9, it is immediately obvious that the decade has been a period of robust growth. In terms of residential capacity and beneficiaries, total bed numbers multiplied by 280 percent while resident numbers by 245 percent. Besides, the increase in community provisions was even more remarkable, which rose by 354 percent versus 120 percent for state services. Clearly the expectation of having local communities share the burden of residential care has been answered.

In 1983, a national workshop on the reform of urban social welfare services was convened by the MCA in Zhangzhou, Fujian province. There the forum adopted a set of guidelines for good practice. In the area of staffing, the following staff to resident ratios were recommended — 1:2-4 for aged residents, 1:4-6 for normal children, 1:1.5 for infants and disabled children, and 1:1-3 for mental patients. These were not mandatory standards as there were wide variations across the country and gradual implementation was more practicable. Regarding the composition of home staff, the ministry guideline was that administrative staff should not exceed ten percent, medical and care workers should be at least 65 percent and back-up staff (cooks, cleaners, care-takers etc.) should be around 25 percent (Gailun, 1987, p.228).

The extent to which these standards were adopted is not known. In my visits to municipal social welfare homes in Beijing and Guangzhou, nearly all facilities were equipped to a high standard.

For example, Beijing's Number One Social Welfare Home not only offered good amenities, generous space per head and high staff ratios, it also had a rehabilitation wing which was open to the community. Similar standards were also attained by the Municipal Social Welfare Home and Old People's Home in Guangzhou, as will be described in Chapter Six. Without any doubt, these homes were show cases; standards were raised deliberately so that they could emit a "radiation effect" (fushe zuorong). Nevertheless, their small numbers meant that they could only make a small contribution to meeting community needs. It was in rural establishments that staffing issues, in terms of both quantity and quality, gave more cause for concern. From my visits in Beijing and Guangdong, most rural homes were thinly staffed. For example, it was quite typical to have four workers, inclusive of the superintendent, to serve some 40 elders. Almost without exception, care workers were untrained. Given these constraints, only rudimentary care could be given. The road to professionalizing institutional services is still long and arduous.

An area showing good progress was maintenance standards for residents. In 1979, the maintenance (mainly food) cost for one "five-guarantee" elder in a community facility was 110 yuan per annum; in 1986, it was 399 yuan. While similar figures for state-run homes were not available (except for institutions for veterans discussed earlier), the ministry estimated that it cost 1,800 yuan per year to keep one resident in a CAD facility in 1987 (SHBZB, 25 September 1987). Out of this, some 600 yuan went towards direct personal consumption while the rest was spent on administration, staffing, health, repair and maintenance. How to

keep costs down was a big headache to the ministry.

In opening access to institutional services, much ground work has been laid. One means was day treatment, e.g. rehabilitation treatment, on a fee for service basis. Another form was admitting fee-paying residents. Regarding the latter practice, the last decade has seen their proportion increase substantially, as can be seen in the following table.

Table 10 Percentage of Self-supporting Residents in
Urban Social Welfare Homes, 1983-1988

	1979	1983	1986	1988
Social welfare homes	5.13	6.17	9.05)	24.0
Children's homes	3.10	10.02	14.59)	
Psychiatric hospitals	37.21	47.61	51.81	55.0

Source:

1. Figures for 1979 to 1986 are from Dashiji, 1988, p.758.
2. 1988 figures are from SHBZB, 23 June 1989.

Thus, within one decade, the proportion of fee-paying residents increased nearly five times. For psychiatric hospitals, by 1988, these were more numerous than "three-no" targets. From my observation, fee-charging created social stratification. Because of the higher fees they paid, self-supporting residents often enjoyed higher standards of meals, accommodation and services. The implications will be examined more fully in the Guangdong chapter.

After reviewing the situation of residential homes as a whole, some supplemental observations on the adequacy of different types of institutions are in place.

Homes for the elderly were still insufficient. In 1988, some 600,000 elders were catered. Given an aged population (60 and above) of some 85 million, the rate of institutionalization was less than 0.8 percent. The major responsibility for looking after old people remained firmly with the family. In the cities, this was made easier as most retired workers had access to pensions and subsidized health care. It was not so in the countryside where 80 percent of Chinese elders lived. There, care by family members was virtually the only means of support in old age.

Regarding children's homes, resources were likewise in short supply. From the experience of the ministry, children in care were either orphans or disabled (estimated to be 90 percent of inmates in children's homes). Concerning the number of disabled, China conducted a massive 1.5 percent national random sample survey in 1987. The major finding was a staggering 51 million disabled people (Di, ZGMZ, June 1990, pp.32-33), equal to 80 percent of the total population of the United Kingdom at that time. Of the 51 million, some 15.83 percent or 8 million were children aged under 14 (Di, ibid.). Obviously only a small number would require institutional care. Nevertheless in 1988, there were only 60 children's homes caring for 11,000 disabled children. Existing services were no more than drops in the ocean. In the last few years, another concern surfaced. The ministry estimated that as many as one million children were abandoned each year (SHBZB, 19 January 1988; Ming Pao, 1 June 1990), most of whom were disabled babies and girls (because of the country's one child population policy) (Yang, GDMZ, 1991 Issue 4, pp.18-19). Finally, only large cities had special facilities for children. In villages, children without families

were dumped in aged homes. It was questionable whether these could cater to the special needs of children.

Regarding mental hospitals, CADs ran a total of 161 mental hospitals with 29,000 beds, caring for 26,000 in-patients in 1986 (Wenjian Xuanbian, 1986, p.250). Taking the combined capacity of CAD facilities and those provided by the Ministry of Public Health (for acute cases and patients with work units) and Ministry of Public Security (for the criminally insane) as a whole, the country had 348 mental hospitals with 70,000 beds in that year (*ibid*, p.254). Compared to the official estimate of 1.94 million mentally ill identified by the 1987 survey, the shortfall in services was acute. In recent years, most hospitals had to maximize income through admission of fee-paying patients. This hit peasants the hardest as they were not covered by labour insurance and had to shoulder the high costs themselves (SHBZB, 4 September 1986; Henderson, 1990). With hospitalization charges estimated to cost some 500 yuan per month in 1990 (Philips, 1990; Pearson, 1991), medical care was becoming increasingly unaffordable to the rural poor.

2. Social Welfare Production

In the post-Mao period, there has been a dramatic growth in social welfare production.

In 1981, the state sector had the leading role, making up two thirds of units and placing 72 percent of all disabled workers. By 1983, the proportions have almost reversed and in 1986, the predominance of non-state provisions was complete (87 percent of all units and 76 percent of all disabled workers). The momentum of

development continued. At year-end 1988, the number of units reached 40,496, some 26 times that in 1981; they employed 1.48 million staff, out of which 659,000 were disabled persons (SHBZB, 14 April 1989).

Table 11 Social Welfare Production, 1981-1986

	1981	1983	1986
Number of production units	1,574	5,930	19,865
CAD-run	1,022	1,707	2,654
Community-run	552	4,223	17,211
Number of workers	186,586	307,000	886,000
CAD-run	135,000	201,000	248,000
Community-run	51,586	106,000	638,000
Number of disabled workers	n.a.	121,000	369,000
CAD-run	48,000	66,000	89,000
Community-run	n.a.	55,000	280,000
Annual production value (m. yuan)	928	1,127	6,870
Annual profit (m. yuan)	n.a.	148	630

Source:

1. Figures for 1981 are from Huibian, 1984, Vol.1, pp.40-45.

2. 1983 and 1986 figures are from Dashiji, 1988, p.759.

This growth pattern - rapid expansion of welfare production and an explosion of community facilities - was similar to the development of institutional services, only more breathtaking in scope. The reason could be traced to favourable state policies. To the authorities, welfare factories were not only venues of disability employment, they were expected to generate income to support other welfare services (Wong, 1990b).

The first inducement came in 1980, via the Ministry of Finance and Ministry of Civil Affairs Joint Circular on the Payment of Income Tax by Welfare Production Enterprises Operated by Civil Affairs Departments. This provides for the following exemption (Fagui Xuanbian, 1986, pp.167-68):

- (1) units employing disabled persons accounting for at least 35 percent of operational staff to be exempted from income tax; where the proportion is between 10-35 percent, 50 percent reduction from income tax;
- (2) one year's exemption in income tax commencing on the first month of operation;
- (3) exemption from commercial tax and income tax for units producing prostheses and aids for the disabled.

The result was immediate. In 1980, there were 1,309 units; in 1981, the number increased by 20 percent to 1,574 and to 1,704 in 1982 (Dashiji, 1988, p.744).

In 1984, a stronger push came with the announcement of the Ministry of Finance Circular Concerning Tax Exemption Matters for Social Welfare Production Enterprises Operated by Civil Affairs Departments. Despite its title, the concessions were also applicable to units run by street and rural collectives. The provisions are (Fagui Xuanbian, 1986, pp.206-7):

- (1) exemption from turnover tax on incomes earned in labour service, repair and service activities in units with disabled workers amounting to over 35 percent of the operational work force;
- (2) exemption from product tax (champin shui) or value-added tax (zengzhi shui) for units with disabled workers amounting to more than 50 percent of operational staff; units employing at least 35 percent disabled workers can be treated similarly if they come into deficit or make low profits;
- (3) exemption from product tax on items made for the use of disabled persons, e.g. prostheses, wheelchairs.

The impact was even more electrifying. In one year, production units doubled from 6,710 in 1984 (1,869 CAD-run, 4,841 community-run) to 14,872 in 1985 (2,318 state and 12,500 non-state) (Dashiji, 1988, p.744). The incentive for community provisions was even more marked. However ministry regulations were unable to catch up with this explosion. The result has been many abuses (SHBZB, 2 October 1987).

In order to qualify for tax breaks, some units inflated the number of disabled workers. Some borrowed names to boost their quota. Others "retired" disabled staff on a pittance, retaining them on the register but taking on able-bodied employees to do their work. These scandals led to a number of investigation drives during which bogus welfare factories were uncovered and punished. This prompted the MCA, under pressure from the finance and tax departments, to tighten rules for their registration and inspection (SHBZB, 2 October 1987).

Apart from quantitative increases in the number of units and manpower, welfare factories also made efforts to improve their economic performance. Some gains were registered. One indicator was the value of goods produced in the year. In 1981, total production amounted to only 928 million yuan; in 1988, this was 20.63 million yuan (SHBZB, 14 April 1989). Another pointer was annual profit. In 1983, welfare factories made profits of 148 million yuan; this increased to 1,660 million yuan in 1988 (*ibid*). However, this measure has one snag. "Profits" actually meant a combination of two components: tax exempted by the government as well as after-tax profits, or pure profit. As ministry reports did not give separate breakdowns, the size of pure profit could not be ascertained.

Another development concerned attempts to improve the management of welfare factories. Historically, bad management plagued the running of these units. One factor was non-skilled leadership. The other factor was the unmotivated work force. To try to improve matters, some units experimented with the introduction of a tiered production responsibility system. Contracts specifying output and rewards were signed between successive tiers in the enterprises (at plant, workshop, work group levels), at times down to the individual operative. The aim was to link responsibility, authority and reward so as to achieve effective management and bigger work incentive. Besides, some units introduced the use of piece rates. In addition, the ministry stepped up training for welfare factory managers, through mounting special short courses in CAD colleges. All these took place under a climate of propaganda reinforcing the vital role of management and scientific methods.

The above endeavours notwithstanding, marked achievements appeared dubious. Experimentation with piece rates and responsibility system were confined to individual units. The chronic complaints about bad management remain. Neither was the ministry able to provide leadership and concrete support. Ministry publications still abound with calls to arms but few reports documenting actual gains.

Throughout the period of review, welfare production units had to wrestle with many problems. On the one hand, there were the familiar problems of outdated management methods and lack of motivation. A more fundamental weakness was the low productivity of the work force. Still another structural limitation was their pre-modern equipment and amenities. Long used to treating them as

welfare venues rather than economic enterprises, the state saw no need to invest in infrastructure and technology. Being poor departments, CADs simply did not have the resources for plant modernization even though they were supposed to become economically competitive in the reform years.

These problems snowballed into bigger disadvantages as the urban economic reforms progressed. In a climate of strong competition, welfare production units proved no match for other "normal" economic enterprises. The force of their only weapon, favourable tax policies, became blunted as other local areas, eager for fast growth, competed to outdo one another in granting still more attractive terms to induce outside investments. More and more, enterprises, welfare production units included, were pushed to rely on borrowing instead of state subsidies for their capital needs. However, commercial interest rates were more crippling for the latter. Equally difficult was the procurement of raw materials, fuels and supplies, which had to be bought at market prices as welfare factories did not enjoy any priority in getting state supplies (Jiang and Han, ZGMZ, August 1989, pp.41-43; Zhang, ZGMZ, December 1989, pp.12-13; Yan, ZGMZ, April 1990, pp.17-19). Likewise, there were difficulties in ensuring that other government departments observe state policies. For example, some local tax departments did not honour the prescribed tax relief; bank branches sometimes refused to grant credit despite the protests of CADs and the ministry (Jiang and Han, *ibid*). In combination, natural limitations and increasing competitiveness in the reform period meant that welfare factories were fighting an uphill battle to survive.

More difficulties came in 1988 when the state tightened up tax concessions granted to welfare factories. In particular, 29 commodities and eight product groups were no longer exempted from tax (Jiang and Han, *ibid*). From 1988 to 1989, profits per 100 yuan capital dropped steeply from 14.12 yuan to 6.6 yuan (SHBZB, 14 April 1989; ZGSHB, 8 May 1990). In 1989, 739 CAD-run welfare factories were losing money despite state subsidies. A proposal to consider laying off staff and disabled workers (youhua laodong juhe) appeared in ZGMZ for the first time in 1989 (ZGMZ, May 1989, pp.37-39). Obviously the sense of crisis has deepened in the last two years under review.

3. Community Services (shequ fuwu)

Since 1986, the MCA has vigorously promoted community services as the most dynamic and potentially most productive approach to social care. In short, shequ fuwu was expected to become the new growth point in social welfare in urban areas.

A bigger role for community services was attributed to two factors. First, there was the backdrop of the urban economic reforms when enterprises were asked to become self-sufficient, autonomous and competitive. This required that they reduce their welfare burdens for their employees, which not only ate into their reserve funds but sapped the energies of the management. What's more, changes in the occupational system, especially the growth of self-employment, labour contracts and lay-offs meant that non-work based social services were gaining importance. As the government had few resources to invest in welfare, community care presented itself as an ideologically desirable and financially feasible

alternative. Furthermore, under a climate of personal competition and profit-making, the tempo of urban life has quickened. Many urbanites were too busy learning a new skill, improving their qualifications or earning money to devote much time to home-making and caring for disabled and elderly members. Assistance by way of home-help, child care, rehabilitation and elderly support services were much in demand (Wong, 1992).

Second, there was the influence of the community care approach in Hong Kong. An MCA official, Zhang Pu spent three months on an attachment visit there in 1986 and was deeply impressed by the dynamic role played by voluntary agencies and local residents in providing services (Zhang, 1987, ZGMZ, October 1987, pp.16-18). Upon his return, he recommended an expansion of China's home-grown neighbourhood service programme. Its acceptance led to full-scale promotion by the ministry.

In an article written by Zhang, community care was said to offer four advantages (Zhang, SHBZB, 29 May 1987). First, it allows direct benefit to the majority of people living in the neighbourhood. Second, it mobilizes the strength of all sectors of society and corrects people's dependency on the state. Third, it permits self-management and self-reliance by the masses. Fourth, it promotes a more decentralized and diversified approach to match local needs and conditions.

In another article, Minister Cui hailed the approach as meeting the direct service needs of urban residents while their income needs were met by labour insurance. Both assistance in cash and in kind contribute to the consolidation of social security in society (SHBZB, 18 September 1987). Later on, Cui identified additional

functions. In his opinion, "to develop the work of community services is beneficial in regulating human relations, solving social problems, creating a harmonious social environment and realizing the guiding thought of serving the work of the party centre through the work of civil affairs" (SHBZB, 25 September 1987). At the same time, the concept of community services was clarified. Cui saw shequ fuwu as being built on a model of local self-provision of social services and amenities for and by residents of a geographical locality. As for "community", it referred to an area administered by a street office with its constituent residents' committees and residents' small groups. In the countryside, the geographical equivalent was a commune (during the commune period) and administrative village or township post-1987. But in common usage, shequ fuwu related more to the model of community care in urban neighbourhoods whereas the term rural social welfare network was used for similar programmes undertaken by xiang-zhens. To provide leadership for urban community services, the MCA established a unit in its Department of Urban Social Welfare. This paralleled the new ministerial responsibility of overseeing street and residents' committees, that was assigned to the MCA in 1984.

A number of cities stood at the forefront of expanding community social services - Beijing, Shanghai, Wuhan, Sha Shi and Changzhou. The experience of Beijing illustrated how the concept of community care could be operationalized. There, the foci of community care was at the street and residents' committee levels. In mid-1988, out of its 106 streets, 76 have organised horizontal service networks (wanluo) (1988 interview). Responsible officials

appeared to be very loose in using the term wanluo. Apparently, it designated a system of loosely related service outlets at different administrative tiers providing help to clearly identifiable client groups. However such questions as linkages between horizontal (within one administrative tier across different types of services) and vertical levels (city, district, street, residents' committee) by way of shared resources, personnel, case referrals or joint planning were not defined.

Beijing's prime targets for community care were the elderly, the disabled and soldiers' families. My 1988 visit to Beijing gave me the chance to observe this approach at first hand. First among the various programmes were those operated to help the elderly. In mid-1988, the relevant services included 54 group homes, 147 day care centres, 175 activity centres, 48 health clinics and 66 match-making/introduction agencies. The emphasis on the aged was a result of their growing numbers. For the disabled, community support came in the form of 48 sheltered workshops, 37 work therapy stations (gong liao zhan) for the mentally disabled, two speech therapy centres for deaf children and six massage clinics staffed by blind persons. To help retired soldiers, over 100 service stations were in operation, providing social activities and support services for veterans and their families. Altogether some 800 service units were located at the street level.

At the residents' committee level, the emphasis was on "convenience services" (bianmin fuwu), which were open to all residents. These included newspaper and milk delivery, the supervision of latchkey kids by neighbours, small canteens, public bath rooms, barber shops and repair stations. In 1988, some 17,000

service spots were dispersed in residents' committees over the capital. Additionally, special targets receive individually tailored support at no charge. The mode of delivery was via care and supervision groups (baohu zu). These groups were typically small, made up of two to three persons. They provided domiciliary help and supervision to single elderly, wayward youths, mental patients and discharged offenders.

In guiding the development of community services, Beijing has adopted a three-year plan since 1986. The overall aim was to structure services at the municipal, district, street and residents' committee levels in a systematic format to help the elderly, disabled and veterans. The tangible targets set for each street were (at least) one welfare factory, one group home for the elderly, one special nursery for handicapped children, and four stations (day care centre and activity centre for the elderly, work therapy station, service station for soldiers' families) (SHBZB, 25 March 1988). As said before, 76 streets have organized these service networks within their boundary in 1988, not a mean achievement (ibid).

From my visits to Beijing's Western District (Xinjiekou Street) and Eastern District (Chaoyangmen Street, Jianguomen Street and Dongzhimen Street), some general observations on qualitative aspects of community services could be made. First, the services provided were extremely diverse in scale and operational standard. For example, the 170-place special school for mentally handicapped children in Xinjiekou Street was sizeable, well-equipped (with pre-vocational workshop, computers, special teaching aids) and housed in a permanent building. Similarly impressive was the Dong

Ming Deaf Children's Centre (for children aged 7-17) in the same street which offered speech and hearing training to 29 children. Most other services however were miniscule, poorly equipped and in make-shift accommodation. One innovative programme -- a counselling service offering four kinds of consultation (intelligence assessment, psychological counselling, legal advice and consultation on mental health problems) was run in borrowed rooms in a public park on Sundays and was manned by volunteers (university teachers, doctors and other professionals). This example highlighted poor conditions limiting a very worthwhile programme.

Second, the quality of services was highly variable. Some, like the special school and deaf children's centre just cited, were run by qualified teachers; the majority made use of non-trained personnel and street activists (especially in care and supervision groups and civil mediation work). This informal care model avoided the pitfalls of over-specialization and growth of welfare bureaucrats found in Western welfare states. However, the down side seemed to be services of questionable quality.

Third, apart from biarmin fuwu, welfare support catered to a small clientele. As yet, the ability to make welfare services widely available was limited. This was related to the fourth point, the dearth of resources - money, space, manpower, materials and authority. In trying to overcome these obstacles, street organisations could not rely on state agencies for their requirements. Instead they were cajoled to use their own initiative in solving local problems. Obviously varying ability in generating resources vitally affected the scope and quality of welfare

provisions. Similarly service planning and management differed with the quality of local leadership.

By the end of 1988, China had built up a fledgling programme of community services. The achievements included: 825 groups homes for the elderly run by street organizations for 8,713 residents, 55,000 supervision and care groups for 90,000 elders, 550 work therapy stations for 8,600 mental patients, special nurseries /stations for 4,000 handicapped children and 127,000 convenience service points. In addition, there were 2,370 rehabilitation clinics and 250 counselling/consultation centres. Service proliferation has necessitated the creation of new coordinating structures. Towards this end, 2,700 community service committees have been set up. Some 1,000 funds were also created to raise and manage revenue collected for neighbourhood welfare programmes (SHBZB, 15 November 1988).

From the experience reported so far, the Chinese approach to community care has to contend with a number of issues. The challenge has at least four dimensions. First, there was need to locate community services in a wider programme of local development. Community-based service development should be part of municipal planning. As yet, these self-initiated efforts have not been incorporated in local development agenda. Second, local neighbourhoods had a surfeit of responsibilities but little power and resources. Most government departments continued to treat grassroots agencies as handmaidens, to be given jobs at will but were insensitive to their difficulties. Thus neighbourhood agencies constantly bemoaned the predicament of following too many masters, having "thousands of threads coming from the top to go through one needle." Third, there was the imperative to develop the

economic base for community care. In order to discharge their welfare function, neighbourhoods sorely needed income from domestic enterprises as well as government support. Domestic resources are determined by such variables as physical characteristics (e.g. land, commercial and industrial activities), good leadership, community spirit and the like. More often than not, street cadres tended to be elderly and poorly educated. For example, jobs always went to demobilized soldiers, redundant staff transferred from other enterprises and retired cadres (Leung, 1990).

Government aid was grossly inadequate. The MCA, in particular, over-expected from local agencies but did not do enough to help. So far it has played a valuable advocacy and guiding role in broadening the concept and practice of community care. However its support was very much confined to professional leadership, token grants and organizational liaison with other agencies. Finally, the unique nature of community care put a limit to its effectiveness as a reliable source of support. Operating on a decentralized model, community support programmes varied a great deal in service scope, comprehensiveness and quality. Untrained personnel could not be expected to perform the more skilled parts of helping nor could volunteers be held fully accountable if their service clashed with their personal commitments. Given these constraints, realizing the values of equality, uniformity, consistency and reliability is difficult, if not impossible.

Part Six

Conclusion

In the first reform decade, social welfare work under the aegis of civil affairs departments and local collectives supervised by them has developed quickly. Substantial expansion, improvement and innovations have taken place in all four programmes under review -- preferential treatment, veteran resettlement, social welfare, disaster and social relief. At the same time, there have also been daunting problems.

In December 1988, the Ministry convened the Ninth National Civil Affairs Conference. Five years have elapsed since the Eighth Conference in 1983. The achievements and challenges faced by the ministry since then were summarized by Minister Cui in his report "Grasping the Situation, Deepening the Reform and Serving a Stabilizing Function to Contribute to Socialist Modernization" (Cui, ZGMZ, January 1989, pp.4-9).

Cui identified four major accomplishments. First, achievements were recorded in reforms on many fronts. These included (1) successful building of grassroots political structures, (2) invigorating disaster and social relief work, (3) remarkable growth in social welfare production and social welfare services, (4) improvements made in preferential treatment, (5) greater effectiveness in resettling demobilized personnel and retraining them for civilian life, and (6) strengthening civil management work, for example, revising township and city criteria, reforming burial customs, and registration of marriages and social organizations. The second achievement pertained to various forms

of innovative work. These were (1) useful explorations of building rural social security networks, (2) positive experience in launching community social services in urban areas, (3) promising results from rural insurance projects, and (4) success in introducing the social welfare lottery. The third positive contribution came from developments of social welfare theory, manpower training and drafting of relevant legislation and regulations. Finally, the ministry has made gains in developing more effective organizational structures, raising the quality of cadres, and improving accounting systems.

In the light of the findings presented in Parts Two to Five, the above summaries were fair observations. Clearly, there have been more gains in some areas than in others. For example, improvements in preferential aid, quantitative and qualitative improvements in social welfare services, rapid development of community care in urban areas, more jobs for the disabled in welfare enterprises as well as increasing quantities of rural community support services have all been very impressive. On the whole, the claims have not been exaggerated. In my view, much credit must go to the hard-pressed and resource-poor ministry for being imaginative and enterprising. No less remarkable has been the efforts of local communities. In nearly all areas surveyed, the growth of community provisions have overtaken state services. Fewer communal amenities would have led to social disruptions as a result of the weakening of old social security mechanisms which would have exerted a high toll on human welfare in Chinese society during the reform era.

On the other hand, the minister's report pinpointed four

weak links in the welfare programme. First, the structure and establishment of civil affairs agencies have not kept pace with the increasing scope of work. There were acute deficiencies at the grassroots level where organization was inadequate, manpower shortage acute and workload excessive. Second, civil affairs work was constrained by inadequate resources. There were grave problems concerning shortage of state funds, low standards of relief, and poor living standards for veteran families and relief targets. Third, there were difficulties with work relationships. In such work as supervising neighbourhood agencies and receiving and dispatching vagrants, problems regarding work specialization and inter-agency cooperation have not been ironed out. Fourth, civil affairs agencies could not give effective guidance on all areas of work. Some programmes were very advanced; others were more backward.

If one compares the above list with the difficulties identified in the ministry's five year programme at the start of 1986, one is immediately struck by their similarities. The laments of social welfare development lagging behind economic growth, low standards of preferential aid and relief, inadequate organization, staffing and backward amenities are virtually identical. Indeed, such issues have troubled civil affairs departments throughout their history. Their persistence continues to signal the residual nature of social welfare work in the country. One telling indicator is the weighting of civil affairs expenditure in the government budget. The average proportion was 1.6 percent before 1978; during 1978-1988, the average was 1.55 percent (reference Chapter Four).

Towards a Conceptual Model of Social Welfare Responsibility

Responsibility for social welfare before and after the advent of the economic reforms showed markedly different features. The approaches followed during these two epochs could be distinguished according to the number and nature of their constituent institutions, source of funding and underlying value premises. The two models are conceptualized in Figure 9.

Figure 9 Conceptual Models of Social Welfare Responsibility

Institutions	Source of Funding	Value Premises
<u>Pre-reform Model</u>		
State	Central and local governments	Public responsibility
Collective/local community	Local collective income	Communal obligation
<u>Post-reform Model</u>		
State	Central and local governments	Public responsibility
Collective/local community	Loc. collective income Welfare levies Enterprise profits	Communal Obligation
Client/service system	Fee charging Soc. wel. enterprises Agency income generation	Self-contribution
Donors	Individuals, groups, enterprises, overseas donors	Charity

Before 1978, the state and the collective/local community shared the major responsibility for social welfare. As the agency which had overall control of public resources, the government played a prominent role in running and funding welfare projects. Meanwhile, collective contribution was required to relieve the burden of the state and to operationalize the principles of local self reliance and mutual help. In other words, the value of communal obligation was emphasized. The fact that the beneficiaries were destitute persons meant that recipient contribution could not be expected. Similarly, the prevailing poverty of the masses precluded the feasibility of individual donations. Under such circumstances, the approach of "walking on two legs", relying on the state and the masses, was adopted. The underlying moral precepts were public responsibility and communal obligation.

Since the early 1980s, the state has been facing mounting pressure to meet its traditional obligations as well as respond to new demands for service from the general population. However, the resources at its disposal were wanting. This dictated a spreading of involvements. With the devolution of fiscal authority to local areas, the regions, rather than the centre, were required to provide most of the funds for their welfare programmes. Even more onerous was the duty placed on local communities. Notwithstanding the abolition of communes and the consequent collapse of old financing mechanisms, they had to find ingenious ways of raising revenue to discharge their welfare functions. As the local economy developed, many communities were able to do so. Over the last decade, communal provisions have expanded more rapidly than state services. Despite this, resources are still short.

One way of sharing responsibilities was to promote user contribution. To this end, clients as well as welfare agencies were asked to pitch in. Methods such as income-generation, paying fees for service and ploughing back agency earnings to other welfare projects have been used. For example, the drastic expansion of welfare factories, whose significance went beyond job creation for the disabled, accentuates the last point. Finally, the rising income of the populace, notably the more successful individuals and firms, made the pursuit of philanthropy possible. Hence, donations and welfare lotteries were promoted for their potential of maximizing altruism.

In conclusion, the essence of the post-reform model was further widening of responsibility for social welfare. In other countries, this approach was variously called the mixed economy of welfare (Pinker, 1979), the welfare mix (Rose, 1986), the welfare provider model (Higgins, 1986) and welfare pluralism (Johnson, 1987, 1990). For welfare states under crises, a key strategy to reduce state intervention has been privatization. This has taken several forms (Oyen, 1986, p.14). One was the encouragement of proprietary services. Another was subventing voluntary agencies to produce services rather than direct state provision. A third means was fee charging. The fourth was de-institutionalization and wider use of family, community and informal care. The fifth form was reducing national economic responsibility and returning nation-wide programmes to local communities. All these to varying extents (except perhaps the use of commercial provisions) have their Chinese equivalents. In China, the ministry's catch phrase of "socializing social welfare" (shehui fuwu shehuihua) (Zhang, 1990)

comes very close to privatization in the West. Under this new orthodoxy, the state must end its monopoly of ensuring welfare and happiness for the people. Instead, different sectors of society - state, collective, groups and individuals must assume responsibility in providing social care. Funding is one form of participation. Besides, a wider cross-section of social groups have to take part in running services. On an individual level, citizens have to accept more responsibility for self protection (ziwo baozhang). Volunteering is also important. Overall, the role of local communities must also increase.

In essence, the government's call for realizing a mixed approach to welfare reflects an attempt to re-define the state-society relationship (C. Chan, 1991). Where formerly the state subsumed society and ran all aspects of social, political and economic life in the country, the development of civil society now has a better chance. All citizens and groups sharing the welfare burden with government is one aspect of the emergence of civil society in post-Mao China. For the time being, civil society's role is still confined to doing the state's bidding. The days are still far off when private citizens and groups are able to share genuine decision-making power with the state and the party.

CHAPTER SIX

THE GUANGDONG EXPERIENCE

Guangdong is an undisputed leader in implementing the policies of open door and reform. Its success on the economic front is impressive, as Chapter Three has shown. Is this also true in social welfare? Has its welfare development followed the national trajectory? Was there anything unique about the welfare challenge it faced and the solutions that it sought? What can we learn from a regional perspective? These are the central concerns of this chapter.

The chapter is organized into four parts. First, the challenges to civil affairs arising from socio-economic changes concomitant with the economic reforms is examined. This entails an analysis of the altered milieu, the challenges for civil affairs and the resultant change agenda. Then, a brief review of Guangdong's experience with four welfare programmes — preferential treatment, veteran resettlement, social welfare, and relief work — is made. Part Three presents and discusses the findings of my 1988 field visits. The data fall into three groups: 1. social welfare work in the Pearl River Delta; 2. rural welfare experiments in Huazhou; and 3. findings from the survey of Guangzhou's municipal welfare homes and factories and a case study of community social care in a Guangzhou neighbourhood. In Part Four, Guangdong's approach to welfare in the 1980s is summarized. This takes the form of an appraisal of its characteristics and achievements. The lessons that can be gained from a regional perspective are also discussed.

Part One

The Challenge to Social Welfare

Guangdong in the 1980s was a mixed society. The old socio-economic framework was imbued with new elements that enriched and made freer people's life styles. The changing economy created new wealth and jobs in industries and tertiary occupations so that even needy groups like the handicapped and demobilized soldiers could benefit. In implementing an export-oriented industrial strategy, even welfare factories were able to reach out to new investments and markets. Furthermore, the import of new management concepts, technology and practices enlivened the moribund welfare enterprises. The establishment of townships was a boon to rural development. Urbanization of the rural hinterland better met residents' demands for social and cultural services, provided jobs for surplus agricultural manpower and reduced the welfare gap between town and country. All these changes had a positive effect on people's welfare.

On the other hand, the reforms presented daunting challenges to the welfare system. In the view of Guangdong civil affairs officials, seven issues had the most salience, thereby setting the scene for welfare reforms (GDSZJ, 1989, pp.26-31).

First, in the process of continuing reform, social shocks and conflicts produced de-stabilizing social currents. People became more mobile as they responded to the gravitational pull of jobs and business openings. New interest constellations upset traditional material and power rankings and heightened tensions between groups. For example, such categories as private entrepreneurs, managers,

individual workers and specialized households gained ascendancy while old privileged groups like civil servants and workers in large state enterprises suffered a fall from grace. In cities, reforms in the employment system generated insecurities and produced new welfare disparities, leaving some employees completely exposed. Additionally, inflation eroded purchasing power. Taking 1985 retail prices as the baseline, the price index rose to 152.4 in 1988 and 176.3 in 1990 (Guangdong Statistical Bureau, 1992). While the majority were able to achieve real gains in their living standard, segments of the population (workers on fixed pay, employees of insolvent units, retired persons and especially the indigent) were left behind. All these created contradictions in a socialist province.

In the second place, advancing industrialization, marketization and urbanization challenged the legitimacy of old service boundaries that divided urban and rural areas. In the field of welfare, civil affairs departments were hard pressed to meet the needs of people without prejudice to their residential status. The case of rural migrants epitomized the dilemma (Li, 1989). At the end of 1988, Guangdong had an estimated four million "floating population" of non-permanent residents (Jingji Daobao, 6 March 1989). Should these people, who retain their rural registration, be given urban relief if they fall on hard times? If yes, who should pay for it -- the urban CADs or their home communities? As a result of family separation, who should assume responsibility for helping their dependants if they suffered from lack of care? The latter issue became more vexing when many villages were gradually denuded of their able-bodied population and left with a growing proportion

of children, women and the elderly, the so-called "61-38-70 contingent".¹

The third challenge was posed by the changing demography, in particular an aging population. In 1982, 8.12 percent of Guangdong's population and 8.72 percent in Guangzhou were aged 60 and above. In 1990, the percentage of elderly people in Guangzhou was 10 percent (Lai, GDMZ, 1991, Issue 6, p.24). Directly related was the question of old age support, both in terms of retirement benefits for urban workers and support and care for the rural elderly who depend primarily on their families. When villages lost their collective care arrangements associated with the communes, the funding of the "five guarantees" became threatened. In the context of deepening urbanization, the injustice of maintaining separate retirement policies for rural and urban residents became more pronounced.

The fourth concern centred on the welfare of the disabled. In an environment marked by economic competition and rising prices, the survival of work schemes for the disabled became an issue. Welfare enterprises had a hard time competing with firms more oriented to efficiency and productivity. The disabled also found it more difficult to find jobs in the labour market when firms could now pick and choose their employees. The need for special protection for disability employment was more acute than ever.

The fifth challenge was posed by changing social values. Guangdong people were long famous for their business acumen and materialism. Economic liberalization had rekindled the spirit of

¹ 61 refers to 1 June, Children's Day; 38 refers to 8 March, Women's Day; 70 refers to people aged 70 and above. The 61-38-70 contingent means population segments comprising children, women and elderly.

entrepreneurship and materialism. Under this climate, there was a noticeable weakening of communal solidarity. With communes disbanded, the basis for compulsory altruism in rural areas was destroyed. In urban neighbourhoods too, the recruitment of local volunteers became more difficult. Given that welfare support was heavily dependent on mutual aid, the replacement of public-spiritedness by egoistic self-interest could have negative impacts on social mobilization and funding.

The sixth concern was growing self-assertion of the masses as a result of a more relaxed and tolerant style of governance. The reforms weakened the power of the government and the party over economic and social life. In particular, rural cadres found their authority over the peasantry more tenuous than before (White, 1987). Peasants now made to bear sole responsibility for their family's survival were more concerned about their own welfare and less ready to contribute to the support of needy groups who did not work for their living. Instead their demands for a reduction of their tax and public burdens grew louder every year. Such nascent stirrings for democracy posed more obstacles in exacting welfare taxes from the masses.

Finally, there was the need to address the problem of social inequality. Even before the reform, economic development in Guangdong was very uneven. In the 1980s, remote and disadvantaged areas fell further behind. For example, in 1987, Shunde, Nanhai and Dongguan in the Pearl River Delta had annual industrial incomes between 2.6 to 3 billion yuan (Guangdong Yearbook 1987). In northern Lianshan county, this was only 26.65 million yuan (Liang, 1990, p.496). Regarding individual incomes, the gaps were just as

wide. In 1988, a former peasant working in a xiang-zhen enterprise in a Pearl River county could make 200-300 yuan per month; a farmer in a highland area could only manage 525 yuan a year. In general, the income of rural residents in the mountainous areas was only 62.5 percent of those residing in the plains (Liang, *ibid*). At the other extreme were the new rich whose annual earnings ran from tens to hundreds of thousand yuan. Their wealth and lavish lifestyles spurred envy and resentment among their less well-off neighbours.

In view of the above conditions, civil affairs agencies in Guangdong realized that reforms in welfare were direly needed; old wine in new bottles may not suffice. At the same time, resource constraints meant that over-ambition was untenable. Overall, the new agenda paralleled those for the country as a whole. These included reforms in social security, new experimentation in some areas, socializing provisions, and constructing a welfare system appropriate to conditions in Guangdong.

Different goals were set for rural and urban areas. In the cities, the objective was to galvanize the efforts of the state, collective, and individuals to increase public provisions. At the same time, the advantages peculiar to Guangdong, particularly access to new capital and technology, were to be utilized. The major development targets were expansion in social welfare services, welfare production and community care, identical to the national agenda.

In the countryside where conditions varied more widely, welfare development should match economic development. In poor areas, the goal was to ensure subsistence. This meant that traditional programmes were to be stressed -- the reinforcement of disaster

and social relief, preferential treatment, resettlement of demobilized soldiers, with the addition of development aid. Where conditions permit, each xiang-zhen should work towards the completion of four key projects -- an old people's home, a welfare factory, a poverty aid economic entity and a social security fund -- the four pillars of a rural social security network. In middle-income areas, the implementation of the four projects would have priority, and on that basis, service contents would be upgraded to provide more adequate care. For more affluent places, a rural social security network was expected to be in place by 1990. In addition, pilot schemes with cooperative insurance for disaster relief would be extended and experiments with retirement pensions would be explored. Finally, the special economic zones would try out more advanced forms of social security which are more comprehensive in coverage and generous in standards (GDSZJ, 1989, pp.27-31). The adoption of differential development models is a pragmatic response to regional disparities, which are likely to remain for the foreseeable future. This is also in line with ministry thinking.

