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SOCIAL CITIZENSHIP IN CHINA AND THE NORDIC COUNTRIES

AMORPHOUS WELFARE STATES AND THEIR
NORMATIVE FOUNDATIONS

BY
KRISTIAN KONGSHØJ

DISSERTATION SUBMITTED 2015



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Kristian Kongshøj



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ABOUT THE AUTHOR

Kristian Kongshøj graduated as a cand.scient.adm (cum laude) from Aalborg University (AAU) in 2010. He has since worked at the Department of Political Science (AAU) either as a research assistant or Ph.D. Since 2007, Kristian has been affiliated with the Centre for Comparative Welfare Studies (CCWS) at the Department of Political Science (AAU).

Besides the Ph.D.-project and its affiliated publications (see appendix A), Kristian has worked mainly with social citizenship and different aspects of social marginalization. In addition, Kristian has worked as a research assistant (2011) on the EU-funded research project FLOWS (Impact of Local Welfare Systems on Female Labor Force Participation and Social Cohesion).

ENGLISH SUMMARY

This dissertation investigates specific dimensions of social citizenship in China and the Nordic countries. The research aim is trifold. Firstly, the normative foundations of citizenship are uncovered, both from a normative-theoretical perspective and from an empirical perspective. Secondly, the degree to which the official Chinese goal of increasing universalism has been achieved is investigated across the three policy fields of unemployment protection, health care and pensions. Thirdly, comparative reform paths in China and the Nordic countries vis-à-vis universalism and social rights in the same three policy fields are uncovered.

From a normative-theoretical perspective, social liberal or 'egalitarian' liberal citizenship is outlined on the basis of T.H. Marshall. 'Confucianism' is discussed as an approach to citizenship in comparison with traditional Western counterparts, including republicanism, communitarianism and liberalism. Conservatism is also included, and it is emphasized that Confucianism and social conservatism share some resemblances. Empirically, Chinese and Nordic citizens have distinct perceptions and normative orientations in terms of welfare and inequality, but this partly reflects that China is a strong outlier in the ISSP 2009 survey. By the statistical method of latent class analysis, four qualitatively different types of citizens emerge within each country. One corresponds roughly to egalitarian liberalism, while the other to some extent resembles 'Confucianism'. Potential theoretical explanations are discussed.

As regards the second research question, it is concluded that China has taken significant leaps towards more universal welfare, although it is primarily insurance-based. This includes increased coverage of existing schemes as well as the extension of new schemes within all three policy fields. This trend is most pronounced in the field of health insurance. The *hukou*-based divide in social rights is less pronounced than before. On the other hand, inadequate and even declining adequacy for those covered is also a pronounced trend. Big challenges in terms of financing and fragmentation across *hukou* and

geographical divides remain. This is most pronounced in the field of pensions.

Finally, it is shown how certain historical paths towards more universal welfare are shared between China and the Nordic countries. The timescale is relatively 'compressed' in China, and the Chinese problems partly reflect the challenge of extending and restructuring the welfare system at the same time. The points of departure are very different, but both China and the Nordic countries have reformed their pension systems towards multitiered and multipillar pension systems. Declining generosity of unemployment protection is also a shared experience. The Nordic pension systems do not share the same inadequacies and future problems, however, and Nordic unemployment protection is relatively more universal. The policy field of health care is where Sino-Nordic differences are most pronounced, although some historical Nordic mechanisms of 'universalization' resemble the current Chinese trends. It is also emphasized, however, that many of these common trends, whether historical or contemporary, are not exclusive to these five country cases. The Nordic development is to some extent general to other Western welfare states, just as some traits of Chinese social reforms resemble changes in other developing economies.

DANSK RESUME

Denne afhandling undersøger specifikke dimensioner af det sociale medborgerskab i Kina og de nordiske lande. Problemstillingen er grundlæggende tredelt. For det første afdækkes medborgerskabets normative grundlag, både fra et normativt-teoretisk perspektiv og fra et empirisk perspektiv. For det andet undersøges det i hvor høj grad det officielle kinesiske mål om mere universel velfærd er blevet opnået på policyområderne sundhed, pension og arbejdsløshed. For det tredje undersøges komparative reformveje i Kina og de nordiske lande i forhold til universalisme og sociale rettigheder inden for de samme tre policyområder.

Fra et normativt-teoretisk perspektiv redegøres der for den socialliberale eller 'elagitært' liberale medborgerskole med udgangspunkt i T.H. Marshall. 'Konfucianisme' diskuteres som medborgerskabsperspektiv i sammenligning med traditionelle vestlige skoler som republikanisme, kommunitarisme og liberalisme. Konservatisme inddrages også, og det understreges at konfucianisme har meget tilfælles med socialkonservatisme. Empirisk har kinesere og nordboer i visse tilfælde ret forskellige virkelighedsopfattelser og normative holdninger til velfærd eftersom Kina i ISSP 2009-undersøgelsen er en empirisk 'outlier' på visse områder. Med den statistiske metode latent class analysis ser vi dog også hvordan fire kvalitativt forskellige medborgertyper fremkommer inden for hvert enkelt land, hvoraf den ene stemmer nogenlunde overens med 'egalitært liberale' idealer og den anden er mere 'konfuciansk'. Forskellige teoretiske forklaringer på de empiriske resultater diskuteres.

Hvad angår det andet forskningsmål konkluderes det at Kina har taget store skridt henimod mere universel velfærd, om end det først og fremmest er forsikringsbaseret velfærd. Dette indbefatter både markant højere dækning af eksisterende ordninger og helt nye velfærdsordninger inden for alle tre policyområder. Dette er mest markant på sundhedsområdet. Skillelinjerne i sociale rettigheder baseret på *hukou*-systemet er samtidig mindre udtalte end før. På den

anden side er utilstrækkelig sikkerhed eller direkte forringet tilstrækkelighed af disse velfærdsordninger også et gennemgående særtræk. Der er store problemer forbundet med måden hvorpå disse ordninger er finansieret, ligesom stærkt fragmenteret velfærd på tværs af *hukou* og geografi stadig er en stor udfordring. Dette gælder især pensionsområdet.

Endelig vises det hvordan visse historiske veje henimod mere universel velfærd er fælles mellem Kina og de nordiske lande. Den relative tidsskala er stærkt sammenpresset i Kina, og en del af den kinesiske udfordring består i at udvide velfærdssystemet samtidig med at det tilpasses moderne udfordringer. Udgangspunkterne er vidt forskellige, men både Kina og de nordiske lande har forsøgt at reformere deres pensionssystemer henimod mere komplekse 'søjlebaserede' systemer. Forringet arbejdsløshedsunderstøttelse er også et fællestræk. De nordiske pensionssystemer deler dog ikke de samme grundlæggende utilstrækkeligheder og fremtidsudfordringer, ligesom nordisk arbejdsløshedsunderstøttelse stadig er mere universel. Sundhedsområdet er det område hvor de kinesisk-nordiske forskelle er mest udtalte, om end visse historisk nordiske udviklingstræk henimod mere universel velfærd minder om de nuværende kinesiske. Det understreges dog også at mange af disse fællestræk, både historiske og samtidige, ikke er eksklusive for disse fem lande. Udviklingen i de nordiske lande har fællestræk med generelle reformtendenser i de vestlige lande, ligesom den kinesiske udvikling på visse områder minder om andre udviklingsøkonomier.

ACKNOWLEDGEMENTS

Sailing as a metaphor for my work on this dissertation has been a recurring theme (hopefully not in the traditional Danish sense, since ‘sailing’ usually implies you are drifting about without goal or aim).

More than three years ago, I wrote a thoroughly unimpressive project application that finished off with flowery language and big words about sailing off into the unknown distance and the promise of discovering new continents. During a PhD-course, an esteemed Danish professor, having himself just supervised a PhD focusing on China, told me that writing a PhD with China as a main subject is a lesson in learning to sail blindfolded while trying to steer clear of dangerous reefs. While sailing on the Li River in Guangxi province, I nearly ran aground with fellow tourists while enjoying the spectacle of the beautiful karst mountains.

Yet, here I am three years later and I am able to write these words without having drowned, run aground or wrecked my ship (although recently it has felt more like steering a heavy supertanker into port).

I wanted to finish with a great quote from T.H. Marshall or Confucius, yet as so often before I find Thoreau unparalleled in terms of cutting straight to the truth in a few, beautiful words:

“There is a chasm between knowledge and ignorance which the arches of science can never span. A book should contain pure discoveries, glimpses of terra firma, though by shipwrecked mariners, and not the art of navigation by those who have never been out of sight of land.” – Henry David Thoreau (1893:125)

Perhaps I have never really dared to let myself lose sight of land. If I did not discover any new continents after all in this case, I hope that I have at least added some new territories and details to the maps of comparative welfare research. Like any sailor, I should thank my navigating stars. The individual points of light and their constellations are too many to mention, yet a few deserve special thanks:

I would have been stuck much longer at sea had I not been able to discuss and meet with people more knowledgeable about China and the Nordic countries than myself through fora like the Nordic Centre in Shanghai, the Sino-Danish Centre (SDC) in Beijing, the Nordic Institute of Asian Studies (NIAS) in Copenhagen or the Sino-Nordic Welfare Research Network (SNOW). Meeting fellow PhDs engaged in Chinese welfare research has been an invaluable experience.

I should be thankful for my colleagues at the Department of Political Science and the Centre for Comparative Welfare Studies (CCWS) in Aalborg for my academic upbringing and daily work environment. I am naturally indebted to my supervisor Jørgen Goul Andersen, one of the biggest capacities in welfare research in the Nordic countries. His guidance has put a great deal of wind in my sails. In addition, Christian Albrekt Larsen has commented on earlier drafts and also opened up some doors for me at the Sino-Danish Centre and the Nordic Centre, which has been a big help in chartering the course.

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CHAPTER 1. SETTING SAIL TOWARDS THE UNCHARTERED TERRITORIES OF SINO-NORDIC CITIZENSHIP

1.1 INTRODUCTION

After a tumultuous period of market reform followed by major social upheaval, China has in recent years been preoccupied with building a new welfare state on the rubble of the old welfare system of the planned economy. This entails social policymaking on a scale never seen before in human history. Literature investigating this daunting task has proliferated in recent years. As I will argue later, however, most policy-oriented studies of China do not engage the equally daunting task of making a comprehensive account of progress and challenges across several policy fields. The first aim of this dissertation is to do this in consideration of the official Chinese goals of making public welfare provision more universal. It will be shown how recent reforms in pensions, health and unemployment protection certainly has increased coverage of social protection, while big challenges remain in terms of securing adequate protection for those covered and breaking down old inequalities and divides in a very fragmented welfare system.

Furthermore, it will also be argued that comprehensive studies of China in a comparative perspective are much rarer still. Therefore, this becomes the second important aim of this dissertation. As we will elaborate below, the choice of a Sino-Nordic framework is not as hopeless as it may seem, especially given the official Chinese goal of achieving ‘moderate universalism’. Some similar policy dynamics can be identified when we adopt a wider historical perspective on the Nordic¹ policy development. On the other hand, since we will be

¹ The Nordic countries include Denmark, Finland, Iceland, Norway and Sweden, but Iceland is not included in this dissertation. Furthermore, ‘Scandinavia’ will sometimes be used to refer to Denmark, Norway and Sweden.

making big comparative leaps with these very different country cases, a wider comparative context will also be established with help from the literature on East Asian and global social policy developments. This will help us understand that some of the Chinese social policy trends are not wholly unique to China. We will also see how China, in comparison with the Nordic countries, is experiencing something of a ‘compressed’ timescale. Contemporary China is expanding its social policies while at the same time trying to adapt or recalibrate them to modern challenges. In the Nordic and other Western welfare states, these tendencies have been more neatly separated into different phases of welfare expansion and welfare adaptation (some would argue for retrenchment) spanning several decades.

Finally, we will also establish a normative context for these very different country cases. Here we will draw upon various schools of thought on the relationship between state and individual with a particular emphasis on egalitarian or social liberalism on the one hand and Confucianism on the other. The former is traditionally seen as a core feature of the Nordic ‘model’ welfare regime, while the latter is strongly associated with China and also features heavily in official discourse. They are very different visions of social citizenship, but it is too simplified simply to see the one as strongly egalitarian and the other as strongly inegalitarian.

We will also investigate the empirical basis of normative social citizenship. This means that we will uncover different groups or typologies of citizens based on their attitudes towards welfare and investigate the social divides with which they are associated in each country case. We will see how Chinese and Nordic citizens certainly do seem to think differently in terms of the role of public welfare. Generally, the Chinese seem to be more accepting of inequality in welfare provision as long as the public provides basic welfare for everyone. On the other hand, some of the individual-level as well as country-level dynamics that we will uncover also question this simple interpretation.

Having sketched the aims of this dissertation and lifted the veil a little bit on some of the main conclusions, the motivations for this study can be fleshed out.

It is a well-known story how China in the post-Maoist era charged full steam ahead into economic reform and consequently experienced very high economic growth and development. In the 32 years from 1978 to 2012, Chinese GDP grew on average by 9.7% per year (Zhao 2013). Economic reform did not only allow a small minority of Chinese citizens to “get rich first”, as Deng Xiaopeng purportedly phrased it. It also pulled more than 600 million Chinese out of extreme poverty when measured at the international standard of 1.25 USD per day (adjusted for purchasing power). China by itself represents more than two thirds of the global decline in extreme poverty in most recent decades (The Economist 2013; Lu 2012). This is perhaps the single greatest step towards better welfare in recent human history. Yet, the rewards of economic growth by itself have limits, and that is also true in the arena of social development. After the initial successes following the early reform period, continued economic growth did not bring about continued social progress to the same extent. In the new millennium, reports from the World Bank on poverty and the United Nations Development Programme on health and education concluded that development seemed to be stalling (Zhao 2013). World Bank analysts Ravallion & Chen (2007:38) painted the picture that China had previously been reaping the “*low-lying fruits of efficiency enhancing pro-poor reforms*”. With no more low-lying fruits, further social progress will require active social policymaking rather than just the removal of old obstacles for an efficient market economy.

At the same time, the economic reforms also had some major side effects. Economic inequality skyrocketed alongside economic growth. Measured by the gini coefficient, it increased to just below 0.5 in the 1990s, and has since stabilized at around 0.47 according to the estimates used by both official Chinese statistics and international organizations such as the World Bank (Herd 2013; World Bank 2012). This would make modern China a society marked by a high degree of inequality, above American levels for example, yet not as

high as other major developing economies such as India and Brazil. Yet, some claim that the poorest have been underrepresented in these surveys. For example, a household survey in 2012 pegged the gini coefficient at 0.61 (The Economist 2012). Whatever the precise extent of economic inequality, the market reforms introduced into China the social risks associated with a market economy and privatized welfare provision. For example, it became commonplace to talk of the ‘three mountains’ that Chinese households had to climb by financing health, education and housing themselves (Ngok & Huang 2014). These are just a few examples of the consequences of the dismantling of the old welfare system which was connected to employment within the old planned economy. Social upheaval at such a massive scale of course has great potential to threaten social stability. Thousands of protests involving millions of people became commonplace, and they increased in number in the new millennium (Zhao 2013; Chan 2010). There were for example 87.000 protests in 2006 alone, which was somewhat of a peak at the time.

In this context, Chinese policymakers quickly became preoccupied with introducing and extending new social protection schemes. In the middle and late 1990s, China took its first steps into the art of art of conducting social policy within a market economy. Health care, education, poverty alleviation, unemployment, pensions and housing are some of the most significant policy fields where major reforms have taken place (Ngok & Huang 2014; Ngok 2013; Herd 2013; CDRF 2012; Duckett & Carrillo 2011; Chan et. al. 2008). These social reforms were accompanied by a new political discourse in the new millennium. The aim of building a socialist ‘harmonious’ society was adopted by the Party Congress in 2006. Importantly, the term ‘social policy’ was used for the first time in official documents in 2006 as the vision of the harmonious society was spelled out. The goal of achieving a ‘moderate’ or ‘appropriate’ universal welfare state, first promoted by the Ministry of Civil Affairs, was adopted by the government at the same time (Lei & Walker 2013; China.org.cn 2012; Cook & Lam 2011). Earlier in the new millennium, the CCP had also promulgated the idea of the ‘scientific outlook on development’, which included a commitment to a much more balanced social development (Ngok 2013). Recent five-year plans

have repeatedly affirmed the goal of increasing coverage of existing schemes and also reducing their inherent divides in terms of social rights.

Far away from China in more than just the geographical sense, the Nordic countries have for decades been perceived as mature welfare regimes characterized by universal social policymaking, at least to a higher degree than elsewhere. A distinct ‘Nordic model’ of social policy has been an international brand for these countries since the post-World War II-period (Petersen 2011). Traditionally, the ‘Nordic model’ has been associated with a high degree of social policy universalism in the form of comprehensive coverage, generous benefits and services and a high degree of redistribution, among other characteristics (Kautto 2010; Kildal & Kuhnle 2005; Eitheim & Kuhnle 2000; Esping-Andersen 1990; Esping-Andersen & Korpi 1986; Titmuss 1974). The issue of whether and how the Nordic countries remain distinct has been the subject of much discussion in comparative welfare research (some recent extensive reports or anthologies focusing on the Nordic countries include for example Dølvik et. al. 2014; Kananen 2014; Valkonen & Vihriälä 2014; Kvist et. al. 2012; Hvinden & Johansson 2007; Kangas & Palme 2005; Kautto et. al. 2001). Arguably, the Nordic countries have been most distinct on a range of social outcome characteristics including (but not only) high income equality, high social trust, high social participation and support for the welfare state (Larsen 2013a; Kvist et. al. 2012; Fritzell et. al. 2012). From a comparative perspective, the Nordic countries have often seemed to embody a happy marriage between economic prosperity, equality and social cohesion. Therefore, the Nordic countries in many ways seem to be one of the most ‘harmonious’ corners of the world.

1.2 RESEARCH AIM: DIMENSIONS OF SOCIAL CITIZENSHIP IN CHINA AND THE NORDIC COUNTRIES

As indicated by the above, the basic aim of this is thesis is to investigate social citizenship in China and the Nordic countries from a comparative perspective. This is a very general goal, but in this case it will be narrowed down to three main aims. Firstly, we will make

normative social citizenship an object of analysis. This will take the form of an enquiry into public welfare attitudes just as we will discuss various normative approaches to social citizenship, including Confucianism and social/egalitarian liberalism. Secondly, progress and challenges vis-à-vis the goal of universalism will be investigated with a focus on unemployment protection, health insurance and pensions in the Chinese case. Thirdly, a comparative Sino-Nordic perspective on social rights will be adopted. Here, the policy dynamics of the Chinese development will be compared with broader historical policy changes of the Nordic countries.

If we frame these three aims as questions within the overall goal of exploring social citizenship, they could be phrased like this:

- Firstly, what are the normative foundations of citizenship in China and the Nordic countries, both from a normative-theoretical perspective and in terms of welfare attitudes among the citizenry?
- Secondly, to what degree has the goal of achieving more universal welfare in China been achieved regarding health, unemployment and pensions, and what are the challenges in this regard?
- Thirdly, what have been the comparative policy reform paths in China and the Nordic countries vis-à-vis universalism and social rights in the same three policy fields?

Section 1.6 will further elaborate how this analysis and the rest of the dissertation will be structured. As I will further elaborate in chapter 2 and 3, the three research questions will lead us to investigate some specific aspects or dimensions of social citizenship within the comparative framework of this thesis.

Social citizenship is a broad concept spanning not only policies and attitudes, but also a range of other social outcomes that are relevant for the practice of citizenship between citizens. While raising the general standard of living or combatting economic inequalities concern the classic material aspects of welfare outcomes, the social

outcomes of citizenship is concerned with how citizens perceive both themselves and others and how they act towards their fellow citizens.

At the heart of it all is the basic question of how the principles on which welfare policies are based promote citizenship and alleviate inequalities or if they perhaps even exacerbate inequalities and undermine citizenship. Real-world social policymaking is usually gray rather than black and white, but such questions are at the heart of any welfare or citizenship regime.

This thesis will not investigate social outcomes beyond those related to welfare attitudes (chiefly due to limitations in terms of comparative data), but is important to keep in mind and will be discussed conceptually later.

Apart from this analytical conception, social citizenship can also be grounded normatively as a range of theoretical schools with prescriptions and ideals for policies and citizenship practices. Such ideals may in turn be reflected in the attitudes of the citizenry, even if citizens are not explicitly aware of the labels we may use to distinguish between different forms of normative citizenship.

1.3 WHY CHINA AND THE NORDIC COUNTRIES?

The selection of cases is of course very much a design issue. Therefore, chapter 2 will deal with this question as a design issue. However, we may still ask ourselves what inspired this particular choice of countries. .

I will be wary to claim that this thesis can further policy learning between China and the Nordic countries. Such a perspective easily evolves into a discussion on what developing China can learn from the developed Nordic welfare states. There is a strong research tradition emphasizing the role of policy learning as a process of international policy transfer or diffusion (see for example Benson & Jordan (2011) or Dolowitz & Marsh (1996) for reviews) and it has even expanded to the global level as we will see in chapter 11. Yet, this literature has long since moved beyond the notion that specific

policies can be copied across different national contexts. Furthermore, to the extent that direct policy transfer has been found to play a role, it has usually been across similar national contexts, for example in the way that policy transfer and the power of comparison certainly did play a role in the early development of the Nordic welfare states (Kettunen 2011; Petersen 2011). In official discourse, China has lauded the development experience of Singapore repeatedly since the time of Deng Xiaopeng (Zhao & Wong 2013).

On the other hand, the Chinese reform experience is riddled with examples of active policy learning far beyond just the immediate neighbours of China. Examples are many. For example, the current multipillar set-up of the Chinese pension system as promulgated from 1997 and onwards (see chapter 8) was inspired by World Bank recommendations at the time (Orenstein & Deacon 2014; Frazier 2010; Salditt et. al. 2007). An official review of the unemployment insurance systems of more than 40 countries preceded the reform of the Chinese scheme in 1999 (Leung 2005). Public Employment Services Centers became national policy in the new millennium, inspired by ILO-recommendations (Xu 2012). In terms of managing the public sector, official Chinese discourse has looked to the West in terms of ‘good governance’, ‘new public management’ and more competitive public sector job allocation, although such inspirations have of course been translated into the Chinese context of the party-state (Burns 2014). At the same time, some of the new Chinese policy discourse, such as the notion of moderate universalism mentioned above, might point to an increasing attention to the potentials of Sino-Nordic policy learning. As a point in case, the Development Research Centre of the Chinese State Council, an official think-tank reporting directly to the Chinese Prime Minister, refers several times to various policies in Nordic countries in its report *Constructing a Social Welfare System for All in China* (CDRF 2012). The foundations for the report were laid during a study trip to Copenhagen.

Comparative research can therefore by itself add to this potential policy dialogue. I hope that that this thesis will be able to further the Sino-Nordic research dialogue in the field of welfare research, or a more limited form of ‘research’ transfer, if you will. Chinese attention

to the Nordic countries has certainly been growing at the research level at the same time as scholarly interest in China has increased in the Nordic countries and the West in general.

Chinese social policy research into the Nordic countries began already in the 1980s, but bloomed in the late 1990s (Zhang 2013a; Lin 2001). Sweden has dominated the Chinese literature since the beginning. At the same time as Chinese researchers have been lauding some of the accomplishments widely attributed to the Nordic welfare regimes, Chinese research has also been marked by ambivalence about the desirability of the Nordic path. The more negative perceptions stem from traditional critiques of the welfare state in terms of economic efficiency and sustainability (Lin 2001).