Part Two

Welfare Developments in the Reform Decade

1. Preferential Treatment

Guangdong provided the full range of statutory subsidies and relief to designated targets according to central policy. Because of her strong financial position, however, the province could offer superior benefits. One example was relief to disabled soldiers. For those sustaining special class and Class 1 disability, an additional attendance allowance of 55-60 yuan was available. Besides, supplements of 10 and 5 yuan were given to Class 2A and 2B disabled, which were not available in other areas. The Guangdong government also extended house building grants of between 5,000 to 10,000 yuan to disabled veterans sustaining Special and Class 1 disability; in other provinces only retired army officers could enjoy housing assistance (GDSZJ, 1989, p.113). For families of martyrs and infirm veterans, Guangdong CADs were able to provide additional subsidies. For instance, Foshan City upgraded both relief to martyrs' families and subsidies for infirm veterans by 27 percent in 1988 (GDSZJ, 1989, pp.112-13). In the province as a whole, particularly in more affluent places, veterans enjoyed higher rates of statutory benefits.

Mass aid took the form of work point privileges in the commune period, which benefitted 60,000 military households per year, averaging 60 to 100 man-days per recipient household. However, the coverage was far from universal; only 30 percent of soldiers' families enjoyed work point bonuses (GDSZJ, 1989, p.115).

A revolutionary practice made its debut in 1980 with the

issuance of "Guangdong Province Experimental Regulations on Preferential Treatment for Dependents of Martyrs, Serving Soldiers and Disabled Veterans". This introduced a universal cash bonus in place of work points, the first in the country. For urban recruits, their families were eligible to receive half of their original wage from their work units. If the recruits were unemployed before they answered the draft, a monthly allowance would be paid by the street office. In 1988, the minimum preferential allowance for families of urban recruits was 20 yuan per month. In rural areas, soldiers' dependents were eligible for an allowance equal to 50-100 percent of a labourer's earnings. The funding came from a villagers' levy. In 1982, centralized collection and distribution of such levies at the xiang-zhen level began. In that year, 1,071 communes out of 1,902 adopted this approach; 179,346 rural servicemen's households (including Hainan Island which became a separate province in 1988) received the cash bonus totalling 23 million (GDSZJ, 1989, p.117).

Table 12 Preferential Treatment Provided by
the Masses in Guangdong, 1981-1987

Year	Recipient Households	Tot. Aid (Yuan)	Yuan per HH per year
1981	138,918	14,472,554	104
1982	179,346	23,149,182	129
1983	164,373	24,155,146	147
1984	145,046	22,938,260	158
1985	128,681	24,965,200	194
1986	112,729	27,199,994	241
1987	113,792	33,110,000	291

Source: GDSZJ, 1989, p.118

Table 12 shows that the benefit levels of mass aid increased year by year. In 1987, the annual rate was about half of the average per capita income in rural areas. In 1988, the province ranked first in the amount of cash raised from the local community, amounting to 292 million yuan, out of a national total of 2,054 million yuan (SHBZB, 14 April 1989).

Guangdong also administered a programme of institutional services for retired and disabled soldiers. The earliest statistics available were for 1985. In that year, the residential programme consisted of 2,006 beds, out of a national total of 41,200 beds (Wenjian Xuanbian, 1986, pp.451-52). This number put Guangdong (population 62.5 million including Hainan) far behind provinces like Hebei (8,277 beds, provincial population 55.5 million), Jiangxi (6,997 beds, population 34.6 million) and Hubei (3,615 beds, population 49.3 million) (ZGSHTJZL, 1987, p.19). In 1987, residential capacity seemed to have decreased slightly, composed of 1,000 beds in convalescent homes and veteran hospitals, 571 beds in old people's homes for veterans, and an unknown number in ordinary old people's homes (GDSZJ, 1989, p.119). Thus, when compared with cash benefits, Guangdong's performance in residential care for veterans was rather lack lustre.

2. Resettlement of Demobilized Personnel

Guangdong followed the national policy of returning former conscripts to their place of enlistment. In rural settlement, Guangdong had a good record. Its better developed rural economy produced richer opportunities in industry, construction, transport, commerce and service trades, which gave it an edge over other

places. Therefore more returnees were able to get jobs in township and village enterprises. Between 1985 and 1987, 11,478 men were placed in these units (GDSZJ, 1989, p.124). Those with special skills acquired in their army days became technical and administrative cadres. The efforts that Guangdong made in retraining soldiers for civilian life also proved fruitful. In 1985, 133 xiang-zhens operated job training and placement stations. Some graduates were even headhunted to work in other provinces. Those returning to farming and agricultural side-line work also benefitted from rising demands for domestic consumption and export.

Enping County pioneered a very successful programme of loans and development aid (fuyou) to help former soldiers to start businesses in 1982. This experience won praise from the provincial CAD and the ministry and spread quickly across the province. Between 1981 and 1984, 158,318 former soldiers (including Hainan) received fuyou. Among the successes were: 1,426 "ten thousand yuan" households, 14,545 households earning more than 5,000 yuan per year, 22,270 households becoming specialized households and 14,018 households forming cooperative ventures with others (GDSZJ, 1989, p.124). Between 1985-1987, Guangdong banks and credit agencies extended loans of 300 million yuan to veterans (GDSZJ, *ibid*).

As has been mentioned, Guangdong was more generous with housing assistance. Not only army officers benefitted as in other places; by 1987, 1,669 housing units with a total area of 126,000 square metres were built for 1,380 officers (Li, GDMZ, 1989 Issue 6, p.22). In addition, housing assistance was made available to other veterans. Between 1980-87, 10 million yuan was allocated for this purpose, along with the supply of 3,000 sq. metres of ply wood,

70,000 tons of concrete and 10,000 tons of steel during 1980 to 1987 (GDSZJ, 1989, p.123). Finally, Guangdong's disabled veterans also enjoyed special help. In addition to the provision of financial aid, rural disabled veterans with Class 2 and 3 disability who were still capable of work had the privilege of receiving guaranteed job placement reserved for urban returnees. Meanwhile, those who lost their work ability completely had the ultimate compensation of getting urban resident status, thereby qualifying for subsidized rations available to city dwellers (GDSZJ, 1989, p.123). However, it was not known how many benefitted or the conditions under which such treatment applied.

For urban resettlement, Guangdong's programme was in line with national practice. The basic principle was the restoration of former status. This means that former cadres and workers return to their old work units and students resume their disrupted studies. To place returnees who have never worked before, the government assigned job quotas for different functional systems (xitong), e.g. certain industries or fields of occupation. Between 1982-1987, placements were found for some 26,000 veterans (Li, GDMZ, 1989, Issue 6, p.22).

3. Welfare Services and Welfare Production

(1) Social Welfare Services

Before the reform decade, Guangdong had a modest residential care programme for the indigent and disabled made up of homes seized from overseas missions and local charities. These suffered the same fate of closure and merger during the Cultural Revolution as similar services elsewhere. It was not until the early 1980s that

new momentum in service development was regained.

Table 13 Social Welfare Institutions in Guangdong, 1979-1987

Year	Mixed Homes	CAD-run Homes			Homes Run by Urban & Rural Collectives
		Children's Homes	Mental Hospitals	Other Homes	
1979	36	5	3	-	407
1980	38	6	3	-	438
1981	40	7	4	-	417
1982	41	6	3	-	429
1983	40	5	2	-	506
1984	43	5	2	-	722
1985	48	5	2	2	918
1986	50	5	2	2	1,043
1987	53	5	2	2	1,188

Source: Guangdong Province Civil Affairs Department.

From Table 13, a number of interesting facts stand out. First, during the period, different types of government facilities have had dissimilar rates of growth. There was no growth in government-run children's homes and mental hospitals; for mixed institutions, there was a modest increase from 36 to 53. On the other hand, homes run by collective more than doubled. The build up was especially remarkable after 1983.

When one examines resident numbers presented in Table 14, the role of community-run facilities is more striking. From 1979 to 1987, residents receiving statutory care increased from 3,099 to 3,771. In fact, more growth has occurred in the number of staff than in inmates. Meanwhile those living in community homes nearly tripled. Without any doubt, the burden of providing care for the homeless infirm has passed progressively from the state to local communities, in line with the trend nation-wide.

Table 14 Number of Staff and Residents in
Social Welfare Institutions in Guangdong, 1979-1987

Year	CAD-run Facilities		Homes Run by Urban and Rural Collectives		Total Residents
	Staff	Residents	Staff	Residents	
1979	905	3,099	641	3,592	6,691
1980	983	3,069	631	3,164	6,233
1981	1,193	3,141	609	2,962	6,103
1982	1,251	3,185	652	3,204	6,389
1983	1,274	3,153	840	4,609	7,762
1984	1,284	3,242	1,224	7,599	10,841
1985	1,394	3,333	1,444	10,230	13,563
1986	1,481	3,462	1,779	12,408	15,870
1987	1,581	3,771	2,090	14,539	18,310

Source : Guangdong Province Civil Affairs Department

Taking institutional capacity as a whole, Guangdong had 17,000 beds out of a national total of 449,534 beds in 1985 (Wenjian Xuanbian 1986, p.453), or 5.2 beds per ten thousand population versus the country average of 7.8 beds. In 1988, Guangdong's bed capacity increased to 25,700. Despite this, her bed ratio actually dropped to 4.3 per ten thousand as the provincial population grew to 59.2 million (Guangdong Provincial CAD). This made the province a clear laggard in residential provision.

To improve service quality, Guangdong adopted the ministry's recommendations for staff-resident ratios: one care worker to every 2-4 elderly, 4-6 normal children, 1.5 disabled children and 2-3 mental patients (GDSZJ, 1989, p.37). Even by Western yardstick, such manning scales are very favourable. However, apart from large

municipal facilities, it was not known how far they are followed by community-run homes. My field interviews suggested that the latter had not attained these standards. Then, a rehabilitation element was incorporated into the bigger (mostly state-run) homes. Municipal facilities, in particular, were expected to serve as examples of good professional practice. As yet, the expectations may take time to become reality. In my visit to two municipal facilities in 1988, the standard of care varied so widely that while one could be regarded as offering good professional service, the other had obvious difficulties maintaining cleanliness and physical care of residents. Finally, Guangdong homes have also widened access beyond "three-no" targets. Many of the homes I visited admitted fee-paying locals and Hong Kong residents who were charged full service cost. Overall, facilities were far from adequate. So far only privileged groups - labour heroes, retired cadres and people who made special contribution but lacked family care - could buy the services (GDSZJ, 1989, p.35). Further exploration of related themes will follow in the Guangzhou survey.

Three other projects deserve special mention. The first was Zhi Ling Special School, a privately-run special school for 120 mentally handicapped children, the first example of a market facility for the disabled in the province. In both its planning and on-going operation, the school obtained significant assistance (with curriculum design, staff training and professional advice) from Caritas Hong Kong, the social service arm of the Catholic Church there (C. Chan, 1991). To strike home the worthiness of private initiatives in social care, its principal received a citation of honour from the ministry (SHBZB, 5 June 1987). The

second work of pride was a gleaming 6,000 square metre vocational rehabilitation centre in Guangzhou incorporating facilities for vocational training, sheltered workshop, hostel, restaurant, library and conference venue. Beginning operation in January 1988, it was reputedly one of the most advanced projects of its kind across China (GDSZJ, 1989, pp.69-70). In addition, there was a speech training centre for deaf children, which occupied one floor in the building that housed the vocational rehabilitation centre. It offered audiological testing, speech therapy, research, and staff training services (GDSZJ, 1989, p.70). Finally, there was the Ren Ai Nursery for 90 hepatitis B carriers. This was the brainchild of a Christian voluntary agency and it satisfied a hitherto unmet need in the city (C. Chan, 1991; Guangzhou Yearbook, 1989, p.474). The first and last were unique examples of voluntary endeavours which augmented acute shortages of public provisions. In this respect, Guangdong was at the forefront of promoting private initiatives in social care.

(2) Social Welfare Production

Guangdong embraced the same fever in the development of welfare production as in other places. Following the spirit of national policies on tax exemption for welfare factories, Guangdong promulgated supplemental regulations. These policies provided the enzyme for growth. In addition, Guangdong's proximity to Hong Kong gave it a strategic advantage. Beginning in 1987, welfare factories in the region began doing export processing work for foreign-owned and operated companies. By year-end 1987, 68 units has signed joint production contracts with overseas firms, earning an income of US\$6

million (GDSZJ, 1989, p.43). In 1989, the number grew to 83 units, drawing an investment of US\$10 million (GDPCAD, GDMZ, 1990, Issue 2, p.1).

Table 15 Social Welfare Production Units in Guangdong, 1979-1987

Year	CAD-run Units			<u>Xiang-zhen</u> /street -run units			Massage Clinics			Total No. of units
	units	staff	disab. wkrs	units	staff	disab. wkrs	units	staff	disab. wkrs	
1979	50	7,479	3,137	-	-	-	3	65	22	53
1980	62	8,149	3,274	-	-	-	3	107	31	65
1981	72	8,765	3,518	-	-	-	4	126	40	76
1982	77	9,046	3,432	-	-	-	5	134	43	82
1983	88	9,587	3,571	287	7,428	1,208	10	165	77	385
1984	95	10,076	3,031	235	5,484	1,776	12	174	87	342
1985	118	11,444	3,822	307	7,190	2,519	5	157	57	430
1986	124	11,355	4,016	375	9,566	2,736	7	174	69	506
1987	137	11,955	4,411	687	24,912	4,460	7	157	60	831
1989	162	15,000	5,640	1,116	n.a.	8,360	n.a.	n.a.	n.a.	1,281

Notes : In addition, there are 2 factories manufacturing artificial limbs run by CADs in Guangzhou and Shantou. In 1987, they employed 197 (non-disabled) workers.

Source: All figures are from GDPCAD; 1989 figures in GDMZ, 1990, Issue 2, p.1.

Table 15 shows that state-run units have grown 274 percent between 1979 and 1987, resulting in a 41 percent increase of disabled workers placed. However, it was in the non-state sector that a dramatic transformation took place, from nought in 1982 to 287 units overnight and then an expansion of 140 percent in five

years. By 1987, this sector employed as many disabled workers and twice as many able-bodied operatives as the CAD units. There were just a handful of massage clinics employing blind workers at the start of the period; by 1987, both unit numbers and blind masseuses had a three fold increase. Two other means of placement -- employment in small workshops/factories run by urban neighbourhoods and self-employment -- absorbed an additional number of disabled workers. In 1987, 5,919 disabled persons worked for the former; 1,534 became individual workers. Taking all sources of employment known to CADs into consideration, total placement for the disabled was 12,372 in 1985, 16,384 in 1987 and 14,000 plus in 1989 (GDPCAD). Such numbers were paltry when the disabled population for the province may be as high as 2.8 million (based on the 4.9 percent national projection).

A further set of statistics provided by the GDPCAD helps to throw light on the economic performance of social welfare production and suggest a reason for their limited capability.

Table 16 Economic Performance of Welfare
Production Enterprises in Guangdong, 1979-1987

	ann prod.	Units run by CADs		Units run by Street/Xiang-Zhen		(10,000 yuan) Massage Clinics			
		w. profits units	w. losses amt.	ann. prod.	ann. profits	ann inc.	pro- fits		
1979	4,680	-	-	-	-	-	4	1	
1980	5,385	45	445	17	69	-	46	6	
1981	4,184	41	345	31	84	-	59	8	
1982	4,498	42	375	35	105	-	73	11	
1983	6,048	60	556	28	95	-	394	19	
1984	9,212	65	935	30	77	-	336	22	
1985	12,968	87	1,064	31	40	5,948	332	109	8
1986	11,574	85	641	39	159	8,862	330	127	25
1987	17,784	103	1,025	34	2,090	21,313	2,144	206	5

Source : Guangdong Province Civil Affairs Department

Table 16 shows that the annual production in all units increased steadily over the eight year period. Until 1986, CAD-run welfare factories held the lead in production performance. In 1987, this passed to the community sector. If profits and losses were reckoned, the health of CAD units was far from robust. In most years, more than one quarter of them suffered losses; for 1987, deficit units were losing twice as much money than profits gained by solvent ones. On the other hand, performance of community provisions was less easy to gauge, if only because comparable statistics were not available. Nevertheless what was most impressive was the 6.5 fold increase in profits from 1979 to 1987. This could be attributed to the take-off in export-processing work. My visit to the Pearl River area suggested that community-run welfare factories were more successful in exploiting new opportunities than the state sector. Xiang-zhens were usually more flexible and aggressive in signing such work contracts.

In the late 1980s, welfare factories in Guangdong were meeting with increasing competition. In an economy with a growing market component, a large disabled work force (at least 35 percent) was a drag on productivity. Besides, there were problems with pre-modern machinery, poor credit worthiness and inefficient management. Most importantly, the advantages of tax exemption, the only trump card of welfare factories, have lost their magic when townships competed to outdo one another with financial inducements to attract outside investors. Under such circumstances, welfare production enterprises have become very vulnerable. These issues will be examined in greater depth in the Guangzhou survey.

(3) Community Social Services

From 1984 onwards, urban neighbourhoods in Guangdong have become more adventurous with community care experiments. Key beneficiaries included the elderly, the disabled, soldiers' families, hardship households and children. Ordinary residents also came under the scope of convenience services like repair stations, home help and delivery services upon the payment of a small fee.

The push towards community care was uneven across the province. Some cities and municipal districts within them were more advanced than others. The leaders included certain districts in Guangzhou, Zhanjiang, Jiangmen, Shantou and Shaoguan. At the end of 1987, the province boasted 117 social centres, 140 multi-service centres, one rehabilitation clinic and one match-making service centre for the elderly. Besides, there were four community social centres (for multiple targets), 47 home help stations and 2,489 convenience service points for residents (GDSZJ, 1989, p.94). There were also in operation 48 special classes for disabled children, all at street or residents' committee level. In addition, neighbourhood volunteers set up 3,421 care and support groups for 5,747 frail elderly (GDSZJ, 1989, p.104).

In sum, there has been a good deal of experimentation in expanding community care. However current attempts were piecemeal and rudimentary. Success depended on many conditions, as a later part will show. Apart from some show-case examples, Guangdong's efforts fell behind cities like Beijing, Shanghai, Hangzhou and Wuhan. In medium-size cities and townships, neighbourhood provisions had scarcely begun to make an impact on meeting the social service needs of residents.

4. Social and Disaster Relief

(1) Social relief in urban areas

At the end of 1987, Guangdong had a total of 15,000 "three-no" persons living in cities and towns. Of these, 3,000 received care in CAD-run institutions, 6,639 obtained care in group homes set up by streets and townships, and 5,000 subsisted on state relief in their own homes. Standard rates varied according to domicile -- 45 yuan per month for an eligible resident in large cities, 40 yuan for medium and small cities, and 35 yuan for a township resident with urban registration (GDSZJ, 1989, P.84). Because of the meagreness of state grants, recipients had to apply for top-up subsidies from street organizations. Besides, hard-up redundant workers laid off during the austerity drive in 1961-65 were also eligible for regular subsidy (40 percent of their previous basic wage and two-thirds of health care costs). At the end of 1987, such beneficiaries stood at 4,700 (GDPCAD). The other category that became newly eligible for regular relief was rehabilitated deviants. This followed the national policy announced in 1979 (GDSZJ, 1989, p.85).

Taken together, the number of people on regular state subsidies was small. At the end of 1987, less than 36,000 persons benefitted from a total grant of 4.9 million yuan (GDSZJ, 1989, p.137).

(2) Rural social relief

When communes were first disbanded, Guangdong experienced the familiar crisis of funding the "five guarantee" programme. This prompted the provincial government to issue a directive reminding local areas not to neglect their duties in 1980 (Shouce, 1982, pp.

363-65). Specifically, it called for a minimum maintenance standard of not less than 480 catties of grain per person per year and five yuan pocket money per month. In localities running projects that yielded collective incomes, the revenue usually came from this source. Where communal allocation was not possible or not adequate, welfare funding was shared between the sub-district, administrative village and villagers' committee. This practice prevailed in most of the Pearl River delta counties in 1988. The responsibility was either shared equally by the three tiers of administration or according to a locally agreed formula which varied from place to place.

1984 saw the passing of another regulation -- the Guangdong Temporary Regulations on the Work of the "Five Guarantees". This upgraded the annual subsistence standard to 240 yuan per head exclusive of 480 catties of grain. On the other hand, it also extended the duty to support to married daughters (who usually marry outside of their native village) and children under pseudo-adoption arrangements (not regarded as legal heirs). Formerly exempted in accordance with local custom, they became liable; aid was granted only if they were manifestly unable to fulfil their duty.

In essence, rural relief remained a local responsibility. Only very poor areas could get state grants. By 1987, centralized collection and distribution of relief goods and cash at the xiang-zhen level was practiced by 82 percent of all xiang-zhens (1,690) in Guangdong. To effect better management of resources, 933 special funds with the aim of improving care for aged peasants were set up, accumulating some 45 million yuan through levies,

donations, state subsidies and collective income. Because of improvements in funding, Guangdong was able to increase the average relief payment from 265 yuan in 1986 to 352 yuan the following year so that about one third of welfare recipients could attain the living standard prevailing in the local community. In addition, by year-end 1987, 14,539 indigent elderly were cared for in 1,188 village-run homes (GDSZJ, 1989, p.88). As a rule, they enjoyed more comprehensive and higher-quality care than those living on their own.

Taking the "five guarantee" programme as a whole, out of some 160,000 plus qualified persons, only 138,000 actually received support in 1988 (Li, GDMZ, 1989, Issue 6, p.22). This rate (76.7 percent) was inferior to the national average of 87.5 percent for the year (ZGNCTJUNJ, 1989, p.278). In terms of relief standard, Guangdong's spending of 441 yuan per head (Wang, GDMZ, 1989, Issue 3, p.33) or 55 percent of the per capita rural income was not too low. In some rich villages in Shunde county, communal aid was on a par with local earnings, against the backdrop of a very limited number of recipients being supported by handsome profits from the booming rural industries.

(3) Natural Disaster Relief

Sitting in the path of south-easterly tropical cyclones, Guangdong is vulnerable to their furies, occasioning damage to crops, livestock and property. The province is also prone to floods, droughts, frosts and damage due to environmental pollution. All these resulted in about 30 major onslaughts from nature every year (Chen, 1990), affecting some ten million people.

During the 1980s, Guangdong made three innovations in disaster relief work in accordance with ministry policy. First, it was one of the first regions to adopt a fixed contract system in relief budgetting. On receiving its share of relief money from the central treasury, provincial authorities contracted out the bulk of it to each xian (county) as a fixed sum. The xian allocation supposedly reflected such values as the number of disasters sustained in previous years, number of xiang-zhen under poverty, fiscal receipts of the local area and population size. Each xian then managed the best it could within its budget.

Second, Guangdong was given authority to channel part of the relief allocations to help disaster victims to develop production. Third, Guangdong grafted a system of interest-free loans onto its regular relief programme. Outright grants were reserved for the nonworking poor and emergency requirements. The loans so recovered were retained by the xian government to help other victims. Similar to the national trend, total spending on disaster relief has declined: from 46.4 million yuan in 1985, 43.3 million yuan in 1987, to 35.7 million yuan in 1988 (GDSJNJ, 1989, p.448). In 1987, 4.32 million victims were helped (GDSZJ, 1989, p.137). At the rate of only 10 yuan per head, the handouts were blatantly inadequate for even emergency needs. The capping of state input, partial diversion into development aid and substitution of loans for grants no doubt effected savings. The benefit to victims was dubious.

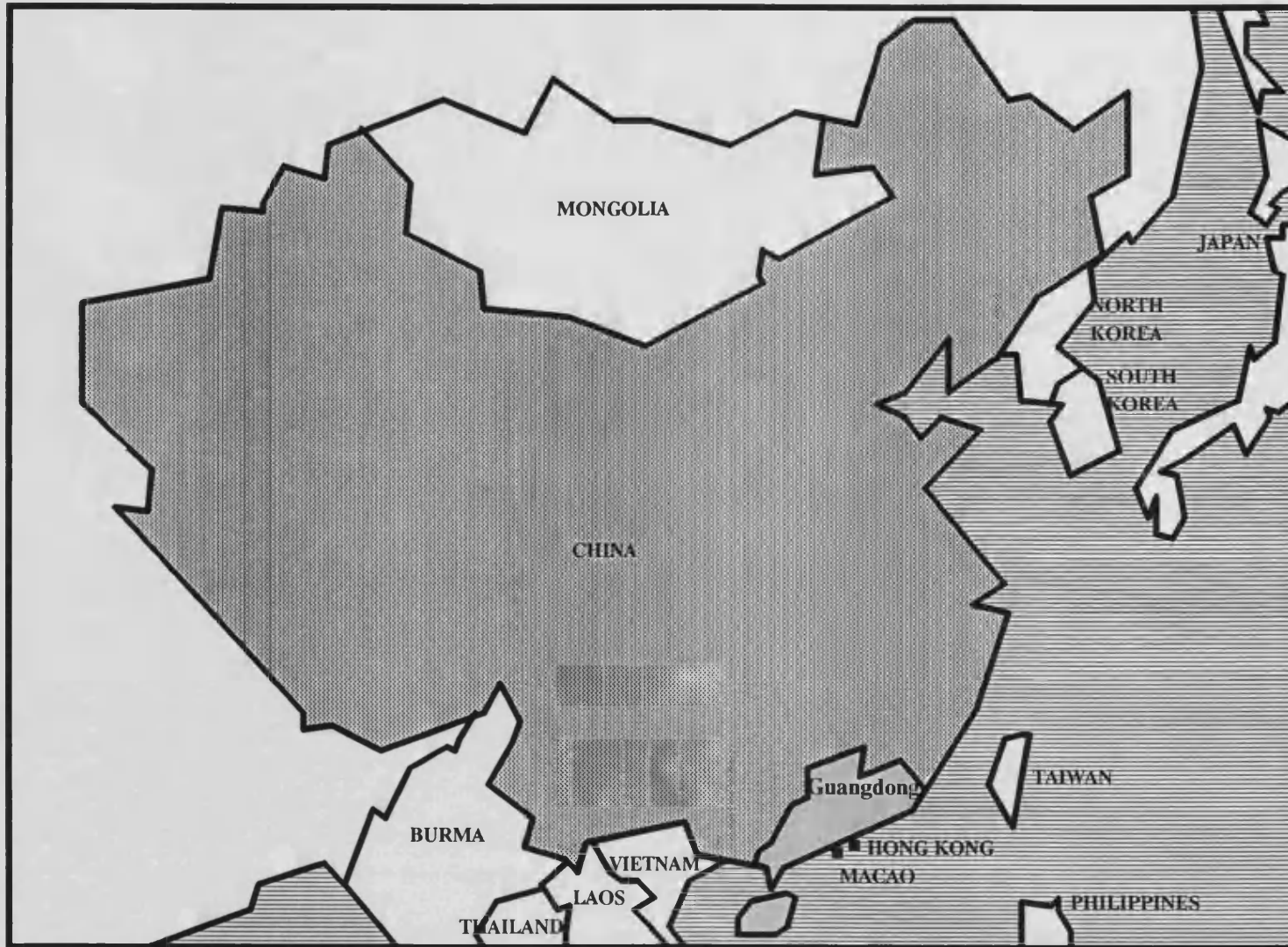
(e) Aid to the Poor

Guangdong's maiden attempts at development aid started in 1964 in Changning Commune, Boluo County. Such work was aborted by the

Cultural Revolution. In the late 1970s, GDPCAD was eager to revive the early experiments, and Shantou, Hingning, Kaiping, Boluo, Haikang, Gaojue and Xinfeng counties were chosen as trial sites. In the event, the projects showed such promise that the ministry popularized the Guangdong approach at the 1978 Seventh Civil Affairs Conference. From then on fupin work in Guangdong took off.

Guangdong's fupin programme was underpinned by careful planning and organization. Three strategies were followed. First, the provincial and local administrations took pains to integrate fupin into the overall development plan of the area. Second, policy formulation and implementation involved all concerned government agencies. Third, executive bodies with representation from all agencies were created to coordinate work at each level. Working at the xiang-zhen and villagers' committee levels, there were 1,237 fupin companies with a special corps of 5,211 workers (GDSZJ, 1989, pp.40-41; Li, GDMZ, 1989, Issue 6, p.23). By 1988, 575,000 poor households were drawn into the programme and 4,500 economic entities were in operation (Li, *ibid*). Additionally 600 special funds were set up for financial management. As a result, 250,000 households reportedly left poverty (tuopin) (GDSZJ, 1989, p.145). The target rate for 1990 was 50 percent. One means of achieving this was to expand fupin enterprises; by 1990, 60 percent of all xiang-zhen should have them.

Figure 10 Guangdong and Its Location



Part Three

The 1988 Guangdong Field Data

Figure 10 shows the location of Guangdong and places visited. The site visits were intended to concretize the experience of welfare work in Guangdong by looking at a number of representative locations. As it was, the study grid included (a) the full range of civil affairs welfare services ¹; (b) the structure of services in both urban and rural areas, (c) welfare work undertaken at all administrative levels ², and d) welfare work in affluent and backward places. For analytical purposes, the above venues were divided into three groups: 1. the Pearl River Delta; 2. Huazhou county; and 3. Guangzhou. Zhanjiang city adjacent to Huazhou was not included as the constraint of time did not permit a longer visit. The figures and tables that follow summarize the empirical data and are self-explanatory.

¹ The types of services visited were as follows: 13 old people's homes, 2 children's homes, 2 combined social welfare homes, 1 home for retired veterans, 7 welfare factories, 4 poverty-aid economic entities, 1 artificial limb factory, 1 reception, repatriation and settlement farm and 1 civil affairs training college.

² Guangzhou, Zhongshan and Dongguan had municipality (shi) status. Shunde, Nanhai, Panyu and Huazhou had county (xian) status. Yanbu, Dali, Songjiang, Guizhou, Lincheng, Wannuidun, Chashan, Shelong had township (zhen) status. Zhengnan and Jianghu were administrative villages (xiang).

Figure 11 Economic Characteristics
of Selected Guangdong Cities/Counties, 1988

	GZ	ZS	DG	NH	SD	PY	HZ
Admin. status	Muni.	Muni.	Muni.	Cty.	Cty.	Cty.	Cty.
Popn. (million)	5.77	1.11	1.27	0.90	0.89	0.74	1.03
Industrial output (billion yuan)	22.91	4.62	4.16	4.30	4.78	2.05	0.45
Agricultural output (billion yuan)	0.38	0.55	0.74	0.43	0.40	0.35	0.44
Ind. & Agri. Output (billion yuan)	23.29	5.17	4.90	4.73	5.18	2.40	0.89
Urban worker average wage per year (yuan)	2,803	2,763	2,942	2,586	2,815	2,288	1,557
Annual peasant net income (yuan)	n.a.	1,134	1,030	1,281	1,168	1,085	438

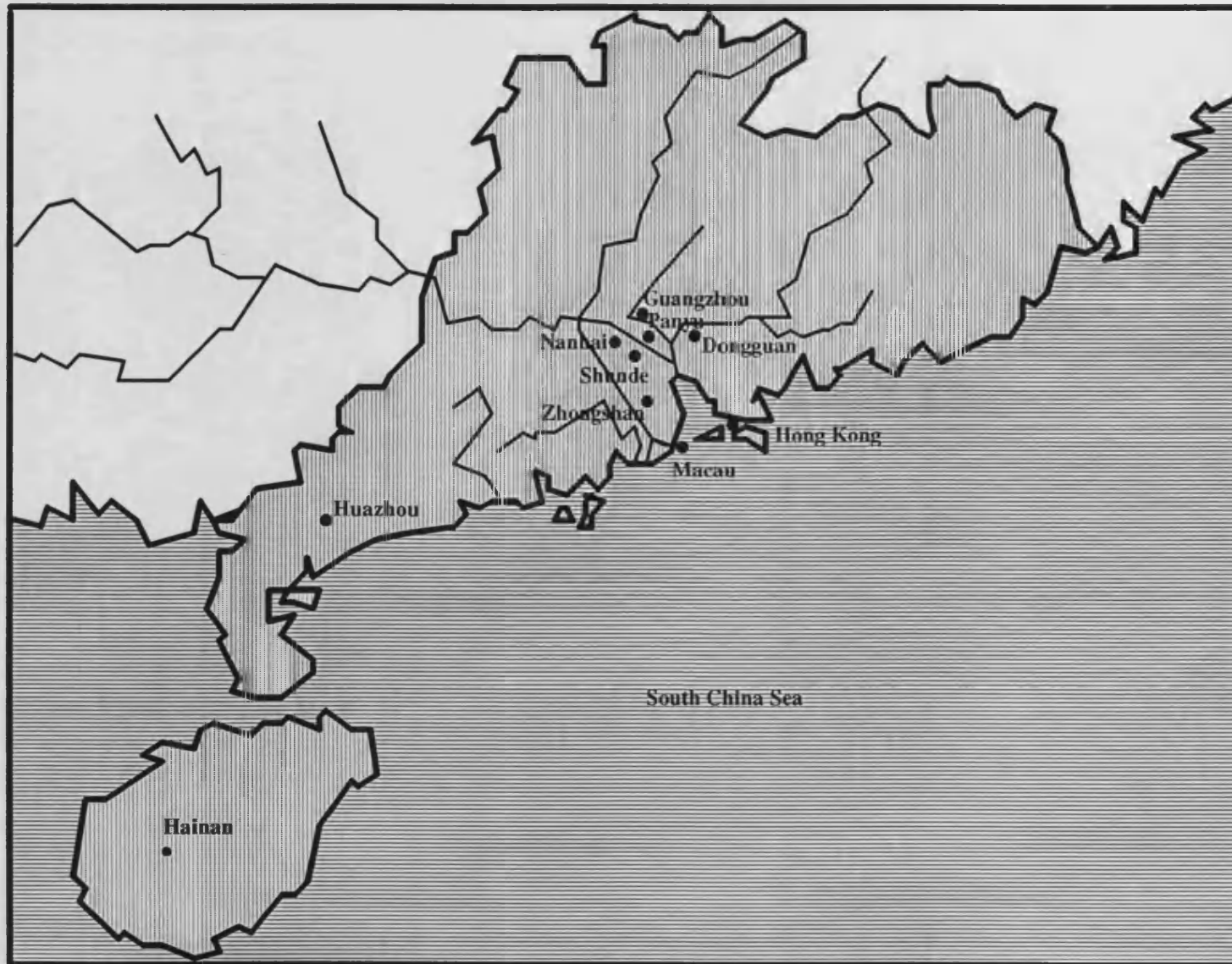
Abbreviations

GZ	= Guangzhou	DG	= Dongguan
ZS	= Zhongshan	SD	= Shunde
NH	= Nanhai	HZ	= Huazhou
PY	= Panyu	n.a.	= not available
Muni.	= Municipality	Cty.	= County

Sources:

1. All statistics are from GDSTJNJ 1989.
2. Urban worker average wages are for workers in state-owned enterprises.
3. Per capita net income of peasants are from my Guangdong interviews, March to August 1988.

Figure 12 The Pearl River Delta and Huazhou County



1. The Pearl River Delta

The current sample includes Nanhai, Shunde, Dongguan, Zhongshan and Panyu. The first four were dubbed the Four Little Tigers of the Delta because of their wealth. All five had county status; in 1988, Dongguan and Zhongshan were designated as municipalities. Despite this classification, they had much affinity with the other three places and were representative of the affluent counties in Guangdong which were fast becoming urbanized and industrialized.

Historically, the five delta counties were very advanced in agriculture, commerce and cottage industry. Situated at the Pearl River estuary, they were linked by a network of roads, waterways and bridges to the provincial capital (Guangzhou) and by land and water transport to Hong Kong and Macau. They were the centres of emigration to urban Guangdong and overseas, thereby drawing handsome remittances which aided trade and local charity. The combined advantages of good location, fertile soil, warm climate, plentiful water and a mercantile tradition contributed to the area's prosperity.

After 1949, their vitality faded somewhat with the closure of the national border and an isolationist policy. Stagnation followed in the wake of the Cultural Revolution. The economic reforms rekindled the flame of life. Building on their many strengths, they leapt to grasp new flexible policies and use them to the full. In doing so, an important catalyst was local leadership. Unlike their seniors at provincial and municipal levels, county leaders were recruited locally and were firmly committed to restore growth and glory to their native areas (Vogel, 1989). Under such circumstances, the delta counties thrived on all fronts. In

agriculture, cash crop cultivation, fresh-water products, silk cocoons, vegetables, fruits and poultry keeping reaped much higher income than rice farming. Transportation, building and service trades boomed. Above all, it was the rural industries which accounted for their wealth (Sit and Wong, 1990; Vogel, 1989). In the first reform decade, the number of township enterprises grew at a breakneck speed of 35 percent per year. By 1988, as Figure 11 shows, more than 80 percent of local income came from industry.

(1) Care for the aged

Care for the aged was restricted to elders registered for the "five guarantees". The vast majority of beneficiaries were given out-door relief; only some 20 percent were taken into care. Homes run by the cun (villagers' committees) were typically small (12-20 places) while those run by the zhen (town) were larger. By 1988, none of the five places had attained the provincial guideline of having one home in each xiang-zhen.

All the homes visited occupied purpose-built premises and were adequately furnished. Some had extensive gardens, exercise rooms, reading and meeting rooms. Most of the bigger homes benefitted from donations, with Hong Kong money contributing substantially to construction and provisioning costs. Seven homes also admitted fee-paying cases; five took in retirees from Hong Kong. The latter usually paid fees which were hefty by local standards; in return superior accommodation (single or larger rooms), more privacy and better meals were provided. According to home staff, differential treatment was well accepted by the locals. However this point could not be confirmed as there was no chance to interview residents.

Figure 13 The "Five Guarantee" Programme in
Selected Counties/Cities, Pearl River Delta, 1988

	Nanhai	Shunde	Zhongshan	Dongguan	Panyu
"Five-guarantee"					
elders	2,085	2,002	2,456	1,995	1,100
Old-age homes	16	13	13	22	16
<u>zhen</u> -run	6	3	5	17	10
<u>cun</u> -run	10	10	8	5	6
Total residents	399	340	190	390	423
Maintenance standards for residents (yuan)					
food p.m.	n.k.	45	n.k.	45	n.k.
total p.a.	988	900-950	n.k.	800	910
Maintenance standards for non-residents (yuan)					
food p.m.	min.35	45	n.k.	25	25
total p.a.	n.k.	900-950	n.k.	800	745
Funding for "five-guarantees" (yuan)					
<u>zhen</u>	8-10	15	yes	supplement	yes
<u>cun</u>) the rest	15	yes	majority	yes
cooperative) the rest	15	yes	some	yes
county	gifts	gifts	gifts	gifts	gifts

Source : 1988 Pearl River Delta Interviews

Figure 14 Old Age Homes Visited, Pearl River Delta, 1988

Home	Yr.est.	Admin.	Staff	Res.	Res.category	Financing
1(NH)	1958	<u>zhen</u>	5	33	"3-No": 31 self-fin.:2	by <u>zhen</u> vil.committee. vil.small group
2(NH)	1986	<u>zhen</u>	22	96	"3-No": 67 self.fin.: 24 HK res.: 5(fee	HK donation for bldg.:HK\$1.1m. p.m.\$:1,000)
3(ZS)	1983	<u>zhen</u>	n.k.	53	"3-No": 21 self.fin.: 24 HK res.: 8 (fee	HK donations for bldg. p.m.90 yuan)
4(ZS)	1986	muni. govt.	50	82	retired cadres HK res. (HK\$600 p.m.)	bldg. costs by government, some HK donations
5(ZS)	1982	muni. CAD	5	16	aged veterans & dependants	costs by municipal CAD
6(ZS)	1984	<u>zhen</u>	9	57	"3-No": HK res.: 3 (HK\$1,000 or \$1,500)	bldg. costs: 35,000 yuan by govt., HK\$1 m. HK donations
7(DG)	1987	<u>zhen</u>	n.k.	38	"3-No"	bldg. costs by don., 500 yuan per cap.fee from admin. districts, supplements from <u>zhen</u>
8(DG)	n.k.	<u>zhen</u>	n.k.	24	"3-No": 19 self fin.: 5 (HK\$300 for res. with HK relatives)	Monthly per capita fee from admin. districts
9(PY)	1987	<u>zhen</u>	6	46	self fin.:11	Bldg. costs: 24,000 yuan from <u>xian</u> govt., 40,000 yuan from <u>zhen</u> , HK\$320,000 from HK donations, monthly fee fr. vil.com.(for rural 3-No) & CAD (for urban indigent)
10(PY)	1987	<u>zhen</u>	5	33	"3-No"	Bldg. costs: 40,000 yuan from <u>xian</u> govt., 18,000 yuan from <u>zhen</u> , 50,000 yuan from peasant levies, 30,000 yuan from enterprise don., some HK don., fee fr. vil.com.

Note : HK= Hong Kong

Source : 1988 Pearl River Delta Interviews

In general, the cost of maintaining one "five guarantee" elder varied from place to place and from one home to another. The general pattern, as Figure 14 shows, was to have tripartite contribution -- from xiang-zhen, cun (residents' committee) and cooperatives (residents' small groups) while the xian (county) government only gave occasional grants. On the whole residents enjoyed better living standards than non-residents. For both groups, food and medical care were the two largest expenditure items. Whether resident or not, most places were able to issue about 45 catties of grain to each elderly person plus money for vegetables and meat. Most also got about ten yuan per month for pocket money. Medical costs appeared to be a headache. With the disappearance of collective health insurance, the price of health care has soared. Most places spent about 200 yuan per recipient per year on medical treatment. Major illnesses or surgical operations, which may run into thousands of yuan, were particularly crippling for localities. The tacit admission was that in some situations, treatment could not be had because of a lack of money. Actually, the affordability of health care was a general concern for all rural dwellers. Not surprisingly, the heavy costs of procuring treatment, especially for chronic complaints, was a source of rural poverty (SHBZB, 4 September 1986).

Given that the decision to grant the "five guarantees" was determined locally, the possibility existed that eligible persons might be wrongfully denied because of fiscal constraints or reluctance to increase the local burden. Most of the civil affairs cadres interviewed did not dismiss this likelihood entirely but hastened to add that close neighbourly relations would preclude

such cruelty. A more important factor, it was pointed out, was motivational in nature. Not all eligible persons wanted local charity, which was tinged with social stigma. For example in Shunde, 1,600 childless elderly refused to apply. Of these, some were receiving remittances from relatives. The major deterrent was the requirement that the aided give up their property when they die. Although it was stressed such persons usually had nothing valuable to leave behind, this condition was defended as fair to the collective which had spent considerable money for their support. Much as the ministry condemned this practice for violating the right of the aged, communal norms rather than legal principles prevailed. Senior officials felt rather helpless in intervening in what were after all local decisions.

(2) Care for the Disabled

Figure 15 Services for the Disabled, Selected
Counties/Cities, Pearl River Delta, 1988

	Nanhai	Shunde	Zhongsan	Dongguan	Panyu
Disabled persons	2,680	2,600	3,059	2,870	1,915
Welfare factories	8	25	1	5	1
auspices:					
county/city	n.k.	2	1	0	1
<u>zhen</u>	yes	19	0	5	0
<u>cun</u>	yes	4	0	0	0
disabled wkers	330	381	51	542	133
all workers	678	878	n.k.	716	144

Source : 1988 Pearl River Delta Interviews

In 1988, most places with the exception of Shunde had a spattering of welfare factories. Zhongshan and Panyu had only one unit each; the Panyu factory also doubled as a poverty aid economic entity. Although Shunde boasted more welfare enterprises than the rest, only 381 disabled workers were on the payroll and units were unevenly placed. For example in the county capital Daliang zhen, there were 11 units, Chencun had five and three zhens had none. Such uneven distribution was found in other places.

Figure 16 summarizes crucial facts on the six welfare factories in the delta area. There are a number of interesting points about them. First of all, the average wages of disabled workers were generally lower than able-bodied workers. However, as the former worked shorter hours, there was little substantive difference in pay by piece or time rates. In terms of housing and fringe benefits, there were few differences. If anything, these tended to favour disabled workers. Second, stratification in occupational welfare appeared to be linked to employment status rather than disability. Most of the units engaged an unknown number of temporary workers. Invariably able-bodied and often from outside the vicinity, temporary personnel appeared to get less pay and had no job security. The one fringe benefit they enjoyed was free accommodation, which appeared crowded and substandard. Third, not all disabled persons were accepted by welfare factories. From my interviews and direct observation, the deaf and physically disabled were over-represented. There were few visually and mentally handicapped workers, except in Factory 1NH, where the plant director was a blind labour hero. Virtually no unit would take in persons with a psychiatric disorder, who were considered too

difficult to handle. In my interviews with civil affairs officials, I was often taken aback by their perception of the mentally ill - that these persons were crazy and prone to violence. Their attitude of fear and suspicion reflected ignorance and prejudice towards mental illness. If even service providers had such misgivings, the case seems rather hopeless in the wider community.

Figure 16 Welfare Factories Visited, Pearl River Delta, 1988

Unit	Yr.Est.	Products	All Tenured Workers	Tenured Dis.Wker. (av.wage p.m.)	Welfare Provision
1NH	1959	jute and plastic ropes, metal & products. ann. production: 8 m. yuan; profits inc. tax relief: 870,000 yuan	190	140 (180 yuan)	free housing, water, electricity & health care for disabled
2NH	1987	aluminium door & window frame	50	25 (150 yuan)	free housing for all workers
3SD	1984	metal containers repro- vision machinery ed ann.production: 3 m. yuan; ann.profit inc. tax relief: 8-10%	132	42 (200 yuan)	n.k.
4DG	1988	plastic goods	7	3 (160 yuan)	n.k.
5DG	1958; 1986 repro	copper wires ann.prod 700,000 yuan	108	47 (200 yuan)	health care allowance 5 yuan p.m.
6PY	1985	garments ann.prod: 2.5m yuan; profit: 250,000 yuan; tax relief: 410,000 yuan	144 (70 temp. wkers)	62 (n.k.)	free housing, health care allowance 5 yuan p.m.

Source : 1988 Pearl River Delta Interviews

Notes : Factory 6PY also engaged 6 persons from poverty households and another 6 from veteran families. Most of the disabled labourers were outworkers. HK= Hong Kong. UK= United Kingdom.

(3) Fupin : Aid to the Poor

Figure 17 Aid to the Poor, Selected Places
in the Pearl River Delta, 1988

	NH	SD	ZS	DG	PY
Poverty line (yuan p.p.p.y.)	400	420	300	n.k.	240
rural hh. receiving aid	1,430	2,400	3,251*	n.k.	328
peasants receiving aid	4,000+	6,700	10,688*	n.k.	1,517
urban hh. receiving relief	234	300	n.k.	740	n.k.
urban relief (yuan p.p.p.m.)	40	35	n.k.	40	n.k.

Notes : * for year 1985; hh= household; p.p.p.m.= per person per month; p.p.p.y.= per person per year.

Source : 1988 Pearl River Delta Interviews

To appreciate the significance of fupin in this region, two contextual factors are pertinent. First, the delta basin is among the richest parts of Guangdong. Second, there is a general labour shortage due to rapid development. Hence it was logical to expect that poverty, to the extent that it exists, would be small-scale and of residual importance given the area's affluence.

The actual conditions appeared to be more complex. First of all, relevant data could not be gathered from each of the five places on all relevant aspects. Local officials either could not produce them at the time or upon follow-up enquiry. Second, the quality of the data was not always satisfactory; either the figures were out-of-date or looked unreliable. For example, Zhongshan only had 1985 statistics. Also, Panyu had an unusually small number of households designated for fupin. However, to assume fewer poor peasants in Panyu would be reliable since it had the lowest rural

per capita net income among the five places. Third, most cadres interviewed considered the poverty measures too low and in need of revision. This suggests that the number of registered poor could not reflect the extent of rural poverty.

In terms of soundness of methods, Panyu's fupin programme was the most exemplary. As early as 1985, the county government set up a special office in charge of development aid to poor households and veterans' families. Based on a survey on 600 poor households, firm guidelines were issued to direct fupin efforts at lower levels. First of all, eligibility was clearly defined. Qualified households were those who (1) encountered financial hardship due to sickness, disability, insufficient labour power and other misfortunes, (2) had an annual per capita income below 200 yuan, and (3) possessed certain labour resources and were capable of regaining self-sufficiency within a few years with help. Second, special organizational structure was created. Fupin offices were set up in the county and down the line. Third, there was multi-agency involvement (including the planning, taxation, finance, commerce and trade, grain and food supply, agriculture, education, health, credit agencies, trade and sales and civil affairs departments). Depending on the expertise of respective bureaucracies, various kinds of assistance were given.

The experience of Hanghe township was illuminating. This township of 25,000 persons had a per capita income of 800 yuan per year in 1986. Between 1985 and 1987, 34 target households regained financial independence. A number of factors contributed to its success. First, the party committee took special responsibility. Leading cadres led by setting a personal example and mobilizing

other party members to take part. Second, there was active involvement of the communist youth league, local militia and armed forces. Organized into teams, such personnel gave vital manpower and technical assistance. Third, success in securing support of 11 state agencies which gave concrete help. Some went so far as to "adopt" a number of families to make sure that help was tailored to individual circumstances. This case orientation was also stressed in Tanzhou township. There, a similar approach -- departments dividing up the work of helping target families -- was followed. These two cases suggest that the combination of factors precipitating poverty was unique. To be effective, both institutionalized arrangements and individual adaptation were needed.

(4) Experiments in Rural Social Security

Civil affairs departments were active in promoting commercial insurance to indemnify poor peasants against the loss or damage to life and property. Better-off households were generally able to take out their own policies. For the destitute, CADs helped by paying their premium. In Nanhai, Shunde and Panyu, the county CADs paid the annual premia for "five guarantee" households to insure them against loss of household property. In 1988, the Shunde and Nanhai County CADs each paid 20,000 yuan while Panyu paid 1,600 yuan for this purpose; at the same time, township finances also contributed two yuan per person per year. In Dongguan, CADs helped "five guarantee" households to take out life insurance. In the event of death, survivors could get some 300-1,000 yuan, which could cover funeral expenses. Thus buying commercial services not

only gave help to the insured poor, it also reduced the burden of CADs that had the responsibility for their welfare.

Another CAD sponsored activity was the creation of social welfare funds to collect and manage money devoted to welfare projects. Shunde, Dongguan and Panyu all had these funds. The revenue came from receipts from the sale of welfare lotteries, donations from individuals and enterprises as well as profits made by welfare factories.

Rural pension schemes epitomized the attempts at ziwo baozhang (self-protection). These had several characteristics. First, they were all initiated and run by peasants, usually by the village or cun. Second, they were unevenly distributed. In 1988, rural pension schemes were only found in some villages in Nanhai, Shunde and Dongguan. Third, the monthly payments were generally low. The usual range was between 15 to 30 yuan per month, hardly enough for subsistence. Thus the term "pension" was a misnomer; living supplements would be more appropriate. Generally speaking, pension schemes were not widespread in the delta region. Areas running such projects tended to have a better base of rural industries. Local will, often tied to the determination of party and state leaders, was equally important. For the vast majority of villages lacking in both, rural social security meant the "five guarantees" and a small menu of welfare homes and production units to take care of the most needy.

2. Huazhou County

Huazhou county lies in southwest Guangdong at the middle and upper courses of the Zhan River. Its northwest fringe adjoins the border

of neighbour Guangxi province. Much of the terrain consists of plateau (61 percent) and hilly ground (26 percent); plains account for only 13 percent of its land (GDSZJ, 1989, p.50). Its major economic pursuit is agriculture; in 1987, the county earned 320 million yuan from agriculture while industrial income amounted to 180 million yuan (1988 interview). With a per capita annual income of 438 yuan, Huazhou ranked as a low-middle income area in the province. Besides underdevelopment, the county was prone to yearly visitations of frosts, floods, droughts and tropical cyclones, making it one of the most disaster-prone areas in Guangdong (GDSZJ, 1989, p.50). In 1987, Huazhou had a total population of 189,469 households or 961,831 individuals. Nearly all inhabitants were classified as rural householders (186,397 households or 891,874 persons).

In the past, civil affairs work was mainly concerned with preferential treatment, relief, and letters and visits (i.e. complaints and enquiries). Before 1983, there were no rural old age homes, the "five guarantees" were not fully implemented and there were no work schemes for the disabled. In 1984, the county government in conjunction with the provincial CAD were determined to alter the state of affairs and turn Huazhou into a model welfare community on the basis of a non-affluent economy. If proved viable, the formula could be transplanted elsewhere. The policy consideration was that if a semi-developed place like Huazhou could make a success of it, other areas, notably the richer places with underdeveloped welfare programmes, would have no excuse in neglecting their social commitments. It was clear from the start that civil affairs agencies wanted to kill two birds with one stone.

The Huazhou rural welfare model had six ingredients. The aim was to guarantee a measure of security for the rural masses through responding to the conditions that produced hardships. The contingencies included poverty, old age, disability, military service, demobilization and natural disasters.

(1) Development Aid (Fupin)

In 1979, the annual per capita income was only 320 yuan. A significant number of households -- some 22,111 households or 130,000 persons remained in poverty. To attack this problem, fupin topped the government agenda. Since 1984, the major strategy has been to build development aid around fupin economic entities. These projects - farms, quarries and factories - created employment for poor and disabled persons. A particular contribution from fupin farms was to facilitate rural development through the supply of superior seeds and strains at low cost and teaching of good agrarian practices. For example, some farms specialized in producing pond fish and frogs, delicacies that fetched good prices from well-off consumers eager for more refined dining. Some concentrated on fruit and vegetable cultivation. As at mid-1988, the county operated 351 fupin economic enterprises, 78 run by xiang-zhens and the rest by villagers' committees (1988 interview).

A key to the success of fupin was full party and state support. To demonstrate this, the county party secretary and the county head used personal example. Each "adopted" the poorest village as their personal base for fupin. Other agencies exempted fees and taxes or supplied resources and technological aid. Some gave help on a case by case basis or followed the said example of helping whole

villages. Between 1984 and 1987, total input amounted to 8.25 million yuan. In 1987 alone, 3.78 million yuan was injected (1.31 million yuan in interest-free loans, 2.3 million yuan in low-interest bank loans and 170,000 yuan lent by CADs). Interestingly, very little state grant was actually used. Even though Huazhou was poor by Guangdong standards, its income was not low enough to qualify for state relief (400 yuan, reference Chapter Four). Nevertheless, the result was remarkable. From the original number of 22,000 hardship households, 13,690 households were said to have escaped from poverty by early 1988 (interview data).

(2) Help for the Disabled

In 1987, the county had 1,180 disabled persons on its register, of whom 687 were deemed capable of work. The policy of helping the disabled was mediated through employment creation. 1985 saw the founding of the first welfare factory in the county. By mid-1988, these had increased to 24, one for each xiang-zhen. Their total work force was 805, of which 265 were disabled workers and 490 were from fupin and soldiers' households. Goods to the value of 7.1 million yuan were produced, netting 600,000 yuan profit for the units and paying an average monthly wage of 80 yuan to the disabled workers. From 1985 to 1988, some 11 million yuan had been invested in welfare production (1988 interview).

The largest welfare factory was run by the county CAD. It started out as a small work scheme (seven employees) in 1980 making straw hats and shoes. Revamped in 1985, its work force increased to over 80. The following year saw the completion of its purpose-built premises (a four-storey building occupying 1,600 square metres). In

1988, it employed 170 persons including 78 disabled. The major items of manufacture were clothes and recycled cement bags. Originally, the factory used new paper for the bags. When raw paper became hard to get, it bought used bags and scraped them clean for resale. In 1987, total production value amounted to 2.4 million yuan and 150,000 yuan profit was made. In the first quarter of 1988, production value was 1.4 million yuan (1988 interview).

Besides difficulties with raw materials, this factory also faced other problems, as was the case for many local welfare enterprises. One major hurdle was getting affordable bank loans. Huazhou cadres found banks reluctant in giving preferential credit, notwithstanding the agreement reached at higher levels by banks, CADs and the provincial government. Some banks even refused to release money designated for them or used stalling tactics in paying them. Consequently, welfare factories were reduced to borrowing at high interest rates and making endless appeals for help. The money squeeze compounded difficulties from low productivity, out-dated equipment and poor profit margin.

Other problems stemmed from inadequate management. During my visits, I was struck by common sight of unhygienic conditions, long working hours, lack of safety precautions and indiscriminate hiring (e.g. family members of officials). In general, special employment fell far short of needs. Using the national prevalence rate for projection, a county the size of Huazhou would have 45,000 disabled persons. Clearly, the 265 working in welfare factories were a drop in the ocean.

(3) Care of the Aged

The main thrust of age support was the provision of residential

care for the destitute homeless. The first home was started in 1984. Within a year, 20 homes followed on its heels, one for every xiang-zhen. In 1988, these catered for 425 elders without families and another 46 aged dependents of soldiers' and martyrs' families.

Not surprisingly such haste invited compromises. Most homes were converted from unused buildings and amenities were basic. Staffing was also minimal. Nevertheless, by 1988, most of them were able to provide monthly rations of 30 catties of grain plus 30 yuan for each resident. Inmates were also given free health care, two suits of clothes per year and a few yuan for pocket money each month. The three bigger homes that I visited all occupied purpose built structures, were adequately furnished and had spacious grounds. Besides, each boasted a modicum of consumer durables - colour television set, electric fans, sewing machines and washing machines (often donated) that added to the comfort of residents. Furthermore, all homes produced food for their own consumption and operated commercial ventures (e.g, milling flour, distilling vinegar, fermenting rice wine, growing fruit and vegetables, and poultry and pigs for sale). In general, such work went to the staff and healthy residents, the latter also helping to care for frail inmates.

Most elderly recipients received decentralized relief, i.e. given assistance in their own homes. Huazhou operated a system of levies requiring each rural inhabitant to contribute 1.5 to 2 catties of unhusked grain per year. The most unique aspect of decentralized care at Huazhou was the designation of one carer (who may be a relative or a village cadre) for each aided person. The carer performed such chores as fetching firewood, water, relief

items and medicine for his/her charge, farming the latter's plot and taking care of cleaning, maintenance and repair. In return, he received compensation in two forms -- an extra share of produce (since "five guarantee" elders were entitled to a double land allotment) and the assets of the deceased. Specificity of right and duty gave a better chance for the needy to receive support.

In order to make the most of scarce resources, Huazhou made an innovative use of its aged homes -- as service stations to minister to non-resident dependents. Accordingly, such places became a base for collecting welfare levies, distributing grain and relief goods and a venue for visiting medics. By far, their most beneficial effect was enlarging the size of the service corps. Typically the team included the civil affairs assistant, head and staff of the aged home and local leaders. Such a structure was definitely superior to relying on one xiang-zhen civil affairs cadre for all welfare work.

(4) Preferential Treatment

Three groups qualified for preferential treatment. The first group were destitute dependents of martyrs -- in 1988 there were 39 martyr's dependants in the county register. The monthly rate was 20 yuan for village inhabitants and 46 yuan for urban residents. The second target group consisted of old and destitute veterans. Of the registered 2,144 veterans, 660 received regular subsidies of either 15, 20 or 25 yuan per month. Families of serving soldiers, numbering 2,000 households made up the third group. Out of these, 1,700 received living subsidies in 1988. Different rates applied to urban and rural recipients. The urban rate was 25 yuan per

household per month or 300 yuan per year. In the villages, centralized collection and distribution took place within the xiang-zhen. Each year, every rural inhabitant contributed two to three catties of grain. Communal largesse was issued twice a year, each household getting either 800 or 1,100 catties according to family size. The intention was to ensure living standards equivalent to 70 percent of average prevailing income in the community. However, a cash grant system for soldiers' dependants in rural areas had not been implemented in full.

(5) Resettlement of Demobilized Personnel

The county had some 11,449 demobilized soldiers in 1988. The government accepted responsibilities for finding work for four types of personnel -- army cadres, servicemen who have earned military decorations three years in succession, personnel disabled from active combat, and long-serving soldiers. Apart from these, the rest of demobilized personnel did not enjoy placement rights when they returned to their home communities. Some veterans were recommended for posts such as rural cadres and teachers in village-run schools. Some went into farming, commerce or other fields. Only army cadres who reached retirement age were eligible for state pensions. Again, resettlement policies and practices were in line with practices elsewhere. Because of a lack of data, the extent to which policies were actually implemented could not be ascertained.

(6) Collective Insurance

In early 1988, Huazhou introduced insurance for the loss of crops

and house damage. This was launched by the provincial and Maoming municipal CADs following the 1987 Party Central Document Number Five which called on capable rural authorities to begin pilot projects on rural collective insurance (GDSZJ, 1989, p.49). The county was selected because the area suffered frequent natural disasters and because it had earlier been chosen as a testing ground for a rural welfare system. The inclusion of insurance made the Huazhou model more comprehensive. To achieve affordability, universal coverage and financial viability, the scheme opted to set the insured amount, premium and compensation at low levels.

After the planning work, the organizers set up the Huazhou County Social Insurance Fund as the central operating authority under the direct supervision of county leaders. In 1988 the Fund had a staff of six cadres. Below this, xiang-zhens established social insurance fund branches; villagers' committees had their own social insurance fund groups. All these agencies had special paid staff, with emoluments paid out of a 15 percent deduction from the premia collected from subscribers. Their jobs included carrying out propaganda, collecting subscriptions, investigating and paying claims as well as financial management.

As said before, the scheme initially offered two types of insurance. Property insurance covered the damage or loss of domestic dwellings from natural disasters. Members could take out policies for 3,000, 2,000 or 1,000 yuan while premia were fixed at 0.35 percent for brick and wood buildings and 0.25 percent for cement structures. For harvest insurance, all crops (fruit, peanuts, jute) were valued as for wet paddy. The assumed yield was 600 catties per mou (one sixth of an acre) and the full amount to

be insured was 70 percent of the assumed harvest (420 catties). For this, a three percent premium (2.52 yuan) was charged for each mou's yield (calculated at 84 yuan). Compensation standards varied according to the volume of loss and when the damage occurred, with different rates for the seedling, growth, maturing and full harvest stages in the crop cycle.

Diversified methods of payment were adopted to facilitate universal subscription. The first source was premia paid by policy-holders. In 1988, self-sufficient households paid a total of 2.09 million yuan, amounting to 77 percent of funds collected. Second, collective subsidies. Xiang-zhens contributed 150,000 yuan and villagers' committees 100,000 yuan from their collective income. This source accounted for 9.2 percent of the Fund's income. Third, loans from neighbours. This accounted for 170,000 yuan or 6.28 percent of money collected. Fourth, an advance or loan from villagers' committees. This allowed households experiencing temporary hardship to borrow money for the premia. In 1988, this source contributed 30,000 yuan (1.1 percent) to the Fund. Finally, shared payment by CADs (60 percent) and collectives (40 percent) in respect of hardship households and "five guarantee" recipients. Accordingly, the public coffers doled out subscriptions for 4,417 and 4,493 households respectively, totalling 164,300 yuan or 7.1 percent of funds collected (GDSZJ, 1989, p.55). Due to this flexibility, subscription was near universal. 92 percent of all households (171,000) took out house damage insurance (insured value, 170 million yuan; premia paid, 545,700 yuan). At the same time, 90 percent of land under cultivation (850,000 mou) were insured (insured value, 70 million yuan; premia paid, 2.16 million

yuan) (GDSZJ, 1989, p.50). Such a record was truly impressive.

Unfortunately one month after the scheme commenced, disaster struck. Different parts of the county were hit by severe bouts of floods and drought. The damage occasioned claims of four million yuan, far exceeding the 2.7 million premia collected from policy holders. This threw the Fund managers into a quandary. Making reparation according to schedule would bankrupt the Fund; withholding payment would wreck its credibility. Confronted with such stark alternatives, the Huazhou leaders sought help from the provincial CAD and the Ministry. A consensus -- that contractual obligations have to be honoured -- was struck. In the end, help from the higher authorities saved this nascent scheme.

This initial crisis forced the Fund operators to review the compensation schedules, financing and management procedures. As a result, subscription rates were refined according to more realistic actuarial principles and stricter management controls were put in force (Li, GDMZ, 1990, Issue 1, pp.10-13). Attention was also given to inflation safeguards by prudent investment, mainly through lending to credit agencies. In 1989, a new policy -- insurance covering the death of draft animals -- was added, a welcome safeguard for manual farming. In combination, these measures improved the scheme's viability.

Overall, the Huazhou experiments -- to build a rural social security network with limited available resources -- has been valuable. On the positive side, the system under construction offers comprehensive protection against common contingencies that could bring ruin to the peasants. It also shows what will and commitment can accomplish even in the face of adversity. On the

other hand, haste, lack of experience and expertise can produce expensive mistakes. The obvious example is the insurance project. It transpired later that from pilot testing to full implementation, the introduction took only two months (Li, 1990, *ibid*). Clearly excessive zeal and lack of judicious planning had been counter-productive. Nonetheless, the good lesson to emerge has been to prove that a workable model of rural social security is not impossible. It is still too early to say how far the Huazhou experiments have accomplished their aims. As yet, no programme evaluation has been conducted or released. By the same token, whether the model has the potential for replication remained unknown. Most importantly, a transplant depends on the willingness of other localities to try and adapt. In all appearances, it has not been easy to persuade others to follow suit. By 1990, only Guangning and Huidong counties have participated in the experiment on a smaller scale (Wang, GDMZ, 1991, Issue 3, p.21).

3. Guangzhou

Situated at the mouth of the Pearl River Estuary, Guangzhou (formerly Canton) is the political, cultural and economic centre of South China. Historically, it was famous as a base for foreign trade. As the provincial capital and largest city in Guangdong, the metropolis administers Guangzhou city and eight adjacent counties. In 1988, the total population was 5.77 million, of which 3.49 million resided in the city proper (GDSTJNJ, 1989, p.60).

Economically, Guangzhou's strength was built more on a base of light industry, commerce, services and less on heavy industry and agriculture. Its significance in foreign trade did not wane in the

period under Mao. This was evidenced by the fact that since 1957, Guangzhou has hosted China's bi-annual trade fair for overseas buyers. When the reform programme unfolded, Guangzhou, like the delta counties, was able to reap handsome dividends. By 1988, urban earnings in Guangzhou were higher than in other Chinese cities. Its per capita annual income of 2,743 yuan put Guangzhou in third place, behind only Shenzhen (3,542 yuan) and Zhuhai (3,045 yuan), both special economic zones (FYUD, 1990, pp.366-67).

Guangzhou was included in the current purview for two purposes. First, to permit a review of key welfare provisions at the municipal level. Here the focus was on statutory welfare institutions and welfare factories under the aegis of Guangzhou Civil Affairs Department. Second, to examine local community social services that were being fostered to respond to the rising needs of urban residents. Admittedly, this confined scope did not reflect the spectrum of CAD service. Rather than weighing how adequate Guangzhou's welfare services were in meeting internal needs, the intention was to review the performance of core provisions, which formed the backbone of the welfare programme in all Chinese cities. Hopefully this would unravel crucial issues affecting the urban approach to welfare planning.

Survey on welfare production enterprises and welfare homes

In 1988, the Guangzhou CAD ran a total of 16 welfare factories and three residential facilities. Detailed information on these was solicited through a questionnaire containing both structured and open-ended questions. In the technical design and refinement of the research instrument, I owed much to the GDPCAD. Above all, the

provincial office helped to send out and collect the completed replies in the months of July and August 1988. Because of its staunch support, all 19 units fully cooperated with the survey. The accounting date for all statistics was the end of June 1988.

(1) Welfare Production Enterprises

The 16 units polled were set up in three distinct periods. 1953-61 was the first phase (nine units); the second wave occurred in the early 70s (four units) while the dawn of the reform decade (1979-81) saw another three come into being. A merger took place in 1986 when an insolvent rain-coat factory was taken over by a big electronic goods factory. This reduced the sample to 15 units.

From the above formation pattern, two points were significant. First, there was a hiatus of 10 years (1961-1971), from the end of the Great Leap Forward to the first half of the Cultural Revolution. This suggested that political and economic turbulence are detrimental to welfare initiatives. Second, contrary to reasonable expectation, no new project was undertaken by the municipal CAD after 1981. This may be peculiar to Guangzhou as nationwide, expansion in welfare production went hand in hand with the reform. From information available (reference Table 15), the dynamism in programme creation had passed to local communities. This set in stark contrast the stagnation of state investment in welfare production.

Regarding enterprise nature, the vast majority (14) were engaging in various forms of manufacture. The product line ranged from the making of machinery, metal parts, electrical goods, consumer appliances, plastic utensils, packaging, paper products

to clothing. Of the other two, one was a motor repair depot and the other a trading company servicing all welfare factories in the city. These units (15) were predominantly state-owned; only one was a collective enterprise.

The enterprises varied in size. Using the value of fixed assets as one indicator, the range was wide, with units owning assets between 105,514 to 3,045,120 yuan. Among the 15 units, four had assets valued below 500,000 yuan, three were worth between 500,000 to less than one million yuan, six between one to less than two million yuan; only two were valued at more than two million yuan. After depreciation, the range went down to between 88,375 and 2,134,300 yuan. Six units had net assets below 500,000 yuan, six were worth between 500,000 to less than one million yuan; only three were valued over one million yuan.

Another benchmark was total annual production value. For the year 1987, annual output of the 15 units ranged between 306,670 and 8,503,600 yuan. Two units produced less than one million yuan worth of goods, five between one to less than two million yuan, three between two to less than three million yuan, two between three to under four million yuan, while three had output more than four million yuan. Judging from the above two criteria, most of municipal units were small operations, in contrast to the state industrial sector which was generally more modern and sizeable.

One special interest was their work force. Staff numbers not only reflected unit size. Creation of special employment was their *raison d'etre* as well as a measure of their social effectiveness. Table 17 summarizes their staff profile in selected years.

Table 17 Work Force of Municipal Welfare
Production Units in Guangzhou, Selected Years

Unit	1979			1984			1988		
	(a)	(b)	(c)	(a)	(b)	(c)	(a)	(b)	(c)
1	304	136	-	250**	113**	52.0**	226	87	43.0
2	373*	124*	33.0*	303	123	41.0	244	115	47.0
3#	43	3	13.0	39	7	37.0	62	9	47.0
4	273	134	56.5	352	151	58.3	313	141	63.5
5	90	11	20.0	85	12	23.5	76	13	28.3
6	-	-	-	146	37	38.5	107	32	49.3
7	-	-	-	167	14	13.7	175	65	57.0
8	361	134	46.4	301	138	58.2	237	114	65.1
9	249	181	85.4	249	178	87.7	247	179	93.2
10	310	172	74.8	305	165	83.3	268	149	76.8
11	118	41	48.8	424	153	46.6	388	157	70.7
12	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
13	444	178	45.6	417	155	57.0	amalgamated with 14		
14	309	136	56.7	305	111	52.1	765	252	50.6
15	295	164	63.8	259	144	81.4	216	126	84.6
16	423	146	43.8	336	122	48.8	204	93	58.5
	3,582	1,560	50.4	3,938	1,623	51.9	3,528	1,532	59.6

Notes : (a) = total work force; (b) = disabled work force; (c) = % of disabled workers among production workers; * fig. for 1980; ** fig. for 1985; # trading company; n.a.= not available.

Source: 1988 Guangzhou Survey

Three points were noteworthy. First, the total work force remained quite stable over the years. Second, their pool of disabled personnel also remained unchanged. In both categories, there was a gain of about ten percent between 1979 and 1984 but

contraction in 1988 to bring institutional capacity slightly below the 1979 level. Third, there was some achievement in social effectiveness — the proportion of disabled workers among all production staff increased from 50.4 percent to 59.6 percent. Still, this did not alter the fact that as a job venue, for ordinary workers and the disabled, municipal facilities have reached saturation. Fewer people were actually employed at the end of the decade than in the beginning.

Another oddity was revealed when the component of administrative and support staff (e.g. cook, cleaners) was studied. Because the trading company had an exceptionally large number of cadres, it was disregarded in calculating the averages. Table 18 shows their adjusted staff composition in selected years.

Two observations are apposite about Table 18. First, in each chosen year, the proportion of administrative and supportive personnel varied widely among units. In the first two years, the ranges were more modest. However by 1988, the variation had widened, with the adjusted maximum at 42.8 percent and the adjusted minimum at 17.0 percent. Second, there was an overall growth in the size of back-up staff in all units. In 1979, the average was 17.4 percent; in 1984, 24.2 percent and in 1988, 28.3 percent. This meant that over the years, CAD-run welfare factories had taken on more cadres and support staff than front-line operatives. If not for this expansion, their work force would have declined further.

Nearly all sample units were benefitting from fiscal concessions. For example, six were exempted from income tax, nine from product tax, ten from value-added tax, seven from turn-over tax and three from commodity tax. Tax exemption and net profits

Table 18 Percentage of Administrative and Support Staff in Welfare Production Enterprises in Guangzhou, Selected Years

Unit	1979	1984	1988
1	-	-	30.1
2	-	20.1	27.5
3	46.5	48.7	61.3
4	13.2	26.4	29.1
5	25.6	29.4	36.4
6	-	16.3	24.3
7	-	29.3	32.0
8	19.9	21.3	26.2
9	14.1	17.3	17.0
10	23.5	22.3	23.5
11	15.3	22.6	42.8
12	n.a.	n.a.	n.a.
13	11.3	25.7	amalgamated
14	16.8	28.5	29.0
15	12.9	30.1	27.8
16	21.3	25.6	22.1
adjusted max.	25.6	30.1	42.8
min.	11.3	16.3	17.0
adjusted av.	17.4	24.2	28.3

Note : Unit 3 was disregarded in calculating adjusted maxima and averages.

Source: Guangzhou Survey, 1988.

made up the gross profit of these units which contributed to re-investment, improvement of employee benefits and plant maintenance.

An analysis of their profit and loss records from 1979 to mid-1988 revealed three interesting features. First, their

financial performance was erratic, with profits and losses fluctuating wildly from one year to the next. The case of unit 14, an electronics factory and the most profitable unit, was indicative. In 1979 to 1981, losses between 129,900 to 275,000 yuan were registered three years in succession. From 1982, it began to show a profit, peaking at 3.3 million yuan in 1984. Thereafter, a progressive drop in profits was set in motion to end in only 464,100 yuan for the first half of 1988. Second, despite the stress on solvency, a significant portion of welfare factories operated at a loss, as shown in Table 19.

Table 19 Proportion of Guangzhou Welfare Production
Enterprises Registering Deficits, 1979-1988

Year	%	Year	%
1979	14.3	1984	12.5
1980	6.7	1985	0
1981	25.0	1986	20.0
1982	18.8	1987	26.7
1983	12.5	1988*	33.3

Note : * for January to June 1988

Source: Guangzhou Survey, 1988

The above table revealed the worsening financial crisis facing welfare factories in the last decade. In 1987, four units out of 15 were in the red, with total losses of 954,818 yuan against total profits of 3.7 million yuan in 1984. By June 1988, deficit units (five) increased to 33.3 percent (total losses 660,716 yuan; total profits, three million yuan). If one compared these to the total output value: 43 million yuan in 1987 and 24 million yuan in 1988

(January to June), total net profit (after deducting deficit) was 6.3 percent and 9.9 percent respectively, not too slim a margin. However, it must be remembered that 40-70 percent of profits were actually exempted taxes. Without this portion, net profits would be very low indeed. An examination of individual units found that one third were especially vulnerable; three had had a chronic history of insolvency in seven out of ten years.

On being asked about the difficulties they were facing, respondents (factory managers) were well-agreed on the major problems. First, the shortage of funds. These included difficulties with cash flow, lack of state grants, high interest rates and inflated prices of raw materials. The second stress factor was the poor quality of human capital. High concentrations of disabled workers reduced productivity and competitiveness. A related burden stemmed from their ownership status; being state-owned units, they were saddled with large pension and health bills. Finally, there was inadequate policy coordination and support. Often, state agencies (e.g. banks, credit agencies, tax departments, supply organs etc.) turned a blind eye to what should have been preferential state policies. Being low in the bureaucratic pecking order, CADs were quite helpless in fighting for their rights. What's more, the latest reports suggested that the situation was getting worse. Not only were state policies not honoured, some tax concession policies were being reversed. Without this prop, the very survival of welfare factories was at stake (Li, GDMZ, 1990, Issue 1, pp.20-23; Wang, GDMZ, 1990, Issue 3, pp.32-33; Chen, GDMZ, 1990, Issue 3, pp.34-35; Song, GDMZ, 1991, Issue 2, pp.23-25; Li, GDMZ, 1991, Issue 3, p.13).

(2) Welfare Institutions

The current survey covered one combined social welfare home, one old people's home and a mental hospital, all sizeable institutions located at the outskirts of the city.

The Municipal Social Welfare Home

This was set up in 1957 to accommodate "three-no" targets. Its original mission was the provision of indoor relief (and education for orphans). Since the 1980s a rehabilitation component was added to upgrade service scope and quality. In June 1988, it had 346 residents made up of 80 percent disabled persons and 20 percent elderly. Among the first group, most were handicapped children suffering from mental retardation, physical disability and hearing and speech impairment. There was also a sizeable group of disabled young adults who were stuck there because of the lack of job placements. Most of the elderly residents required personal care because of disability and weak health.

The vast majority of residents had a "three-no" status (87 percent) while the rest (13 percent) paid their own fees, mainly through pensions from former work units. Throughout the last decade, the home has maintained an average of 45 self-finance clients. In mid-1988, the home charged them 45 yuan for food, 30 yuan for accommodation, 45 yuan for nursing care and full cost for medical treatment. For the indigent, the municipal CAD paid for their keep. At a monthly rate of 62 yuan per head, this could only buy subsistence care (food cost at 45 yuan per month). Like aged homes in the delta areas, differential levels of care within the institution prevailed.

In 1988, the home provided a range of services including residential, medical, nursing services and rehabilitation services to adults. For children, the younger ones were educated inhouse while the older ones attended middle schools outside the home. In mid-1988, it had 231 persons on its staff (26 cadres, 15 doctors, 14 nurses, 106 care workers, 70 minor staff). The manning ratio was about 1:1.5, a ratio that met provincial guidelines.