For Nordic academics (and Western scholars in general), the research dialogue has greatly improved in most recent years with the very significant increase in research written in English. The wide body of literature cited in this thesis is a testament to this. Arguably, this dissertation would not have been possible had it begun just five years earlier. The number of scientific articles looking into various welfare issues in China are now almost beyond count. At the same time, there is still only a relatively limited number of really comprehensive works on China, although the literature has expanded in most recent years. Notable are Zhao (2013), Baehler & Besharov (2013), Li et. al. (2013), Duckett & Carillo (2011) and Zhao & Lim (2010). These are all anthologies, however, and Chan et. al. (2008) is still an essential piece of work with a both general and in-depth account of the Chinese case, although the significant reforms since 2008 are of course absent. If one is searching for comprehensive research with a comparative framework, a blind stroke of luck would very nearly be required. It is certainly possible to find recent comparative literature, but this typically comes in the form of broad cross-country anthologies where individual authors act as experts on one single country in each chapter. Yan (2014), Li (2013a) and Izuhara (2013) are a few recent examples. Walker & Wong (2005) also deserves mention, but this is once again not entirely up-to-date.

Comprehensive studies of China are therefore relatively limited, and those including China in a comparative framework are much rarer still. In addition, almost nothing has been done from a Sino-Nordic comparative framework. Kuhnle (2011) called for a Nordic-East Asian welfare dialogue and reviewed some very basic features of these welfare regimes. I took up this call in Kongshøj (2013) with a small review of Sino-Nordic developments in income protection, which in many ways was a preliminary foundation for what later became chapter 10 in this dissertation. Kettunen et. al. (2014) edited the first Sino-Nordic welfare anthology, but only one of the 12 individual chapters actually contains a Sino-Nordic comparative framework (in elderly care), and even here the Sino-Nordic bridge rests on rather fragile pillars. In addition, none of the questions raised here are treated in depth. It is interesting to note, however, that Kettunen et. al. (2014:27) also tentatively observed that *“To some extent, one might say that recent reforms and agreed-upon plans in China point in a more ‘Nordic’ direction....”*.

However, since this dissertation will also examine attitudes towards welfare and equality in one chapter, we should note the anthology on political culture in East Asia and the Nordic countries edited by Helgesen (2006a). The empirical basis of this anthology is a survey conducted in 1999-2001, and while the focus is on political culture in a broader sense, some welfare attitudes were included in the survey and we will make relevant references to this in chapter 5

Still, we must conclude that Sino-Nordic comparative research on social policy and aspects of social citizenship related to welfare is woefully limited. In short, the selection of cases here is motivated firstly by the lack of comprehensive comparative studies including China, and the nearly complete absence of Sino-Nordic work in this field. Therefore, there is ample space for furthering the Sino-Nordic, scholarly dialogue on welfare research.

Besides these general arguments why Sino-Nordic comparative research merits interest, the choice of cases has naturally also been influenced by factors specific to this Ph.D.-project. Besides the Centre for Comparative Welfare Studies (CCWS) at Aalborg

University, the project is also anchored within (and partly funded by) the Sino-Danish Centre for Education and Research (SDC) in Beijing, which is engaged in Danish-Chinese research exchange. In this project, the scope has been broadened from Denmark to the Nordic countries because of the emerging Sino-Nordic research dialogue. In addition, the Nordic ‘brand’, which is also well-known in China, attracts more interest than the single Danish case in comparative welfare research. This also provides an argument for going in-depth with the very significant intra-Nordic diversities that exist at the policy level despite popular notions about the ‘Nordic model’.

Finally, during the course of this project a longer research stay of more than three months in the fall of 2013 was spent at the Nordic Centre at Fudan University in Shanghai (plus shorter stays of a few weeks in 2012 and 2014) in addition to the shorter stays at SDC in Beijing. A short research stay of just a few weeks at the Nordic Institute of Asian Studies (NIAS) in Copenhagen also took place in the fall of 2014. I also enjoyed participating in a PhD-course on welfare research in China the Nordic countries in Shanghai, arranged by the Sino-Nordic Welfare Research Network (SNOW).

1.4 WHY WOULD WE EXPECT SIMILAR REFORM PATHS?

When considering the research aim outlined above, this comparative framework raises the question of whether we should expect any similarities at all as we uncover the trajectories of policy reforms. In order for the Sino-Nordic framework to be more interesting, it would help us if we did not simply see it as a given conclusion that China and the Nordic countries are very different places. Some arguments why we could expect at least some surprising similarities will be put forth here.

Let it be noted first, however, that similar reform tendencies should not be confused with convergence (or divergence in case of dissimilar reform trajectories). For example, a common experience of moving towards multipillar pensions does not necessarily entail policy convergence to any significant extent. It may even include divergence of public pension benefits, for example, or at least ‘parallel trends,

persistent diversity’ as coined by Kautto & Kvist (2002). Convergence could even arise from dissimilar reform paths, just as similar reform paths could lead to divergence (see Hay & Wincott (2012) for an elaboration of convergence and divergence).

Whether we would expect similar reform paths depends very much on our theoretical outlook on the drivers behind welfare regime change. A host of factors could be mentioned, such as economic change; changes in discourses, paradigms or ideas; changes in decision-making institutions; actor-driven change or change in dominant actors; change driven by social classes and coalitions between them and new institutionalist explanations or institutional feedback-oriented perspectives on change. As an example, Vis & Van Kersbergen (2014) can be recommended for a review of drivers behind welfare state change. They distinguish between four main ‘rationales’ or ‘logics’, namely ‘socio-economic development and modernization’, ‘political integration and state-building’, ‘need-satisfaction and risk-reapportioning’ and finally ‘class politics and redistribution’. All of these factors behind welfare state change can of course be interlinked however they are defined or labelled.

The interlinkages between these drivers of welfare change vary according to context and time. For example, as comparative welfare research has expanded beyond its traditional preoccupation with Western or developed welfare states, some thought has also been given to how social policies evolve and change for very different reasons in developing countries compared to the ‘old’ welfare states (Vetterlein 2013; Gough & Therborn 2010; Mares & Carnes 2009).

Besides these broad drivers of change, which vary according to time and space, one could also introduce a form of welfare functionalism closely related to both economic and sociological conceptualizations of modernization theory (Blau 1989; Gough 1978), which is also partly reflected in Vis Kersbergen’s (2014) first logic of change above. This embodies what we might call the first generation of welfare state theory, which emphasized convergence between countries as societies progressed. Here, the construction of a welfare state is “*interpreted as a functional requisite for the reproduction of*

society and economy” (Esping-Andersen 1990:13) From an economic viewpoint, the modern market economy in tandem with developments in the production mode simply create a need for welfare state expansion. Economic growth following the introduction of a modern market economy can also quite simply create the room necessary for welfare state development (Wilensky 1975). Later economically-oriented theories have added more nuances, for example that this ‘need’ for state welfare might vary according to whether society is experiencing industrialization or de-industrialization (Iversen 2001). Linked with economic functionalism, functionalist sociological approaches emphasize the specialization and ever higher degree of complexity that characterizes modern social relations which by itself also creates a need for welfare provision at the societal level.

The functionalist point of departure is implicitly evident in the classic definition of the welfare state provided by Asa Briggs (1961:228): “*A welfare state is a state in which organized power is deliberately used (through politics and administration) in an effort to modify the play of market forces*”. Similarly, Karl Polanyi (1944) described how the destruction of the old social order that followed the modern market economy also gave rise to the ‘double movement’, the corresponding demand for social protection, although he did perhaps not envisage the modern welfare state as such. In other words, from these perspectives the creation of a market economy simply demands some kind of effort to modify market outcomes. Indeed, most forms of social policy would be unimaginable without the market economy.

It is on the basis of these functionalist accounts of social policy as something driven by the modernization of society that we would perhaps even expect some degree of convergence among our country cases. China has modernized rapidly in the past more than 30 years, and the introduction of a modern market economy has in time also demanded the introduction of modern social policymaking as implied to some extent in the introduction. While a richer China does not necessarily mean a correspondingly more modern China on all aspects of modernization, just as the old planned economy already had some traits of societal modernization, there is no doubt that China has modernized in both the economic and sociological sense. From

that point of view, the modernization gap between China and the Nordic countries has become less pronounced, which could lead us to question the extent of the Sino-Nordic disparity in terms of citizenship and perhaps increasingly similar policy changes.

Other important arguments could be made as well. For example, and as mentioned in the introduction, a new discourse on social policy can be traced in China, especially in the new millennium. The goals of both the ‘harmonious society’ and the ‘scientific outlook on development’ are strongly associated with expanding or improving the embryonic Chinese welfare state, as is of course the idea of ‘moderate’ universalism. A whole range of new ideas in official discourse could be mentioned, such as ‘putting people first’, ‘a service-oriented government’, ‘equalization of basic public services’, ‘improving people’s livelihood’ or ‘ensuring that all people enjoy their rights to education, employment, medical and old age care and housing’ (Ngok 2013). The social security system, which had been heavily skewed towards the urban population, was envisaged to be expanded particularly in rural China as part of the pro-rural policies under the heading of ‘giving more, taking less’ (Li et. al. 2013) This change of discourse within the Chinese Communist Party itself could lead to the expectation that citizenship in China might be edging closer to the Nordic countries. This perspective on welfare state reform in China echoes Vis & Van Kersbergen’s (2014) second logic of change, namely ‘political integration and state-building’.

This discursive turn in China may be an echo of truly global norms and ideas about social policy as they have emerged in most recent decades as argued by ‘world society theory’ or the ‘world polity approach’ (chapter 11). As chapter 6 will also elaborate, the welfare regime literature has spent much time discussing a general East Asian welfare expansion, a trend that we may reasonably expect to apply to China as well.

In short, it has been argued here that we could expect some similarities when we consider the basic functionalist argument coupled with the recent discursive turn in China and global social policy developments. Without going into any level of detail on the

remaining perspectives on welfare state development mentioned in the beginning, it can safely be said that we would expect marked and continued Sino-Nordic disparities through the perspective of most of them. Decision-making institutions and political actors are widely different, for example.

The aim of this thesis is not to ‘test’ these theoretical perspectives. That will only be done very indirectly as we conclude on the comparative state and development of Sino-Nordic citizenship. A proper conclusion in this regard would require a much deeper consideration of the perspectives mentioned here. Instead, the purpose of just briefly bringing in these perspectives here has been to anchor the main research question in a discussion that is both classic and topical in the research field, just as it shows how the basic research aim and the selection of cases are not quite as far-fetched as it may seem.

1.5 WHY SOCIAL CITIZENSHIP?

This dissertation is very inspired by the Scandinavian research tradition emphasizing social citizenship, although it has primarily been used for research into societal participation (see for instance Westholm et. al. 2007; Esaiasson & Westholm 2006; Goul Andersen & Hoff 2001; Goul Andersen et. al. 2000; Andersen et. al. 1993; Petersson et. al. 1989). Various Scandinavian studies into political power and participation began in the early 1970s, although not always with explicit reference to citizenship (Micheletti 1984). Arguably, this tradition is grounded in a combination of social or ‘egalitarian’ liberalism and ‘republican’ civicism (see chapter 4).

However, we may ask ourselves why we would use social citizenship as an approach for analysis of social policy or related outcomes. Certainly, it could be possible to do that without explicit reference to social citizenship. In essence, we can speak of social citizenship both as a set of normative theories and principles for social policy and ideals for what constitutes good citizenship, but also as an approach for social policy analysis. The combination of these conceptual-empirical and normative-theoretical approaches leads us to three basic

arguments for using social citizenship, all of which will be spelt out in chapter 3.