The home depended on state grants to meet its operational and capital costs. When I visited it in 1988, it had just completed a rehabilitation wing and considerably improved the living quarters for disabled children. Such expenditure was met from earmarked grants from the municipal CAD. Much as the management wanted to extend repairs to other amenities, especially the dilapidated quarters for aged residents, they could not get additional state money. To augment meagre subsidies, the home resorted to income-generation activities. Besides admitting self-financing residents, the home had set up a piggery, a shop and a small art and craft workshop since 1986. Together these earned 10,000 yuan a year. Nevertheless its remote location, low capital and backward facilities all imposed real limits in the profitability of these ventures.

At the present time, the home was facing two important problems. First, shortage of funds. The result was restricted capacity to improve services or even maintain existing standards in the context of accelerating costs. Second, personnel issues. The home had problems in providing staff training in rehabilitation and special education as well as motivating staff effort. In these areas, Guangzhou suffered from severe shortage of expertise, a

condition true of China as a whole. The lack of money obviously did not help uplift work morale. Overall, the home gave the impression of a long-established agency keenly aware of its mission to meet community needs and upgrade services but frustrated in its attempts. The fact that it was under constant pressure to set a good professional example to similar programmes made the burden more onerous to bear.

Municipal Old People's Home

The home originated in 1965 to accommodate "three-no" targets. Since 1978, it was empowered to admit fee-paying cases: pensioners, aged persons from double-career families who could not care for them and a number of retirees from Hong Kong and Macau. In 1979, the home had 279 residents, of whom only 21 were self-financed clients (7.5 percent). By 1986, the latter group increased to 52 (out of 322, or 16 percent), 152 (out of 430, or 35 percent) in 1987, and 176 (38 percent, out of 459) in June 1988.

In June 1988, the home provided care for 389 seniors (age over 60 for males and 55 for females) and 70 slightly younger but disabled (mostly blind) persons. The mean age was 78. A look at their health classification revealed something of interest. While 121 were incapable of self care and 28 were partially able, some 62 percent were competent. This high concentration of self-caring residents, not typical of similar establishments, raised the question of whether admission was really necessary for them. One was left with the uncomfortable suspicion that possession of means may have tipped the scales in their favour.

Regarding maintenance standards, the indigents were supported

by the municipal CAD at the monthly rate of 62 yuan per head. For self-paying cases, charges were set at full cost basis. Services provided originally were confined to institutional care. Under the new ethos of giving more professional service to clients, the home now aspired to include not only daily care, medical and nursing services but also rehabilitation treatment. From my personal observation, the last consisted of physical exercises, acupuncture and light work. To man these services, the home had 222 staff members (27 administrators, 10 doctors, 10 nurses, 121 care workers, 54 minor staff). Although the overall staff-inmate ratio was about 1:2, the provision of professional services could not be assumed. The bulk of the staff were untrained care workers; doctors and nurses were few.

As far as funding support went, this home seemed to be better placed than the municipal social welfare home. In the last two years, it obtained 1.9 million yuan from the Guangzhou municipal government, 970,000 yuan from the GZCAD and 500,000 yuan from the welfare lotteries fund for building living quarters for the elderly and a rehabilitation block. It was also more successful in income generation. In 1980, the home started to grow fruit trees commercially. In 1984, a piggery and a shop were added. Together these earned some 15,000 yuan per year. The latest, and the most profitable venture was its Chinese restaurant. This was a gift from a Hong Kong donor to supplement its income. Since 1987, the eatery has been earning some 40,000 yuan each year. Business was brisk when I ate there. Its location on the busy circular road going into Guangzhou and good food quality made it a popular eating place for locals and tourists alike.

Although the home seemed to be better endowed financially, its management still felt hampered by inadequate resources. The home's avowed goal was to achieve a first-rate programme of its kind in the country and to fully live up to the ministry's expectation of municipal homes as exemplars of professional practice. Up to now, the achieved maintenance standard was still low. Similarly, buildings and amenities improvement could only be effected incrementally. Above all, the major constraint was shortfall of trained medical and rehabilitation personnel. On the other hand, the home had good potential. It had plenty of land for new development. It benefitted from much community attention in the form of donations and visiting experts. It was also active in external relations and was frequently visited by people within China and from abroad. For example, Caritas Hong Kong gave it continuing help with staff training. Thus constraints notwithstanding, the institution was on a sound footing to discharge its functions. Of the three facilities under review, this was the best showcase.

Municipal Psychiatric Hospital

This facility began operation in 1973. Its purpose was to provide in-patient psychiatric care to destitute persons under the care of civil affairs agencies. Similar to its sister institutions, it also responded to the call to liberalize admission. In 1979, it catered to 471 in-patients, out of which 304 were "three-no" recipients and 167 paid their own fees. Over the years, both categories increased only modestly. By mid-1988, total patient population was 618, consisting of 413 free patients and 205 self-financing cases. In

terms of sex and age, males outnumbered females (409 to 209), adults (26-55, at 69 percent) and elderly (above 55, at 23 percent) made up the dominant cohorts.

The monthly maintenance standard for residents was set at 62 yuan for indigent cases, the same as the other two places. For retirees on pensions, the monthly board cost 47 yuan, with other services charged at cost (about 200 yuan per month). The care to inmates was the responsibility of 24 administrators, 28 doctors, 55 nurses, 139 care-aids and 79 minor staff. A mental health worker conducting extended research in this hospital (Pearson, 1991) found that its medical personnel were exposed to a gradation of professional preparation. 16 doctors have had three years in medical college, four have completed four year training in university, and eight have had training of five years or more in university. Only ten doctors have "specialized" in psychiatry, namely taken a six-month local course on psychiatry. This was the same with the nurses, of whom only one in six have had any formal qualification (three years in college) and none of them have had training in psychiatric nursing. Besides, there were no psychologists and occupational therapists, who form the backbone of any psychiatric rehabilitation team in more developed countries. The scarcity of specialist practitioners restricted what could be done for patients. Much of the medical treatment provided was confined to chemotherapy (91.4 percent) and nursing care given by (non-qualified) nurse aids and care workers. During the greater part of the day, patients were kept in supervised custody (sitting out in the ward's courtyard) rather than engaged in a planned programme of treatment and rehabilitation. Even when compared with

other psychiatric facilities in the country, this hospital did not distinguish itself in standards of professional practice. It seemed to be more of an asylum than a place of cure. In the view of Pearson, the Guangzhou hospital "came very close to embodying the archetype of a total institution. It would be rare in the U.K. or the U.S.A. to find a psychiatric hospital, however deprived and institutional their environment, that was so socially, emotionally and therapeutically impoverished." (Pearson, 1991. p.436).

Like the other two, the psychiatric hospital relied on CAD handouts for the bulk of its operation expenses. In 1987, this amounted to 1.3 million yuan. To augment its limited budget, the hospital had to create more income for itself. One measure was to lease out land for fruit growing and fish farming, yielding some 20,000 yuan per year. It also operated a laundry service and tuck shop. The most ambitious project was started in 1982 by way of a hostel for holiday-makers. Since 1986, this camping facility has been contracted out to private operators and brought in some 100,000 yuan a year (Pearson, 1991). Despite these enterprises, the hospital felt severely hamstrung by lack of funds. The need was most acutely felt in the area of maintenance and repair, where state grants were very short. Unlike the other two institutions, the hospital had more problems attracting donations.

Being strapped for cash was only one headache. Another hurdle was general lack of support from society. The mentally ill in China suffered from strong social stigma; those without work, family and work unit were social outcasts. Ex-patients had little prospect of finding jobs or other placements, making the chance of discharge and social re-integration very remote. An equally daunting problem

related to management. As the staff did not choose to work there, poor morale found an outlet in staff taking prolonged sick leave. Low pay did not help matters either. However, dismissals required higher-level approval. More often than not, the hospital was frustrated in its attempts to fire recalcitrant staff.

The three municipal facilities have much in common. Being statutory facilities, they could count on reliable professional and financial support from above. Favourable staff ratios, increasing specialization of services and widened service access have been achieved. However, they were not immune to difficulties, which impinged on many fronts. Despite the constancy of state grants, there was perennial shortage of money. Forced to become more self-reliant, all have taken up entrepreneurship in earnest, with various degrees of success. Concomitantly, the combined effects of liberalized access and money-making were likely to be goal confusion, discrimination against traditional service targets and distraction from providing a good service. Even more intractable were problems with staffing, in particular shortage of trained personnel and poor morale. Finally, it was worth pointing out that no new residential facilities have been built by the GZCAD in the 1980s. Simply maintaining a modest tempo of expanding existing facilities and professional upgrading seemed to have exhausted their capabilities. Reliance on state welfare to meet escalating social needs was a non-starter.

(3) Community Social Services

Found to the west of Guangzhou city, Jinhua (Golden Flower) Street was under the jurisdiction of Li Wan District. This sub-district

measured some 0.44 sq. metres in area and administered to 31,349 inhabitants. It was subdivided into 15 residents' committees, each of which has 2,000 residents. The area was typical of much of old Guangzhou with its narrow alleys and high-density housing, mostly of pre-1949 vintage. Residents' incomes were said to be about average in the city.

Jinhua Street prided itself on its community spirit (Jinhua jingshen) in "respecting the old, loving the young, supporting the disabled and bringing convenience to residents". Its work in public hygiene and community health was recognized as early as the 1950s, when it was voted an advanced neighbourhood. The street office now had a dynamic and relatively youthful leadership composed of cadres in their mid-thirties, rather than the previous corps of retired workers.

The locality had a flourishing domestic social programme. Like many other neighbourhoods, there were priority targets who had first claim on local resources. The first group were the elderly, who numbered some 14 percent of all residents, much higher than Guangzhou's average of 10.4 percent. In 1984, the street pioneered a day centre which catered to four groups of elders -- namely aged state cadres, neighbourhood cadres, workers and other aged residents -- thus breaking out of the confines of serving only "three no" groups. The centre organized a broad range of social, recreational and cultural programmes. Its members had won many prizes in local competitions. Its educational work was of special interest (such as family education classes for daughters-in-law and mothers-in-law and health talks). It also operated a match-making service for elders. In 1985, the street built a small group home

with nine beds. When I visited the neighbourhood in mid-1988, its beneficiaries included five single elders and one orphan. In addition, there were 23 support and care groups run by local volunteers.

Mothers and children were the second target group. The street office ran a very large nursery-kindergarten serving 700 children. In addition, there were two nurseries operated by residents' committees and three by private operators, making the neighbourhood self-sufficient in infant care services. Even children from other districts could benefit, by paying a slightly higher fee. Another popular programme was a maternity and child health clinic. Its services included antenatal and postnatal care, specialist consultation in gynaecology and paediatrics as well as general practitioner services. Service charges were minimal (0.1 yuan registration fee and some 0.5 yuan for medicine) and below-cost, with the subsidy coming from the street's income from other sources. Most practitioners were retired medical personnel.

The street's convenience services were open to all residents. Among these was a canteen service started in 1958. Now, it also provided school meals, at 0.5 yuan each, for pupils from three primary and two secondary schools. Again, this programme was being subvented, this time from profits of the street-run teahouse. Beyond this project, other services were charged at cost. These included interior decoration, removals, professional water tank cleansing (two times a year for 150 yuan), minor construction work, child-minding and home help.

Above all, the locality was famous for its work with the handicapped. Such work began with two conventional programmes. The

first was a welfare factory for the disabled. In 1988, it employed 156 handicapped persons and made some 460,000 yuan annual profit from manufacturing electrical appliances and ceramics goods. The second was a work-therapy station (gong liao zhan) for the mentally ill and handicapped. Started in 1977, the small centre ensured that the 22 clients take their medication, were occupied with light industrial work and generally did not become a nuisance to neighbours.

The break through in community rehabilitation, which gave it a nation-wide reputation, came in 1986. The programme was the brain child of an orthopaedic surgeon in Guangzhou's Zhongshan Medical University. His idea of using non-institutional methods and a combination of professional and volunteer elements to help disabled people found an immediate response from the street party leaders. The programme began by building up a core organization of 17 persons -- doctors, red-cross personnel, health workers, cadres and local representatives. The group then launched a training programme. 33 volunteers, half local cadres and the rest red-cross cadets from a local middle-school were recruited and given basic training. Subsequently these grassroots rehabilitation workers were to train up family members of disabled persons. Following from this, a survey was conducted to identify the number and nature of disability within the area. Out of the 29,964 persons contacted, 344 disabled persons (1.15 percent of residents) were identified as disabled. Individual assessments by doctors and health workers then ensued. The major diagnostic categories were mental illness and handicap (29.4 percent), various forms of paralysis (18.3 percent), heart and bronchial conditions (12.8 percent), arthritic ailments

(8.14 percent) and impairments involving sight, hearing and speech (19.2 percent). 60 percent of the afflicted persons who were deemed capable of benefitting from rehabilitation treatment became the service targets.

To carry out the individual rehabilitation plans, two modes of delivery were adopted. One was domiciliary treatment given in the patient's home. Initially services were provided by trained volunteers. The work usually involved motor training, nursing, check up and training in self-care skills. After a while, some of the tasks were transferred to a designated family member, who would work jointly with the rehabilitation volunteer. The other medium was to set up a rehabilitation clinic. This was actually more helpful in giving services involving the use of therapeutic equipment and procedures (acupuncture, acupressure, herbal medicine etc.) and a more convenient work base for visiting experts. For monitoring and supervision purposes, comprehensive records were kept on both home-care cases and out-patients. To make sure that the prescription was being followed and to give specialist consultation, doctors also made regular home and clinic calls. The medical teams's own evaluation showed that the majority of service users had improved since treatment began. The programme was not only well-regarded in China, it has also attracted attention abroad. For example, World Health Organization experts had inspected it three times, as had visitors from 32 countries.

The success of this show-case could be attributed to a number of factors. First, the neighbourhood had a long tradition of local self-reliance founded on a spirit of service to residents. Second, it benefitted from strong local leadership. Third, there was the

availability of valuable expertise, such as that connected with the community rehabilitation project. Finally, it had a sound financial base. In 1987, its locally-run industries produced an income of some 29 million and profits of 2.8 million. Without these assets, the current service programme could not be sustained.

Another success story was Nan Hua Xi Street in Haizhu District, which also enjoyed nation-wide fame for its programme of home-spun social services and environmental improvement. The experiences of the two neighbourhoods were so similar that it would be tedious to give another long description. Suffice it to say that Nan Hua Xi possessed all the advantages that Jinhua Street had, the most important means being its lucrative street-run enterprises. In 1988, these generated 5 million profits, more than that earned in Jinhua Street (1988 interview). Clearly the same variables that determined success were operative in this case.

As said before, Guangdong was not too advanced in the area of community care. GDPCAD officials attributed the backwardness to constraints in resources and lack of a spirit of volunteering. These observations were worthy of reflection. As one of the most developed areas in China, Guangdong's resources were the envy of many provinces. More accurately, the drawback related to values and lifestyles, often shaped by the changing environment. My many conversations with Guangdong citizens suggested that local self-centredness may be a result of adaptation to society in transition from plan to market. For the fit and eager, time was too precious to waste on selfless pursuits of helping others. The less able were too pre-occupied with their fight for survival. Both groups had little time to spare for unpaid work, the vital ingredient in realizing the spirit of mutual care in communities.

Part Four

Conclusion

The preceding sections examine Guangdong's welfare developments as well as the finer strokes of its welfare landscape in the 1980s. Under the Sixth Five Year Plan period (1981-85), civil affairs work underwent a process of recovery. The pace was slow and steps taken fairly modest, as acknowledged by civil affairs officials. The tempo of welfare reform and new initiatives quickened after 1985. Indeed, most of the achievements were made during the last five years.

At the end of 1990, Guangdong Minzheng offered this retrospective assessment of regional developments under the Seventh Five Year Plan (Wang, GDMZ, 1991, Issue 3, pp.20-22). First, there has been rapid expansion of urban and rural social welfare services; for instance, the number of welfare beds met 95 percent of the planned target. Second, pilot schemes in grassroots social security have been initiated. In 1990, the province counted 225 rural welfare networks in 13.8 percent of village communities. In urban areas, 4,985 units of community services were in operation. Third, there has been substantial improvement in preferential aid standards. Fourth, fupin efforts have improved the effective use of disaster relief funds and sparked off experiments in cooperative insurance in three counties. Fifth, civil affairs economics (minzheng jingji), i.e. all ventures generating income for welfare projects, have been greatly strengthened. This included expansion in social welfare production, consolidation of mass levies, growth in donations and increased input from the state. Figure 18 presents

the numerical output during 1986-1990.

Figure 18 Social Welfare Achievements in Guangdong, 1990

Social welfare services	
all welfare homes	1,353
total beds	30,873
total residents	23,366
Rural social security networks	225
Social security funds	6,472
Homeless persons receiving relief	121,607
regular relief from government	24,246
Disability relief for veterans	
from government	22,760
Regular relief for demo. soldiers	66,100
Preferential aid from the masses	133,000
Disaster relief recipients	19.41 million man/units
Households receiving <u>fupin</u>	268,000
hh escaping poverty	238,000
Social welfare production	
no. of units	1,506
all staff	46,159
disabled workers	17,801
production value (1990)	1,125,000,000 yuan
profits (1990)	44,780,000 yuan
Social welfare lottery sale	280,000,000 yuan
designated for welfare fund	83,940,000 yuan
Total aid from the masses	507,000,000 yuan
Expenditure fr. local govt.	658,000,000 yuan
Hong Kong-Macau donations	35,000,000 yuan

Source : Wang, GDMZ, 1991, Issue 3, pp.20-21.

Guangdong at the end of the 1980s was a hybrid society. Its economy was largely export-oriented. In the countryside, the restoration of the family as an economic unit and freeing of farm prices turned rural society into a market-dominated system. In urban areas, economic and social life has become more outward looking and capitalistic. 14 cities have been given the status of coastal open cities, with extra freedoms and tax breaks for foreign trade and investment. Enjoying greater privileges still were the four special economic zones. At the same time, outside influence (in particular from Hong Kong) has penetrated deeply into Guangdong. Open door and reform policies have produced amazing growth. Between 1980 and 1990, Guangdong's agricultural and industrial income increased from US\$13.8 billion to US\$44.2 billion, an average of 12.5 percent per year and the fastest rate in the world (The Economist, 5-11 October, 1991, p.22). In terms of lifestyle, its residents were enjoying the highest living standard and considerably more freedom than the rest of the country.

The chronicle of its welfare developments revealed a different story. As the above review shows, civil affairs work remained markedly residual. In both service scope and quantity, welfare aid was extremely selective. Only the most needy were served despite the growing trend to open access of CAD services and to step up community social care. Ordinary folks had to rely on themselves, their families and work units to satisfy daily needs. The case for improved social protection was more compelling in the rural hinterland. As yet, social security was almost undeveloped apart from a few pilot pension schemes. The millions working in rural

industries were denied job tenure and welfare packages. Should misfortunes descend -- poverty, disability, lack of family care, old age, the only fall back was an embryonic programme of welfare services and relief, and these were not available in all communities. Oftentimes, standards of help were basic. For example, existing poverty lines were unrealistically low. In theory, CADs had oversight for rural welfare. In practice, the gaps were too wide to be plugged by a toothless department. Much as CADs trumpeted the virtue of communal mutual help, aid from neighbours remained discretionary and stigmatizing.

In most service areas, the province has adopted the same strategies for planning and delivery recommended by the Ministry of Civil Affairs. Among the four programmes examined, Guangdong has been especially successful in reforming preferential aid and improving resettlement for demobilized soldiers. Here, CADs could only claim partial credit; a lot of the contribution came from local communities, which have taken on the major role of catering to the local population. In social welfare services and production, this was even more prominent. Municipal authorities were now largely confined to running showcase projects in the avowed hope of stimulating professionalism. Our review of Guangzhou welfare facilities revealed that even this mantle was not an easy one. Municipal authorities were facing severe restrictions -- financial, human and organizational -- and appeared to have exhausted their ability to respond to new needs. The case of relief was quite sad. When state grants were cut, the masses were urged to protect themselves through insurance, savings and their own labour. People from places with enough jobs and economic opportunities have

managed well. The less capable and those from poorer places faced big risks. Naturally, backward places had less ability to develop a welfare framework. Then of course, relative deprivation has deepened, as in other places. But many parts of Guangdong have attained affluence, so the inequity stands out more starkly.

An important lesson from Guangdong is the primary importance of local values and leadership. As the experience of the Pearl River counties showed, wealth need not mean greater generosity and better protection. Much depended on how local areas set their own development agenda. Nearly always, the priority has been whole-hearted pursuit of economic growth. Welfare matters receive scant attention from local leaders who measured their performance by their success in stimulating the local economy. Because of their humble position, Guangdong civil affairs agencies carried insufficient clout in the local administration to ensure enough funds for welfare projects. Consequently, they had to make a virtue of necessity -- local communities and the masses were constantly reminded of the moral superiority of self help and mutual support. In this context, socialization of welfare (shehui fuli shehuihua) was elevated to a sacred creed. Even though the collective had always borne the burden for communal welfare, the post-reform orthodoxy was to eschew dependence on the state. This view is as misleading as it is dishonest.

The case of Huazhou underscored the role of local factors in another way. If economic development was a necessary and sufficient condition for welfare advancement, aspirations for a rural welfare nexus would be a non-starter. Nevertheless local will, with strong backing from above, could work wonders. Despite initial problems

with the insurance scheme, its other projects were running well. However, its fungability, i.e. capacity of being transplanted elsewhere, was questionable. It remained to be seen whether the model was inherently difficult to emulate or whether local resistance was the main barrier to diffusion. In many ways, Guangdong was a microcosm of Chinese society. First, there were marked diversities in social and economic development within the province. Welfare service distribution and standards were manifestly uneven. Second, its welfare push lacked the vigour discerned in its economic growth. Admittedly, the welfare gap was true of the country as a whole. Above all, the most important lesson from Guangdong was that policy implementation could not be simply assumed. There were too many factors that distorted and delayed planned change, especially in a big country with so many layers of administration and diversified interests. A regional study like the present one was a step forward in enriching our understanding of social welfare under Chinese socialism.

CHAPTER SEVEN

THE CULTURE OF WELFARE

Organizing Concepts

Each society has its own ways of organizing social welfare. The approach it adopts develops out of a unique set of historical and cultural circumstances. It can be said that the resulting pattern reflects its choice of values and institutional arrangements which are rooted in the very fabric of society. These cultural specific elements constitute what Pinker calls a "culture of welfare", which "includes the values which influence people's notions of obligation and entitlement, and the conventions through which these notions find practical expression" (Pinker, 1986). Indeed the key role of contextual factors and societal choice has been stressed by many social policy writers (Titmuss, 1974; Robson, 1976; Mishra, 1981; Rose, 1986). Social welfare is an integral part of society. As such it cannot be studied in isolation from its structural framework.

Human actions have their basis in values. In the sphere of social welfare, the impact of values is well understood. For example, T.H. Marshall sees the welfare state in twentieth century Britain as the embodiment of common beliefs in social rights (Marshall, 1970). Likewise Alex Robertson sees "post-industrial values", stressing the importance of the quality of life, self-actualization and societal obligation to facilitate the fulfillment of human potentials as the driving force of the vast expansion of social programmes after World War Two (Robertson, 1980). Values endorsing collective intervention in social problems

legitimize public social expenditure. Without this bedrock of support, welfare matters tend to be left to individuals, families and voluntary organizations. The case of the USA, a "welfare laggard" among industrial nations, is said to epitomize this. Its complex system of values with predominance given to rugged individualism, success orientation, problem moralism and acceptance of ethnic and religious freedoms over humanitarian regard for the needy allegedly prevents the institutionalization of state welfare (Tropman, 1976, 1989). These themes have been discussed in Chapter One.

On the other hand, prevailing institutional arrangements can be products of evolution, tradition, or reform. In the old days, individual wellbeing was secured within the framework of the family, village and church (in the West). With the advent of industrialization, social programmes under public auspices evolved to deal with the effects of structural malfunctions (Wilensky and Lebeaux, 1965). Notwithstanding their weakening, primary groups are still the prime agents of social care for ordinary people. A vast literature in the West shows that families and kin (Land and Parker, 1978; Finch and Groves, 1980, 1983; Walker, 1982; Lewis, 1986; Finch, 1989), neighbours and informal networks (Abrams, 1981, 1984; Gottlieb, 1981; Willmott, 1986; Bulmer, 1988; UK White Paper - Caring for People, Community Care in the Next Decade and Beyond, 1989) continue to assume this mantle. Indeed, under the influence of neo-conservative ideology and fiscal crisis, many governments like the Thatcher and Reagan administrations have trumpeted the virtues of community and informal care.

In Japan, the vital role of occupational welfare is wellknown. Its importance is such that "employer-based welfare is a major determinant of life-chances". In turn, the wide obligation of employers is itself "an extension of the traditional culture" (Pinker, 1986).

Finally, regarding reform, all social legislation that created the welfare state were deliberate attempts to fashion new collective arrangements to satisfy social wants. In most countries, welfare bureaucracies have grown in size and complexity in response to changing needs and expectation of a bigger role for governments.

In China, the notion of a culture of welfare is extremely pertinent. China is a vast and complex society. Its civilization is one of the oldest in the world. The hold of tradition is a potent force that moulds the perception of welfare and the acceptability of cultural practices. By tracing the shape of the historical framework, this chapter seeks to reveal the contextual boundaries of social welfare before the communist revolution and analyse its relevance in the current period. This will set the scene for an analysis of the role of the family, the collective and the state in contemporary China, which will follow in the next three chapters. As will become clear, continuity and change in welfare values and institutional practices have imposed a unique character on the Chinese welfare system, of which the civil affairs programmes are but one component.

The Traditional Legacy

The traditional period covers the late Qing (1634-1911) and the Republican interregnum (1911-1949). Nineteenth century China was

a time of political and moral decay. The Manchu government suffered a string of defeats at the hands of Western powers, resulting in unfair treaties, huge indemnities, economic exploitation and loss of national self esteem. The establishment of the Republic did not put an end to disorder and humiliation. The brief interregnum saw China torn by warlordism (1916-1928) and wars between the Nationalists and Communists, the Sino-Japanese War (1937-1945) and full scale civil war leading to victory of the Communists (1945-1949). Economically, China was going through the early stages of industrialization. Socially, there were rapid social changes as a result of wartime dislocation, civil strife, modernization and urbanization (Sheridan, 1975). Thus, both periods were times of chaos and instability.

Welfare Values

(1) Family obligation

Of all values that underpin people's concept of obligation and entitlement, none is more important than the value of family obligation.

All through Chinese history, the family system occupied a revered place as the basic unit of society. People were regarded as members of families, never as individuals (Fei, 1947; Hsu, 1949, 1955; Feng, 1949; Liang, 1975). Of the five cardinal human relations (wu lun) in traditional society — ruler and subject, father and son, husband and wife, older brother and younger brother, friends (Analects of Confucius) — three were family relationships. Rules of proper conduct were prescribed for each dyad, namely "affection between father and son, righteous

conduct between ruler and subject, distinction between husband and wife, proper order between old and young, and trust between friends" (Mencius). Among these, the primary principle was xiao or filial piety. Children were expected to obey, support and respect their parents and elders. At the same time, mutuality or reciprocal obligations was sanctioned. These dyads constituted what Raymond Firth called the "social cement" of traditional Chinese society (Firth, 1951).

The importance of the family as a social care unit was reflected by old sayings. Such proverbs as "men rear sons to provide for old age; they plant trees because they want shade" and "men rear sons to provide for old age, they store up grain to provide for years of famine" attest to the value of raising (male) children as social investment (Yang, 1957). Han Yu-shan refers to this as the "group insurance" principle (Han, 1946).

"Among the concrete benefits which come to the individual from the system of filial piety is that of 'group insurance'. Each child ...has his birthright, the right to... whatever assets the family possesses. Each aged person counts on as much comfort in his declining years as the family can possibly give." (Han, *ibid.*)

Even principles governing extra-familial conduct were derived from family ethics. Loyalty to one's ruler came from the same moral source as loyalty to one's parents. Thus, xiao or filial piety was the cornerstone of an orderly society when all members perform their social obligations (Bodde, 1981; Fairbank, 1983; Schwartz, 1985). At the same time, good government was assured when sovereigns treat their subjects as their children (Book of Rites). Hence, the kind of authority exercised by the father in a patrilineal family formed the ideal of political rulership

(Schwartz, 1985). Also, the act of gratifying one's family brought another bonus. The learning attendant on the practice could teach one to care for others so that "one reveres other elders as one reveres one's own and loves other children as one loves one's own children" (lao wu lao yiji ren ji lao, you wu you yiji ren ji you). In summation, the importance of the traditional family extended beyond the functions it performed for its members. It played "a leading part in economic life, in social control, in moral education, and in government" (Latourette, 1964, p.565; Chow, 1991). Stable families were the key to a harmonious and well-integrated society.

(2) Concepts of mutuality

In Confucian thinking, man was regarded as basically benevolent. Asked by one of his disciples about the meaning of philanthropy, Confucius said, "it is to love all men" (Analects of Confucius). Similarly, Mencius taught that human beings were born with "feelings of commiseration" (Ce ren ji xin) (Mencius). To both Confucius and Mencius, the charitable impulse was intrinsic in man's nature. Philanthropy was a virtue as well as a hallmark of humanity.

Notwithstanding such thinking, universal love was an ideal concept. Western ideas of loving all persons in equal measure, as one's maker loved all without regard to status, worth and character, had no resonance in Chinese ethics. In Chinese society, entitlements and obligations were strictly ordered. The value of family obligation has already been discussed. Beyond the immediate family, differential treatment of others was prescribed. Among

these, people sharing five affinities (wu tong) with oneself merited favours. The wu tong (five same) relations were tong zong (same surname), tong zu (same clan), tong xiang (same village), tong xue (same master) and tong shi (same place of work). Fei Xiaotong called this a concentric pattern of social relations (Fei, 1947) with positions measured by how close one stood in relation to the actor. The more distant the location from the centre, the weaker the claim so that ultimately one did not have any obligation to people not known to oneself. This is in direct contrast to views in the West where social welfare in modern society is regarded as help to the stranger whose social plight constitutes the basis of his claim for assistance (Watson, 1980).

A similar observation was made by Western missionaries working in China in the Republican period. The lack of a free-floating "universal ethic" uniting disparate groups, jealous provincialism and particularism were found to be endemic and distressing (Garret, 1970). The popularity of mission bodies like the Chinese YMCA was attributed to their success in overriding particularist concerns and their ability to persuade different groups to take part in common action to meet social needs (Garrett, *ibid.*)

(3) Religious Values

In examining indigenous Chinese religion, some features stood out in sharp contrast with the Judeo-Christian tradition (Liang, 1975; Yang, 1961; Fairbank, 1983). First, there was no creation myth about the universe. Second, there was no universal church. Third, there seemed to be two distinct cultural traditions. One, the Taoist or folk tradition of the common masses, manifested itself in

polytheist worship of anything from gods, ghosts, spirits to natural objects. The other, the grand tradition, was followed by the Confucian scholar-gentry. Basically agnostic and naturalistic in outlook, the Confucian orthodoxy proscribed supernatural and animist beliefs and practices. Instead there was the belief in a harmonious cosmos in which man was but one element. The human and natural orders were linked and reflected upon one another. Under this view, man must be filial, all must observe proper conduct and rulers must govern wisely to ensure Heaven's favour. Such beliefs legitimized existing social norms (li) and a polity based on obedience and stability. They were more important as reinforcers of social and political control than in matters of welfare in a direct sense.

The imported religion of Buddhism has had more explicit influence on Chinese welfare philosophy. Two strands were particularly important. One was the concept of charity symbolized by Guan Yin, Goddess of Mercy. In her was abstracted the principle of compassion. Not only did she promise mercy and relief for the suffering, she also appealed to people's sense of benevolence. The popular belief that credits could be gained from the performance of good deeds, and that these could be transferred to one's offspring and to the next life, encouraged moral investment through almsgiving. The other strand related to the role of monasteries in dispensing relief to the poor and as places of refuge. That they could carry out such work was made possible by two conditions. Some owned large estates; at the same time, they attracted a lot of donations. The shannan xinui (charitable men and devout women) donated money not only for the maintenance of the temples but

towards good work to help the poor. In comparison, Christianity has made little inroad in Chinese society. It was not until the second half of the nineteenth century that large waves of missionary activity invaded China. Although their evangelical work did not result in mass conversions (Varg, 1958), their social evangelism exerted a strong appeal. Missionary bodies became strong champions of welfare ethics to help the Chinese masses during the Republican period.

(4) Ecology-based values

China was an agrarian society. The majority of the people lived on family farms. The land-based economy induced economic and emotional attachment to the land and the ancestral village. Rural values also influenced the gentry who might live in the towns but retained strong links with their native place. Fei Xiaotong describes the quagmire of old agricultural conditions and practices as an "economy of scarcity". The long-established low-level manpower economy required supportive values of contentment and limitation of wants (Fei, 1947). John Fairbank shares this view. He held the view that the age-old acceptance of institutionalized penury of peasant life enabled the individual to fit into his kinship group, sustain his lot in life and become socially integrated in the community (Fairbank, 1983). The logic was that subsistence living required constant hard work. Thus there was a rational reason for extolling industriousness, a commonly acknowledged character trait of the Chinese. Vivian Shue likewise characterized peasant culture as consisting of three elements. First, farm family autonomy. The aim was to achieve family self-sufficiency and avoid indebtedness

which might necessitate, in the last resort, the selling of land upon which livelihood depends. The second was risk aversion. This was manifested in the "safety first" principle since peasants generally lived too close to subsistence to allow them the luxury of taking risks. Third, harmony and withdrawal from conflict. Peasants generally believed in harmonious conduct of village affairs and were content to be led by their elders (Shue, 1988). The widespread acceptance of fate also makes failure easier to bear if human effort fails (Harrell, 1987).

The relevance of ecology-based values on welfare was not hard to grasp. First, they interacted with and reinforced cultural values like familism and localism. Second, hard work, acceptance of penury and want containment made peasants self-reliant and reduced expectation of help from government and non-local agencies. When relief was actually given, feelings of gratitude rather than entitlement prevailed. In fact, in the long course of Chinese history, the concept of personal right was not prominent; what was emphasized was the sense of duty to authority, whether it was the family or the state (Wang, 1979). In a recent study of Chinese welfare values in Hong Kong, Julia Tao also found the notion of right alien to the psychological realities of welfare recipients (Tao, 1990).

Institutional Arrangements

(1) Family and Lineage

In China, family (jia) and lineage (zu) are different concepts (Freedman, 1961). Family is the realm of domestic life, a realm of co-residence and the constant involvement in affairs of the hearth,

children and marriage. The extended kin group is traced exclusively through male children. The special network of kin relations are sometimes so extensive and organized as to form patrilineal descent groups known as clans or lineages. Some of these hold substantial common property.

There have been many studies of Chinese family and kinship systems. The work of Lang (1946), Yang (1959, 1961), Levy (1949), Hsu (1971), Freedman (1958, 1966) are prime examples. From the perspective of social care, a number of observations on relevant institutional arrangements can be made. First, within the jia, common sharing and mutual obligation prevailed. The old, the young, the sick and disabled were looked after within the family, with women acting as the major carers. When families divided and sons married and set up their conjugal families, elderly parents usually lived with one of the sons and his children. Second, the extended kin supplemented the resources of the family. Large lineages often possessed corporate assets. The proceeds were used to relieve poor lineage members, support widows and orphans, maintain ancestral halls, finance rites of worship, subsidise employment of tutors and village amenities. While strife and conflicts occurred in everyday life, external solidarity was maintained when dealing with outsiders. Loyalty to one's family and kin was so intense that it prevailed over loyalty to the nation.

The family system was profoundly affected by rapid social changes in the Republican interregnum. Three developments were particularly relevant. First, the authoritarian and selfish aspects of familism were attacked as part of the debunking of Chinese culture by intellectuals. Repression of the young, women and

individuals was condemned. Excessive loyalty to the family above all else was seen as an impediment to nation building (Wang, 1979). Second, modernization and urbanization had weakened the attachment to the family and village, enlarged work and educational opportunities for young people and women, and challenged the authority of elders. Above all, it was war that caused a family revolution. Writing about China during the Anti-Japanese War, Edgar Snow observed,

"possibly this war has more profoundly shaken the Chinese family system than any previous catastrophies. Millions of children have been separated from their parents, some by army conscription, some in the confusion of escape from death, but thousands by voluntary desertion of family for country... Far up in North Shaanxi I saw an ancient temple transformed into a printing shop run by workers who were all atheists. Elsewhere in China the gods are tossed into the rain and the temples converted into hospitals and barracks, with little protest from anyone" (quoted by Dafin Gatu, 1983, p.67).

Under the above conditions, the family's capability to provide for their members was weakened.

(2) Locality-based institutions

Peasant attachment to the land and the existence of lineages gave rise to localism. In many parts of China, it was not uncommon to have whole villages populated by people bearing one or a few surnames. Community spirit was founded on generations of residence, by association in childhood and identification of common economic interests. Village communities were responsible for the maintenance of roads, supervision of fairs, building and upkeep of public edifices, sinking of wells, engagement of theatrical companies, and policing. For charitable purposes, many villages set up local

societies for the care of foundlings, poor families and their children, and mutual loan associations (Tsu, 1912). Even among migrants, the special bond with one's ancestral village was strong. In South China where 80 percent of overseas Chinese originated, remittances and charitable donations marked their contribution to their home communities. Indeed most sojourners longed to retire to their place of origin or be buried among their ancestors. Even in contemporary China, villagers commonly address each other by prefixing names with the titles of uncle, aunt, elder brother and the like although they are not related by blood. Concern for renging (human feelings) still features prominently in their dealings with fellow villagers (Madsen, 1984). The same custom is found among rural inhabitants in the New Territories of Hong Kong.

Outside the village, urban migrants also gave support to people from the same locality. The conduit was through the formation of district and provincial clubs. Known as hui guans, these clubs acted as channels of mutual protection and regulated social and business intercourse. They also served as natural agencies for mutual aid (Whyte and Parish, 1984). For example, they provided care for transients and new arrivals, assisted destitute members, arranged free repatriation or burials, helped needy students and so on. Provincial and district associations were very active in Hong Kong before the 1950s. Their welfare work included the dispensing of free medicine, schooling and relief for their members (Ngan, 1985). The value of localism was instrumental in helping immigrants adjust to an unfamiliar and hostile environment (Hamilton, 1990; Wong, 1988). At the very least, regional associations kept alive people's emotional ties to their native place.

(3) The role of government

The Confucian sages advocated government by virtue, which was deemed more effective than the rule of laws. In particular, Confucius warned against greedy and self-seeking government. It was wrong of rulers to overtax the people and allow concentration of wealth among the privileged few (Hung, 1979). Mencius went further by pointing out that inequality was a greater social evil than poverty. To him, the state had an inescapable duty to eliminate destitution among the people and realize the economic sufficiency of families (Tsu, 1912). All through Chinese history, there was the belief that kings must govern with compassion and wisdom. Otherwise they would lose the mandate of heaven (Wang, 1979). The religious overtone to the moral responsibility of kings and government to secure the livelihood of the people and peace in society was reflected in the Chinese word for revolution — "ge ming" which literally means transferring the mandate (Bodde, 1957, p.56).

Several state policies have been useful in promoting the macro-economic wellbeing of the people. One was the state monopoly on the sale of such vital commodities as salt and iron ore, which precluded exploitation by unscrupulous merchants. Central and local governments also maintained a system of public granaries and operated price levelling policies. Grain would be bought when prices hit rock bottom and sold when they became too high, to ensure that farmers would not go bankrupt and prices were affordable. In addition, disaster areas would be granted tax reduction or exemption (Yim, 1978). These ancient practices actually predated policies of modern states to protect the domestic economy and special groups in society.

The direct welfare work of government was not well documented. What was known was that there was a long tradition of famine relief. During times of famine, kings and officials often decreed the feeding of the hungry from grain stored in public granaries (Tsu, 1912). Natural disaster relief by the government took many forms. The methods included opening soup kitchens, direct handouts in money or in kind, and work relief (engaging the poor for public work projects) (Meng and Wang, 1986). Some of these operations were of gigantic scale. One example was the famines that followed severe flooding in Henan province during 1593-94. Out of the 18.7 million victims affected, the state gave relief to 12.3 million; total expenditure was estimated to be between 850,000 to 1.1 million ounces of silver (Yim, 1978).

In comparison, social relief was not as systematic. In a book published after the fall of the Qing, The Spirit of Chinese Philanthropy, A Study in Mutual Aid by Yu-Yue Tsu (1912), anecdotal accounts were given of some state social programmes. For example, Emperor Kang Xi ordered the establishment of foundling hospitals throughout the empire in 1711. In 1724, a government almshouse was opened at Canton (Guangzhou) and in 1739, Emperor Qian Long commanded it to feed 4,676 destitute persons. In 1783, the same emperor reprinted an edict published in 1659 which condemned the desertion and killing of infants. Above all, the Qing Poor Law recognized the right to relief of those dependent persons who could be classified as the worthy poor.

"All poor destitute widowers and widows, the fatherless and children, the helpless and the infirm, shall receive sufficient maintenance and protection from the magistrates of their native city or district, whenever they have neither relations or connections upon whom they can depend for support. Any magistrate refusing such maintenance and protection, shall be punished with 60 blows." (Tsu, 1912, p.26)

By tradition, the guan (widower), gua (widows), gu (orphans) and du (single persons) categories were regarded as deserving of charity. From the above, it was apparent that eligibility was contingent on lack of family support. The act of state help represented efforts to restore integration and harmony in society when the natural agency of the family was non-existent. In present-day China, such persons fall under the "three no" category.

Despite the enlightened thinking enshrined in the legislation, the Poor Law provisions were not enforceable. In the first place, there was no special administrative machinery. What's more, such relief duties imposed on magistrates did not involve additional resources from central government. Neither were local administrations allowed to raise taxation for this purpose (Tsu, 1912). Indeed, the reach of the imperial government into the everyday life of the people was tenuous. It was estimated that the size of the entire civil service was around 100,000 at the end of the imperial era, when the population totalled 400 million (Pye, 1984, p.69). Historians are generally agreed that state power extended to only the xian level (about 50,000 people) in the Ming and to the zhou (around 250,000 people) in the Qing dynasties (Pye, 1984). District magistrates, with their administrative seat located in the xiancheng (county capital) relied on the local gentry as arbitrators at the grassroots. Accordingly the latter collected tax and maintained order. Only in severe cases of criminality and rebellion would magistrates intervene. The indirect and remote nature of government influence was captured vividly by the saying, "heaven is high above and the emperor is far away" [tian gao wangdi yuan] (Hamilton, 1990).

In the Republican interregnum, either central government did not exist or was unable to impose national influence. In most years, the government was unable to raise enough revenue and national indebtedness was a big problem. For example, in 1925, outstanding debts of the central government alone amounted to 1,634 million yuan and rose to 2,212 million yuan in 1928 so that a large part of revenue was consumed by interest and debt servicing. To meet constant deficits, the government resorted to more borrowing, as much as 25 percent of its expenditure from banks through the issue of bonds (Fairbank, 1983). A number of reasons accounted for the fiscal malaise. First, the economic base was weak. In particular, China's fledgling industries were undermined by foreign imports (Fei, 1939). Second, there was widespread corruption. Most importantly, constant war, internecine as well as anti-Japanese, necessitated heavy military spending. In particular, extermination of the communists was the single obsession of Nationalist leaders. Whatever money there was went to the military.

The effect is not hard to imagine. Little money could be found for social programmes. To give but one example, in the year 1929-30, military spending amounted to 92 percent of the state budget; education expenses took only 1.5 percent (The China Year Book 1929-30, p.656). In the area of health, state provisions appeared rather limited. The China Handbook 1937-1945 listed three central hospitals (Chungking, Kweiyang and Lanchow) providing some 119,884 outpatient treatments and 7,105 inpatient treatments in 1944. At the next level, there were 123 provincial hospitals/clinics and 38 public health offices, units and laboratories.

Lower down, the health system consisted of one health centre for each county (with a 20-40 bed hospital and outpatient clinic), a health centre for each district and a health station for each town/village (China Handbook 1937-1945). For labour affairs, the national government introduced the Chinese Factory Law (1929, 1942), Labour Union Act (1933, 1943) and Factory Inspection Law (1931). Small-scale experiments on workers' welfare fund and social insurance were also tried out (ibid).

Another piece of social legislation enacted was the Civil Code of 1929. Among its many provisions, some were related to the protection of women and children. For example, the law prohibited the sale, murder, harsh treatment, or coercion of women and children into marriage. It also declared women to be equal and complete citizens; for the first time, women were given the rights of equal inheritance with men (Levy, 1949). However because of the limit of state authority, lack of publicity and resources, these provisions, as well as other labour legislations, remained largely unenforced.

Relief work was the job of departments of social affairs. In 1929-30, the government expended 1.4 million yuan for famine relief. In the years 1938-1944, some 867.7 million yuan was appropriated to help 30 million refugees (China Handbook 1937-1945). Bearing in mind the size of the war-time dislocation and vast population, these expenditures were rather paltry.

(4) Voluntary Agencies

Trade and craft guilds constituted another channel for mutual assistance. Set up primarily for the protection of the interests

of the specific trades and crafts, they were also agencies for social relief among their members (Tsu, 1912; Skinner, 1977; Whyte and Parish, 1984; Hamilton, 1990). For some guilds, common identity was symbolized by worship of a master or deity, for example Lu Ban for builders and Hua Guang for opera singers.

During the Republican period, missionaries played an outstanding role in spearheading programmes of health, education, welfare and relief. In their attempt to counter the common people's indifference to Christianity, many turned to social service work. This met the dire needs of the population and supplemented inadequate state amenities.

The most prominent work by missionary bodies was in education. In 1922, 211,819 students were educated in 7,046 schools and colleges set up by overseas missions. By 1936, Protestant institutions were educating some 12 percent of the total number of college students in China, and in some years, between 15 and 20 percent (Holden, 1964, p.494). Christian institutions also pioneered education in medicine, law, journalism, social work and agriculture in China (ibid, pp.490-529).

In medical work, foreign input was no less significant. In 1922, the missions had established 326 hospitals in 237 cities, giving a total of 144,477 in-patient and 3 million out-patient treatments. At the end of 1941, missionary and private hospital beds were more numerous than beds maintained by municipal and provincial governments (China Handbook 1937-1945).

In welfare work, Christian organizations were also active. Among them, the YMCA was the most prominent. It was famous for its work with young people — student associations, athletics,

recreation, social clubs, education — and welfare (opium-control campaigns and relief) (Garret, 1970). The Chinese YWCA was also wellknown for similar programmes plus nurseries and work with women. At the end of the Sino-Japanese war, many missions were active in providing relief for refugees and founding homes for war orphans, the aged and disabled.

Another international agency should be added to the above list. This was the China Office (CNRRA) of the United Nations Relief and Rehabilitation Administration (UNHCR). After the war, it mounted a massive relief and rehabilitation programme. US\$945 million was allocated to provide emergency relief, repatriate displaced persons and run institutions for children, the elderly and cripples (China Handbook 1937-1945).

Traditional Culture of Welfare

Traditional Chinese values have some affinity to values underlying a residual model of social policy in Western countries — self reliance, the family and the market as primary need-meeting mechanisms, problem moralism, importance of mutual help and charity, supplementary role of government, minimal and temporary nature of public welfare provisions. However, there are also essential differences. One is stress on group orientation rather than individualism. In the Chinese context, individuals are not seen as bearers of rights but servants of duty to their primary group. In the West, however, individuals are seen to possess inalienable rights as a person and as a citizen who is entitled to equal treatment under the law.

The second divergence is the central place of the family and

lineage groups in Chinese society. Not only are they regarded as natural agencies of social care, they also have a moral significance that approaches the position of sacred duty. In the West, under the onslaught of modernization, there is more readiness to compensate the loss of family functions through social programmes.

The third distinguishing feature is the relationship between individuals and the state. In traditional Chinese society, the influence of government was mediated through kin and local groups. The notion of contractual relations between individuals and the state did not exist. To the extent that the state provided relief for disasters and the unattached, such acts were regarded as the beneficence of virtuous rulers rather than duty owed to citizens. In the West, a universal political franchise has made voters more assertive and governments more answerable to electoral calls for public welfare. Concomitantly, the notion of citizen rights supported the expectation of a bigger role for governments in societal affairs. In welfare matters, the emergence of an institutional model of social policy sanctions comprehensive provisions by the state. The new welfare ideology embraces values of collective responsibility, rights of citizens, primary role of governments, and notions of social development and prevention. The acceptance of welfare state values set them further away from the welfare residualism in traditional China.

By coincidence, Chinese traditional welfare values also have much in common with the principle of subsidiarity in European Catholic social teaching which preached against state encroachment in civil life. In the social policy domain, the latter advocated

for the greatest decentralization and diversity in service delivery, for example preserving the role of families, neighbourhood and the church and assigning a subsidiary role for governments (Mangen, 1991; Pinker, 1991b). Both value systems are decidedly conservative in welfare matters and act as normative restraints on collectivist proposals for statutory involvement in social welfare. However, the role of organized religion in China never had the same importance as in the West. People devoid of family and local ties were more supplicants than citizens who could make claims on the wider society.

In terms of conventions, the pre-modern Chinese welfare system had its own characteristics. The basic principle of care delivery was founded on blood ties. At the centre is the family, where the bond that tied parents and children together was enshrined in the precept of filial piety. Obligations then flowed out to the wider kin network. Thus the family system as a whole has been China's basic welfare system. To the extent that resources of primary groups needed supplementation, locality-based institutions extended the framework of mutual help and support. Limited geographic mobility arising from difficult transport, emotional attachment to one's ancestral village and dependence on family farming reinforced localism. Persons cut off from kin and local community had to create surrogate structures in the form of provincial and district associations. These gave support to immigrants in an alien environment who otherwise could not count on help from strangers.

Mutual aid was likewise furnished by members practicing a common trade or occupation. Government social programmes, apart from relief of disasters, refugees and unattached persons have

tended to act as agencies of last resort. In the Republican era, missionary bodies filled the vacuum created by weakened families, urban migration, dislocations from war and needs of destitute groups.

In the West, before the advent of large-scale public welfare provisions, traditional institutions like the family, parish, friendly societies, guilds and charities performed valuable functions in social care. However, the scope of state welfare activities in the twentieth century has widened significantly. Although the family, friends, neighbours and informal networks still give succour to individuals, those who are deprived of such support increasingly looked to the state to meet their needs. In the 1980s, pluralism in welfare arrangements has been the norm in many European nations (Mangen, 1991; Pinker, 1991a). Even then, a central role is reserved for the state which increasingly takes on an enabling role through financing rather than direct provision of services, supporting voluntary efforts and helping private carers (Baldock and Evers, 1991).

Taking the traditional culture of welfare as a whole, the Chinese system presented itself as a complex entity. Values and practices were interwoven to form a stable framework of expectations and practices. Social changes in the late Qing and Republican periods weakened traditional arrangements somewhat but did not overturn the basic pattern. The pre-revolutionary legacy was a residual model of welfare with Chinese idiosyncrasies. This model coexisted happily with an economy of scarcity and subsistence agriculture. To the extent that communist China maintains these characteristics, adoption of past practices give the assurance of

continuity, foster stability of basic social institutions and satisfy cultural expectations. Reliance on family and local collectives also has the practical advantage of saving valuable state resources. For these reasons, tradition still maintains its usefulness so that a new organic pattern can emerge from the marriage of the old and the new.

Conclusion

The first point about the historical legacy is that both the values and practices of welfare were integral parts of Chinese culture. The spirit of philanthropy was positively sanctioned, regarded as natural to man's nature and extolled as a virtue. The Buddhist concept of charity, imported but sinicised, reinforced the value and practice of philanthropy. Second, Confucian ethics imposed a strong sense of duty to one's family members and primary relations. Principles of mutual interest and aid also gave rise to practices centred around the local community and shared occupation. Third, because of the emphasis on family care and limits of state influence, there was no tradition of statutory welfare apart from disaster and famine relief. The role of government was more to provide a macro-framework for social order, stability and prosperity than to engage in direct social provisions. Fourth, because entitlement to welfare was closely bounded and group-based, there was no concept of universal right to welfare support. Individuals excluded could not appeal for special consideration apart from regard for common humanity and charity. Under the circumstances, help that was given had an informal, discretionary and stigmatizing character. Finally what made hardship and

privations easier to bear were unique cultural beliefs. Such ecology-based stresses as hard work, limitation of want, self-sufficiency and acceptance of fate make the Chinese masses undemanding on formal welfare bureaucracies.

CHAPTER EIGHT

THE ROLE OF THE STATE

The Concept of the State

The concept of the state is open to a variety of interpretations. First, it can be understood in the limited sense of government organization, namely the state apparatus. Under this conceptualization, two commonly used terms are relevant. The first and more abstract is guojia, usually translated as "the state", that entails the organized strength of centralized and united political power, and stresses its coercive functions. The second is zhengfu, usually translated as either "government" or "administration", that refers to the administrative units of the state's organization, from the central to the basic levels (Goodman, 1984). However, in order to understand the full implications of the Chinese state, it is not possible to ignore the other components. Schurmann, for example, identified three major hierarchies that make up the Chinese political system — namely the Communist Party, the People's Liberation Army and the government (Schurman, 1968, pp.532, 557). It is commonly agreed that a workable concept has at least to include the state-party matrix (Schurmann 1970; Barnett, 1967; Pye, 1981; Goodman, 1984; Burns, 1989b).

The fusion of party and state is a key feature of socialist polity (Furtak, 1986). In China, this phenomenon is even more pronounced. As the vanguard party, the Communist party leads the nation. The CCP has held to the theoretical position that the party makes policy but the state implements it. In practice, the party

subsumes the government. Not only does it set policies, it also controls personnel appointments and engages in public administration. In structure, the party and state systems have separate organizations. In operation, however, overlapping leadership in the two hierarchies and domination of party over government in every level prevails. This results in a fusion of power and functions. In our discussion of the MCA, it is obvious that the ministry sees itself as the executive department that carries out the dictates of the party. The party group (dang zu) is the actual command centre of ministerial decision-making. Most important regulations and policies are issued jointly by the CCP and State Council or subordinate ministries. Given the above reality, the concept of the state includes the combined will and authority of the two structures.

A subsidiary issue is the place of mass organizations. For practical reasons, state-directed agencies like labour unions, women's federation and youth federation have not been distinguished from the state system. One reason is that they are not autonomous from the dictates of the state and party. The other reason is that their function in social welfare is not extensive enough to form a separate delivery system. This does not mean they are not worthy of study in their own right. For the time being and in the context of our study, they are still subsumed under the state.

For the purpose of this study, the Ministry of Civil Affairs -- in discharging its welfare oriented functions either directly or through the collectivities it supervises -- is offered as a case study of the Chinese approach to social welfare. In the foregoing review of the ministry's welfare remit, both before and after the

economic reforms, the role of the state that emerges is restricted. State organs are the agency of last resort, never the first port of call. Overall, the crowning characteristic of the approach is one of welfare residualism. The reform challenge did not alter the basic pattern. Despite the transformation of the institutional and structural framework, welfare reforms have been incremental and adaptive. State input remained limited (CAD expenditure averaging at 1.6 percent in both periods, reference Chapters Two and Four). In fact, when one compares the post-revolutionary pattern with the traditional culture, there are striking continuities.

In the rest of the chapter, all state-related themes which have been discussed earlier are re-examined and synthesized. I shall argue that a small state role derives from the state's negative conception of relief and welfare. This is in spite of its formal commitment to an ideology of need-based distribution, universal right and equality. The departure from the ideal position is in turn influenced by the state's ideas on production, consumption and distribution. The result is that the CAD approach is seen as having limited utility when compared with other instruments of change. In addition, paucity of resources -- funds, manpower and authority impose restrictions on state generosity. The new line of socialization of social welfare is an attempt to breathe new life into an inadequate welfare system and to readjust the state-society relationship. In a nutshell, the interaction of definition, values, strategies and resources in the context of change has shaped the state's policy on civil affairs.

The Formal Position on Welfare

In Chinese communist ideology, social welfare reflects the superiority of the social system which is no longer characterized by exploitative relations, unfair monopoly of the social product and perpetuation of inequality between social classes. The old capitalist social order having been overturned and a new society put in its place, social welfare has a real chance of full realization. This is against its use as palliative and bribe given to the masses to win their compliance under capitalism and the use of charity by Western missionaries to infringe on the dignity of the Chinese people (Lu, 1986; Gailun, 1987, p.7; Wenxuan, 1985, p.183-85). Under Chinese socialism, social welfare manifests true humanitarian regard between equals. Citizens are now masters of their country. They have the right to work, livelihood, assistance in old age, sickness, disability and during times of difficulties, which are written into the Constitution and other social legislation. In the Seventh Five Year Plan, the state's commitment to social security is also reaffirmed.

As a social institution, social welfare is part of the superstructure. It is devoted to meeting the human needs of citizens more fully and compassionately. What makes this possible is not only the new structure and ideology. The state, as an instrument reflecting and defending the will of all people, pursues policies that bring this about. It's methodology of central planning and redistribution assures a fair distribution of the social product (Ferge, 1979, pp.244-47). The principle of allocation differs according to stages of societal development. In the transitional phase, people are still rewarded on the basis of

work (Karl Marx, "Critique of the Gotha Programme; "The Question of Relations Between Distribution According to Labor and Bourgeois Lawful Rights", Ching-chi Yen-chiu, No.4, April 14, 1962; "Why the Principle 'To Each According to His Labor' Must be Followed in People's Communes", Chung-kuo Ching-nien, No.8, April 16, 1959). When communist society is attained, distribution will be based on need. Meanwhile, deduction from the social product for the purpose of social insurance and common welfare is regarded as legitimate. This is because citizens have fulfilled their economic and civic duty to society and are entitled to enjoy the fruits of their labour (Wenxuan, 1985, p.180; McAuley, 1991).

The Conception of Welfare Work under Civil Affairs

The above position gives social welfare an esteemed and secure place in China. Hence it is logical to expect strong state commitment to all policies that maximise public welfare. However, one is immediately confronted with the anachronistic case of the CADs. I believe the answer has to be sought in the very nature of social welfare work under civil affairs.

In the official view, civil affairs work is distinguished by three special characteristics - duo yuan xing, gun zhong xing and shehui xing (Cui, Tansuo, 1989, p.23).

In his speech to the Eighth Civil Affairs Conference (1983), the civil affairs minister explained the meaning of these concepts (ibid). By duo yuan xing is meant the multifarious contents of civil affairs work. Gun zhong xing clearly lays down the aim of civil affairs as serving the masses and its work method as requiring their mobilization, commonly known as the mass line

(Dixon, 1981, p.17). Shehui xing is manifested by its intimate and wide social implications on social life and social problems. The same proclamations are contained in the Preface to the ministry's official history (Dashiji, 1988, p.6).

In another publication, the uniqueness of civil affairs work is said to be its social, political and administrative nature (Gailun, 1987, pp.11-13). The first, social nature (shehui xing) is as defined above. Its overall aim is to deal with social conflicts, resolve social problems and mediate relationships in society. The second is its political nature (zhengzhi xing). Political meanings permeate all aspects of its work. In different periods, political considerations dictate its work content and emphasis. Thus their work agenda is affected by objective requirements of the time as identified by the party and state. The third is its administrative nature (xinzheng xing). CADs are state agencies. Their job is to execute state policies in accordance with state laws and regulations. They carry out their work using administrative means and their authority are strictly defined.

Ever fond of using catch phrases, official delineations are not too useful because they are abstract and all-embracing. Their meanings often overlap. Such traits as social directedness, mass line, political orientation and administrative nature can be applied to almost any other line of work. There is no reason why they cannot be used to describe functions and methods in education, health, agricultural development, policing, indeed party work as a whole. An alternative line of enquiry is needed.

I believe a more promising strategy is to explore the what, who and why dimensions of civil affairs. Regarding the what question,

civil affairs programmes fall into three kinds. Here our focus is on its social welfare dimension. Among the three, political construction and civil management involves universal services of an administrative nature. For example, the job of building grassroots polity, viz. formation of xiang-zhens, villagers' committees and residents' organizations is oriented to whole communities. Likewise, routines such as registering marriages and social organizations, reforming burial customs and mediating in territorial disputes serve the general population. Only in social security work is there the notion of selectivity (Wenxuan, 1985, pp.26-27).

An examination of the population served by CADs consistently identifies two groups of beneficiaries. The CADs call them "the most adorable" (zui keai) (martyrs, soldiers and their dependants) and "the most pitiable" (zui kelian) ("three-no" categories, disabled, hardship households and disaster victims) (Tansuo, 1989, p.111; also reference Chapter Two). Although CAD programmes have been made available to other persons in need, the emphasis is still on these categories. This points to the third variable about the paradox -- the cause of dependency. Except for those whose requirements are transitory (e.g serving soldiers, disaster victims), the residual targets of welfare services all lack ability for unassisted survival. It is not inaccurate to call them people who have lost their rightful claims for support since they do not belong to basic social organizations (family and work unit). Under these circumstances, such goods and services as are given to them smack of the stigma of relief and charity. Programmes of preferential treatment, veteran resettlement, social welfare, and

social relief thus represent attempts to manage the marginal population in Chinese society.

The following observation summarizes the place and function of CAD welfare work aptly,

"Whether from the perspective of the past and present, or from the volume of work involved, welfare administration is ultimately the core work (zhu ti gongzuo) of civil affairs departments. The basic aim of doing such work properly is to readjust social relationships, solve social problems, promote social stability and the four modernizations." (Wenxuan, 1985, p.25)

During the reform decade, the theme of social stability has been accentuated. This is because of the expected unsettling effects of economic change. Towards the late 1980s when the reforms threw up sharp social divisions and unrest, CADs were even more conscious of this function (SHBZB, 17 May 1988). Accordingly they gave themselves the task to "grasp the situation, deepen the reforms, play the part of a stabilizing mechanism to contribute to socialist modernization" (Speech of the Minister of Civil Affairs in the Ninth Civil Affairs Conference, 17 December 1988, Tansuo, 1989, pp.170-96).

The Communist Change Strategy

In its system of thought, communism assigns a peripheral place to direct programmes of welfare and relief. This stems from faith in structural transformation in laying the framework of a welfare society. After seizure of power through violent revolution, Chinese communists, like communists elsewhere embarked on holistic structural reform (Furtak, 1986). In villages, land reform, purge of landlords and struggle against lineages started immediately

after liberation. By 1957, agricultural collectivization was completed. Peasants thereby became members of communes, earning the right to work and a means of subsistence if the collective produce was enough for everybody. Indigent and unattached persons were assisted through the "five guarantees" and communal relief schemes. In the cities, nationalization of industries, commerce and handicraft was accomplished by 1958. Urban residents were guaranteed work through labour bureau allocation. Once employed, they enjoyed life tenure and their social needs were met by a generous system of occupational welfare. Furthermore, control of prices, wage equalization and subsidized commodities enhanced security of livelihood. Under the circumstances, communists believed that the conditions giving rise to dependency were eradicated. To the extent that hardships still occurred, the instances would be few and causes tied to individual circumstances. Such optimism was characteristic of communists in Hungary (Ferge, 1979) and the Soviet Union (McAuley, 1991), who saw no need for developing autonomous social policies, believing that broad societal policies would suffice.

The above beliefs notwithstanding, Chinese communists are realistic enough to acknowledge that poverty will remain a problem for society for a long time. The cause is economic backwardness. For the time being, the population has to bear with frugality. But when the economy develops, and there is faith in its early advent because of the system's innate superiority, common prosperity and full realization of human potentials will result.

The Communist formula for rapid growth is tied to its perception of the proper place for production, consumption and distribution.

Mao followed the Marxist dictum that the means of production must expand faster than the means of consumption and that output must be maximized in order to enhance final consumption (Pairault, 1988). The commitment to high rates of production results in two economic consequences. First, in the belief that the key to fast growth lies in industrialization, especially in heavy industry, priority in state investment is given to heavy industry, then light industry and finally agriculture. Consequently, structural imbalances occur. Among its many effects, one is the justification of superior reward structures for the urban industrial elite and in corollary, tolerance of lower standards of life for the peasantry. Another outcome is deficiencies in consumer goods and services, both in quantity and in quality. The second economic consequence is de-emphasis of consumption and commitment to high rates of accumulation to expand production even more quickly. Thus in the first five FYP periods, the accumulation rate averaged 24.2 percent, 30.8 percent, 26.3 percent, 33.0 percent, and 33.2 percent respectively (ZGTJNJ 1986, p.61), higher than in other socialist societies. In the reform period, the fundamental goal of the country was to achieve the four modernizations. The weight of investment has been kept up. The average rate during the Sixth FYP was 31.3 percent (ibid.).

The preference for low social consumption is especially pertinent to social policy. Social consumption has personal and collective aspects. The neglect of private consumption means that consumer items are deliberately kept scarce (also a result of underdevelopment in light industry and tertiary sector) and the standard of living maintained at a basic level. On the other hand,

de-emphasis on collective consumption means low investment in the social services like health, education, housing and welfare. To the leadership, social consumption is non-productive. With a population as huge as China, they rationalize that increasing social consumption even marginally will consume massive resources that can go into expansion of production. So for the time being, the masses are asked to adopt an attitude of forbearance and making do for the sake of socialist construction.

Just the same, the thirst for rapid growth has implications for distribution. One is that industrial workers, as the vanguard in the modernization process, have been welfare elites. For example, they were the first group to benefit from labour insurance. In the opinion of Joyce Kallgren, their privileges reflect the strategic importance of the country's chosen path of development (Kallgren, 1969). The other effect is a stage-derived maxim of distribution. As said before, work merit is still the allocation criterion before the advent of true communism. Since resources are still far from abundant, payment by labour is economically necessary (McAuley, 1991). What's more, it is socially just. Mao hit the nail on the head when he made the following observation,

"A sharp distinction should... be made between the correct policy of developing production, promoting economic prosperity, giving consideration to both public and private interests and benefitting both labour and capital, and the one-sided and narrow policy of 'relief', which purports to uphold workers' welfare but in fact damages industry and commerce and impairs the cause of the people's revolution." (Selected Works, Vol.4, 1961, p.203)

This stage concept was re-examined during the reform era. At the 13th Party Congress in 1987, Premier Zhao Ziyang defined

China's economic system as in the "primary-stage of socialism" when the productive forces are still backward and the commodity (market) economy immature, a state of affairs which will persist for at least one hundred years. In order to maximize efficiency, labour contribution (an lao fen pei) is still the main criterion of distribution at this stage although inequality must not be so wide as to germinate contradictions in society ("Advance Along the Road of Socialism with Chinese Characteristics", 1987).

The observance of the above principle has practical consequences. In the urban economy, John Dixon observes that a work-based system serves important functions. It has allowed the continuance of a low income policy, thereby maximizing the investment capacity of the state when work units administer welfare to their employees based on need. Also by linking reward to work attitude and effort, the welfare policy has been firmly grafted to work incentive policy. Both labour discipline and productivity are envisaged outcomes (Dixon, 1981, p.6).

The need for realism also means that it is important to rein in demands for improved pay and welfare. Already, urbanites are enjoying a standard of living twice as high as that of the agricultural masses. Politically, it becomes necessary to remind them that further increases are not only selfish but will not be tolerated by the disadvantaged peasantry. Otherwise, morale and incentive of agricultural labourers will be dampened.

At the same time, the notion of desert underlies the distribution principle in collective agriculture. Although commune members had entitlements to basic grain, the official line was "more production, greater share; more production, more food" and

"no labour, no food" (Chung-kuo Ching-nien, No.8, April 16, 1959). Peasants were enjoined to accept the difference in living standards between the countryside and cities. Individual self-reliance and local self-sufficiency, both traditional values, were espoused in place of absolute equality, which can only come about in communist society.

Thus, under the influence of traditional and post-revolutionary values, loafers and malingerers have no place in a society that treats work as a right and a duty. To the extent that CAD beneficiaries cannot earn their right to support through labour, inferior treatment is ideologically acceptable and in line with cultural expectations.

In the West, social policy has been influenced by similar considerations. The Victorian principle of less eligibility legitimized differential treatment between welfare recipients and the lowest paid workers. Similarly the more modern variant of workfare is a spiritual cousin to Chinese welfare philosophy. In fact, the work ethic is an important imperative in all societies. Even in modern welfare states, administrative devices like requiring income support applicants to demonstrate willingness to work, enter training schemes and keeping benefits level low have the express purpose of discouraging dependency (Wilson and Wilson, 1991).

Dualism in Welfare

From the above discussion of Marxist theory, welfare and relief work emerges as a separate category of human need. CAD welfare programmes fall into the area of non-productive collective

consumption. With the exception of soldiers, the recipients do not make any contribution to socialist production. Thus their claim for support cannot be justified on the grounds of social justice. Although there is formal commitment to an ideology of need-based distribution, dependence is despised in a system that weds welfare to work. Traditionally, frugality, the work ethic, self reliance are all culturally significant. They achieve the position of ideological imperatives in a stage-related distribution hierarchy. This leaves only social stability and demonstration of socialist superiority as the valid grounds for granting social support.

Not surprisingly welfare services administered by CADs have become peripheral services for a peripheral population. This selective approach has a number of characteristics. First, eligibility is defined after a process of successive elimination — recipients entitled to regular support must have no family, no work unit and no means of livelihood. Second, decentralized responsibility is insisted upon. This means that the family and the collective must share the responsibility with the state. The case is pushed to the extreme in the area of compensation for military service. Rather than instituting a pay structure for a modern army, the state prefers to keep the old tradition of requiring preferential aid from the local masses. While this practice may have been suitable when the Red Army was basically bands of rural guerillas constantly on the move and local soviets could not build up their fiscal base, it is ludicrous in a powerful modern state. In the last decade, the burden of local communities has actually increased. They, rather than the state, have played a bigger role in meeting local needs. Third, the state's contribution is miserly.

Both before and after the reforms, annual state input averaged at 1.6 percent of the government expenditure. The consistency of this low commitment leads one to suspect that the state's perception of civil affairs has not changed at all in the last forty years.

The state's limited attention to direct welfare and relief does not mean its role is anywhere less central in Chinese social life. In contrast, there is another position on social welfare which is macroscopic and universalist in orientation. Under this broad framework, the state is a positive and major player assuming such roles as architect, enforcer, arbitrator and resource supplier. First of all, the state and the party designs a blueprint of a socialist society. Then through structural engineering, the plan is brought into reality. In doing so, a variety of policy instruments are used -- employment, income, pricing, rural-urban trade (Hussain, 1989), family law and so on. The state's third role sees it being involved in arbitrating values, privileges and state-society relationships. If policies can be regarded as "authoritative allocation of values" (Easton, 1953), policy readjustments reflect changing priorities. Likewise, the economic reforms introduce new constellations of social interests as well as liberalization of state authority in economic and social life (Burns, 1989a). Finally, the state engages in direct provision of resources. Prominent examples are social insurance funds committed through state-owned and large collective-owned enterprises. As extensions of functional bureaucracies or horizontal layers of administration, these enterprises ultimately rest on a featherbed of state subsidies. In a sense, the state is the largest employer, albeit in the urban economy only. Under the circumstances, what

belongs to the state and what belongs to the work unit becomes hard to distinguish.

The priority given to the broad and narrow conceptions of welfare can be glimpsed by comparing state expenditures on different policies.

Table 20 compares the state civil affairs expenditure (d) with social insurance and welfare funds for ordinary workers (a) and retired and resigned staff (b). The paltriness of civil affairs funds is very striking. In 1978, (d) was only 18 percent of (a); it was responsible for releasing some 13 percent of pensions (mostly for veterans and government cadres). In the space of ten years, all welfare expenditures have soared. However, although the total labour insurance and welfare bill for workers has exploded (nearly ten times) and the growth of benefits for retirees was even more remarkable (more than 15 times), civil affairs spending has not quite trebled. In 1988, state spending on civil affairs was only some six percent of the insurance and welfare bill for the urban work force.

In Table 21, we have further evidence of the state's preference to guarantee livelihood through the use of subsidies rather than direct dispensation of welfare and relief. At the start of our review period, total state price subsidies and handouts to deficit units amounted to 15 billion yuan, 11 times more than the expenditure on civil affairs. The burden of subsidies has worsened in the reform decade. By 1988, these have grown to 76.3 billion yuan and civil affairs spending was only five percent of total subsidies. Ministry of Finance sources concede that total state subsidies account for 31 percent of government revenue in 1990 (Ming Pao, 3 September 1991).

Table 20 Selected Spending of Government, 1978-1988
(100 million yuan)

Year	Total Insurance & Welfare Funds for Staff & Workers	Total Insurance & Welfare Funds f. Retired & Resigned Staff & Workers		Total Civil Affairs Expenditure
	(a)	(b)	(c)	(d)
1978	78.1	17.3	(2.2)	13.9
1979	107.3	32.5	(2.8)	18.8
1980	136.4	50.4	(3.3)	17.5
1981	154.9	62.3	(3.3)	19.2
1982	180.5	73.1	(3.2)	19.6
1983	212.5	73.1	(3.2)	21.8
1984	257.7	106.1	(3.0)	24.1
1985	327.4	145.6	(3.7)	30.0
1986	413.1	169.1	(3.3)	34.4
1987	501.7	204.3	(4.0)	36.2
1988	655.5	270.2	(6.6)	40.1

Note : Figures in brackets refer to pensions distributed by civil affairs departments (mostly army cadres).

Source : China Report. Social And Economic Development 1949-1989, p.372 for (a), and p.373 for (b) and (c); Dashiji, 1988, p.734 for statistics for 1978-1986 and SHBZB, 14 April 1989 for statistics for 1987-1988 in (d).

Table 21 Total State Subsidies, 1978-1988
(100 million yuan)

Year	Total Price Subsidies	Total Subsidies to Deficit Enterprises
	(a)	(b)
1978	93.9	60.2
1979	180.7	67.3
1980	242.1	60.0
1981	327.7	64.2
1982	318.4	52.7
1983	341.7	103.0
1984	370.0	68.0
1985	299.5	118.5
1986	284.5	205.0
1987	294.6	376.4
1988	316.8	446.5

Source : China Report. Social and Economic Development 1949-1989, p.336.

Admittedly, aggregate statistics are complex indices which are affected by many variables. For example, higher retirement expenditures reflect changes in demography, e.g. rising number of the elderly. More funds are needed to improve standards and meet hitherto unmet needs. Likewise, increased commital is called for to fulfil new duties. However, taken as a whole, budgetary figures reflect national priorities. From the above comparison, state policies and programmes are accorded different weightings. In the competition for state resources, the urban workforce gets the lion's share. For them, the welfare system is generous and very much resembles an institutional model of welfare. In contrast, funds allocated for civil affairs, including money for its welfare programmes, have always been paltry. State inputs are more like left-overs than an important commitment.

Constraints and Potentials

In forming a policy on civil affairs, the contribution of ideas mediated through Marxist theory, values and change strategies has been of crucial importance. Also influential are resource issues. In one sense, negative valuation of social welfare under civil affairs is itself a constraint, albeit an ideological one. Besides, the state's ability to implement a chosen policy is affected by the resources it has at its disposal.

In Chapter Four, I have analyzed the organizational, human and material deficiencies faced by civil affairs organs. Here I will do no more than recapitulate their nature and import.

Organizationally, the first issue confronting the Ministry of Civil Affairs is role ambiguity. Its impossibly wide range of

duties, their disparate nature and lack of coherence is not helpful to the emergence of agency goals and mission. The second difficulty lies in the inadequate organizational structure. After repeated restructuring, the ministry organization has become more streamlined and specialized. However, local agency structure, in particular the one-man system at the xiang-zhen level, is woefully inadequate. Regretably, the ministry is powerless to dictate improved administrative forms for subordinate organs.

Civil affairs departments are severely hamstrung by manpower constraints. To begin with, there has always been a shortage of cadres to fill approved posts. In xiang-zhens, part-time appointments and high staff turnover are perennial maladies. However, local administrations are prone to brush such complaints under the carpet. As personnel matters are controlled locally, superintending CADs can only plead the case for adequate staffing and continuity in posting. Ultimately, whether this will have any effect depends entirely on the wealth and attitude of local governments. In the case of Guangdong, one finds that affluence need not imply generosity; neither does low income restrict welfare development given the will to do more. Furthermore, CADs tend to get landed with a high concentration of elderly and poorly educated cadres. One way to tackle the problem has been cadre education, witness the opening of civil affairs institutes. However training capacity is restricted, due to the shortage of funds and expertise. In the foreseeable future, professionalization of welfare work is unlikely. Meanwhile inferior pay and welfare benefits, poor working conditions and low social status take its toll on the morale of staff.

The financial woes of CADs are unbroken tales in the long saga of a half-starved organization. Throughout their history, there has never been a time when CADs have had enough money to do the job. For clients, the price to pay has been restricted access, limited service scope, meagre benefits, substandard living standards, dangerous buildings, unmet needs, social stigma and the need to subsist on the charity of neighbours. At agency level, CADs have to struggle with totally inadequate organizations, manpower shortage, scarce funds for training, buildings, poor pay and severe economies in managing their programmes.

The economic difficulties faced by civil affairs departments have increased rather than eased despite increasing affluence. On the one hand, the transformation of the institutional framework has severely challenged the ability of the collective to satisfy the welfare needs of their members. The weakening was more pronounced in villages after communes disappeared from the scene, wrecking arrangements that financed communal welfare projects. In the cities, the state's drive to make enterprises more competitive, the divergent forms of ownership with differential access to staff welfare, trimming of health and welfare bills by enterprises, introduction of labour contracts and legitimation of redundancies make economic survival more precarious. Whether in town or country, new insecurities are creeping up under the ethos of economic competition.

Because traditional agencies are stressed, the civil affairs system is asked to relieve some of their pressures. The irony is that CADs are themselves equally stressed, if not more so. On the one hand there is no prospect of prying more money from the

central administration, which glorifies economic construction but abhors dependency. On the other, they have to squeeze harder from the same agencies in order to "socialize" the welfare burden. In the end, CADs are caught up in a circular process where the tasks of supplementation and exploitation complement each other.