Firstly, social citizenship will allow us to include both social rights (ie. the welfare state) as well as normative orientations about what social policy should and should not do. This means that we can include both principles of welfare at the policy level as well as normative attitudes towards welfare among the citizenry. It also means that we can spell out different normative schools of thought on social citizenship, where this thesis will discuss how exactly 'Confucianism' relates to Western lines of thought on citizenship. This is a question often raised by much literature on welfare in East Asia, but it hardly ever answered beyond vague allusions to 'familialism' or 'collectivism'.

Secondly, citizenship can help us narrow the empirical focus and identify what social outcomes to analyze instead of perhaps more vague allusions to 'marginalization' or 'social exclusion'. This is a general argument for using the concept of social citizenship, even if this thesis will not investigate social outcomes in any depth. Social citizenship can also contain some of the same policy outcomes that related concepts concern themselves with, but social citizenship can help us order the relationship between these outcomes and then narrow our focus.

Thirdly and finally, when we cover all this ground in terms of both normative thinking as well as different empirical dimensions of citizenship (mainly social rights in this case), we actually analyze what the overall citizenship regime looks like. This is very much akin to welfare regimes, and it is possible to home in on some intersections between welfare regimes and citizenship regimes. For example, Rice (2013) suggests that the welfare regime literature touches upon three broad dimensions of welfare regimes, these being welfare institutions, welfare outcomes and welfare culture. These correspond largely to the dimensions of social citizenship discussed here, namely social rights and duties, citizenship outcomes and normative citizenship ideals.

Therefore, both welfare regimes and social citizenship have significant conceptual overlaps or commonalities, and this is also one reason why the idea of *citizenship regimes* has been suggested in the literature (Jenson 2013). In essence, a regime of citizenship includes not only rights, but also wider governance practices and the welfare mix as well as the identities that are created between citizens within a regime. Basically, citizenship can be conceptualized in broad and narrow terms. Citizenship in the broad sense is as much about relations between citizens as it is between the state and the individual, whereas the traditional narrow definition focuses solely on the state-individual relationship in terms of rights and duties (Lister 2013; Andersen et. al. 1993).

Related to this, it should in the context of this thesis at least be acknowledged that using social citizenship as a main concept raises the issue of an inherent Western (and perhaps especially Nordic) bias. Certainly, it is not a rarity to come across the argument that the notion of individual, social rights has very weak foundations in China or other Asian countries (Wong 2013a; Chan 2008a). On the other hand, some argue that the significant Chinese welfare reforms of the new millennium reflect that “...*a conception of social citizenship has begun to emerge...*” (Ngok & Huang 2014:156). Others argue for a similar trend at the global level (Leisering & Barrientos 2013; Davy 2013). As regards the notion of citizenship regimes, Ong (1999) have used the concept to analyze citizenship regimes in Asian ‘tiger states’.

We will return to these discussions later in their relevant chapters. The point here is that just as it does not make sense to say that a country has no welfare regime, there is always some form of social citizenship. This thesis is therefore very much in agreement with Clarke et. al. (2014:38) who argue that social citizenship is something that must be understood in its context: “*So, ‘thick contextualization’ is also required when considering citizenship theoretizations as much as the forms and practices of citizenship itself. In saying that, we are not arguing for a relativistic or empiricist conception that would deny any attempt at conceptualizing citizenship. Rather, we are pushing a step further our contention that citizenship has no essence that is*

immutable through time and space...". This thesis is aimed at providing this thick contextualization for our country cases.

In short, this thesis does not on the outset adopt a narrow definition of social citizenship as for example Petersson (1989) or even earlier Scandinavian studies did, namely a normatively grounded approach inspired by the work of T.H. Marshall (see chapter 4). The argument here is that social citizenship when utilized for analytical purposes is merely a methodological tool for uncovering comparative differences, firstly in terms of welfare states, and secondly in terms of normative thinking. Social citizenship is treated as an object of study which can take not 'one true form', but encompasses a range of different configurations of policies and social outcomes.

1.6 STRUCTURE OF THE DISSERTATION

In the preceding sections, I have argued for the choice of the three aims or research questions stated in section 1.2. Uniting these three main questions is the very basic aim of chartering the hitherto unknown territory of Sino-Nordic citizenship. We will end this chapter by spelling out how we will proceed in engaging these research aims and how the dissertation will be structured.

Before the research questions themselves will be engaged, the conceptual world of citizenship will be explained, as will issues relating to methods and design. Chapter 2 concerns method and design. The sections on design will concern themselves with what we can learn from selecting so diverse country cases as we do in this case. The methodological elaboration will explain how we will treat the enquiries into social rights and normative orientations empirically. Chapter 3 will elaborate upon various definitions of social citizenship, flesh out three main sub-dimensions for empirical research and finally elaborate more closely on the dimension of social rights since the policy level will be so dominant in this thesis.

Chapter 4 and 5 will engage the first research question on normative citizenship. Chapter 4 will establish the theoretical world of normative social citizenship with a particular emphasis on

Confucianism and ‘egalitarian’ or social liberalism. This chapter will discuss Confucianism in comparison with traditional Western schools of citizenship. As this chapter (and also chapter 6 on welfare regimes) will argue, Confucianism has in comparative welfare research often been mentioned in passing as expressing a set of deeply rooted normative orientations in China and East Asia. This chapter will therefore bring in Confucianism as a mode of thought on citizenship comparable to relevant Western approaches.

Chapter 5 will take an empirical perspective on normative citizenship and investigate welfare attitudes. Besides normative orientations, some measures of citizens’ perceptions of welfare and their own country context will also be included. Data will come mainly from the 2009 module of the International Social Survey Programme (ISSP). We are interested not only in aggregate country-level differences, but also in individual-level differences as they can be inferred to represent different typologies of citizens. We will also analyze what social divides these latent citizen typologies are associated with. We will also be interested in discussing the extent to which these different citizen orientations can be related to the normative schools of citizenship outlined in chapter 4

Chapter 6 will serve as a comparative context for the policy-oriented research questions. By reviewing the relevant literature, the aim is to embed our country cases in a welfare regime context (since the regime literature is so voluminous and extensively discussed) and outline some main policy trends. In this way, we will have at least a rough perception of what is happening beyond our own country cases.

Chapter 7, 8 and 9 engage the question of progress and challenges vis-à-vis universalism in the three selected policy fields in China. Recent reforms of social rights will be described in each field and each of the chapters will also aim to provide a deeper assessment of the consequences in terms of generosity and coverage of the schemes in question. Chapter 7, dealing with unemployment, will also describe the post-Mao market reforms since these reforms introduced into China the issue of unemployment as a widespread social risk.

Chapter 10 will provide the concluding analysis of the policy level by drawing comparisons between China and the Nordic countries in terms of the reform paths of all three policy fields. Naturally, this will draw upon the main findings regarding the Chinese case in chapters 7, 8 and 9.

Finally, chapter 11 will weave together the different threads of the preceding chapters into a coherent image of social citizenship in China and the Nordic countries. The chapter will summarize our findings in three separate sections pertaining to the three main questions. The first will concern the normative foundations of citizenship in China and the Nordic countries (chapter 4 and 5), the second focuses on social rights in China (chapters 6, 7,8 and 9) and the third will discuss reform trajectories and mechanisms of ‘universalization’ across all countries (chapter 6 and 10). In addition, chapter 11 will also take a more global outlook and discuss whether the policy trends we have uncovered are really unique to our five country cases.

CHAPTER 2. HOW SINO-NORDIC CITIZENSHIP IS INVESTIGATED

It is clear that the classic comparative case study where individual countries constitute ‘cases’ is the cornerstone of this research design. The basic aim is to grasp the differences between countries regarding social citizenship. These countries can only be fully understood as a unique *sui generis* in each case. This form of case study does not necessarily exclude an explanatory aim, but any explanation or generalization that applies beyond the cases in question is usually not the focus of such studies. This fundamental difference between idiographic and nomothetic studies is often depicted as an old controversy in the comparative sciences (Wad 2000; Ragin 1991). Usually, it also includes the perceived battle or ‘paradigm war’ between context-oriented studies based on qualitative methods and variable-oriented studies based on quantitative methodology (Bergman 2008).

Many researchers have moved out of the trenches of the paradigm wars. For instance, more nuanced discussions can be found in the very extensive debate on the mixed methods-approach and the various designs such an approach might use (Frederiksen 2013; Creswell & Plano-Clark 2011; Brewer & Hunter 2006). The intention of bridging the two worlds is not uncommon, but not as easy as it may seem. In this dissertation, such a challenge presents itself when tying the context-oriented policy analysis together with the quantitatively oriented and survey-based analysis of citizenship orientations and investigating the interdependence between policy and normative orientations.

2.1 DESIGN: WHAT WE CAN LEARN FROM COMPARING APPLES AND ORANGES.

The central question of any comparative case study is of course the choice of cases and how they matter for the central object of study,

which is social citizenship in our case. The comparative case study offers a few classic designs. While it should be clear that the Sino-Nordic framework of this thesis is of course not a most-similar case study, it is not exactly a most-different case study either. In this thesis, the choice of cases has not been made with a particular citizenship outcome (of social rights) in mind and the research aim is not explanatory.

Instead, this dissertation will generally follow John Stuart Mill's 'method of concomitant variation'. J.S. Mill described a world of comparative strategies beyond the dichotomy of 'most different' or 'most similar'. He outlined five possible comparative designs, where the 'method of agreement' and the 'method of difference' are the most well-known. While these strategies were labeled 'methods' by J.S. Mill, they do very much concern design since it has consequences for the selection of cases or empirical data (and not only the method with which we treat these empirical observations). The 'method of agreement' corresponds to the most-different design and the 'method of difference' to most-similar design (Mills referred to the object of study in these labels, not to the explanations behind them) (Wad 2000). However, along with the 'joint method of agreement and difference' and the 'method of residues', 'the method of concomitant variation' should not be forgotten. Here, the object of study remains the same across cases, but it varies concomitantly, as do the factors behind the research object.

Translated into the vocabulary of this dissertation, we are not only interested in how welfare state policies are the result of different pathways of social rights, but also how we can outline broad lines of normative thought on social citizenship as they may be reflected in empirical welfare attitudes. This in turn constitutes the normative bedrock of our changing welfare states. Concomitant variation is more than anything what describes how we will go about investigating these specific country cases.

By comparing this limited number of cases we will gain some understanding of how these different dimensions of citizenship are interconnected, at least in the case of the specific countries included

here. The inclusion of the Chinese case in the comparison should ideally enable us to gain a deeper understanding of the fundamentals of social citizenship, at least more so than we would have been able to if we had stayed comfortably in the Nordic or Western hemisphere or if we had focused solely on China.

As Sartori (1991:246) writes: “*Pears and apples are comparable as fruits, as things that can be eaten, as entities that grow on trees*”. This is perhaps one of the logics behind a design based on concomitant variation. If I am comparing pears and apples here, I acknowledge that such a research design does not allow for much understanding of why pears are pears and why apples are apples, but hopefully we will gain some understanding of the commonalities of these fruits (or the common basics of social citizenship) at least. The purpose is to arrive at the mix of commonalities that draw our country cases together in terms of social citizenship, but also the specific flavors that makes each case a unique *sui generis*.

2.2 THE EXTERNAL AND INTERNAL ANALYSIS OF CITIZENSHIP

Distinguishing between external and internal analysis in comparative science makes it easier to flesh out how the analysis will be tied together. This distinction is drawn from Janoski (1991) who emphasized that it could help achieve synthesis between the idiographic and nomothetic approaches in case studies. In cross-country comparative science, internal analysis refers to the analysis of each single case by itself. External analysis concerns the actual comparison of countries, but internal analysis is of course a crucial necessity when we want to compare. Janoski (1991) emphasised that external analysis takes place both at the initial stage of conceiving and designing the study and then again at the final stage through more formal methods of comparison. The internal analysis takes place as the middle phase between these two where each country is investigated in detail before it is possible to proceed to the final, comparative analysis.