In the final analysis, the ministry's quandary is symptomatic of the predicament of the state as a whole. Economic liberalization has enriched enterprises and local areas but weakened the financial powers of the centre. By the same token, mounting budget deficits, hefty subsidies, official corruption and a defective taxation system also diminish the state coffers. In welfare terms, the benefits of devolution, both political and financial, are mixed. On the positive side, the effects are a less oppressive state, more personal freedoms, wider sharing of wealth with local areas and enterprises, and more incentive for hard work. On the other hand, there are the costs of reduced leverage of central agencies in policy implementation, redistribution and social development. There are also wider disparities, group conflicts and social instability.

From the view point of potentials, the government is able to locate allies from the repertoire of traditional values. First, the importance of cultural emphases on frugality, industry, self-reliance and collective mutual help collude with revolutionary stresses on sacrifice, the proletarian work ethic and local self-sufficiency. The similarities of old and modern ethics make the masses more receptive to official pleas to lower expectation for direct assistance, to assume more responsibilities for personal welfare, to earn one's livelihood through honest labour and to make do with meagre collective provisions. Revolutionary values dovetail

nicely with traditions. They build on and exploit the latter to serve contemporary ends.

Another set of values centre on the duty of the family. Here, emphasis on family obligation provides a very potent source of legitimation to legal requirements for family support. When professional programmes such as child care, aid to the handicapped, job placement, counselling, and home help remain underdeveloped, families bravely soldier on without compensation. In particular, the precept of filial piety is invoked to furnish the basis of elderly support. Thus, limited state aid is accepted as natural because family care is always preferable to reliance on impersonal bureaucracies. Chinese familism, after being stripped of such feudalistic remnants as patriarchal authority, subjugation of the young, exploitation of women and excessive devotion to family interest can still preserve its role as the agency for social care. "Fine traditions" can be merged with new socialist ethics to build up socialist spiritual civilization. This explains why all state policies related to the family aim to preserve its integrity, an area to be explored in depth in the next chapter.

Conclusion

In China, state action is the outcome of the interaction between theory, values, change processes and constraints. A passive role of the state in direct welfare and relief matters results from a narrow conception of social welfare under civil affairs. Despite Marxist commitment to need-based distribution, egalitarianism and leadership role of the state and party, the state has other priorities. In its desire to accelerate growth, the leadership has

chosen to emphasize the requirements of production, distribution according to work and deferred consumption during the primary stage of socialism. Direct handouts represent unearned assistance for nonproductive citizens. As such, they can only be justified on the grounds of humanity and social stability. In place of this approach, the state subscribes to a comprehensive concept of social change whereby macro-societal policies pave the way for a just and equal society. In order to realize this goal, the state accepts a primary responsibility to maximize welfare in the broad sense. Ultimately, state intentions are held back by economic backwardness. In spirit and practice, the Chinese approach to welfare has little affinity to Mishra's structural model of social policy. Its bifurcation into two modes -- one broad, one narrow -- and separate systems for the rural masses and urbanites, makes China a unique model on its own.

CHAPTER NINE

UTILITARIAN CHINESE FAMILISM

Introduction

In the West, large-scale collective intervention in social welfare was linked to the decline of the family as a result of modernization (Wilensky and Lebeaux, 1965) and professional services were seen to support, ameliorate and substitute for the loss of family functions (Kahn, 1979). In oriental cultures, the family is an extremely important institution (Dixon and Kim, 1985). Closer to home, in the Chinese community of Hong Kong, the family is sacrosanct. As late as the mid 1960s when the colony was undergoing intensive industrialisation and public debates surrounded the issue of whether the government should play a more active role in welfare, the government used the need to preserve family duty as a pretext to perpetuate its laissez faire policy. In its view, the family was still intact; tinkering with welfare intervention would encourage people to relinquish their responsibilities (Social Welfare White Paper, 1965; Chow, 1980; Hodge, 1981). Much as critics disagreed with the verdict and voluntary agencies roundly condemned government inertia, the community acquiesced, so strong was its belief in family self-reliance.

In China, similar views were embraced by communist leaders. In the preceding chapter, I was able to show that welfare residualism was linked to official disapproval of dependency, preference for other change strategies as well as pragmatic constraints. The end

result was decentralization and the basic institutions in society divided up the job of social care. When the historical legacy is examined, one finds that such practices were rooted in the past. In particular, the group insurance principle enshrined in Chinese familism has functioned as the de facto welfare system.

This chapter dissects the relationship between the family and welfare after 1949. The conscious promotion of utilitarian familism has been one of the key ingredients of China's welfare system. The unspoken assumption is that the ubiquity of family care makes direct welfare and relief unnecessary. Four related themes will be tackled. To begin with, I shall examine the communist view of Chinese familism. Despite its many negative aspects, the overall verdict was that traditions could be made to work for the benefit of individuals and society. Thus, immediately after seizing power, the Marriage Law was promulgated to create new forms of marriage relations. Next, I shall analyse the impact of state policies - production, distribution, social security and other services - on the family. From this review, there is overwhelming evidence that by and large state policies have served to maintain family integrity. This is especially true in the pre-reform period.

The third theme is the relevance of family status in questions of welfare and relief. More importantly, access to civil affairs aid was contingent upon lack of family support. If aid was to be made available, the household rather than the individual became the unit of service. Then, I shall examine the challenges faced by the contemporary Chinese family. These came from three sources -- as a result of demographic change, the reform process and on-going modernization. Emergent problems exerted new pressures on the

welfare system. In the attempt to respond to social change, "socialization of welfare" was one strategy. However this had the effect of multiplying the family burden. To highlight the interdependence of welfare and the family, the case of elderly care is used as an example. It is found that on the one hand, the observance of family duty was used to justify limited bureaucratic intervention. On the other, underprovision accentuated the need for intergenerational dependence. The chapter ends with a conclusion on the relationship between the family, polity and economy. The salience of change and continuity is also delineated.

Before proceeding with the above analysis, I shall clarify my use of two related concepts. The term family (jia) refers to a social unit established by blood and marriage and the relations between members. Members of families have definite rights and duties under the law. On the other hand, household (hu) refers to a group of persons sharing a common budget and living under one roof. In the vast majority of cases, the family and household are coterminous. In demographic statistics, much of the data refers to the hu rather than the jia. However, for the purpose of this study, I shall focus on the sociological family.

The Socialist Verdict on the Family

In China, the family rather than the individual has always been regarded as the basic constituent unit. The official designation for the family is the cell or shehui xibao (Pan, 1986, pp.2-3). To Marxists, the family fulfils key functions in two productive processes - the production of resources for living and human procreation. Therefore people living in any time and place are

subject to the restraints imposed by the development of not only labour relations but also family relations (Pan, 1986, p.2; Hunyin Jiating Tansuo, 1985, pp.151-52, hereafter HYJTTS). With the advent of communist society, the economic and social significance of the family will disappear. However, in the socialist stage, the family still remains a unit of shared consumption and personal welfare (HYJTTS, *ibid*, p.150). This carries with it the implications for unequal inheritance and distribution of rewards based on labour.

In addition, Chinese communists recognise the baggage of cultural tradition. They know full well the moral and social significance of the family. Family honour and security is the motivating force for hard work (Harrell, 1985); for the sake of the family, almost any hardship can be endured. Precisely for this reason, loyalty to the family interferes with loyalty to the state and higher moral causes. So, very early on, the leadership realised that the family was a beast that had to be tamed.

Chinese sociologists have delineated many functions for the family - production, reproduction, consumption, education, sexual gratification, emotional support, child care, social security, political functions, religious worship and so on (Pan, 1986, pp.165-75; HYJTTS, p.87; Yue, 1989a, pp.20-25). From the vantage point of communist leaders, some of these functions were ripe for abolition, like ancestor worship. Others could be taken up by more appropriate agencies. For instance, the tasks of education, production and political participation could be turned over to schools, enterprises and party organizations. Still others could be shared by the family and society, e.g. childhood socialization, social security and health care for workers. However, most private

care functions could only be tampered with at great cost. These had to do with biological requirements of individuals and demands for domestic services which were not available through purchase or bureaucratic allocation. Such needs included care of children, the sick, the disabled, the elderly and sharing of housework. The use of alternatives would require massive state input to subsidize social consumption and supply substitute care. More important still, the effects of transferral could undermine the basis of the family and destabilize society. In the foreseeable future the state reckoned that the family's place was irreplaceable.

Economic considerations apart, many old ethics were deemed worthy of preservation in their own right. Mao pinpointed the importance of summing up the pros and cons of tradition, and as a result, selective incorporation when he said,

"In the process of sorting out the development of our past civilization, the dregs of feudalism must be discarded but its democratic essence retained. Only then can we lay the basis of a new national culture and raise our national self-esteem." (Selected Works, 1961, Volume 2, p.668; Pan, 1986, p.214)

In the process of appraisal, the following traditional values and practices were positively sanctioned : fidelity of women (zhong zhen), the idea of respect between marriage partners (xiang jing yu bin), devotion to family duties, especially in caring for the old and the young (zun lao ai you) and brotherly love (xiong you di gong) (Pan, 1986, p.215-18; New Trends in Chinese Marriage and the Family, 1987, pp.142-45, hereafter New Trends; Yue, 1989b, pp.172-206). In particular, the stress on family obligation was thought to contribute to social stability (Pan, *ibid*, p.220); reciprocal relations "help to strengthen the economic ties among

family members, form close bonds in the family, and ensure that the young and old are all cared for." (New Trends, *ibid*, pp.142-43).

Notwithstanding the above, other aspects of traditional familism were condemned. These included patriarchal authority, exploitation of women, polygamy, arranged marriages, oppression of the young, ancestor worship, lavish weddings and funerals (Yang, 1959). Above all, selfish devotion to the interests of the "small family" as against the those of the "big family" (the collective and the state) was the most repugnant (Pan, *ibid*, p.219). Permitting its survival would obstruct the socialist revolution and undermine the authority of the state.

The Legal Position on Marriage and the Family

The concrete outcome of dialectical analysis was the 1950 Marriage Law. It had the social goals of preserving the sanctity of marriage, protecting the rights of marriage partners and abolishing malpractices such as concubinage, "buy and sell" marriages and exploitation of women. Unions based on love and free choice on a monogamous basis are the only acceptable form of matrimony. The right to divorce is also upheld. Furthermore, the principle of mutual support among family members is prescribed as a duty. Spouses are bound in duty to love, respect and look after each other (Article 14). Parents have the duty to rear and educate their children; at the same time, children are obliged to support and assist their parents (Article 15). The ultimate intention of the law is to lay the foundation of modern socialist marriage and family relations (Goode, 1970). In the new socialist family, relationships between spouses, parents and siblings should be

one of equality, mutual respect and sharing of common ideals (Pan, 1986, pp.222-23).

To promote the acceptance of the law, a great deal of effort was put in propaganda, campaigns and adjudication (Goode, 1970). One measure of "success" was the dramatic increase of divorce. In 1950, 186,167 divorce cases were handled by the courts. In 1951, the number shot up 120 percent to 409,000 and 1,170,000 in 1953 (Platte, 1988). Indeed this surge was so alarming that the law became known as the divorce law and the authorities had to suspend their propaganda to allay the fears of the masses (Meijer, 1971, p.114). Despite the statutory provision, divorces were hard to obtain in China. The Marriage Law mandates mediation before divorce is granted (Article 25). Hence families, work units and neighbourhoods are bent on effecting marital reconciliation through a process of civil mediation (China's Civil Mediation System, 1988; Sun and Ye et al., 1988.). As a result, the divorce rate in China is low. In 1979, crude divorce rates were 0.61 for Singapore, 1.17 in Japan, 3.61 for the USSR and 5.25 for the USA. For China, it was 0.21, making it one of the lowest in the world (United Nations Demographic Yearbook 1983, pp.517-19).

In 1981 a new Marriage Law was put into effect. This upheld the same principles regarding freedom of marriage, right to divorce, protection of rights of family members and mutual assistance embodied in the early legislation. On family obligation, the responsibility now extends to grandparents and grandchildren (Article 22). In addition, two important revisions are incorporated -- raising the minimum age of marriage (from 20 to 22 for men and 18 to 20 for women) and relaxing the grounds for divorce. The

latter permits marriage dissolution when one party can prove complete alienation of mutual affection, making approval for divorce easier. Not surprisingly, its promulgation led to another wave of divorce (Platte, 1988).

Besides the above, other laws also contain clauses on family responsibility. For instance, Article 49 of the 1982 Constitution sets out the general rights and duties of marriage partners and family members. The Inheritance Law of 1985 requires the setting aside of a share of the estate for the maintenance of dependents who cannot work and have no income (New Trends, 1987, p.149; Palmer, 1988). To punish non-observance, the Criminal Code of 1979 provides for a maximum prison sentence of five years for offences considered especially serious (Clause 183). Indeed such legislative insistence is ironic in a country well-known for its tradition of filial piety (Chow, 1991). The only acceptable explanations were official anxiety and common non-observance of the cultural ideal.

State Policies and the Family Before the Reforms

Policies on Rural production, distribution and social services

In the domain of production and distribution, a number of measures provide a framework of support and equal opportunities to Chinese citizens (Wong, 1990a). In the land reform in 1950, land was seized from landlords and rich peasants and allocated to poor peasants. A key part of the process was the struggle against the exploiting classes, often involving fellow villagers denouncing their kin and even immediate family. An example of the latter was having children of landlords "draw a clear line" between themselves and their

parents. Likewise, the properties of lineages were confiscated. In doing so, the corporate basis of extended families, potential rivals to state power, was removed. Nevertheless, the major achievement has been the abolition of landlessness, which is a common cause of rural poverty in developing countries (Hussain, 1989). So, despite some excesses, the land reform gained the support of peasants who eagerly welcomed the acquisition of land to feed their families.

Private land ownership ceased after 1957. In the communization drive, peasants were forced to relinquish their plots and farm property to join communes. In this process, rural families lost their status as independent producers. In return, they were guaranteed work as members of communes and obtained the right to the collective produce, hence the assurance for subsistence. Distribution was to be based on labour input as measured in work points. However 70 percent of the grain was allocated on a per capita basis; households not earning enough for their basic requirements could borrow from the production team (Croll, 1987). More important for family stability was the payment practice by household, with goods and cash turned over to its head. This strengthened patriarchal authority. At the same time, it reaffirmed the family as a unit of consumption (Fei, 1983). Meanwhile, the nonworking poor were relieved by the collective. Thus for twenty years, the commune system provided a collective canopy to succor China's rural inhabitants.

Although rural policies were pro-family on the whole, attacks on the family did occur. During the Great Leap Forward (1958-1960), familism was assailed in the feverish attempt to transform rural

society into a communist one. Thus private family plots, rural markets and family sideline activities, which provided important supplements to family income, were banned. Nurseries, old peoples' homes and canteens sprang up overnight to socialize family functions and release dormant labour (women, old people) for production. In the wake of economic collapse, these structures disappeared as rapidly as they came. Greater tolerance of private economic pursuits then ensued, thereby reviving farm output (Dixon, 1981). The same pattern was repeated again in the early years of the Cultural Revolution. A frenzy of anti-traditionalism and class struggle, including assaults on feudalistic familism, seized the peasantry. This wave subsided after a while. The collective format remained intact until 1983. For most of this time, family stability was the norm.

Finally, the discharge of family duties was abetted by another policy. Since 1957, a rigid system of household registration effectively put a stop to urban migration and restricted residential mobility. Enhanced family and communal solidarity was the result (Parish and Whyte, 1978).

Urban production, distribution and social security

In the early years of the regime, family enterprises were permitted. However, by the mid 1950s, most big industries were nationalized and organized into state-owned enterprises. Later on, smaller-scale commercial, service and craft activities, many operated by families, were transformed into collective units (Lockett, 1988). Henceforth, the urban population became dependent on the state for job allocation. However, once employed, they were

protected by life tenure.

Even though cash wages were low, work unit welfare services in the form of company housing, health care, canteens and the like more than compensated. Furthermore, the system of labour insurance offered comprehensive protection against the vicissitudes of life - sickness, maternity, disability, death and retirement. Although entitlements to occupational welfare varied among enterprises, most of the urban population enjoyed social security cover either as employees or as family dependents. For instance, housing is allocated on a family basis and can be retained even upon retirement. Another benefit is public health insurance which covers 50 percent of the treatment costs for family members. Indeed, work units and their work force became so interdependent that they form sociological communities (Walder, 1986; Lu, 1989). While this theme will be pursued in depth in the following chapter, suffice it to say now that urban families enjoy a standard of living twice as good as peasants under the umbrella of the collective. Seen in this light, the oft-trumpeted claim in the superiority of the socialist system has some truth. Ironically, pampered urbanites make up no more than 25 percent of China's population.

Similar to the rural scenario, urban life in China was characterized by residential stability, again, the result of household registration policy. Mutual vigilance was often vigorous, notably during the Cultural Revolution. More importantly, the severe shortage of housing, the result of neglect of urban infrastructure, has the effect of postponing household division (Fei, 1983; Yang, 1988; Ikels, 1990b). Thus many young married couples continued boarding with one set of parents, reinforcing

intergenerational dependence.

Family Functioning in the Pre-reform Decade

In the West, decline in family size and increasing nucleation has been associated with the weakening of family functions through the diminution of internal resources to meet needs and deal with contingencies (Titmuss, 1969). It is difficult to say the same about family transformations in China. First of all, the average household size has shown no dramatic decline in the first thirty years of communist rule. In the three national censuses conducted, the average number of persons per household had been 4.3 (1953), 4.29 (1964) and 4.43 (1983). Only in urban areas had family size decreased appreciably (from 4.66 in 1953 to 3.95 in 1982) (Ma, 1986). Second, despite the trend for more nuclear families and fewer multi-generation and joint households, it is dangerous to infer a dilution of reciprocity. Most elderly persons continued to live with their married children (Liu and Xue, 1987, p.38). Even without co-residence, grown-up children made financial contribution to parents, visited frequently and helped out with chores, (Pan, 1986, p.151).

Mutual help occurred in the reverse direction as well. The older generation were just as likely to assist with housework, minding grandchildren and finance for weddings and major purchase (Yang, 1988). That this was possible was mainly due to family savings and the higher wages of older workers, where, in urban areas, pay was linked to seniority (Davis-Friedmann, 1983; Davis, 1988). In addition, as said before, the shortage of urban housing delayed new household formation. Finally, the lack of social security in rural

areas, inadequate supply of pre-school and social welfare services made the continuation of family care vital for the survival and happiness of individuals (Chen, 1985). Davis-Friedmann, a prominent scholar on family and labour studies in China was right to conclude that "overall, government policies supported stable households and parent-child obligations" (Davis-Friedmann, 1983, p.103).

Welfare Policy and the Family

As my review repeatedly points out, civil affairs aid is highly restrictive. For a long time, the "five guarantee" scheme was practically the only welfare measure for the indigent in rural areas. Its introduction in the mid 1950s served the political end of persuading reluctant peasants to join advanced agricultural cooperatives (1956) and later communes (1957). Through this, the authorities sought to demonstrate that collective agriculture was just as effective, if not better than families in providing for old age and destitution (Davis-Friedmann, 1978). Overtly though the scheme was designed to give help to childless elders, disabled and orphans who had no families, no work ability and no means of livelihood. Family status, or rather the lack of it, was the most decisive qualifying condition. According to local custom, lack of family care was usually interpreted as having no sons; married daughters being regarded as members of their husbands' family and thus not liable. Whatever the motive, because of the scheme's stringency, few people benefitted. Those who did suffered the stigma of charity.

If the granting of wubao was contingent upon absence of family support, family status was relevant in another sense. People facing

hardship from natural disasters, sickness, insufficient labour power and other misfortunes were helped on a family or household rather than individual basis. Similarly, preferential treatment was given to dependants of serving soldiers and martyrs; poor households were known as kunnan hu, both relieved as one unit. In allocating work, rural cadres also gave needy households priority in having one member work in a commune or brigade enterprise, thereby drawing a regular income. Later still, recipients of development aid were designated as fupin hu. The relevance of family and household criteria made escape from domestic duty impossible.

Overall, the state's welfare policy in the countryside was characterised by reliance on the masses and the collective. State aid was restricted to the poorest areas and natural disaster victims. People's needs were first met within families and then the collective. Unlike before, lineage support was no longer possible. With the seizure of lineage property, communes had replaced the extended family group in supplementing resources of the jia.

In the cities, regular relief was reserved for "three-no targets" (sarwu duixiang). Again, the same qualifications applied. Temporary grants were given to whole families. Likewise, CAD-run institutions only admitted destitute people without families. Hence, the family was the first line of defence in resolving difficulties. What was different from rural areas was that the work unit gave greater support to families, hence CAD rules specifically withhold state relief to people with employment ties. To the extent that work unit resources were inadequate, neighbourhood services sprang into action. All these channels must be exhausted before

state aid could be considered.

Although welfare systems in rural and urban areas were organised along different lines (Chow, 1991), they do have common structural features. They are both decentralized, with responsibility devolved to basic institutions of society. The systems also operate in a hierarchical fashion, with clearly defined orders of priority for each agency (Wong, 1986). As long as the family was intact, outside intervention was deemed unnecessary. Charlotte Ikels, writing on the care of disabled elderly in China wryly observed,

"Institutionalization has not been an available alternative for the disabled elderly. While there are homes for the aged, they are by and large for the use of healthy older people who lack families, i.e. the childless elderly. There is an appealing symmetry here - the lack of institutions means family care and family care means no need for institutions." (Ikels, 1991b)

Thus utilitarian familism served as an alternative to public welfare. Then, because of non-supply of social services, family solidarity became more vital and had to be maximized at all cost. The irony is complete when the state resolved to build a "welfare system with Chinese characteristics founded on the fine tradition of mutual care by relatives, friends and neighbours" (Seventh Five Year Plan for Social and Economic Development, 1986-1991; SHBZB, 12 June 1986). The marriage of informal care and formal provisions is to be the hallmark of China's distinct welfare system.

Challenges on the Family

The 1980s has been a period of rapid social change. As said before, the economic reforms drastically altered the structural environment. The demise of communes reinstated the family as a unit

of production. In most places, the resurgence of family enterprise resulted in higher output and better standard of living. For the more capable families, this meant greater ability to meet family obligations. Not so for the losers. What was true for both was that a weaker collective framework increased private burdens. Furthermore, urban migration disrupted family life in many villages. Not surprisingly, women tended to get extra burdens in family care on top of their productive work. In general, the new commodity economy exposed rural families to high economic and social risks, albeit without the support of familiar collective institutions.

In comparison, there was more stability in the urban institutional structure. Nevertheless, changes in the system of employment produced new strains in the form of unemployment, reduced occupational welfare and social security vacuum for larger groups of the urban population, e.g. employees of individual and private enterprises. The relaxation of price controls also produced inflation, an unfamiliar monster, which eroded urban incomes. Employees on fixed wages and those working in poor units were hardest hit.

Besides the reforms, the Chinese family is also facing accelerating changes in its internal structure. Two factors are relevant here - official control of fertility and rapid aging.

The laissez-faire attitude of the state on fertility experienced a fundamental shift under the new reform leadership. In 1979, the government announced the ambitious one-child population policy. The impetus to this draconian measure was the four modernisations. In order to achieve its

projected economic targets, the size of the population has to be controlled within 1.2 billion by the year 2000 (Renmin Ribao, 27 January 1979). The government went about its implementation with much rigour (Wasserstrom 1984; Wong, 1984; Croll, 1987; Davin, 1988) so much so that criticisms of arbitrariness, cruelty and violation of human rights occurred.

Overall, the results have been quite successful. In the cities, most families observed the one child rule. China now has an estimated 50 million only children (Ming Pao, 6 January 1992). In the countryside, enforcement has proved more difficult. The implications for society are worrying. In the cities at least, a four-two-one family pattern (four grandparents, two parents, one child) has emerged. Over the long haul, the new family structure will alter family relationships, worsen the dependency ratio and accentuate the problem of elderly care. In the meantime, government and society fret over the education of only children, likely to grow into spoiled brats because of over-protection and indulgence from doting adults.

The other factor resulted from population aging, a universal demographic experience. In 1964 the percentage of citizens 65 and older was only 3.6 percent. By 1987 it had risen to 5.5 percent (Liu, ZGMZ, May 1989, p.33). The 1990 census put this group at 5.59 percent, a gain of 0.67 percent from the 1982 census (China Statistics, 1991, Issue No.7). If the age of seniority is lowered to 60 inclusive, a more common indicator of age in China, the proportion accounted for 8.59 percent, an increase of 0.96 percent over 8 years (ibid.). The financial implications of the grey

revolution, especially the rising costs of health care and pensions, has been an official worry since the mid 1980s.

From information available, the onslaught of structural transformation, state family policies and demographic change has produced strains in the family. In recent years, a number of family problems have been reported. One concern was the the rising divorce rate. The trigger point seemed to be the 1980 Marriage Law. In the first year of implementation, the percentage of divorce court cases went up from 0.27 to 0.34 per thousand population (Platte, 1988). Pan (1986) also reported that since 1981, the number of divorces increased by 30-80 percent in most areas and doubled in some places. In 1988, official sources gave the divorce rate of 1.2 per thousand population (PRC Yearbook, 1989, p.393). Although still low by international standards, the trend aroused anxiety in a society that puts a premium on marital stability.

Another problem related to illegal marriages. One expressed concern was cohabitation and unlawful unions e.g. underage marriages, unions between close relatives and bigamy (Ming Pao, 20 June 1991; Xia, ZGMZ, April 1989, p.14). In the late 1980s, people marrying before the legal minimum age averaged 15-20 percent; in 1986 alone, this amounted to 6.1 million people (Xia, *ibid*). By 1988, women who married before age 20 accounted for 19.9 percent of the wedding total, up 4.5 percent from 1982 (PRC Yearbook, 1989, p.395). A related effect was above-planned births. In 1985, these stood at 1 million; in 1987, 2.5 million (Tong, ZGMZ, October 1989, p.35) and 8 million in 1988 (PRC Yearbook, 1989, p.397; Ming Pao, 20 June 1991). Such youngsters, dubbed "black children", are potential victims of discrimination. Not legally registered, they

do not qualify for subsidised rations, education, housing and job allocations. Before achieving independence, they are the sole burden of their parents. Thus, despite the effort put into controlling fertility, holding down population growth was difficult. At year end 1990, China had 1,143 million citizens (China Statistics, 1991, Issue No. 3). In all likelihood, the target for 2000 looks doomed as the net increase averages 15 to 17 million per year (Ming Pao, 16 November 1990; Hong Kong Economic Journal, 15 November 1990).

Additional problems have been reported. One related to abandoned babies. The Ministry of Civil Affairs estimated that each year one million babies are abandoned in the country (Ming Pao, 1 June 1990). From what was known, most of these were girls and disabled children, relinquished so that their parents could have another chance of bearing a healthy son (GDMZ, 1991, Issue No. 4, pp.18-19). Stirring much official indignation was the reappearance of abduction and sale of women (Ming Pao, 20 June 1991; Time, November 11, 1991). Likewise, social evils which were eradicated in the 1950s have made a come back. These included prostitution, mercenary marriages, gambling, superstition and drug addiction (Ming Pao, 24 November 1990; Li, GDMZ, 1990, Issue No.2, pp.16-17; ER, 12-18 August 1991, p.7).

In interpreting the above reports, caution is needed. The information has been anecdotal. What's more, Chinese journalism tends to be alarmist in reporting examples of "spiritual pollution". While this undoubtedly reflects official anxiety, outsiders cannot readily gauge their magnitude and seriousness. Under the circumstances, it would be wrong to infer that the

Chinese family is breaking down or facing a serious crisis. Nevertheless, enough information has surfaced to suggest that Chinese familism is under stress. Bearing in mind the heavy dependence on family care, any impairment in family functions exerts additional pressure on the formal welfare system.

Care of the Elderly

Of all the problems affecting the family, none is as worrying as the issue of old age support. In the cities, labour insurance and related expenditures for retirees have risen from 1,730 million yuan in 1978 to 31,330 million yuan in 1989 (CRSAED 1949-1989, p.373) when pensioners increased from 3.14 million to 22.01 million (ibid, p.372). At the same time, the adequacy of pensions has been eroded. This was because pensions were linked to basic wage (60-75 percent), not including bonuses that accounted for some 30 percent of take-home pay. Workers who retired when wages were low, before the 1980s, experience hardship despite getting price subsidies from their work unit and the government. Even when money was not a problem, longevity increased the likelihood of physical dependency. Prolonged care of frail elders was enough to create a family crisis in double-career families (Ikels, 1990a).

The situation was even more critical in the countryside. The number of civil cases involving refusal to support elderly parents has risen sharply (Zhongguo Laonian, 1986, Issue No. 10). More instances of elderly abuse were recorded (ibid). While isolated episodes may not be indicative of general trends, wide publicity indicates social concern. In rural China, aged peasants are not entitled to pensions. The vast majority of the elderly were still

dependent on family support. Welfare provisions remained grossly skeletal. For example, recipients of the "five guarantees" numbered no more than three million among 800 million peasants; institutional services were so limited that only half a million could be housed. The dilution of communal obligation was certainly not a blessing to the needy.

As the country's welfare bureaucracy, the Ministry of Civil Affairs has to wrestle with the problem. A number of strategies have been adopted. First, there were persisting attempts to trumpet the virtue of honouring the aged. Two justifications were invoked. One was the appeal to the authority of tradition. The masses were reminded that caring for aged parents was the key essence of Chinese familism, a strict moral duty (Fei, 1983; Cui, 1986; SHBZB, 29 January 1988; Lu, ZGMZ, May 1988, p.7; Liu, ZGMZ, May 1989, p.34). The second justification was socialist, that old age support was a compensation to the proletariat who devoted their working lifetime to building socialism. Honouring one's parents was the individual contribution to helping society discharge its social obligation (Pan, 1986, p.224).

Another strategy was to enforce legal strictures on family care. The authority of the laws were constantly cited to impose support duties not only on sons but also married daughters. Furthermore, civil affairs cadres have taken the lead to encourage the signing of quasi-legal care contracts between aged peasants, their children and relatives (Yang and Zeng, ZGMZ, October 1990, p.21).

Other administrative innovations have been introduced, as detailed in preceding chapters. These ranged from strengthening

community care, relaxing admission to institutions for needy persons with families and income, experiments with pension schemes and welfare service networks in rural areas to encouraging remarriage of widows and widowers. To underline the responsibility of all sectors of society, the concept of the socialization of welfare was spelt out. In sum, all these measures had the goal of tackling the pragmatic problems of age support. They were also intended to promote new concepts of morality. Nevertheless, by their very nature, official initiatives amounted to partial answers of very complex problems. The chance is slim that they can arrest the cause even if they can relieve the symptoms when the basic issue is family adaptation to social change.

Within the civil affairs system, there were two schools of thought on old age security. One view was that family care should be the primary (wei zhu) way of dealing with age support; all other bureaucratic measures were supplementary (wei fu). As a result, everything possible must be done to shore up the family. The second view was more progressive, namely that weakening of family functions was inevitable under the influence of modernization and urbanization. Hence society should speed up the formalization of social security (Liu, in ZGMZ, May 1989, p.33). By and large, it was the first view that carried the day. In the Forum on Social Security organized by the MCA in 1988 (reported in SHZHB, 29 January 1988), Minister Cui Naifu summarized the consensus of participants as follows,

"Our country must emphasize the function of the family in building up our social security system. Family care is more voluntary and effective than care by any special agency. If family issues are handled well, this can alleviate pressures on society. If handled badly, societal burdens will be aggravated." (Tansuo, 1989, p.128).

Conclusion

In China, the family functions as a social support system that mediates between need and bureaucratic intervention. There was almost a blind faith in the omnipotence of the family in meeting welfare needs of individual members. In the sphere of direct welfare and relief, the availability of family support disqualifies people from communal and state assistance. Every effort has been made to preserve the tradition of family reciprocity. However, on closer examination, communist commitment to the family has been at best ambivalent and at worst exploitative (Chow, 1991). Government policies are multi-dimensional. They include measures of direct attack, reform, legal prescription, propaganda, glorification of cultural virtues as well as actual support. Overall, the attitude towards Chinese familism has been one of tolerance rather than whole-hearted celebration. Nevertheless, official desire to maintain family integrity has been unwavering. The state believes that is the clue to individual happiness; it also relieves the state of its welfare burdens.

In the above analysis, the most striking discovery was the intimate relationship between the family, government policies and the institutional framework. Decades of socialism have impinged on the way that needs are met within families and in society. The element of continuity was also important. The cultural legacy furnished the social-psychological foundation of an approach to welfare based on family responsibility and localism.

In the last decade, it was apparent that the process of economic change, demographic evolution and state intervention has produced unsettling effects on the family. Even though the state

still clings to a policy of relying on utilitarian familism as the core agency of social care, its avowed aim of socializing welfare responsibilities does not offer the right remedy to problems encountered by the Chinese family. So far, the authorities have steadfastly equated personal welfare with family welfare. This may be correct in most situations: people are happier living in families where their need for love and security is answered in a family group. Whether it is right to treat family interest as synonymous with individual interest remains to be seen. In a modernizing society, the ascendancy of individualism has been the lesson of the West. As individuals demand more freedom for themselves as persons, they may relish the family bond but reject its bondage of mutual obligations. This may well be the shape of things to come for China. What will happen if individuals rebel against traditions and official strictures? If that happens, the family cannot be the expedient tool that it has been for the last forty years. It appears that the state is not yet ready to face up to this eventuality.

CHAPTER TEN

THE COLLECTIVE CANOPY

Introduction

In a capitalist society, one's occupation is the main determinant of income and life chances. Remuneration is tied to the marketability of one's skills. The remuneration package among employees is also marked by inequality. It is in the statutory social services that entitlement is supposedly equal, consistent and determined along need and citizenship criteria (Titmuss, 1958; Marshall, 1950). For these reasons, the potential role of employers as an instrument of social policy was neglected. Since the oil crisis in the mid 1970s, the bias of state welfarism has been recognized (Higgins, 1986). The 1980s saw counter trends in the form of neo-conservatism and corporatism (Mishra, 1990). Many realized that welfare provided in the occupational system, as in Japan, was an integral part of the social wage and a genuine alternative to state services (Rose, 1986). Nowadays, pluralist arrangements for welfare are accepted as a more realistic option in even advanced welfare states (Pinker, 1991a).

In socialist societies, work-based distribution rather than market allocation determines one's ultimate entitlement to welfare. In China, goods and services channeled through the unit of production -- the collective -- is of paramount importance. However, human geography is also vital. One's place at birth, in either village or city, crucially affects one's life placement. Then, one's attachment to different types of enterprise brings

differential rewards. Horizontal inequalities in welfare notwithstanding, within the collective unit, distribution is highly egalitarian. The all-embracing nature of the collective canopy also makes minimal state welfare tolerable to the vast majority of citizens. Hence this reduces state involvement in social service funding and administration. Furthermore, communal amenities buttress the resources of families in meeting needs.

In this chapter, the role of the collective in welfare will be analysed in depth. It is argued that since welfare responsibilities are decentralized to the unit of production, a limited state role in direct welfare matters becomes feasible. To begin with, I shall trace the etymology of the collective concept and clarify its meaning. Second, I shall examine its sociological significance. This is followed by a finer delineation of its welfare role. The conclusion is that as long as the collective framework remains intact, demands for state services are kept to the minimum. Conversely, the erosion of this premise requires compensatory provisions. The fourth part analyses the effects of the economic reforms. In the countryside, the demise of communes created a welfare crisis; in the cities, reforms in the enterprise structure altered a hitherto self-sufficient system. Such pressures led to repercussions in the civil affairs systems, whose responses are analysed and assessed. Finally, a conclusion on the close relationship between production, distribution and consumption is drawn with reference to the narrow approach of welfare.

Etymology

Marx believes that private ownership is the source of oppression

because of its monopolistic and exploitative nature. Nothing short of its replacement by public ownership can usher in a new socialist order (Manifesto of the Communist Party, 1968). The collective is an economic organization based on socialist public ownership. In the history of Chinese socialism, the meaning of the term "collective" experienced several twists and turns. Its exact content in rural and urban areas is not the same. Because of its nebulous nature, an examination of its etymology is essential.

When the Chinese Communist Party began its struggle, Mao realized that the peasantry, rather than the urban proletariat was the class that would sustain and ultimately accomplish China's revolution. Party power was first consolidated in villages with the setting up of peasant "soviets" or councils as a form of government in its early (Kiangxi) period (1927-1934). After the fanning of class hatred, the party eliminated landlords and redistributed land confiscated from them to poor peasants. To promote more socialist production, they started to organize cooperatives in villages and hamlets from the early 1930s. However, these structures were short-lived; they collapsed when soviets fell after defeat by the Nationalists (Schurmann, 1970).¹

The communists perfected their techniques of rural organization during the Yen-an period (1937-1946). Using the natural village as base, they built upon existing informal labour sharing arrangements (among relatives and friends) to pool labour and animals together to form more permanent mutual aid organizations. The cultivation

¹ For a full description of the cooperative and collective movements, see Franz Schurmann, Ideology and Organisation in Communist China, Berkeley and Los Angeles: University of Calif., 1970.

and promotion of village leaders to become cadres also solidarized the masses because they were working among people they knew and trusted. In time, mutual aid teams became identified with units of the people's militia. So, war, like work, was integrated into the pattern of rural life in the early form of collective organizations.

After the revolution, the regime's first task was to overturn existing economic relations. In the rural areas, land reform preceded attempts to socialize economic assets. Land was redistributed to land-deficient households. Private possession of land (along with draft animals and implements) lasted a few years only. In 1953-1956, village policy turned to co-operativization. The drive started by the creation of mutual aid teams and quickly progressed to agricultural producers co-operatives (APCs) and then advanced APCs (Schurmann, 1970; Vogel, 1980). The difference between the two forms of APCs is that in the elementary type, land was amalgamated but still privately held while in advanced APCs, there was complete socialization of peasant property and joining of smaller APCs into larger units covering an entire village. Some writers have used the word "co-operative" to designate the first-stage APC and the word "collective" to refer to the more advanced type (Schurmann, 1970, p.454). By the middle of 1957, 96 percent of peasant households had joined the advanced APCs (ibid).

More radical transformation came in 1958 when people's communes were launched. The conditions for an instant conversion into full communal ownership were considered ripe. No doubt the success of the First Five Year Plan also prompted feelings of urgency and the following assessment:

"As long as production materials such as forests, fruit trees, houses, sheep, small plots of land were still under private ownership, it was impossible to carry out unified planning and unified use, something which affected the development of production and construction. Private ownership of these production materials and small collectivity ownership (the small APCs) came into contradiction with productive forces which since the Great Leap Forward have demanded development. The setting up of a people's commune was the best way of resolving these contradictions." (Renmin Ribao, 13 January 1958)

The life of people's communes was to span over twenty years. From 1958 until 1983, rural Chinese society was organized in a three-tiered structure (commune — production brigade — production team). Except for brief spells, the production team, based in the natural village or hamlet was the accounting unit. Under this system, property ownership was corporatized. Farm households lost their economic sovereignty. Instead individuals became members of collectives which provided for all their material requirements. Consumption as well as distribution was shared on a more or less egalitarian basis. In the event, people's communes came to be regarded as "multi-functional units for production, consumption, residence, social services, and development entrepreneurship" (Shue, 1988, p.60).