The point here is that the interaction between external and internal analysis takes place at three stages: First, there is the standard, initial external analysis where the thesis is laid out in terms of research question, theory and the selection of cases (chapters 1, 2 and 3). Here we will also add a broader comparative context both in terms of social rights and normative ideals towards citizenship (chapter 4 and chapter 6). Second, we proceed to the internal analysis of both social rights and normative orientations, two strands of analysis which will be very different methodologically (chapters 5, 7, 8 and 9). Finally, we draw the comparative (external) conclusions, where we will try to link the different dimensions of social citizenship (chapter 10 and 11).

A few modifications to this ideal-typical design should be noted, however.

Firstly, the internal analysis at the policy level focuses on China. At the policy level, the real added value of this dissertation lies in conducting an analysis of China and then including it in a comparative context. In the world of Nordic welfare regimes, much has already been written about the social policy development from a comparative perspective as noted in the introduction. On the other hand, an updated, cross-Nordic assessment of the policy fields included here is difficult to come across. The focus of the policy-oriented part of the thesis will be to dig out the Chinese development (chapters 7, 8 and 9) and then shed light on it in a Sino-Nordic comparative framework (chapter 10). Therefore, in the policy-oriented chapters of the thesis, the Nordic countries are included only in the external analysis.

Secondly, the empirical and quantitatively oriented analysis of citizenship orientations (chapter 5) will be far less extensive than the analysis of social rights, mostly due to data limitations. The World Value Survey and the International Social Survey Programme (2009 module) do include China and they are obvious choices when the research object is social citizenship. However, data on normative orientations towards social policy (with the policy fields included here) are limited. It is also much more difficult to draw a sharp line between internal and external analysis here.

2.3. METHOD: CITIZENSHIP AT THE LEVEL OF SOCIAL RIGHTS

As mentioned in chapter 1, the initial review of the literature on welfare state developments in China and the Nordic countries revealed that the most significant welfare reforms in China have taken place within old age pensions, health insurance and income protection for the working age population. Therefore, these three policy areas will be the particular focus of this thesis.

The analysis of social rights in contemporary China will primarily be done by making an assessment of the developments within the social rights dimensions of benefit levels and coverage (which we will return to in section 3.4 as I conceptualize the connection between rights and social citizenship). Benefit levels (usually measured as replacement rates) are, as Danforth and Stephens 2013: 1288) puts it: *“...generally perceived as the most direct measure of benefit generosity. Moreover, there is a prevailing view that replacement rates are the most theoretically interesting aspects of social rights because, as Esping-Andersen (1990:50) has argued, they are ‘absolutely decisive’ for people making decisions concerning welfare and work”*. Furthermore, coverage of the population group towards which a welfare scheme is directed is of course another important measure in terms of how many actually enjoy the benefit or service in question. Together, these two dimensions of rights are the prime indicators of the ‘width and depth’ of a scheme.

We will return to these dimensions of social rights in section 3.4 from a conceptual perspective. There I will further elaborate how eligibility, duration and financing are also very important, and all of these will also be considered if relevant. Coverage can partly be understood as an indicator of eligibility and duration, since the two latter very much determines how many are included in a scheme.

These dimensions of social rights are classic to much welfare state research. Kangas & Palme (2005), for example, utilize data on coverage and generosity they track the historical development of social insurance schemes in the Nordic countries. Esping-Andersens

(1990) analysis used data on benefit levels, eligibility, coverage, duration and waiting days in the construction of his de-commodification index. Palme (1990), as another example, used coverage, benefit levels, eligibility and financing in his 1930-1985 account of 18 OECD countries, focusing solely on pension schemes².

The point here is that there is at least some consensus as to what the relevant benefit dimensions are when we want to compare social rights across countries. All of these will to some extent be included, but the focus will be on benefit levels and coverage as the two most important dimensions.

Lastly, I will make a few general points about how we gain knowledge about coverage, generosity and other relevant dimensions of social rights.

While there are strong arguments for the novelty of the comparative framework and the scope and extensiveness of the enquiry into the three policy fields, the policy-related analysis will to a high degree be assembled from a large body of existing literature (if scattered vis-à-vis our research aims).

Another important discussion is the use of official Chinese statistics. These will sometimes be referred to when assessing coverage and generosity. It is well-known how some official statistics should definitely not be confused with the whole truth. Firstly, some

² Esping-Andersens and Palme both utilized data from early versions of the Social Citizenship Indicator Program (SCIP), which Gøsta Esping-Andersen and Walter Korpi began in 1981 in an effort to obtain comparable indicators of social rights. Scruggs and Allan (2006) tried to replicate the results of Esping-Andersens (1990) regime analysis with their benefit generosity-index using the same methodology and the same benefit dimensions, but instead using data from the Comparative Welfare States Dataset (CWED). The SCIP and CWED-datasets report widely different data for some countries due to differences in the way that they treat taxation and means-tested supplemental benefits or re-calculate benefit amounts to yearly net incomes, to name just a few issues (see Wenzelburger et. al. 2013 or Danforth & Stephens 2013 for comprehensive reviews)

statistics are simply unreliable due to bad data. Secondly, some statistics may be subject to outright manipulation if they concern sensitive issues or issues that are highly politicized. The first problem is not at all distinctly Chinese even if it often is very pronounced in China. The second problem is more unique to China (at least in a Sino-Nordic comparison). A classic example where both problems are strongly present is official unemployment statistics, but this will also be discussed later.

On the other hand, official statistics should not necessarily be dismissed off-hand. It is important to note the potential issues on a case-by-case basis. In all three policy fields, we will also assess coverage and generosity with reference to other research or results from other household surveys. Particularly in terms of coverage and generosity of unemployment insurance and social assistance we will note some issues. Coverage of pensions, however, will mostly come straight from the National Bureau of Statistics (2014, 2013) due to a seeming absence of better estimates in the literature.

2.4: METHOD: ATTITUDES TOWARDS SOCIAL CITIZENSHIP

In chapter 5, we shift towards the exploration of ideals and perceptions of welfare and inequality. There is not exactly an abundance of data on social citizenship in China in an international context. Fortunately, some good measures can be found in both the World Value Survey and the 2009 module of the International Social Survey Programme. Based on these data, the chapter will follow two lines of analysis.

Firstly, we will compare basic country-level differences regarding the different indicators of perceptions and normative orientations. Here I will compare not only our five main country cases with each other, but they will also be compared to the wider context of available country cases. This initial analysis will be a straightforward comparison of descriptive differences, and it will be finished with principal component analysis (PCA) of a range of items on normative attitudes. This will enable us to reduce variable-level country differences to at least two main dimensions of normative ideals. This

makes it easier to gain a quick understanding of how different the citizens of the five countries are in relation to both each other and citizens of other countries.

Secondly, we will endeavour to find distinct sub-groups or typologies of citizens within countries. This completes the effort to uncover empirical patterns of citizenship. The statistical method employed here will be latent class analysis (LCA). Since this will be the main method as we finish our analysis of welfare attitudes, the use of LCA will be discussed more thoroughly in chapter 5.

CHAPTER 3. CONCEPTUALIZING SOCIAL CITIZENSHIP

In section 1.5 we distinguished between citizenship as a normative ideal and as a concept for policy analysis. In this chapter, we will focus on the latter, while normative citizenship will be covered in chapter 4 as we investigate how we can understand ‘Confucianism’ as an ideal of citizenship.

The chapter will elaborate how social citizenship as an analytical-conceptual tool includes both the policy-level and the level of social outcomes. This is a fairly traditional approach in the literature, but I will try to elaborate a bit further how the subdimensions of citizenship can be defined and how they are interrelated.

I will begin by briefly outlining three definitions of citizenship before I proceed with developing different interdependent dimensions of social citizenship which can be singled out in research. This dissertation will in later chapters only refer to those aspects of citizenship that concern social rights and welfare attitudes. Still, the overall conceptual framework is important to keep in mind and reminds us that social rights do not constitute an end in itself, but is a means to the end of improving social outcomes.

3.1 THREE WAYS OF DEFINING SOCIAL CITIZENSHIP

There are at least three ways of defining citizenship. Keith Faulks (1998) labels these as: 1) *Legal definitions*, which are often used interchangeably with nationality, but concerns not only legal status as a citizen in itself, but also the rights and duties which are bestowed upon the individual. Here we are referring to all legally defined elements of citizenship; 2) *Socio-political definitions*, which are concerned with power relations, the distribution of resources, and how socio-political changes affect citizenship; 3) *Philosophical definitions*, which is concerned with the appropriate role of the state in relation to citizens and what in turn can be expected from the

individual citizen. It is clear that the aforementioned normative theories of citizenship operate especially within this definition.

By implication, *social* citizenship entails a more narrow focus than citizenship in itself. By deriving it from the three definitions above, we arrive at three corresponding ways of understanding what the ‘social’ in social citizenship is. Firstly, social citizenship is often understood as those elements of citizenship that are relevant for social policy, in other words the welfare state itself. Secondly, social citizenship can allude to those dimensions of citizenship that are social, meaning relations between citizens (including attitudes) across a range of social outcomes (which may of course in turn be partly affected by the welfare state). Thirdly, social citizenship can also be defined as a range of normative citizenship traditions which emphasize the social needs of citizens much more than individual needs (Clarke et. al. 2014; Davy et. al. 2013).

This thesis does not choose one definition over the other, but as stated in chapter 1, our enquiries will concern mainly social rights, but also normative aspects of citizenship. Social outcomes will not be included in an exhaustive manner. Therefore, in this dissertation, the socio-political approach to citizenship is the main focus. However, we will also stray into the territory of philosophical approaches as we discuss Confucianism and normative citizenship in chapter 4 and chapter 5 as we investigate normative welfare orientations. The remainder of this chapter will be focused on elaborating a conceptualization of socio-political citizenship.

3.2 THE MULTI-DIMENSIONALITY OF SOCIAL CITIZENSHIP AND RELATED CONCEPTS

As it follows from the *socio-political* definitions of citizenship, the analysis of social policy from the perspective of social citizenship is concerned with social outcomes. From this perspective, we are concerned with the extent to which the welfare state alleviates detrimental social outcomes in various arenas of life concerned with citizenship. In other words, policy analysis from the perspective of

social citizenship can fuse together the first and second definitions of social citizenship mentioned above.

A host of concepts abound when we talk of inequalities and distribution of resources within social outcomes. The concepts of marginalization, social exclusion, deprivation or intersectionality present themselves as examples. We could ask ourselves why we should bother with the concept of citizenship when we are interested in inequalities which could also be analyzed with other concepts. The main argument here is that social citizenship allows us to specify more clearly what arenas of societal life we want to analyze, especially when we couple the notion of citizenship and welfare regimes as in the previous sections.

It should be acknowledged that the literature on social exclusion encompasses some widely agreed dimensions of social exclusion, meaning that it can be clearly defined, even if it can be put in relation to nearly any arena of societal life. Marginalization, deprivation and intersectionality on the other hand, has no inherent theoretical framework but shares some similarities with the concept of social exclusion (Borchorst & Teigen 2010; Whelan et. al. 2002; Goul Andersen & Jensen 2001). These terms can signify a process rather than a static position of being marginalized, deprived or excluded, but the literature is not in agreement whether the individual concepts refer to processes or static conditions.

All of these concepts emphasize that detrimental social outcomes can take place across a range of different arenas, which can all affect each other in a dynamic process (Nørup 2014; Vleminckx & Berghman 2001; Goul Andersen & Jensen 2001). Looking at the range of research in the field, however, and the different dimensions that have been analyzed with reference to social exclusion, nearly all kinds of living conditions or general well-being have been covered (Vleminckx & Berghman 2001; Percy-Smith 2000).

In the same vein, the social citizenship literature has with the reinvigoration of social citizenship in the past few decades often emphasized that social citizenship covers a range of different dimensions beyond rights and duties as will be explained below.

Does the multidimensionality of the concepts here then mean that loss of citizenship can be anything and everything? A very open-minded researcher might argue that only the imagination of the researcher places any limits on how many dimensions of inequality one can define. In order not to lose all sense of meaning and practical utility, however, one of course has to define these dimensions before proceeding any further, which will be done in the following.

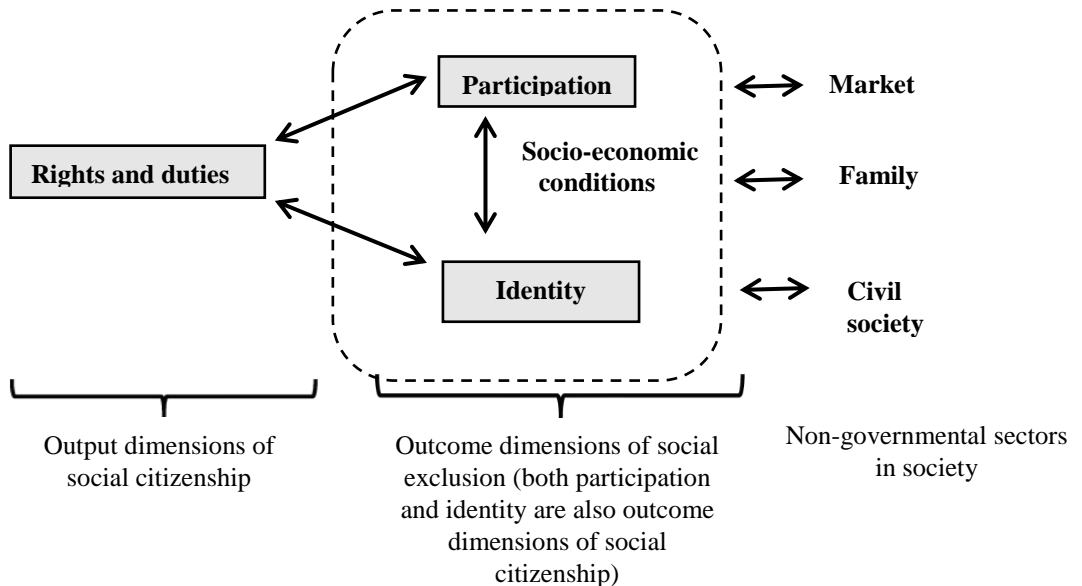
3.3. OUTCOME AND OUTPUT DIMENSIONS OF CITIZENSHIP

The main dimensions of social citizenship I will refer to here are the three dimensions of *rights and duties*, *social participation* and *identity*. This basic distinction is inspired by previous work such as Joppke (2007), Jensen & Pfau-Effinger (2005), Lister (1998) and Andersen et. al. (1993), all of which make use of the same dimensions beyond the classic rights-based approach. Kongshøj (2010) used the same distinction as a point of departure, but elaborated theoretically on citizenship *identity* and used different subdimensions of identity empirically. By contrast, as the focus in this thesis will mainly be on social rights, section 3.4 will conceptualize further on dimensions of rights. Social rights concern welfare state output, while identity and participation concern social outcomes. However, since rights affect outcome dimensions of social citizenship, and are indeed supposed to do so, we will also briefly outline the output dimensions.

In addition to rights, identity and participation, one can add *socio-economic conditions* in general (Goul-Andersen 2005), which is highly relevant for the outcomes of identity and participation. For example, material living conditions certainly affect one's identity or participation as a citizen. Socio-economic conditions can be understood as a dimension that by itself does not express citizenship as such, since it does not directly encompass the relationship between state and individual or relations between citizens. However, socio-economic conditions certainly affect social citizenship. We can for better or worse understand socio-economic conditions as a residual dimension covering all the remaining inequalities that are not at the same time included in the output dimensions of citizenship.

Below, we try to map the various dimensions of social citizenship and how they are related to each other:

Figure 1: Dimensions of social citizenship



In figure 1, we find the whole socio-political continuum of a citizenship regime.

The diagram illustrates how social citizenship encompasses the three main dimensions of *rights and duties*, *participation* and *identity*, where the latter two in policy analysis-terms are *outcomes* of social policy *outputs* (rights and duties). This underlines how citizenship in the narrow and more traditional sense concerns the relationship between the state and the individual (Lister 2013; Dwyer 2010).

The way in which rights and duties affect the two outcome dimensions of social citizenship is mainly indirect because it is moderated by *socio-economic conditions*. From the perspective of social citizenship, the aim is to alleviate negative citizenship outcomes. The purpose of rights and duties is to affect general socio-economic conditions, which is then supposed to shape the identity

and societal participation of each citizen for the better. This process can largely be understood as the way in which social policy is redistributive, with consequences for outcomes of social citizenship. Some direct effects between the output and outcome dimensions of citizenship can be imagined, however, for example in the very direct way rights determine whether one can participate politically in society. Mettler & Soss (2004) attempt to sum up the ways in which public policy affects citizenship. Very briefly, public policy affects citizenship by: Defining membership, forging communities and delineating groups, building or undermining civic capacities, framing policy agendas and problem perceptions, and finally structuring participation.

3.3.1 RIGHTS AND DUTIES This concerns the formal and substantive rights and duties bestowed upon the individual. T.H. Marshall's distinction between *civil*, *political* and *social rights* is classic and useful in understanding what the range of rights encompasses. They were defined as follows: "*The civil element is composed of the rights necessary for individual freedom – liberty of person, freedom of speech, thought and faith, the right to own property, and the right to justice (...) By the political element I mean the right to participate in the exercise of power (...) By the social element I mean the whole range from right to modicum of economic welfare and security to the right to share to the full in the social heritage and to live the life of a civilized being according to the standards prevailing in society*" (Marshall 1950:8).

One could probe whether this is really an exhaustive classification of citizenship rights. Marshall himself acknowledged this debate, and mentioned a set of residual rights, or a 'secondary system of industrial rights', to include rights defined by negotiation among non-governmental parties as it is common in labor market corporatism (Janoski 1998). Janoski (1998:32) furthermore develops *participation rights*: "*Just as political rights are public powers of action, participation rights are state-assured private powers of action. They refer to the individual and group rights to participate in private decision making through some measure of control over markets, organizations and capital.*"

The four types of rights also have their corresponding obligations or duties. A citizen may become subject to obligations after accepting any sort of right, and obligations by definition entail sanctions if a citizen fails to comply with them (Janoski 1998).

3.3.2 SOCIO-ECONOMIC CONDITIONS This dimension has hitherto been residually defined as all living conditions that do not specifically concern the two output dimensions of social citizenship (identity and participation). Of course, this very broad definition can be broken down into subdimensions if needed. Percy-Smith (2000) makes a distinction between the dimensions of individual, neighborhood, political, social, economic, group and spatial social exclusion. These various dimensions have been deduced from a vast range of indicators of social exclusion that have been used in the research field.

Although this is not a citizenship dimension as such, socio-economic conditions are important for the development of citizen identity and participation, and are generally the subject of social policy when the aim is to alleviate negative consequences of social risks. From a citizenship perspective improving socio-economic conditions is not solely an end in itself, but a means to improve the actual citizenship dimensions of identity and participation.

3.3.3 PARTICIPATION Participatory citizenship is essentially what the popular notion of active citizenship is all about (Johansson & Hvinden 2007). Participation includes all kinds of societal participation, socially, economically and politically (Pettersson 1989). If we take a point of departure in different societal spheres, the exercise of citizenship can take place with the public, private, state and market arenas (Janoski 1998). Alternatively, Gallie & Paugam (2000), for example, distinguish between primary (family), secondary (other social networks) and tertiary (formal participation in organizations and networks).

As we will go on to see in chapter 4, many schools of citizenship especially concern themselves with participation (or active citizenship, citizenship as a practice, etc.). Other schools of citizenship such as egalitarian or social liberalism may be more attuned to social rights, but are so because the idea is that particular

configurations of rights are conducive to the promotion of active citizenship. At the opposite end of the spectrum, the classic liberal school might not envisage an active governmental role in promoting participation through social policy, but it refrains to do so because only the negative civil and political rights are seen as conducive to participation. Promoting participation is an end goal for all citizenship thinkers, even if they might disagree on how to achieve it.

3.3.4 IDENTITY This dimension of social citizenship concerns both orientations towards the self and towards others. Within the social psychology literature, a distinction exists between *social identity* and *personal identity* (Kongshøj 2010; Luhtanen & Crocker 1992; Tajfel 1981). *Personal identity* is concerned with identity towards the self, for example self-perception and self-esteem, while *social identity* concerns interpersonal relations towards others and also affinities and affiliations towards different social groups, for instance whether you identify yourself as belonging to a group of Catholics, left-wing activists, immigrants or unemployed. This distinction between outer and inner aspects of identity is classic, and can for example be found in Mead (1934), Goffman (1959) or Jenkins (2008), although these conceptions do not always correspond directly to the social and personal aspects of identity as defined above.

The subdimension of social identity can be further divided into *vertical social identity* and *horizontal social identity*. Vertical social identity includes the relation towards authorities and the political system, as it is known from the classic political culture-approach (Almond & Verba 1963). Horizontal social identity includes the relations towards others, for instance on the form of social trust, perception of stigmatization in relation to others, etc.

It is also possible to include normative orientations towards redistribution as another separate dimension of citizenship identity. Taylor-Gooby (2009), for example, includes values towards redistribution as an absolutely crucial aspect of citizenship since it determines the legitimacy of the redistributive welfare state. This is very important in the context of this dissertation.

In summary, conceptually we can distinguish between the dimensions and sub-dimensions of social citizenship listed below. As emphasized repeatedly, in this dissertation we will focus on social rights and the identity-related subdimension of normative orientations.

Table 1: Indicators of social rights, participation and identity

<i>Social Rights</i>	<i>Participation</i>	<i>Identity</i>
Elaborated in section 3.4: <ul style="list-style-type: none"> • Generosity • Coverage • Eligibility • Financing • Duration 	<ul style="list-style-type: none"> • Primary (family and kinship) • Secondary (other informal participation) • Tertiary (formal participation) 	<ul style="list-style-type: none"> • Personal identity (self-perception) • Horizontal social identity (social trust) • Vertical social identity (political trust) • Normative orientations towards both horizontal and vertical redistribution

It should be noted that other conceptualizations of various dimensions of social citizenship have certainly been made. Leisering & Barrientos (2013) make use of the three dimensions of resources, recognition and participation. These correspond more or less to socio-economic conditions, identity and participation, with recognition more narrowly concerning what has been dubbed personal identity here. Bothfeld & Betzelt (2011) develop quality, status and participation, which are perhaps best understood as those aspects of rights, identity and participation that concern individual autonomy and the capabilities necessary for self-determination (Nørup 2014). For example, quality should be measured by the degree to which social rights promote individual autonomy.

3.4 DIMENSIONS OF RIGHTS: SOCIAL CITIZENSHIP AND UNIVERSALISM. TWINS OR CLOSE RELATIVES?

Social rights will be the main focus of this thesis and warrant some further elaboration. In comparative welfare research, social rights have been analyzed using a range of empirical indicators. The usual suspects include eligibility criteria, generosity, coverage, duration, financing and also waiting days (Danforth & Stephens 2013; Scruggs & Allen 2006; Palme 1990; Esping-Andersen 1990).

However, we need more specific criteria to assess whether ‘social rights’ are based on social citizenship. This will be derived from the literature on universalism where clear conceptualizations have been provided even if this concept is also often used somewhat loosely. Even if the universal welfare state is often seen as the embodiment of social citizenship, we will see how the two concept are not twins if not exactly distant relatives either.