In the cities, socialist transformation or shehui zhuyi gaizao, the transfer of economic ownership from private to public hands, took place at about the same time as rural collectivization. The change agenda consisted of a number of stages in which the scale of ownership gradually expanded from smaller to larger co-operatives until they were owned by "all the people", that is, by the state (Vogel, 1969, pp.125-26).

Whyte and Parish (1984) summarize the process succinctly. Immediately after 1949, large firms controlled by the Nationalist government and its leading figures, foreign-owned firms and vital enterprises like banks, utilities and trading companies were taken into the state sector. Private capitalism was tolerated for a while. Then starting in 1955, the campaign to socialize the urban economy began. First, the remaining capitalists were squeezed to relinquish control of their enterprises and turn the units into "joint state-private firms", which were later nationalized. Then, during 1956-1958, the authorities tried to organize all of the small peddlers, shopkeepers, repair personnel and handicraft workers into "collective enterprises". Additionally, in the late 1950s, the collective sector was swollen by the incorporation of small-scale neighbourhood industries which mopped up previously unemployed persons (e.g. women) (Lockett, 1988; Chen, 1988). Before the decade ended, the transformation of the urban economy was complete.

The distinction between state and collective-owned units was fuzzy. Both have public, as against private, ownership. Until the late 1970s, the state sector dominated the urban economy, employing some 75 percent of the urban labour force. Both ownership and control rested with the state, which supplied all the plans, raw materials, marketing and management input and co-ordinated their production under the state plan. Meanwhile collectives were supposed to be responsible for their own profits and loss. In theory, ownership belonged to the people who worked in them; in practice, big collectives were run like state firms and only small units operated under a self-sufficient mode. Under Maoist thinking,

the collective sector was regarded as inferior to the state economy and transitional in nature. Indeed, some collective units were merged and taken into the state system before 1978.

With the abolition of private ownership, the state took up the responsibility of central planning, enterprise management and pricing. As a corollary, the onus of finding work for the urban population also passed to state labour bureaux. As discussed in Chapter Eight, to resolve the issue of economic and social welfare, the state's policy has been to graft it onto the work system. Regarding distribution, citizens have to earn their reward through work. However, once engaged, workers enjoy life tenure. They then stand under a collective umbrella; their wellbeing becomes inseparable from that of their work unit.

The process of tracing the evolution of rural and urban collective institutions unravels a string of lexicons -- rural co-operatives, communes, urban state enterprises and collective units. While the origins and meanings of these terms differ slightly, they share three things in common. First, they are all units of economic production marked by advancing progress to public, as against private, ownership. Second, their members depend on them totally for their life needs. Third, the relationship between individuals and collectives on the one hand, and that between collectives and the state on the other is marked by contradiction.

Elaboration of the last point is found in two speeches by Mao. In his 1956 speech "On the Ten Major Relationships", Mao stressed the importance of balancing tripartite interests.

"The relationship between the state on the one hand and factories and agricultural co-operatives on the other and the relationship between factories and agricultural co-operatives on the one hand and the producers on the other should both be handled well. To this end we should consider not just one side but all three, the state, the collective and the individual." (Selected Works, Volume V, 1977, p.299)

Furthermore, in "Correct Handling of Contradictions Among the People" (1957), Mao identified two basic contradictions affecting the peasantry in economic terms. One was between accumulation and consumption. The other was between the state and the co-operatives over the allocation of savings (Selected Works, Volume V, 1977; also, Schurmann, 1970, p.92). In the first area, the peasants sacrificed consumption so that industry could accumulate capital for development. The second contradiction arose from the fact that the state and the collective competed for savings — the state to re-invest peasants' surplus in industry and the cooperative to reinvest in domestic production (ibid). The second conflict gave rise to peasant grievance. Although Chinese farmers were not exploited to the same extent as their Soviet counterparts (Parish and Whyte, 1978; Schurmann, 1970), their lot was markedly inferior to urban residents. All along, they did not enjoy subsidized grain, municipal amenities and the generous perks from urban work units. They could not move domicile to urban areas because of the household registration policy in force since 1957 (Siu, 1990). Although both rural and urban folk had recourse to a collective umbrella, the quality of the shade was not the same.

Sociological Analysis of the Collective

The ubiquity of the collective is a distinct hallmark of Chinese

socialist society. Mediating between individuals, the state and the wider society, collectives occupy the central ground as an intermediate social organization. No citizen is immune from its influence. Indeed membership is the key to personal survival.

The Chinese rural social structure is typified by what Vivienne Shue (1988) calls a "honeycomb" pattern. The constituent parts, the people's communes form discrete, cell-like units. The three-layer system — teams, brigades and communes — coincided with natural villages (cun), administrative villages (xiang) and marketing areas (zhen) long familiar to rural residents (Skinner, 1971; Parish and Whyte, 1978; Shue, 1988). Without interruption to existing residential, social and economic relationships, solidarity of neighbourhoods was enhanced by a number of measures. First, rural cadres were predominantly recruited from the local people, who were sensitive to local feelings and interests and were ready to defend them against outsiders (Madsen, 1984; Shue, 1988). Second, communes were explicitly conceived as highly self-contained entities, in which economic life, social intercourse and political authority were fused in a single, comprehensive organization. Production, investment and distribution was internally organized. Furthermore, the Maoist principle of local self-reliance enjoins dependency on the state and emulation of other places. Third, their relationships with the outside world were circumscribed. Although communes were bounded by production quotas and other demands sent down from county authorities, they had few horizontal dealings with other units. Furthermore, curtailment of occupational and residential mobility bound the peasant firmly to his roots. All in all, villages were full communities (gemeinschaft) in the sociological sense.

If communes were distinguished by relative independence from state interference and self-containment, this was not true of urban collectives. In cities, the state is omnipotent; its control over all aspects of enterprise functioning is tight. Walder, in his seminal work Communist Neo-traditionalism: Work and Authority in Chinese Industry (1986) identifies "organized dependence" and "institutional culture" as the two institutional features of Chinese industry, which are also typical of the organizational life of other urban work units. The first refers to the ways in which workers are dependent economically on their enterprises, politically on the party and management, and personally on supervisors. Regarding the second feature, the major manifestations are compliance secured by authority and incentives, patron-client relations between superior and subordinates (wherein derives the concept of neo-traditionalism) and instrumental and exchange ties between colleagues. Because of these features, the work unit is more than an agent of production and distribution. It is also an arm of government and the administrative parent of its employees. Individuals are so completely subsumed under the collective that their very identity cannot be separated from their danwei.

Other writers have coined different terms to refer to the same phenomenon. Lu Feng (1989) labels the urban collective system as "work unit system", danwei zhidu. His analysis of the nature of the work unit is in harmony with Walder's. He further points out the negative effects. For example, total subjugation of workers to the will of their danwei negates their individuality and freedom. Work units can also become little kingdoms, acting against state interest by abusing and hoarding valuable assets. For society as

a whole, the fusion of economic, social and political functions is detrimental to a sensible division of labour and the pursuit of economic efficiency. Another terminological contribution comes from Brantly Womack who designates similar patterns as "work unit socialism", danwei shehui zhuyi (Womack, 1991). A key feature is that within enterprises, there are strong elements of voluntaristic and cooperative power relations, not just bald coercion of workers. However, in its external relations, there is often a tension between state authority and the danwei.

In summary, the above analyses converge on three points. First, collectives, whether rural or urban, are the building blocks of the institutional structure. Their universality means that all Chinese citizens are enveloped in them. Second, they are multi-purpose organizations with a wide mandate. They not only complete economic tasks for the state, they are also instruments of administration and natural communities. Third, membership results in personal gains and costs. While personal autonomy is sacrificed, individuals derive substantial economic and social benefits from the association. As such, an element of exchange is involved when both care and control characterise the relationship (Wong, 1986).

The Welfare Role of Collectives

Collectives have been China's welfare instrument par excellence. In the proletarian state, agricultural and industrial workers become masters and owners of the means of production, rather than exploited employees. Naturally the satisfaction of their needs is a public duty. The deliberate fusion of work and welfare rests on the notion of the sanctity of labour: work is liberating and ennobling.

It is also related to the socialist principle of fair distribution. Essentially merit-based, welfare is not a right from birth but something to be earned (Dixon, 1981). In the period under Mao, distribution for the Chinese masses was basically egalitarian, consumption was protected and livelihood was secure.

Communes and urban collectives have different reward structures. Under the commune system, the first collective contribution to welfare were benefits stemming from the pooling of risks. Unlike private cultivation, peasants were protected from such vicissitudes as bad weather, poor harvest, natural disasters and deprivation arising from differential abilities. Secondly, communes with power to dispose of incomes could balance rewards according to effort without neglecting basic needs. Thus households not earning enough "work point grain" were entitled to per capita allocations which guaranteed subsistence (Parish and Whyte, 1978; Croll, 1987). Thirdly, collective withholdings in the form of welfare fund, gong yi jin and public accumulation fund, gong ji jin paid for common requirements. The former covered entertainment, medical expenses, education fees, childcare costs and aid to the destitute (Davis-Friedmann, 1978); the latter provided reserves for public works and production needs (Parish and Whyte, 1978).

Naturally, there are pros and cons of such a system. On the negative side, it "stunted incentives, misallocated resources and held back personal incomes by putting household economic activities in a strait-jacket of collectivism". Contrariwise, it gave each rural family a measure of material security via the common rice bowl (Hussain, 1989).

From the description in previous chapters, communal welfare arrangements should be familiar. These included the "five guarantees", relief to hardship households, disaster relief and aid to veterans. Admittedly, access was carefully guarded and benefit levels miserly. Long-term relief was particularly hard to get. The "five guarantees" were granted only to destitute persons without families and work ability after meticulous screening by neighbours. Indeed, the rules were so stringent and the stigma so strong that the scheme functioned more by way of preventing abuse than a means of eliminating household poverty (Davis-Friedmann, 1978; Hussain, 1989). Because services were funded and operated locally, standards and scope of amenities also differed widely between areas. Nevertheless, the conditions giving rise to destitution in the countryside are dealt with, albeit at subsistence levels. This is not a mean feat for an agrarian nation.

Other social provisions financed from the agricultural surplus included health and education projects. Wide availability of primary and junior middle schools at brigade and commune levels improved education attainment of rural children. Even more impressive were achievements in health care. A delivery model making use of widely dispersed health stations, bare-foot doctors (paramedics with elementary training to treat simple illnesses and carry out preventive procedures) and collective insurance won wide acclaim as a viable paradigm for health care in developing nations (World Bank, 1985). Consequently, China's infant mortality, life expectancy, and morbidity patterns were more typical of a middle-income country than one with China's income (Davis, 1989).

If rural residents ate from an iron rice bowl, the utensil of

their urban peers must be made of stainless steel. What's more, this bowl is much bigger, better designed and holds more enviable contents.

The danwei system, prevalent only in Chinese cities, gives a degree of security unattainable even to employees in the most advanced welfare states. First, there is no danger of losing one's job. Then, the danwei provides a full range of benefits in kind and in cash. These include labour insurance ¹, collective welfare provisions, and goods and subsidies allocated by the state.

Labour insurance was set up under the Labour Insurance Regulations of 1951 and 1953. Initially confined to industrial workers in the state sector, coverage was extended to employees in tertiary occupations in 1956 (Dangdai, p.307). Meanwhile employees in state and party organizations were covered in a separate but comparable scheme through regulations issued in 1950, 1952 and 1955.² Regarding eligibility, the stipulated benefits are only mandatory for workers in state-owned enterprises and civil servants. By and large, big collectives are able to implement all or most of the provisions on a voluntary basis. Meanwhile small collective units (for example, street enterprises) can only afford partial coverage (Whyte and Parish, 1984; Lockett, 1988; Friedmann, 1988).

¹ For detail description of labour insurance, see Dangdai, 1987. Other useful references are Nelson Chow, The Administration and Financing of Social Security in China, 1988; Wang Junzhe, Laodong Guanli, 1987; and State Council, Fagui Huibian, Laodong Renshi Juan 1949-1985, 1986. See also Appendix 2.

² These are the 1950 Temporary Regulations on Relief for Injuries and Death for Revolutionary Workers, 1952 Instructions Governing the Implementation of State-funded Medical Treatment and Prevention Procedures (Gongfei Yiliao Yufang Zuoshi), and 1955 Temporary Regulations on Handling Retirement of Government Workers.

Also relevant was employment status. Only tenured workers enjoyed the full range of labour insurance benefits. Discriminated against are seasonal workers, temporary workers and contract workers recruited from the countryside (Whyte and Parish, 1984; Blecher, 1984; Davis, 1988). Such personnel receive inferior pay, no pension and little by way of job security.

There are three remarkable features about labour insurance for the urban work force. First, it offers comprehensive benefits. The range includes sickness, invalidity, maternity, medical care, pensions and survivors benefits. Second, provision standards are generous. For example, pensions (qualifying age of 60 for men and 55 for women) are between 60-75 percent of basic wage (minimum 10 years service); workers' dependents are eligible for 50 percent of medical expenses. Third, they are non-contributory, that is funded by the enterprise. These attainments make the scheme comparable to the most advanced social security systems in the West. Some scholars feel they are above what China can afford (Chow, 1988; Zhao and Yang, 1988).

As for direct company-run services, these are discretionary provisions. Called "collective welfare facilities", jiti fuli zuoshi, the offerings can include dormitories, nurseries, canteens, clinics, libraries, bath houses, schools, shops and so on (Dangdai, 1987). Amenities in kind can amount to some 30 to 50 percent of the cash wage. What's more, these perks, like labour insurance, are funded entirely by the work unit. However, large variations prevail between units. In general, large state enterprises and powerful state bureaux provide the best facilities. For people who work in them, the danwei is self-contained in welfare terms. Only workers

in poor units need supplementation from neighbourhood facilities.

In addition, the work unit also distributes a host of cash subsidies and items to augment employee income and compensate for price hikes. The range of subsidies is mind-boggling -- grain, oil, meat, clothing, fuel, daily commuting, family visiting, haircuts, nutritious food items for different seasons, hardship allowances etc. Most of these are state-supplied and work units act as the distribution agent. Some are largesse of the danwei to beat the strait-jacket of official wage rates. In the past, when commodity markets were underdeveloped, scarce commodities like consumer durables and tickets to sports events and cultural performances were distributed through work units. As the coveted items were not enough for all, it was not surprising that competition gave rise to the use of guanxi (personal connections) with management and peers (Walder, 1986).

The enumeration above plainly shows the pampered treatment obtained through the work unit. In general, enterprise welfare served a number of functions. First, it increased the standard of living of urbanites whose nominal incomes were low. This put flesh on the government's "low wage, high welfare" (di gongzi, gao fuli) policy. Second, by making work units responsible for the welfare of their employees, the state's burden was alleviated. As a result, the state could concentrate on other tasks of nation-building like economic development and political work. Third, it reduced the scope for direct welfare relief. In terms of civil affairs aid, since work units have acted as the front-line help station, comparatively few needed to fall back on state charity. In fact civil affairs regulation specifically forbids relief to people

belonging to work units (Faqui Xuanbian, 1986, p.256).

At the same time, there were unwelcome effects. One was that reliance on enterprise welfare obstructed the development of professional social services. Many collective programmes tended to make use of unskilled personnel; improvement in service standards became difficult (Lu, 1989). Then, there were problems of waste and heavy expenditure, which ultimately had to be picked up by the state. More importantly, there were implications for equality. Variations in range and quality arose from ownership types, enterprise assets and employment status. An even wider cleavage divided the lot of peasants and workers. The more generous the benefits opened to urban workers, the greater the injustice for rural residents. This contradiction was a grave affront to socialist equity.

The Reform Challenge

The death of the commune system meant a drastic alteration in the rural institutional framework. Since 1984, collective cultivation has been replaced by family farming and private entrepreneurship. In most areas, the local collective, the village, has been stripped of common assets. The exception is in places where rural industries flourish; such enterprises usually remain in public ownership (Oi, 1990). When the rural economic system operates more on the rules of the market, peasant households have to handle risks on their own.

Of immediate concern to civil affairs was the question of responsibility for welfare. It was true that rural welfare was none too generous to begin with. Since the reforms began, vulnerable groups have been left to the mercy of fellow villagers who were

now more conscious of the cost and benefits of facing up to their communal burden. For a few years, the "five guarantee" scheme stood on the verge of collapse because peasants were reluctant or unable to pay welfare levies. Civil affairs agencies had to work with local communities to find other sources of funding and running programmes. As recent experience shows, the Ministry of Civil Affairs is fast becoming, or at least, aspires to become the Ministry of Rural Social Security (Hussain, 1989).

Ironically, one of the "solutions" was to have villages play a bigger part in social care. As discussed in Chapter Five, during the last decade, local contributions have increased faster than state input. The most important reason was diminution of state capacity. The policy to decentralize authority from the centre to the periphery weakened government powers in correcting regional imbalance and instances of social neglect. Up to now, the vast majority of the rural population is still uncovered by social security. The challenge is the more daunting under the circumstances of rapid aging, urban migration and weakening of family ties.

Other experiments have been conducted. The foremost was development aid. Fupin was designed to alleviate rural poverty when different ability in risk-taking widened income inequalities among households. In general, the problem of rural poverty could be better tackled in the context of rising prosperity, for instance from higher incentives and greater efficiency in private cultivation as well as rural industrialization. Places earning more resources could better finance assistance schemes. However, in the case of fupin, limits were easily reached. Poor areas needed help

most but could not get more aid from the state. More significantly, the programme involved little additional state input since it was resourced from the disaster relief allocations. In the event, diverting money from disaster relief meant that fewer victims of the elements could receive help (reference Chapter Five). In addition, there was the neglect of infrastructure maintenance. As the catastrophe of the East China floods during May to July 1991 shows, failure to maintain dykes, dams, irrigation projects and protect soil erosion enhances peasant vulnerability to natural disasters (Wide Angle Magazine, 16 August 1991; Contemporary Magazine, 15 August 1991).¹

Pilot attempts in building rural social welfare networks, viz. old age homes, employment schemes for the handicapped, veterans and poor households, credit unions, social security funds etc. were targeted at the survival needs of the indigent. Nevertheless most rest on a shaky financial base of a precarious local economy. Many of the more progressive projects like insurance and pension schemes are still "experimental" (shidian) and unaffordable to poor communities. In a nutshell, rural social security is distinguished by its absence.

The urban collective landscape has not changed as much. Nevertheless, the ground rules under which urban enterprises operate have been tampered. The need to introduce reforms in the

¹ Torrential rains falling between May to early August 1991 caused severe flooding in eighteen provinces on both banks of the Yangtse River. According to official Chinese estimates, disaster victims numbered 86 million, more than two million houses collapsed, grain loss amounted to several billion kilos and immediate economic damage totalled more than 47.5 billion yuan. Besides abnormal weather, an equally important cause of the flooding was neglect of water works and the ecological system.

enterprise system stemmed from its perceived defects — lack of incentive, inefficiency, waste, high costs of employee welfare, overstaffing, little labour mobility ("Decision of the CPC Central Committee on China's Economic Structure Reform", 1984; Yuan Qihui, 1986; He, 1986; Geige He Wanshan Woguo de Shehui Baozhang Zhidu, 1988). Therefore official policies concentrated on invigorating enterprises so that they could become independent, competitive and profitable. From 1983 onwards, enterprises have been given more autonomy. They now have the power to select employees, fire the recalcitrant, hire on contract, lay off redundant staff and have more say in determining wages, bonuses and welfare.

The repercussions on their employees were obvious. First, they were exposed to the danger of unemployment. Workers losing their jobs stood to lose the entire occupational package. Although unemployment relief was introduced in 1986, the benefit was meagre and only short-term. Second, work units had attempted to cut welfare benefits, especially health costs. Administrative measures included requiring co-payment from employees, restricting the use of expensive drugs, making special arrangements with clinics and hospitals (instead of reimbursing receipts) and paying fixed sums to each worker to cover his/her medical expenses (Geige He Wanshan Woguo de Shehui Baozhang Zhidu, 1988, pp.83-85; Zhongguo Jingji Gaige Shinian, 1988, p.539; Ikels, 1990a; Philips, 1990). Third, employees in darweis near bankruptcy were badly hit. Unable to get additional funds from their parent bureaux (most plant management have signed responsibility contracts restricting their rights and duties), some had difficulty paying wages, much less medical bills and pensions. Finally, the darwei system was becoming irrelevant to

larger numbers of the urban population -- people who worked for themselves and private enterprises and those on temporary and piece work. This was the inevitable result of diversifying the ownership structure.

To better align the social security system to the needs of the economy, a number of policies have been pursued. One was the reform of funding. Relevant measures included centralization of pension funds, introduction of unemployment insurance and employee contribution (reference Chapter Four). Another was to encourage private insurance, especially among individual workers who made higher earnings. Yet another was to create new organization. "Socialized" agencies or companies (city-wide or in particular occupational systems) have been set up to administer pensions and unemployment insurance. Similarly, the civil affairs system was asked to step up welfare provision to reduce the burden of enterprises.

The MCA welcomed the challenge as a golden chance to assert its usefulness. Chapter Five details its many endeavours. First, there was cautious expansion of statutory services. Furthermore, access to CAD facilities were widened. Now needy persons who have families and work units are not excluded; outpatient treatment on a payment for service basis and admission of self-finance residents are possible. However, the institutional capacity of CADs remains limited. Consequently, urban neighbourhoods have been drafted for the job, the rationale being that they offer services that are cheap, flexible and sensitive to local needs. This was not new of course. Community social care has always played a supplemental role to enterprise welfare in urban areas. The difference was the vigour

with which CADs propagandized and fostered such developments. Nevertheless, with few fresh funds and little human capital to inject, high expectations on community care are unwarranted. Variations in local resolve and ability are bound to produce unequal outcomes.

Conclusion

For the vast majority of Chinese citizens, welfare was intimately bound up with their collective. Before the reform, the commune system furnished collective protection against common hardship, albeit at a very basic level. Urbanites fared much better, then as well as now. For them, civil affairs aid was completely irrelevant because the work unit system provided a better cushion. Indeed, the complete fusion of work and welfare was a unique feature of Chinese social life. As it was, workers surrendering their personal independence to the dictate of the management, the party unit and the state were compensated by unprecedented economic and social security. Occupational benefits became "carrots": they maximized compliance, softened resistance and increased employee loyalty. The power of the Chinese danwei was the more compelling because until recently, exit was impossible. It was more omnipotent than enterprises in other socialist countries (Walder, 1986). In a similar vein, big Japanese firms may offer as many perks. However they do not control the private and political life of their employees.

The use of collectives as a welfare instrument had other social implications. One was the effect on stratification. Residential and employment status gave rise to unequal access to goods and

services. Another area affected was personal space. When collectives constituted communities, the boundary between the public and private domain became hard to draw. The result may be unchecked interference with private life. Third, there were impacts on human relationships. Within the collective, peer relations could be both intimate and tense; mutual aid and mutual suspicion existed alongside each other. Nevertheless, for the country as a whole, governance was facilitated because collectives acted as a state instrument to keep individuals in line.

The onslaught of the economic reforms upset the cosy pattern. When the collective was either overturned (as in the countryside) or strained (as in urban areas), pre-existing welfare arrangements stood in need of replacement or augmentation. On the policy level, the state advanced the concept of complementarity, namely commensurate policy packages have to accommodate and support each other. In concrete terms, what was required was that "backward" social policies catch up with economic policies (Sixth Five Year Plan), the obvious assumption being that the former served the cause of economic development. Of relevance to the "narrow" approach of welfare, civil affairs agencies were also asked to play their part. Despite the best of intentions, reforms in special welfare only made small inroads in the bigger question of social security. The gap was more glaring in the countryside. In a way, this is not unexpected: nothing short of a complete overhaul of the structure of work, distribution and occupational welfare can provide the solution to universal social care.

CHAPTER ELEVEN

CONCLUSION

The Ministry of Civil Affairs in China and its subsidiary apparatus must be a very strange organization by the standards of welfare bureaucracies elsewhere. First of all, it is such a bizarre hybrid. Although welfare has always been its major mission, its brief includes such curious duties as oversight for funeral parlours, place names and society registration. Second, this system presides over both formal and informal care networks. Thus, on the one hand, there are programmes run by state agencies according to official rules; on the other, there are loosely constructed mutual aid services run on a voluntary basis by local communities. Third, its fortunes have been so tortuous. Not only have civil affairs agencies survived waves of service expansion, contraction and administrative restructuring, they have also gone through death and rebirth. What lessons can we draw from this strange saga?

I shall conclude this thesis by summarizing four themes that emerged from the current study. First, what does the MCA case study tell us about social welfare in China? Second, through analysing its welfare institutions, can anything be learnt about Chinese society? Third, what are the dynamic linkages between welfare and Chinese socialism? Fourth, what contribution can this study make towards social welfare theory?

Characteristics of Social Welfare in China

As has been amply demonstrated, civil affairs welfare reflects a

residual approach to social care underscored by a narrow conception of welfare. This has manifested itself as programmes of social amelioration for groups in society who lack the ability for unassisted living. If we make use of the four parameters of social programming proposed by Bruce Gates (1980) -- who gets what, how are services delivered and how are they financed -- we can draw the following conclusions. First, eligibility is tightly controlled -- only the "three-nos", hardship households, dependants of soldiers and martyrs, disaster victims, the disabled, aged, orphans and homeless persons qualify for sustained help. In other words, the major targets are persons who have no families and work potential, the two major claims of social protection in Chinese society. Second, when aid is indeed given, it usually comes by way of in-kind services and material relief, both at very basic levels. In the 1980s, there have been dedicated attempts to raise professionalism in the larger state facilities. However, local programmes vary widely in service scope and quality. Third, the policy implementation system is made up of state agencies at different tiers as well as grassroots organizations. Its complexity and unwieldiness means that the ministry has considerable problems with the exercise of authority, coordination and control. Because resources were short, benefits were offered grudgingly, stingily and with a strong dose of stigma. Fourth, financial arrangements are equally chaotic. As state resources are minimal, communities are asked to pick up the major expense. For example, in the absence of state guarantees for a right to subsistence, derived from a national poverty line and a uniform social assistance programme, aid is granted on a discretionary basis and self-reliance is

elevated to become a grand doctrine. Hence individuals, families and neighbourhoods practiced self help and mutual help, tailored aid according to their means and used whatever methods to harness resources instead of descending on the state treasury. The solemnity of Constitutional rights notwithstanding, civil affairs welfare denoted charity rather than entitlement.

Civil affairs departments do not operate in a vacuum. As a matter of fact, they are not the only agencies dispensing welfare in contemporary China. In the wider society, there is another structure of social amenities catering to ordinary citizens. This is underlaid by a host of societal policies related to universal employment, incomes equalization, price control, enterprise subsidies, regulation of urban-rural trade and central planning of the economy. Working in concert are various ministries, local state agencies, communes and enterprises. In terms of budgetary importance, this care network completely overshadows the civil affairs programmes.

Homogeneity does not characterize the wider system. Among independent citizens, urban residents are consistently favoured, especially government employees and workers in urban state industries. This brings to mind the notion of socialist elites. For these, the model of welfare is a mixture of institutional and structural arrangements. Regrettably such treatment is not available to rural dwellers. For them benefits and amenities remain mean and skeletal, much of which is locally provided. Although it can be argued that discrimination against peasants, the unemployed and marginal groups are quite common in developing countries (MacPherson, 1982), such stratification in a state that professes

communist ideals of egalitarianism and fraternity is inherently unacceptable. To the extent that China insists on its own road to socialism, it must be pointed out its welfare system is a dual model marked by diversity and inequality. At the very least, there are two welfare regimes, one broad and one narrow, designed for the working and nonworking populations. Even for the former, residential or class membership (peasant or worker) forms the basic social divide in welfare.

In Chapters Seven to Ten, I have analysed in depth the factors that operated to keep civil affairs welfare in its lowly place. Here I shall confine myself to a brief recapitulation.

First of all, a limited role for direct state involvement in welfare and relief was the result of the state's welfare ideology and growth model. For Chinese communists, civil affairs welfare fell into the arena of non-productive consumption and as such contravened the socialist principle of distribution according to work before the advent of communist society. Because of its commitment to rapid growth, like socialist states elsewhere, the state temporarily eschewed equality goals in favour of efficiency (Pairault, 1988; McAuley, 1991). This emphasis was more pronounced in the reform era when the consuming ethos was expressed in the four modernizations. Under the quest for prosperity, social policies received attention only insofar as they facilitated economic development. At the same time, central government's ability to extend and improve welfare aid was held back by dire constraints — budgetary deficits, insubordination of local authorities and organizational deficiencies of civil affairs agencies. As a result, welfare pluralism was embraced with a

vengeance; collectives, families and individuals must all share the state's burden.

Second, there is the influence of the traditional culture. Norms of family solidarity, localism and a passive state role in welfare matters coexisted with such values as hard work, containment of want, self-reliance and acceptance of fate to form a bedrock of welfare conservatism characteristic of a rural economy. In the past, the role played by families, kin, local communities and religious organizations were more prominent than that of the state. During the Republican period, the privations of war and weak government also meant that high expectations of the state were unrealistic. Such historical legacy appealed to a leadership anxious to deter mass dependency. Thus, in the name of preserving old virtues, the state vigorously championed private initiatives in welfare.

Third, the persistence of Chinese familism absolved the state from taking on too many private burdens. Firm notions of domestic obligation and wide observance of family reciprocity was positively exploited to allow the state to give priority to the task of political and economic construction. Besides considerations for economic expediency, the moral superiority of family care was unquestioned, both by the people and the state. For the latter, its blind faith in utilitarian familism led to the conclusion that as long as families remained intact, direct welfare intervention was unnecessary. Thus supply of free services was contingent on a lack of family ties.

Fourth, a residual role for direct welfare and relief was practicable because of the centrality of the collective. As

agencies of production, distribution and political control, work units dominated civil life. Their ubiquity made them convenient welfare instruments. Indeed the fusion of employment and benefit structures strengthened loyalty between the collective and its members, eased governance and saved state money in setting up special facilities. The universal and comprehensive nature of the collective canopy served to contain the demand for welfare services so that the civil affairs system need only deal with the emergency requirements of the workless.

In combination, these four forces shaped the role and direction of civil affairs welfare. The institutional pattern that evolved exhibited much tenacity during the first three decades of communist rule. The first thirty years saw a welfare ministry in the making. Welfare provision was its most important business despite the vicissitudes of political dictates. Indeed its resilience is quite remarkable considering that it has always been on the receiving end of the state's economic and political master plans. What is also striking is its adaptive ability. This is especially true in the first reform decade when the environmental context became increasingly altered. Again, on pain of leadership demand, the residual system was asked to strengthen its stabilizing role to ease the pangs of social convulsions. Thus the call for new initiatives in social security and other programmes to improve the lot of the needy can be interpreted in this light. Within the system of civil affairs, experiments with fupin, insurance schemes, social security funds, pension projects, cash subsidies for serving soldiers were all attempts to tackle new problems of the mixed society between plan and market. In essence, these changes in the

"small system" are in the nature of reactions to the changes in the "big world". In simple terms, the Chinese change ethos has always been economy leads and social development follows. The reform influence has not changed this basic pattern. Rather it has accentuated the need for adaptation.

Learning About Chinese Society

China's welfare system is wedded to its basic social institutions. Primarily, the creation of socialist economic relations has largely determined the shape of its benefit structure. By adjusting its functions and processes, the welfare system reacts to the environment and also exerts an impact on it. In this sense, the welfare system is both a dependent and independent variable in social change. Because of this dynamic relationship, a study of civil affairs under Chinese socialism reveals something interesting about Chinese society as well as the special character of its own anatomy.

The first thing to note about the Chinese context is its socialist framework. Chinese socialism is committed to human betterment on the basis of equality and fraternity. Many state policies are decidedly egalitarian in intent but less successful in outcome (because of discriminative treatment for different groups). In our examination, the basic social institutions such as work units, communes, neighbourhoods all aspire to community and welfare besides fulfilling their productive functions. In the event, they do become small communities, distinguished by mutual dependence and close human relationships, but with an ironic twist — close surveillance and suppression of personal freedom. So in their moral

transactions, tensions arise. On the one hand, communities strive to attend to all the needs of their members. On the other, they demand unconditional surrender. In short the terms of trade reflect value conflicts between security and liberty, or care and control. However, as power does not tip in favour of individuals, the symbiosis is associated with a loss of privacy and personal autonomy.

Second, despite its socialist ideology and machinery, traditions are potent in shaping expectations and behaviour. Even now, families remain close-knit and members are bonded in mutual obligations. Lineages disappeared in the early days of the regime. Their replacements, the local collectives, function as social and administrative parent to their members. Meanwhile the state continues to act as the pater familias. The contemporary polity looks strangely like the old Confucian order — hierarchical, authoritarian and paternalistic — and civil society remains stunted and repressed. In patterns of social care, families, kin and local communities take up more important space than the state. Despite calls to socialize welfare, non-state agencies are expected to do the state's bidding while it retains the mandate to direct. In essence then, current strands reach deep into the past. Socialist ethics and practices in welfare as well as patterns of governance dovetail very nicely with Confucianism.

Third, China is very much a dual society. In terms of social structure, income, welfare entitlements and life chances, rural China is a world apart from the cities. This schism breeds envy and discontent. In the area of welfare, the end of communes and the incorporation of markets in rural society destroyed the pre-

existing collective framework and thus any semblance of equality. The absence of social security protection for the rural masses became all the more glaring and unjust. However, the arrangements that have been put in place so far are experimental, piecemeal and precarious. Contemporaneously, population influx into urban areas threw the rigid administrative divide into a quandary. Even for bona fide urban residents, the hitherto cosy workfare system frayed under the friction of enterprise reforms, introduction of labour markets and transmutation of the ownership structure. In short, an already stratified society is opened to further fragmentation and inequality. Under the uneasy cohabitation of plan and market, China in the 1980s was a society in flux. Fundamentally new problems defied staid and timid solutions. In the field of social planning at least, incrementalism had proved unequal to the task.

Fourth, China faces formidable constraints in its struggle to meet the social aspirations of its citizens. By any standard, the achievements of its economic reforms are impressive. For the majority, livelihood is less squalid than under a stifling command economy. In many places, affluence has arrived. In spite of this, social development trailed behind economic reforms as the nation thirsts for even more rapid growth. Furthermore, its immature taxation system allowed the escape of much needed revenue. No doubt the new wealth has enriched some individuals and organizations. However, the central coffers stand impoverished, due in part to the progress in fiscal devolution. An unwelcome by-product, in policy terms, is the loss of central control over local development. The current study is replete with details about the process and effects of this trend in one welfare bureaucracy. Seen in this light,

socialization of welfare is a forced response to the state's fiscal and authority crisis. Similar experience assailed other policy areas. In housing, education and health, privatization strategies were also in evidence. The shrinkage of state responsibility leaves nagging doubts about the implication for civil welfare.

China on the brink of the 1990s is in a state of transition. It has achieved a good deal of social progress measured in terms of nutrition, income, education and health. The deepening of economic reforms held out the promise for greater abundance. However, contradictions abounded. One climactic testimony was the eruption of massive student protests which prompted a violent crackdown on 4 June 1989. Sparked off by the death of Hu Yaobang, the liberal-minded former party chairman, student demonstrations were overtly directed at bureaucratic corruption, insensitivity to student hardships and lack of democracy in decision making. However, the social origins of these protests can be traced to the contradictions associated with the birth of a mixed economy -- marked inequality, threat to vested interest, privation of disadvantaged groups, failure to meet rising expectations and so on (A. Chan, 1991). The volatility of these forces made the quest for stability more important than ever. The Chinese government, after embarking on a course of economic consolidation and adjustment from late 1988 to 1991, is now more keenly aware that the pace of social development should quicken. Nevertheless, the prospect of political liberalization appears uncertain as China contemplates the turmoil that emerged from the collapse of communism in Eastern Europe, especially the dissolution of the Soviet Union, and draws the lesson that it cannot afford to relax state and party power over

civil society (Contemporary Magazine, 15 January 1992, pp.6-8).

Social Welfare Under Chinese Socialism

The structural interface between social welfare and Chinese socialism is close. What are some of the dynamic points about their linkage in relation to structure and function? I shall examine these issues from the Marxist and functionalist perspectives. Then I shall also comment on the tension between social and economic policy in the transitional society.

From the Marxist perspective, social institutions are part of the superstructure which arise from the base or substructure -- the means and mode of production. Thus, welfare institutions, whether broad or narrow, are the outgrowth or by-product of the socialist economic structure and must serve system interests. These organizing concepts were useful in analysing the connection between the part and the whole.

First, social welfare in China is an integral component of the social structure. The socialist system very much determines the nature and place of the civil affairs welfare and the broad workfare systems. The preceding section makes this point clear and will not be repeated.

Second, welfare fulfils important functions for Chinese socialism. For example, premising welfare on work rewards merit and labour discipline. Welfare reforms are required to serve the cause of economic growth by maximizing efficiency through new wage systems, work contracts, labour markets, development aid and pacifying potential discontent of the have-nots. Welfare also contributes to the consolidation of state powers. Before the

reforms when political criteria overwhelmingly determined the fate of individuals, welfare was denied to class enemies. (Even now, it remains questionable whether dissent and insubordination does not deprive people of civil, political and social rights.) In this sense, denial of welfare was a means of upholding the dictatorship of the proletariat. The veteran programmes further illustrate the political nature of welfare. To the masses, compensation for national service via preferential aid is a state-imposed duty. In particular, the new cash grant scheme and direct services for veterans facilitate stability of conscription and maintains military morale.

Third, welfare remains deeply ideological. Examples are sundry. For instance, in fupin and fuyou, help is never given without admonition for eventual self-reliance. Marriage registration work is accompanied by lectures on socialist ethics in marriage and family relations. Even the disabled are educated to become independent and support the four modernizations. In ideological terms, nearly all welfare tasks are used as vehicles to contribute to socialist civilization.

Fourth, as said before, welfare institutions are not passive sponges that soak up economic change, their subservience notwithstanding. In the current review, old values and practices like utilitarian familism and community care collude with state interest in deterring dependency. At the same time, resistance to welfare taxes, stemming from selfish notions of each family for itself and material insecurity of rural households, can thwart the best intentions in building up the fiscal strength of local areas and assuring poor people's right to subsistence.

Finally, the very critique that Marxists brandish at welfare capitalism can be turned on its head and used to analyse similar institutions under socialism. In the Chinese case, the socialist state is no less bent on legitimation and accumulation (O'Connor, 1973; Gough, 1979) than capitalist ones. Its welfare structures are unashamed tools of economic and political construction. Like the case in the former Soviet Union (George and Manning, 1980), their objectives for system integration and social integration are explicit. This is especially true in the reform period when their function as a shock absorber and stabilizer was stressed as never before.

Structural-functionalist theory stresses the imperative of system coherence. In the Parsonian (Parsons, 1951) scheme, society is conceived as an holistic entity with four parts working in harmony to ensure the survival of the total system. Among its constituent subsystems (Parsons and Smelser, 1956) — goal attainment, adaptation, integration and pattern-maintenance — the first two are concerned with political and economic tasks while integration is directed at maintenance of harmony and solidarity and pattern-maintenance at continuation of basic value patterns. By and large, the institution of social welfare belongs to the integration subsystem. Later, ideas about eufunctions (or functions) and dysfunctions, intended and unintended consequences (Merton, 1968) have been widely accepted, even by non-pundits of functionalism.