Universalism is a multi-faceted concept with a long historical background that stretches back to the period before the welfare state (Stefánsson 2012). In terms of social policy, universalism started to emerge in the late 19th and early 20th centuries (Anttonen & Sipilä 2012). Universal and compulsory education was the beginning. Universalism as a principle for social protection was developed later, particularly in Great Britain, where the famous 1942 Beveridge Report later became widely perceived as a cornerstone of universalism (ibid). The Beveridge Report proposed a fundamental reform of British social policy which would unify and integrate existing social policy, include all citizens and guarantee everyone a minimum standard of living. It is not a coincidence that this was also the home country of T.H. Marshall, who published his seminal *Citizenship and Social Class* just a few years later. Both Beveridge and T.H. Marshall were colleagues at the London School of Economics (LSE). LSE was also home to Richard Titmuss, who around the same time founded social policy as an academic discipline (Benassi 2010). Richard Tittmuss became known as a champion of universalism: “*One fundamental historical reason for the adoption of this principle [universalism] was the aim of making services*

available and accessible to the whole population in such ways as would not involve users in any humiliating loss of status, dignity or self respect” (Tittmuss (1968) quoted in Anttonen & Sipilä 2012:24).

Liberal welfare regimes such as Canada and Great Britain share with the Nordic countries a historical heritage of universalism (Beland et. al. 2014). This heritage is basically the citizenship-based approach to social rights. Often, selectivism/residualism and universalism are contrasted as opposing principles in welfare state research, but they might be said to have a rights-based approach in common (Overbye 2012). This rights-based approach can be distinguished from insurance or contribution-based access to welfare provision. It should be noted, however, that the Beveridge report also envisaged small, flat-rate contributions.

Inherent in the citizenship-ideal is a strong ambivalence between fully-fledged universalism and residualism where public welfare is targeted to the least well-off in order to bring them up to this minimum standard of living. In the citizenship-literature it is also evident in the difference between maximalist and minimalist interpretations of T.H. Marshall (see chapter 4). Even Richard Tittmuss acknowledged that the distinction between universalism and selectivism can become muddled since one can make a case for a universal and a needs-based approach on the basis of the same fundamental values (Overbye 2012). This ambivalence is apparent in public attitudes to welfare as well. People might support both residualism and universalism depending on the specificity of the question and the policy area towards which it is directed (Goul Andersen 2011a). This ambivalence in citizenship-based policymaking also became very visible at the regime-level some decades after Beveridge, Marshall and Tittmuss. Universalism became challenged in Britain, while the Nordic countries moved ever more close to universal ideal type (Anttonen & Sipilä 2012).

All of the above point us toward the argument that citizenship-based social rights can be distinguished as something different from universalism. On the other hand, they do share some commonalities,

and universalism can be seen as a maximalist or more extensive version of citizenship-based social policy.

Whether we label it as citizenship-based or embryonic universalism, the shared baseline is clearly that public welfare should be a clearly defined, legislated right that applies to all citizens. This is very close to what Cox (2004) calls ‘broad universalism’, while ‘narrow universalism’ is the more extensive and exclusive conceptualization of universalism that we find in the Nordic tradition. Narrow definitions of universalism have been specified as a set of dimensions by Overbye (2012) or more specific criteria by Goul Andersen (1999) and Anttonen (2002). Listed below is a fusion or amalgam of these:

Table 2: Criteria for social rights based on social citizenship and universalism

	<i>Criteria for citizenship and universalism</i>	<i>Three dimensions of universalism</i>
<i>Citizenship based social rights: Minimalist and non-universal (if 5,6 and 7 are not included)</i>	1: Eligibility and entitlements are clearly defined rights 2: Rules apply to all citizens 3: Defined by legislation ^b 4: Tax-financing	Eligibility universalism -
<i>Citizenship based social rights: Maximalist and universal (in combination with 1,2,3 and 4)</i>	5: Benefits exclude nobody by means-testing* 6: Benefits are adequate ^a 7: High degree of coverage or inclusion ^b	Measurement universalism Risk-pool universalism

Based on commonalities between Overbye 2012; Goul Andersen (1999) and Anttonen (2002). The seven specific criteria are based on Goul Andersens (2012) discussion of Goul Andersen (1999) and Anttonen (2002), where: b = only present in Anttonen (2002) and a = only present in Goul Andersen (1999).

* = *Changed substantially from original wording which emphasized flat-rate benefits more, whereas this one leaves room for both flat-rate, earnings-related and positive-selective benefits.*

Table 2 describes how social citizenship as a principle for social rights is less exclusive than universalism, for example in the way that means-testing violates universalism, but not necessarily social citizenship. In other words, we might also say that citizenship is much

more concerned with eligibility, while universalism also includes a strong emphasis on entitlement criteria and coverage.

These criteria are not beyond discussion. Particularly the fifth criterion concerning benefit entitlements has been subject to academic debate. The discussion of whether flat-rate or earnings-related benefits are most universal is a long-standing one (Goul Andersen 2012; Overbye 2012). Flat-rate benefits might appear to be most universal because all citizens included in a scheme are basically granted the same benefit. The argument for earnings-related benefits is that they are better at securing adequate income protection for everyone, also for the higher incomes. This more effectively prevents the crowding-in of private welfare. The opposite of earnings-related benefits is positive-selective benefits, where the poorest may be granted additional supplements while everyone is still included (also dubbed as ‘targeting within universalism’). This once again illustrates the inherent tension between adequate income protection for everyone or raising everyone to a minimum level. However both positive-selective, flat-rate or earnings-related benefits at least share the trait that no one is excluded, and therefore they can all be argued to be universal.

By contrast, negative selectivism, whereby benefits are targeted only to the poor and higher incomes are excluded, has traditionally been seen as non-universal (Goul Andersen 2012; 1999). On the other hand, it clearly matters how strictly negative-selective schemes are. There is a substantial difference between targeting only the poorest or merely excluding the rich. The latter is much closer to universalism. However, Overbye (2012) for examples argues that this can also be seen as universal as long as criteria are based on clearly stated rights and criteria (such as classic income-testing). If benefit entitlements or eligibility are instead subject to high degree of discretion, it creates room for particularistic and unequal treatment, which violates the first and very basic criteria above. In this case, we would instead argue that this should instead be understood as a distinction between citizenship-based selectivism and particularistic selectivism.

As regards citizenship, many would argue that the fifth criterion should also be included as a citizenship-criterion and that negative selectivism violates citizenship-based social rights (Stephens 2010). This goes against the central argument of this section, namely that residualism and universalism do to some extent share an emphasis on citizenship, and that citizenship and universalism are substantially different even as they share the same baseline criteria. Here, we will once again point to the distinction between particularist selectivism and rights-based selectivism, with the latter being citizenship-based.

Therefore, we also uphold that citizenship and universalism are substantially different when it comes to defining principles for social policy. Even as they are different, with citizenship being less exclusive, we emphasize that universalism comes closer to the maximalist interpretation of the citizenship ideal which emphasizes how the rights-based claim of individuals should not be dependent on *'the market value of the claimant'* (Marshall 1950: 28). This entails de-commodification as defined by Esping-Andersen (1990), while the right to a modicum of welfare and a minimum standard of living defines the minimalist and non-universal approach to social citizenship.

Finally, while the above criteria can clearly help us categorize and analyze policy changes vis-à-vis both universalism and citizenship, we should allow room for flexibility. The criteria above can be unduly exclusive in a world of complex welfare arrangements. It would be particularly difficult to find real-world social rights which are universal according to all seven criteria. We can envisage a continuum where policies can be more or less universal or more or less citizenship-based rather than either-or (Goul Andersen 2012; Overbye 2012). The difference is that the citizenship-continuum has a longer range than that of universalism, where more criteria will have to be taken into account. The judgments that will be made of our analyses of social rights in chapters 6-10 will be based on this less exclusive conceptualization.

CHAPTER 4. IDEALS OF SOCIAL CITIZENSHIP AND CONFUCIAN CITIZENSHIP

In this chapter, we are interested in social citizenship as a normative approach. This comprises several schools of thought emphasizing a range of different ideals about how citizens practices and what the relationship between state and individual should be. This is a very different approach to social citizenship compared to the analytical-conceptual approach that was outlined in chapter 3.

However, we are not solely interested in this as a scholastic exercise aimed at showcasing different approaches to social citizenship, but also because we want to discuss how we can understand Confucianism in relation to Western schools of thought. This will also enable us to understand much better what Confucianism means in relation to the welfare state, something that is rarely discussed in the literature on East Asian welfare states or welfare regimes despite abundant references to ‘Confucianism’ (see chapter 6). Furthermore, the discussion in this chapter will also be important when we investigate normative attitudes towards social citizenship in China and the Nordic countries later in chapter 5.

We will begin this chapter by establishing the context in terms of the ‘traditional’ normative schools of citizenship before delving into Confucianism and comparing it to its Western counterparts.

4.1 SOCIAL CITIZENSHIP AS A NORMATIVE YARDSTICK

T.H. Marshall stated that citizenship can “...*create an image of ideal of citizenship against which achievement can be measured and towards which aspiration can be directed*” (Marshall 1950: 18), in other words, a normative yard-stick. This is the fundamental reason why social citizenship is also a useful tool to answer Harold Laswell’s (1951) viewpoint that social policy analysis should also be

mindful of normative values and try to make them explicit. Normative values are difficult to avoid when assessments, evaluations or judgments about social policy are made.

The normative underpinnings of the various ideas on social citizenship are the fundamental reason why these citizenship traditions are still relevant for the social sciences. Seminal and oft-quoted as the work of T.H. Marshall might be, he was not the only one within this field, and therefore we turn to elaborating the main schools of thought regarding citizenship as an ideal. Here I will focus on the main traditions of *republicanism*, *liberalism*, *communitarianism*, *conservatism* and *egalitarian liberalism*. They draw upon very old lines of thought, but have been constructed as normative traditions in the citizenship literature in recent decades.

Others could be named, but here we are interested in the main traditions which cover the spectrum of positions on citizenship. Other positions usually relate themselves to, or are inspired by, these in some way. Another possible tradition could be *Marxist* approaches to citizenship, yet one could also argue that such a notion is pure nonsense since Marxism is concerned with eliminating the state-individual relationship within market outcomes. Indeed, Marxist writings in this field usually take the shape of critiques of citizenship and any notions of developing social citizenship by social rights (Dwyer 2010).

The classic Western ideals of citizenship are often traced back to the ancient Greek city states (Faulks 2000), but as it will also be argued later, Confucian citizenship ideals as they were developed in the East during the earliest Chinese dynasties and onwards cannot be ignored, especially when one wishes to include China in an analysis of social citizenship. Therefore, an additional aim in this chapter is to place Confucianism in relation to Western thinking on social citizenship.

One of the very basic elements that distinguish the different normative schools of thought from each other is whether they are more concerned with either citizenship as a *status* or a *practice* (Lister 1997a; Andersen et. al. 1993). Citizenship as a *practice* concerns how citizens act in society, or how citizens live up to

various civic virtues. As we delve into each of the different normative traditions, it is clear the some, such as the *liberal* tradition, concern themselves more with citizenship as a status, while others, such as the *republican* or *communitarian* traditions are more concerned with practice (Lister 1997b). In other words, the classic liberal tradition is more focused on individual rights, while the other two traditions are more concerned with normative prescriptions for how citizens should be and act like. We might also describe this as ‘thick’ citizenship as opposed to ‘thin’ citizenship. Thin citizenship with its formal and substantive rights expresses subjecthood within a state-individual relationship, while thick citizenship is something more and adds agency of citizens to the cocktail (Faulks 2000; Andersen et. al. 1993). Thick citizenship or citizenship practice is concerned with questions of achieving the good life and emphasizes *interdependence* between citizens, rather than just the *independence* of the citizen as expressed by citizenship as a status.