Applying the above concepts yields interesting analyses about the dynamics of welfare in socialist China. Although functionalism stresses harmony and Marxism emphasizes the role of conflict in

social change, both perspectives have much in common as a mode of explanation. Both make use of such concepts as part and whole, functional imperatives, system "fit" and mutual adaptation. Another interpretation along such lines is not really necessary. I shall restrict myself to three additional comments.

First of all, social welfare in China is not a separate sub-system like welfare state institutions under capitalism. Most basic Chinese social institutions incorporate a welfare dimension. The fusion of multiple roles strengthens the power of these units. Where welfare is concerned, the commune and workfare systems have so dominated the whole approach to welfare that civil affairs is relegated to the sidelines. Under its shadows, the residual system can only offer poor services for the remnants of society.

The second point, a derivative of the first, concerns the implications of welfare dualism. In welfare terms, one country two systems may be advantageous in maintaining the values of work, independence and economic development. This may not work well for clients of the residual system. To the extent that social welfare aspires to integrate people in society, being labelled and marginalized is a negative experience because of the denial of respect. Even for society as a whole, the status quo is divisive and a negation of socialist principles of equality and common prosperity. Paradoxically, making welfare contingent on community membership has not made its receipt more secure and satisfying. When resources are grossly inadequate, living on the charity of neighbours may be more stigmatizing than getting help from impersonal state agencies.

Third, the welfare system involves personal sacrifices at

every level. Within the private circle of family and kin, personal security is exchanged for reciprocal duty so that what separates bond and bondage becomes thin and unclear. In collectives, receipt of services rests on the contention of community and freedom. Even within the state service sector, being supported at public expense satisfies subsistence needs at the same time as it reinforces inferiority. Indeed, these conflicts are familiar in capitalist societies (Marshall, 1981; Pinker 1981). To firm believers in the family and community, the choice may not be worse than the loss of personal identity and anomie in a mass society. What is distinctive, and objectionable, about welfare in China is not its heavy reliance on traditional institutions. It is rather the lack of alternatives, the powerlessness of persons to escape from the social net and the perennial subjugation of individual right to collective interest. In a coercive and authoritarian regime, these are serious issues.

From the foregoing analysis, the ties between social welfare and economic institutions and between social and economic policies are firm and inseparable. The position of the former is definitely subordinate. This is as it should be in the Marxist scheme of things. Neither is this too different under welfare capitalism (Marshall, 1981). In fact the Chinese honesty about goals is refreshing. For instance, the concept of policy compatibility and complementarity can be put to good use in closing the acknowledged gap between economic and social development. However, the record so far is limp and limited. To date, the welfare reforms have been ad hoc, incremental and subject to drift. This leads one to question whether government commitment was stronger in rhetoric than in deed.

The lack of harmony in the social and economic sectors is more distinct in the 1980s. In the first half-decade, economic liberalization and open door policies brought hope, speedy economic results and gains in living standards. By the second half, the contradictions of a two-track economy have become too painful to be ignored. The state has announced its plan to press ahead with economic reforms in the 1990s. In corollary, within the labour system, work contracts would extend to the collective sector; more tenured staff in state firms would switch to contract work. In social security, unemployment insurance and pension fund reforms would accelerate (Wide Angle, 16 February 1992, p.20). The urgency of these issues is undisputed. What has not been set out is a comprehensive agenda linking reforms in all social sectors — income, social security, health, housing and education. Also, immediate attention is needed to shorten the welfare gap between urban and rural China, if not close it entirely. Nowadays, one in twenty persons in China is on the move (Ming Pao, 15 February 1992), becoming one of the 50 to 60 million "floating population" of the country (Solinger, 1991). To turn a blind eye to their needs and security is a recipe for disaster.

Contribution to Social Welfare Theory

The story of civil affairs is a case study of social welfare in a socialist country. As said before, its basic features are highly idiosyncratic. The system is a mixture of both formal and informal care. Its statutory component is a curious bureau with little prestige, disparate duties and a deficient structure. Its position of weakness is tied to mainstream values of Chinese socialism and

the dominant organizational arrangements of meeting needs. Without the economic reforms, it may have slumbered on in its insignificance. Although the ugly duckling has no chance of becoming a swan, the arrival of a hybrid society stirred its feathers. A sense of promise was interpreted by those within it that saw the challenge of enlarging its role in social security. Thus in its search for an identity, the civil affairs ministry found a new sense of meaning, which brought out fresh ideas and interesting experiments in a hitherto stagnant system. In this sense, the detailed description of residual welfare in action is an exotic biography. Does it have anything to offer to social welfare theory?

In terms of locating determinants of welfare, the thesis substantiates the significance of structural and cultural factors in the choice of welfare patterns -- the influence of traditions, the role of the family, the collective and the state. In the chapters dissecting the four variables, parallels with experiences elsewhere have been drawn and will not be repeated. Additionally, the comparison identifies a number of themes which may have universal salience.

First, there is the relevance of continuity and change in welfare. In China, the legacy of its welfare culture casts a long shadow. At the same time, changes evolve from the need to adapt to novel problems. The resultant system is thus a union of both old and new elements.

Second, there is the importance of primary groups and informal networks. In China, care provided by families, kin, neighbours, friends and workmates makes up the bulk of welfare services enjoyed

by Chinese citizens. Indeed, sluggish growth, fiscal problems, high service costs and disenchantment with statutory provisions since the mid-1970s have helped Western nations to "rediscover" the potency of the informal sector and private initiatives in welfare. On this score, there is clear evidence of convergence between Chinese and Western approaches. In post-communist Eastern Europe as well, rejection of the old system in its totality also led to the introduction of marketization strategies in social policy in an attempt to break down the hegemony of state socialism and increase democracy (Deacon, 1990). Admittedly the promotion of voluntary action is often laced by a hidden agenda to save public money. Nonetheless, Chinese experience shows that primary and informal ties are as sustaining as help given by welfare bureaucracies. Also, intact families and communities are crucial to personal welfare. The danger, however, lies in exploiting such institutions without giving enough support to nourish them. As well, China's reliance on family and locality illustrates this latent pitfall.

Third, we should note the universality of structural challenges. In the course of industrialization and modernization, social transformations such as population aging, falling birth rate, nuclear families and change in family attitudes are world-wide experiences (Wilensky, 1975). In China likewise, these issues have adverse implications for social care. Other problems are the effects of a developing economy. These have to do with increasing urbanization, unemployment of surplus rural labour and income inequalities. In the first thirty years, the PRC was able to control these problems with the iron hand of central planning and political absolutism. The reforms opened the floodgates. Until now,

social policy solutions remain handicapped in mitigating their effects. In many ways, these issues are old and familiar tensions in any society. Specifically, what are the balance of claims between the haves and have-nots? How can conflicts be resolved between work incentive and right to welfare? To what extent should entitlement take account of different contribution, merit, status and residence? China's choice is a fragmented system that discriminates against the "three-nos", the disabled, the poor and rural dwellers. Her failure in the test of equality is not unique. All systems discriminate. To the extent that equality is a key measure of social justice, the latter will always arouse debate because consensus on what constitutes justice may be unattainable.

Finally, China has to struggle between what is ideal and what is feasible. On the one hand, Chinese socialism is committed to egalitarianism and meeting of needs. Yet, paucity of resources does not permit generosity. As said before, events in the last ten years highlight the dilemma. For as long as different areas of development have to scramble for limited state funds, welfare standards cannot attain uniformity and adequacy. In this sense, ideals have been compromised by material shortages. There is consonance in other places. In Britain, the Thatcher government's effort to roll back the boundary of the welfare state was dictated as much by ideology as by economic necessity. Cost-cutting measures have also been widely adopted in Western Europe (Johnson, 1990; Hills, 1990) and the new Eastern Europe (Deacon, 1990).

In short, the range of problems that China faces has affinity with the experience in many nations. Her responses may be broadly similar. Does this make China a case of an existing model of

welfare? Or is it a unique model with its own stamp, in short welfare socialism with Chinese characteristics? In my view, the second position is more appropriate.

First of all, China's welfare model is a mixed model. It combines at least two separate components. Civil affairs welfare is plainly residual -- highly selective, minimal in standard and scope, and remedial. Operating in parallel but not linked in any way is a collective vehicle for the working population, with an upper tier for the urban population and a lower deck for the rural masses. The treatment for the urban and industrial elites are as comprehensive and generous as institutional welfare in the most advanced welfare states. Meanwhile, entitlement for peasants is marked by huge gaps and inferior programmes. The changes in the institutional framework has made related arrangements even more chaotic and deficient. The resulting amalgam has less coherence and stability than other mixed economies of welfare.

Second, China's approach to welfare is very different from Mishra's structural model. The Chinese system is an odd mixture. The dual (or multiple) economy of welfare negates Mishra's ideal type of universalism, need-based distribution, state monopoly, high resource commitment and citizen right. In a nutshell, the Chinese welfare system is a bastard, not a thoroughbred. Indeed, it is arguable whether Mishra's model is not a mythical creation in the first place. The poor conditions discovered in Eastern Europe and the former Soviet Union in the wake of communism's collapse do not resemble what the theory postulates. In a way, one may question how far the record of actually existing socialism has lived up to its professed ideals. One missing ingredient seems to be an economy

that delivers. Until now, Chinese socialism seems to have averted collapse after decade-long efforts at open door and reform (Nee, 1991). However, the future of China's transition to a market society is still uncertain.

Strictly speaking, China's model is not a pluralistic model in the Western sense. In their diverse forms, the non-state sectors -- the collective, the neighbourhood, the family -- enjoy little genuine autonomy in lifestyle and social transaction. Despite some loosening of state control in social and economic life, the state still holds the right to intervene and impose. There are very few voluntary associations in the true sense. Most of them are state-sponsored or kept on a short leash. In spite of their heavy involvement in welfare, the freedom of mass agencies to do as they please is conditional. Their work in welfare remains a delegated assignment, representing an involvement in policy implementation rather than its formulation. Of course they are not completely powerless. They can dither, resist or ignore orders. Open rebellion, however, is not tolerated. For all these reasons, the comparison with a corporatist model, where state, capital and labour in their organized form have stipulated rights to make social and economic decisions, is also inappropriate.

In retrospect, the modified welfare mix concept has offered a workable framework for analysing social welfare under Chinese socialism. The role of markets in social policy is only just beginning. For instance, there has been wider use of fee charging in welfare services and limited introduction of commercial services in child care and health (Hillier 1988; Henderson, 1990). However, it is in economic life that market forces have made their mark.

Market provision of welfare goods is premature as the fourth component of China's welfare mix.

To conclude, it has to be said that the experience of China does not fit at all easily into any of the existing models used in comparative social policy. This study has clearly revealed the limitations of existing paradigms. Perhaps, as one looks deeply enough into the structure and context of any welfare system, it is only natural to find out its unique character. In the case of China, the particular combination of structural and cultural imperatives has determined its welfare landscape. This finding, however, should not be taken as evidence against the use of the comparative method. If the study has succeeded in highlighting the uniqueness of the Chinese approach to welfare, it can only do so through comparison. At the very least, this exercise penetrates a little deeper into the many enigmas of social welfare under Chinese socialism.

APPENDIX 1

METHODS OF STUDY

"Empirical methods of information gathering are pragmatic and eclectic. They can depend a good deal upon first-hand experience and impression -- acquiring a 'feel' for the place and/or the subject -- and can embrace a variety of information-gathering techniques within any one exercise, according to whatever seems most feasible, appropriate, or convenient for the task in hand. This may include participant observation, work experience, social survey techniques, formal or informal talking around, consultation of official or agency records, and/or a general bibliographic review. Only 'armchair reasoning' is frowned upon. Anything else is fine, so long as it works." (Jones, 1985, p.27)

This vignette of comparative social policy analysis is an apt description of the methodological considerations of the present study. Of the research means cited, only participant observation, work experience and 'armchair reasoning' are judged inappropriate from the outset. However comforting such realism may be, the field of China study presents further dilemmas (Burns and Rosen, 1986, pp.23-33). Until the 1980s, field work opportunities were limited. Likewise restricted was available literature, which, even if obtainable, came with value biases and unknown methods of data collection. Because of these hazards, the present study has to fall back on satisficing, i.e. to embrace what is available and achievable.

All things considered, the present time seems to be the best time to conduct a study of this kind. First, the last ten years has seen China more eager than before to establish contact and exchange with other countries. Since 1978, China has sent 150,000 students to study abroad (ER, 4-14 November 1991, p.19). Many academic exchange programmes with overseas institutions have been established. Furthermore, growing links with Hong Kong creates a positive climate for a Hong Kong-based researcher to study the "mother country". Compared with other provinces, Guangdong is more committed to the open door policy. My exploration there met with a ready response. A desire for further mutual understanding was given by the Guangdong civil affairs authority as the reason to support the writer's research in the province. Finally, a publication explosion of sorts has occurred in the Mainland. Both by design and fortuitous means, such materials have found their way overseas. Planned outlets include distributions by direct sale, official release and subscription. Chance offerings are those indigenous reports, handbooks, surveys and serials that were made available during and as a result, of personal contact. Many of these are "neibu" (internal circulation) documents which are generally more reliable than materials for overseas consumption. They are also more candid in discussing issues and problems (Burns and Rosen, 1986, p.19).

In order to paint as full and accurate a portrait of Chinese social welfare as possible, a number of methods were adopted. These can be grouped under (1) official documents (2) visits and interviews (3) survey and (4) secondary sources.

Official Documentary Sources

Under this category, the most important sources are Ministry of Civil Affairs publications. In the last decade, the MCA has generated a growing literature on its work. Among the most useful are Shehui Baozhang Bao (SHBZB), renamed Zhongguo Shehui Bao (ZGSHB) in 1990 and Zhongguo Minzheng (ZGMZ), its official newspaper and magazine. (For a description of the two sources, refer to Chapter One.) Together they give a detailed account of current practices, statistics, innovations, viewpoints and expose of problems. SHBZB dated from April 1986 and ZGMZ issues from January 1987 have been systematically analysed. These have been invaluable in reporting the latest developments.

To shed light on earlier events, Ministry of Internal Affairs compendia of policy documents and historical accounts have been consulted. These elaborate the contents of policy and regulations. Of particular usefulness is the Ministry's official history, Minzheng Bu Dashiji (Dashiji, 1988) and Minzheng Gongzuo Gailun (Gailun, 1987). The first chronicles key events in the Ministry by year, month and day. Its appendices include major reports and period summaries. The latter describes its work in different stages and its essence. Though not as precise as SHBZB and ZGMZ in documenting statistics and debates on issues, it reflects the official interpretation of events.

In addition, regional and local civil affairs sources have been utilised. Two useful sources are Guangdong-issued Minzheng Gongzuo Shouce (Civil Affairs Work Handbook, hereafter Shouce) and Guangdong Minzheng (Guangdong Civil Affairs, GDMZ). In 1989, the Provincial bureau there edited Gaige Kaifang Zhong de Zhongguo Shehui Fuli - Guangdongsheng Zhuanji (Chinese Social Welfare Under Reform and Open Door - Special Issue on Guangdong Province, GDSZJ) with the Hong Kong Social Workers' Association. Together, these reveal crucial information on local priorities and implementation issues. This regional literature concretizes the policy process involved.

By and large, published MCA sources make up the core of the data base. Despite gaps in the information and varying quality pertaining to different periods, their authority and general reliability is undisputed. Obviously, the perspective is decidedly "official". However they do make room for the airing of other views and debates as part of the process of considering policy options. Careful digging of data across years and sources can reveal hidden gems. It can also expose inflated generalizations and inconsistencies.

Non-MCA official sources are also valuable. These comprise PRC annual reports, statistical yearbooks, CCP and government documents, national newspapers, magazines, and reports from various ministries (e.g. Ministry of Labour and Personnel, National Committee on Aging, All-China Federation of Trade Unions). These publications contain occasional reference to welfare work. Nevertheless, they elucidate social issues, problems and environmental contexts that impinge on welfare arrangements. A perspective is also gained on how organizations develop their own institutional mission vis-a-vis other agencies. Admittedly, such data are not always consistent with MCA releases. This is no doubt related to different definitions and accounting methods. The discrepancies are a source of confusion and vexation. So far I

have avoided the pitfall by adopting MCA sources if these diverge. I may have taken a short cut. On the other hand, the gain is greater consistency.

Finally, social science journals edited by academic and professional bodies in China were screened. The more useful ones are Shehui, Shehui Kexue and serials from the leading universities (Beijing, Zhongshan and People's University). The articles cover survey results, theoretical discussions, and policy debates in a more critical fashion than government publications.

Visits and Interviews

Two series of visits were conducted from March to August 1988, to Beijing and Guangdong Province respectively.

The three-week visit to Beijing took place in April 1988. The purposes were three fold. First, to interview officials in relevant ministries and national bodies on the macro issues surrounding the reforms, in particular about social policy developments (social insurance, labour and employment, social welfare), and national plans. Second, to visit welfare services in Beijing to gauge the extent of policy implementation there and observe new innovations. Third, to interview MCA officials about state policies and trends. Additionally, I visited a number of academic institutions. The purpose was to enable professional exchange and familiarization with training issues. The schedule of visits is in Figure 4.

The Beijing visit programme was arranged by Beijing University Department of Sociology in conjunction with the People's University Institute of Labour and Personnel. Beijing University had been commissioned by MCA to run courses for their cadres and trainers. Because of its close relationship with the Ministry, it was able to arrange interviews with senior officials in charge of policy. My interviewees included the Head of the Department of Rural Relief, Deputy Head of Urban Social Welfare and her division chiefs in charge of social welfare institutions, welfare production and community services. In addition, visits to labour-related agencies were arranged by the People's University. I conducted interviews with officials in the Ministry of Labour and Personnel, All-China General Labour Union and a large factory noted for its management and labour welfare reform.

The interviews were not structured. The sessions consisted of an official briefing followed by answer and discussions. In the latter part, issues arising from the briefing and my review of published sources were raised. Thorough home work paid handsome dividends. My knowledge about MCA work, especially their esoteric terminology reduced the need to go over tedious explanations. Hence more time could be spent in discussion. Finally, my putonghua was adequate, thus dispensing the service of an interpreter. All these factors contributed to good communication.

The interviews have been fruitful in several respects. First, they authenticated, clarified and added to knowledge gained through documentary analysis. Second, they imparted a clear perspective on national priorities. Somewhat lacking was frank and in-depth discussion of problems. This is inevitable by virtue of the fact that the interviews were initial contacts. A certain degree of formality is quite natural.

Figure 19 The Beijing Visits, April 1988

- 1.4.88 Beijing University
- 2.4.88 China National Committee on Aging
- 4.4.88 Beijing Number One Social Welfare Home
- 5.4.88 Shehui Baozhang Bao - Editorial Office
The China Federation of the Handicapped Huaxia
Publishing House
China Rehabilitation Research Institute
- 6.4.88 Anding Psychiatric Hospital
Discussion with Haidian District Mental Health
workers
Visit to home-care beds
- 7.4.88 Beijing University Welfare Fund for the Disabled
Department of Sociology, Beijing University
- 8.4.88 Beijing West City District Community Services
- 9.4.88 Ministry of Labour Bureau of Labour Insurance and
Welfare
- 10.4.88 Beijing City Social Life and Psychological
Counselling Service Centre
- 12.4.88 Economic System Reform Institute of China
- 13.4.88 Institute for Administrative Cadres of Civil
Affairs
Beijing Dyeing and Printing Plant
- 14.4.88 All-China Federation of Trade Unions
- 15.4.88 Institute of Labour and Personnel, People's
University
- 16.4.88 Beijing University
- 18.4.88 Beijing Rubber Hardware Factory
Shijingshan Home for the Aged
- 19.4.88 Beijing East City District Community Services
- 20.4.88 Ministry of Civil Affairs Department of Urban
Social Welfare
- 21.4.88 Ministry of Civil Affairs Department of Rural
Relief

Visits to the Beijing Municipal and local civil affairs service units were conducted primarily to learn about implementation of policies at the local level. First-hand observations instilled a stronger sense of realism and piquancy than was possible from written description. I had the opportunities to ask local cadres to give their views on local needs and priorities. Unfortunately, there was no chance to interview service users except casual chats in the presence of officials.

The visits to Guangdong served similar purposes. Over a period of six months and involving 30 days in field interviewing, the Guangdong programme had full support from the Guangdong Provincial Civil Affairs Department (GDPCAD). Planning trips in December 1987 and March 1988 preceded the field visits. The agreement reached was to familiarise me with the full range of civil affairs operations at every tier of administration - provincial, county, municipal, township and street levels. In addition, extensive interviews were held with GDPCAD officials on their views concerning regional developments. Finally the provincial authority facilitated the completion of a survey in Guangzhou. The full itinerary, kinds of welfare facilities visited and administrative classification of my destinations are given in Figures 5, 6 and 7 respectively.

The Guangdong visits were remarkable in several respects. First, the range of CAD operations covered was comprehensive. These included better-known facilities for the aged, disabled, children, to less-visited amenities for vagrants, veterans and destitute people. The operating authorities included government and collective agencies at different administrative levels. Also, both rural and urban facilities as well as places with different incomes were represented.

The Provincial CAD was extremely helpful in outlining possibilities and enlarging my horizon. In fact, my initial plan was more modest, namely to conduct a study of civil affairs work in Guangzhou. GDPCAD suggested I broaden my purview to cover the whole spectrum of work in the province. Their helpfulness was unreserved. Once the schedule was finalised, GDPCAD saw to travel arrangements, accommodation and prepared lower-level units for my coming. An escort was provided on some journeys.

Another unique factor was the access to hitherto inaccessible areas. Huazhou, a remote low-income county with a full range of social security provisions, was the case in point. GDPCAD was eager to present this showcase. Indeed they were candid enough to say that the destinations on my itinerary were often the best of their kind and the poorest and most backward places were not represented. As our trust in each other grew, I had their permission to visit any welfare facility within Guangdong. But, in the end, it was my own time constraint that would not allow me to take up the offer.

My Guangdong visits were grouped around three geographical clusters. The first was in the Pearl River Delta areas, where I paid visits to Nanhai, Shunde, Zhongshan and Dongguan, the "Four Little Tigers" of the delta and Panyu County. The second cluster comprised Zhanjiang and Huazhou. The third was Guangzhou. Altogether, four counties, four cities and ten township/administrative villages were included.

An easy rapport between researcher and hosts was the third notable feature. As Cantonese, we shared a common dialect and were able to understand the finer cultural nuances. Incidentally, my

Figure 20 Visits to Guangdong Province, March-August 1988

- 8.3.88 Guangdong Province Civil Affairs Training College
- 9.3.88 Guangdong Province Civil Affairs Department
- 9.5.88 Guangdong Province Civil Affairs Department
- 10.5.88 Nanhai County Civil Affairs Units
- 11.5.88 Shunde County Civil Affairs Units
- 12.5.88 Shunde County Civil Affairs Units
- 13.5.88 Panyu County Civil Affairs Units
- 14.5.88 Zhongshan City Civil Affairs Units
- 1.6.88 Zhanjiang City Civil Affairs units
- 2.6.88)
- 3.6.88)
- 4.6.88) Huazhou County Civil Affairs Units
- 5.6.88)
- 6.6.88 Guangzhou Community Social Services
- 7.6.88 Guangzhou Social Welfare Institutions
- 8.6.88 Guangdong Province Artificial Limbs Factory
Guangdong Province Civil Affairs Training College
- 18.7.88)
Dongguan City Civil Affairs Units
- 19.7.88)
- 20.7.88 Guangzhou Community Social Services
- 21.7.88 Guangdong Province General Labour Union
- 22.7.88 Guangdong Province Women's Federation
- 23.7.88 Guangdong Government Office of Systems Reforms
- 25.8.88)
Guangdong Province Civil Affairs Department
- 26.8.88)

Figure 21 Social Welfare Facilities Visited
in Guangdong, March - August 1988

<u>Nature of Facility</u>	<u>Number</u>
Old People's Home	13
Social Welfare Factory (for disabled)	7
Poverty-aid Economic Enterprises	4
Settlement Farm (for vagrants)	1
Artificial Limb Factory	1
Social Welfare Institution	2
Children's Home	2
Home for Aged Veterans	1
Civil Affairs Training College	1
Civil Affairs Departments	8

Figure 22 Areas Visited in Guangdong, March-August 1988

Cities (4)	Zhongshan, Zhanjiang, Guangzhou, Dongguan
Counties (4)	Shunde, Nanhai, Panyu, Huazhou
Townships/ Administrative Village (10)	Yenbu, Dale, Gonggan, Guizhou, Jianghu, Linchen, Zhenan, Wannuedun, Chashan, Shelong

escort was a putonghua speaker. She could not take part in the spontaneous social chatter that often followed when the more formal interviews were over. I learnt as much, if not more, talking to the drivers and cadres as we travelled from one place to another and when we ate together. They talked quite naturally about the exigencies of everyday life, for example low pay and rising prices. They could readily identify with the common people. As grassroots administrators, their standard of living was not much different from the masses. They also opined quite freely on the distinctiveness of Guangdong. Their orientation was decidedly local.

In the Beijing and Guangdong visits, the sampled units were no doubt usually above-average, if not model facilities. On the whole, civil affairs officials were undogmatic and frank about their shortcomings. Quite a number of Ministry and provincial cadres had taken study trips abroad including Hong Kong. Fully aware that provisions in China were still backward, they were at pains to dispel any unrealistic expectations that I might have. This openness made them less inclined to propagandise their model of social care.

Apart from the civil affairs agencies, I visited other Guangdong organizations. Interviews were conducted with the Provincial Women's Federation, General Trade Union and Systems Reform Office under the Provincial Government. These gave me a good sense of Guangdong's reform experience and its effects on local life.

Survey

A questionnaire survey was administered to all municipal-level welfare institutions (three) and welfare factories (16) in Guangzhou. The information sought covered all aspects of their operation since 1979. Two sets of questionnaires were developed. These were distributed and collected by the GDPCAD. The results and related discussion are set out in Chapter Six.

During all stages of the survey, the GDPCAD had provided invaluable assistance. Ideally, independence in the research process is preferable in order to maximize objectivity and reliability. However, conditions for doing rigorous field studies in China are still limited. A certain amount of bureaucratic influence is unavoidable. Such input was accepted for two reasons. First, the GDPCAD alone had the authority to request cooperation from subordinate units and overcome any misgiving they may have in receiving an outsider. Second, logistical help was necessary in arranging such things as transport and accommodation in an unfamiliar environment. This was especially important in rural and out-of-the-way places where transportation and reception facilities were poor.

Nevertheless, several safeguards were adopted. The most important one was to insist on my full participation in deciding the itinerary. I also had permission to contact units directly to follow up unclear questions. The fact that I conducted the interviewing myself eliminated interpretation bias. Above all, I accepted their rationale for supporting my research, namely that people outside China should learn more about the country. On my side, I reciprocated by sharing with them my knowledge of and materials on overseas developments. A good working relationship matured with increasing contact. Towards the end, I made friends with a number of provincial cadres. I was able to get a deeper understanding of regional developments than would otherwise have been possible.

Secondary Sources

Secondary sources on the political, social, cultural, economic and demographic conditions in China have been consulted. I benefitted from the immense scholarship of books, magazines and reports, in both English and Chinese, originating from China, Hong Kong and the West. A lot of contextual information and independent appraisal of Chinese developments was obtained as a result.

Conclusion

Policy is not just about formulating decisions. It also involves translating plans and legislation into practice. Hence the whole process is complex and untidy (Gilbert and Specht, 1977; Ham and Hill, 1984). Considerable time lag and discrepancies can creep in between national goals and local outcomes.

Different perspectives have been suggested concerning studies of the Chinese polity, including the policy-making system. At first, a "totalitarian" model (associated with Wittfogel, 1957) proposes that domination of the regime in "oriental despotism" necessarily means that compliance with central strictures will follow. This view has been discredited. An alternative vision is to see policy-making in terms of faction or group interests, conflicts

and bargaining (Nathan, 1973; Pye, 1981; Lampton, 1987). A third conception is the centre-local perspective, which sees centrifugal tendencies affecting the integrity of state policies (Rosen and Burns, 1986; Shue, 1988). I think there is much credence in the last view. This study therefore incorporates a regional focus in tandem with a national purview. The intention is not to test the robustness of the perspective; it aspires to find out more about the complex reality.

Each of the above methods has inherent strengths and weaknesses. The combined use of various methods can hopefully offset the graver shortcomings of individual methods and adhere to a more realistic model of the policy process. In the end, both perspective and methodology have to be a compromise between the ideal and the practicable. The shortage of studies on social welfare counselled against overambition. Even now, access to inside information and contact with consumers is still restricted. Therefore, triangulation, the combination of theories and methods to add breadth and depth to our analysis (Fielding and Fielding, 1986) directed the methodology. Hopefully a more holistic picture of the Chinese welfare mix could ensue.

APPENDIX 2

GUIDE TO LABOUR INSURANCE PROVISIONS FOR EMPLOYEES IN GOVERNMENT, STATE AGENCIES AND STATE ENTERPRISES

Retirement

1. Eligibility Conditions

- (1) Male employees aged 60, female office workers aged 55 and female workers aged 50 with 10 years of continuous service;
- (2) For work underground, in high altitude and high temperature, and especially arduous or harmful work, male employees aged 50 and female employees aged 45 with 10 years of continuous service;
- (3) Male employees aged 50, female employees aged 45 with 10 years continuous service certified by hospital and confirmed by Occupational Health Assessment Committee as having completely lost working ability;
- (4) For disability caused by work, certification by a hospital and assessed by Occupational Health Assessment Committee as having completely lost working ability.

2. Retirement Conditions

- (1) Personnel meeting conditions (1), (2) or (3) above are entitled to:
 - 75% of basic wage for 20 years continuous service;
 - 70% of basic wage for 15 to less than 20 years continuous service;
 - 60% of basic wage with 10 to less than 15 years continuous service.

If the original pension is less than 30 yuan per month, the monthly pension will be at 30 yuan.

- (2) Personnel meeting condition (4) above are entitled to:
 - 90% of basic wage and constant attendance allowance equivalent to the basic wage of a grade 2 engineering worker if requiring constant attendance;
 - 80% of basic wage if not requiring constant attendance.

If the original pension is less than 40 yuan per month, the monthly pension will be at 40 yuan.

- (3) National labour heroes, labour models and transferred PLA combat heroes qualify for an increment of 5-15% of basic wage. However, the enhanced pension should not exceed the previous full basic wage.

3. Employees not satisfying the above retirement conditions but assessed by a hospital and Occupational Health Assessment Committee as having completely lost working ability can resign from work.

Resigned staff receive a living allowance of 40% of previous basic wage. If the allowance is less than 25 yuan per month, the monthly pension will be 25 yuan.

4. All pensions and living allowance are based on the basic wage of the employee one month before retirement or resignation.

5. Retired employees moving to another area for settlement will be given 150 yuan settlement subsidy. Those who move from large or medium cities to rural areas will receive 300 yuan.

Resigned staff moving to settle in another area will be given a settlement subsidy equivalent to 2 months previous basic wage.

6. Retired and resigned staff continue to be eligible for free medical benefits.

7. Retired and resigned workers are eligible for price subsidy in respect of non-grain food. Staff who retired or resigned before the wage reform in 1985 are also eligible for living subsidy. The standard is 17 yuan for civil servants and staff in state agencies, and 12-17 yuan for workers in state enterprises, the exact amount to be decided by the enterprise.

Work-related Injury and Disability

1. Medical benefits. Full fees covering registration, medical consultation, standard prescriptions, surgical operation, hospitalization, and travelling to be borne entirely by the work unit plus two-thirds of meal cost during hospitalization.

2. The benefits and wage payable during the period of treatment will remain the same as before.

3. Disability Benefits

(1) Classifications:

Enterprise workers:

completely disabled

- requiring constant attendance;

- not requiring constant attendance

partially disabled

Civil servants and state agency employees:

- completely disabled - special grade, grade 1

- partially disabled - 2A, 2B, 3A, 3B.

(2) Benefits in respect of complete disability

Enterprise workers:

Such personnel can apply for retirement. Those in need of constant attendance are eligible for pensions equivalent to 90% of previous basic wage and, if necessary, an attendance allowance not exceeding the basic wage of a local labourer. Those not in need of constant attendance are eligible for pensions equivalent to 80% of previous basic wage.

If the pension is less than 40 yuan per month, the payment will be at 40 yuan.

Enterprise workers suffering from stage 2 or 3 silicosis can apply for voluntary retirement at 90% of basic wage.

Civil servants and employees in state agencies:

Such personnel classified as suffering from special and grade 1 disability are eligible for 120 and 108 yuan disability relief from Civil Affairs Departments per annum, to be payable after retirement.

The retired employee continues to qualify for subsidized medical benefits.

(3) Benefits in respect of partial disability

Enterprise workers:

Such personnel who are still capable of work are to be redeployed to do other suitable work. When an employee's wage has been reduced due to such a transfer, he/she can get an occupational disability subsidy, at about 10-30% of his/her basic wage before sustaining the disability.

Civil servants and employees of state agencies (below grade 2A):

Such personnel who are still capable of work must have suitable work arranged for them. Apart from work income, such persons are eligible for an in-post disability subsidy, to be payable after retirement.

(4) The work unit will pay for fees incurred for the fitting of necessary prostheses (e.g. artificial limbs, eyes) and the provision of other aids (e.g. steel vests and wheelchair).

Non-occupational Sickness and Invalidity

1. Medical benefits. Registration fee will be the responsibility of the employee. The work unit will pay for medical consultation, surgical operations, standard prescriptions and hospitalization.

2. Benefits payable during period of treatment

Enterprise workers:

When the employee is away from work for less than 6 months, he/she can draw sick pay at 60-100% of basic wage, depending on the length of continuous service. When the sick leave is above 6 months, the employee can get invalidity relief at 40-60% of his/her basic wage.

Civil servants and staff in state agencies:

When the employee is away from work for less than 6 months, he/she can draw sick pay at 90-100% of basic wage. When the sick leave is above 6 months, he/she can draw sick pay at 70-80% of previous pay. If the sick pay is less than 30 yuan per month, the monthly payment will be at 30 yuan. If the original wage is below 30 yuan per month, the original wage will be paid.

3. Benefits payable after sustaining disability

Disabled male employees aged 50 and female employees aged 45 with 10 years continuous service qualify for retirement after being assessed as having completely lost work ability by a hospital and Occupational Health Committee. The retirement pension will be between 60-75% of previous basic wage, the amount depending on years of continuous service. If the original pension is below 30 yuan per month, the standard will be set at 30 yuan. Those not meeting retirement conditions but being assessed as being completely disabled can resign from work and qualify for a living allowance of 40% of previous basic wage. If the original allowance is less than 25 yuan per month, the standard will be set at 25 yuan.

Death Benefits

1. Work-related death benefits

(1) Burial expenses

Enterprise workers:

The enterprise will pay the burial expense equivalent to 3 months average wage of the enterprise.

Civil servants and employees in state agencies:

The burial expense will be set by the local administration. Normally the payment is about 400 yuan.

(2) Relief for survivors

For enterprise workers, survivors will get a monthly relief at between 25-50% of the previous basic wage of the deceased, depending on the number of dependents. Discretionary subsidies will be granted to dependents experiencing hardship.

(3) For survivors of civil servants and employees of state agencies, a one-time death grant equivalent to 20 months basic wage of the deceased will be paid. Those experiencing hardship will be given discretionary subsidies, regular or temporary, according to need, the exact amount to be decided by the local administration. The subsidy rate will be revised regularly in accordance with the rise in price levels.

2. Death from illness

(1) Burial expenses

Enterprise workers:

The work unit will pay burial expenses equivalent to 2 months average wage of the enterprise.

Civil servants and employees in state agencies:

The burial grant is the same as for work-related death.

(2) Relief for survivors

Survivors for deceased civil servants and employees in state agencies will be given a subsidy equivalent to 10 months of basic pay. Dependents experiencing hardship will be given a discretionary subsidy, either regular or temporary, the exact amount to be decided by the local administration.

(3) Death grant

For enterprise workers, a one-time death grant equivalent to 6, 9 or 12 months previous basic pay will be granted to survivors, depending on the number of dependents.

Maternity Benefits

1. All fees covering examination, delivery, surgical operation, and hospitalization as well as prescription during pregnancy and delivery will be paid by the work unit.

2. Maternity Leave

For normal delivery : 90 days

For complicated delivery: 91 days

Multiple births : 15 days more for each additional birth

Miscarriage before the end of four months of pregnancy : 15-30 days

Miscarriage after four months of pregnancy : 42 days

During the period of maternity leave, the employee will be paid her original basic wage.

Medical Benefits

1. For Employees

For sickness or non-work related injury, the work unit will pay all fees incurred for medical consultation, examination, surgical operation, hospitalization, and standard prescriptions when the treatment is obtained in a designated medical facility. When the injury is caused by work, besides the above items, the work unit pays for registration, travelling and meals during hospitalization.

2. For direct dependents of employees

The work unit pays 50% of treatment cost, standard prescriptions and surgical operation in a designated medical facility.

Unemployment Benefits

1. Unemployment relief

Employees from enterprises which have declared bankruptcy, who are being laid off from near-bankrupt enterprises undergoing reorganization, whose employment contracts have expired or dissolved, and who have been dismissed will be covered. During the period of the first 12 months of unemployment, employees who have worked for 5 years or more will get a monthly relief at 60-75% of their average wages during the last two years of employment. During the 13th to 24th months of unemployment, the rate is 50%. Employees working less than 5 years receive a monthly relief of 60-75% of previous wage up to a maximum period of 12 months.

2. Other benefits

Employees from bankrupt enterprises and those laid off from enterprises undergoing reorganization continue to qualify for medical benefits, burial grant and subsidy, and grants and relief for dependents during the period of unemployment. Employees whose employment contracts have ended or have been dismissed are eligible for subsidy for medical treatment.

Source: Official regulations issued by the PRC Ministry of Labour Insurance and Welfare Department, 1986.

Notes:

1. The Labour Insurance Regulations (1951, revised 1953) apply to regular workers in state enterprises employing more than 100 workers. Temporary workers and seasonal workers in state enterprises do not qualify for pensions; they also obtain inferior employment welfare benefits.

2. Large collective enterprises above county level generally follow the Labour Insurance Regulations. Collective enterprises at county level and below and smaller collective units adopt the Labour Insurance Regulations according to their financial ability; they usually offer inferior benefits.

3. Civil servants and employees working in state agencies (shiye danwei) include staff working in the mass organizations, democratic political parties, offices, universities, research institutes etc. Social insurance for these groups are covered by separate regulations offering broadly similar benefits.

4. Personnel who are self-employed and those working in private and rural enterprises are not covered by labour insurance. Welfare benefits for employees working in joint and foreign-owned enterprises are set out in labour contracts which stipulate employment conditions and welfare benefits broadly equivalent to those available to state sector employees.

5. Since 1986, all new recruits into state enterprises have been engaged on fixed-term renewable contracts.

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