4.2 CITIZENSHIP AS AN IDEAL OF THE WELFARE STATE: EGALITARIAN LIBERALISM

We will begin by looking into *egalitarian liberalism* (perhaps more commonly described as social liberalism) (Dwyer 2010). This includes citizenship theorists who, from a liberal viewpoint of the free individual and concomitant individual rights, describe an ideal of quite comprehensive and encompassing social policy as necessary for realizing the citizenship of the individual. This normative approach would not be the first in a strictly chronological account of Western citizenship thinking (where we would most likely begin with classic Greek republicanism), but we will start out with egalitarian liberalism here because it relates very much to the modern welfare state. At the same time, most narrow definitions of social citizenship equate social citizenship with the egalitarian aim of creating free and equal citizens (Westholm et. al. 2007; Andersen et. al. 1993; Petersson 1989)

The most famous account of egalitarian, liberal citizenship is that of T.H. Marshall in *Citizenship and Social Class* (1950) and subsequent works. Marshall is most famous for his tripartition of citizenship rights into the main types of *social*, *political* and *civil* rights (see

chapter 3). Social rights are of course the primary interest in the world of social policy and the reason why Marshall's vision can be dubbed egalitarian. He defined social rights as "...*the whole range from the right to a modicum of economic welfare and security to the right to share to the full in the social heritage and to live the life of a civilized being according to the standards prevailing in society*" (Marshall 1950:8). Apparently, social rights covers the entire range from a 'modicum' of welfare to 'living the life of a civilized being according to societal standards', which is not exactly a narrow or exact vision of social rights. The use of this definitional range, where Marshall includes both encompassing and more minimalistic ways of defining social rights, makes him less easy to pigeonhole in ideological terms on a left-right scale regarding the role of the welfare state than one would conveniently prefer. On the other hand, it is clear that bestowing the individual with social rights is a means to the end of securing the full citizenship of the individual and alleviating market inequalities.

Consequently it is possible to talk of both 'maximalist' and 'minimalist' interpretations of T.H. Marshall (Dwyer 2010). The former is closer to a universal welfare state and the second a more residual type of welfare state where government is a last resort. These possible interpretations reflect that a social citizenship-based approach does not by itself tell us what welfare principle to apply, except that access to social right should be equal for all citizens, which does not discriminate between needs-based or residual welfare on the one hand and universal welfare on the other (as argued in section 3.4). Furthermore, Marshall himself did seem to be ambivalent on the issue when taking his entire of body of work into consideration. Rees (1995) and Janoski (1998) trace a development over time in Marshall's work, where the younger Marshall with a more positive view of encompassing social rights gives way to a Marshall who is more open to critiques against universal welfare rights. Turning from rights to duties, Marshall (1964) lamented the proliferation of social rights at the cost of statutory duties and obligations in *Class, Citizenship and Social Development*, sounding at times somewhat like a modern neo-conservative or communitarian.

However, Marshall was always somewhat ambiguous in his writings. Even when reading his famed *Citizenship and Social Class* it is not entirely clear whether he envisages an encompassing and universal welfare state. On the one hand, he several times reiterates that the antithesis to full citizenship is a society based on class divisions and inequality. Social citizenship is described as a system of equality, while “*social class, on the other hand, is a system of inequality*” (Marshall 1950:18). Similarly, he asserted that “*...in the twentieth century, citizenship and the capitalist class system have been at war*” (Marshall 1950:18). According to Marshall, social rights will not simply support capitalist class divides, but transform them. Marshall expresses this by a metaphor describing how social rights transform the market-based skyscraper into a more egalitarian bungalow (ibid.). A bit clumsy as this metaphor might sound, it also underlines how Marshall’s vision of citizenship was not completely open to any normative interpretation, but in fact was a vision of how social policy should change the foundations of capitalism to something qualitatively different. Marshall also spoke of a “*...universal right to real income which is not proportional to the market value of the claimant*” (1950:45). This is very easy to see as support towards the idea of a citizen’s basic income for all regardless of economic status (Loftager 2007). On the other hand, he stressed that inequalities and social class cannot be eliminated completely. After all, he was not a Marxist. However, “*...the inequality of the social class system may be acceptable provided that the equality of citizenship is recognized*” (Marshall 1950:70). The equality of citizenship ensures that everyone is free to realize their own citizenship potential by securing equality of opportunity and also some measure of equality of outcomes. “*Status differences can receive the stamp of legitimacy in terms of democratic citizenship provided they do not cut too deep, but occur within a population united in a single civilization; and provided they are not an expression of hereditary privilege* (Marshall 1950:44).

Marshall’s overall vision of the egalitarian role of social policy resonates with many other theorists usually placed within a social democratic tradition. Here I have stuck with the term egalitarian liberalism, since it refers to egalitarian social policies within a liberal, rights-based society, but have refrained from speaking of social

democratic or reform socialist views on citizenship. One reason is that egalitarian liberalism can as mentioned before include both maximalist and minimalist definitions. Therefore, it would not be entirely correct or safe to equate this with a universal welfare state. Marshall (1950) did discuss different principles behind the distribution of state welfare, but in a quite ambiguous way. For example, he argues that 'limited' welfare rather than 'total' universal welfare may be better at achieving equality: *"But a total scheme is less specifically class-abating in a purely economical sense than a limited one, and social insurance is less so than a means-test service. Flat-rate benefits do not reduce the gaps between different incomes"* (Marshall 1950:33). Furthermore, *"When a free service, as in the case of health, is extended from a limited income group to the whole population, the direct effect is in part to increase the inequality of disposable incomes, again subject to modification by the incidence of taxes"*. On the other hand, he emphasized that particularly services, but also paid benefits, can create a shared experience rather than segregate different groups of citizens: *"The extension of such services can have a profound effect on the qualitative aspects of social differentiation"* (Marshall 1950:33), and *"Equality of status is more important than equality of income"* (Marshall 1950:33).

Others, however, are easier to pigeonhole as championing universal and social democratic ideals of welfare. One such was Richard Titmuss, who gradually established his reputation around the same time as Marshall (Deacon 2002). Titmuss' (1974) account of differing welfare principles also inspired the demarcation between universal, residual and insurance-based/meritocratic welfare state models that Esping-Andersen (1990) made famous. In the view of Titmuss, universal welfare was superior at promoting not just material equality, but also a sense of shared belonging and concern for others as emphasized by Marshall. In other words, social integration and social cohesion was best achieved through the principle of universal welfare. By contrast, residual welfare aimed only at the most needy would stigmatize the poor and single out the lower social classes as different from the rest of the citizenry and undermine a sense of shared identity. Hence the statement that is often ascribed to Titmuss: 'welfare for the poor is poor welfare'.

A number of critiques have been directed at the rights-based vision of egalitarian citizenship elaborated by T.H. Marshall and others has, most of which will not be explored in detail here. It is especially easy to criticize his account as a theory of the development of rights (Mann 1987). Marshall, writing from a decidedly British context, saw an almost evolutionary relationship in the way civil rights would lead to political rights and finally social rights. Taking countries such as the modern-day People's Republic of China into account, it is easy to see how this does not hold true. This critique focuses on developing more bulletproof theories of citizenship development and putting various paths of development into system as attempted by for example Turner (1992). Other critiques include feminist critiques of an inherent blindness to gender issues, the idea of social 'rights' in itself, outdatedness, Anglocentrism and more (for an overview, see for example Dwyer (2010)). The issue of Anglocentrism is of course something that we try to deal with here by including 'Confucian' citizenship. However, another very central critique shall also briefly be dealt with here since it has bearings on the very nature of this vision of citizenship as an ideal.

Because egalitarian liberalism in the vein of T.H. Marshall is often associated with his conception of rights, a common critique against Marshall and those inspired by him is that they outline only a vision of rights without any emphasis on duties, obligations or virtues in connection with being a citizen. This is often criticized as being a vision of 'passive' citizenship (Kymlicka 1994), or, using the dichotomy described before, a vision of citizenship as a status without any elements of citizenship as a practice. Especially liberals (those concerned with negative rights of freedom) and some utilitarians (those who view utility as an individual issue and individuals as self-interested) would argue that social rights are directly detrimental to citizenship (we will return to these visions of citizenship below).

It should be noted, however, that T.H. Marshall did emphasize rights and duties and furthermore distinguished between *vague* and *compulsory* duties. As a compulsory duty he defined as an example the duty to work, while vague duties were "(...) *the general obligation to live the life of a good citizen, giving such service as one*

can to promote the welfare of the community” (Marshall 1950:45). Compulsory duties can be understood as the statutory duties that policymakers attach to social rights, such as for example the duty to seek work or participate in active labor market measures. Vague duties are more or less synonymous with the republican citizen virtues that we will elaborate below. Furthermore, T.H. Marshall also spoke of the ‘collective obligations’ that the state has towards society as a whole where policies must be conducted with the bigger picture in mind: *“It follows that individual rights must be subordinated to national plans”* (Marshall 1950:35). The balance between individual and collective rights and duties can move back and forth, determined, for instance, by what the state can actually afford, something Marshall discussed with the education system as an example.

Still, it should be acknowledged that the emphasis is on rights and that rights come before duties. Access to rights is seen as a necessary precondition for people to fulfill their citizen duties. In order to ensure that everyone can fulfill their vague or civic duties, it is first necessary to provide access to social rights. Otherwise, it would not be possible for some citizens to realize their full potential as good citizens.

The critique against the so-called passive conceptions of social rights has been a prominent feature of the so-called new right critique, often from the standpoint of ‘new communitarianism’ (as it will be described in the next section). Recent decades have in Western welfare states seen a strengthened focus on ‘activating’ citizenship for people on social transfers (Jensen & Pfau-Effinger 2005; Clasen & Van Oorschot 2002). The actual policy changes have varied across welfare states, of course, since this aim can include quite different policy instruments of strengthening duties and responsibilities. Leaving aside these actual policy changes, we can say that ‘new communitarians’ and proponents of these policy developments argue that duties should come before social rights, that social rights is something that is earned once a citizen has fulfilled his or her duties. ‘Duties before rights’ is then seen as a precondition for ensuring civic virtues (and values) among the citizenry.

The point is that egalitarian citizenship approaches are not inherently blind to citizenship duties and virtues, even if they are often accused of being so. Rather, the differences between the tradition of T.H. Marshall and its critics are differences in emphasis with regards to rights and duties, and which of these is a precondition the other if the aim is to develop sound citizenship practices.

Marshall himself explicitly stated that his vision of citizenship was one intended to let all citizens realize their potential of becoming ‘gentlemen’, which was a vision he explicitly borrowed from the Alfred Marshall (Marshall 1950). The ‘gentlemen’ citizens of Alfred Marshall were essentially educated men, who care not only for themselves and material comforts, but for their fellow citizens and public duties as well. This concern with civicness echoes (Greek) republican ideals, which we will turn to below.

4.3. OTHER CLASSIC NORMATIVE SCHOOLS OF CITIZENSHIP

The discussion above on egalitarian liberalism illustrated how it certainly draws upon ideals of citizenship practices (despite being criticized as an ideal of citizenship only as a status). It has similarities and differences to other normative approaches to citizenship. Placing egalitarian liberalism in relation to these is helpful in understanding general discussions on citizenship and the role of the welfare state. As we will also see later, placing Confucianism in a context of normative citizenship will also require deeper understanding of other lines of thinking. As we will see later, Confucianism has some strong resemblances to the normative citizenship approaches that we will discuss in this section.

For these reasons, we will briefly outline other major schools of thought on citizenship here. Commonly, three or four normative approaches are distinguished in the literature. These are liberalism, republicanism, communitarianism and finally the egalitarian or social liberal tradition (sometimes also described as social democratic) (Westholm et. al. 2007; Goul Andersen & Hoff 2001; Andersen et. al. 1993). I will add conservatism to the mix. This choice can be

discussed, but we will later see how it resonates strongly with Confucianism.

Firstly, the ancient ideals of republicanism will be discussed. This will secondly be followed by communitarianism, which can be both a counterpart and a contrast to republicanism. Thirdly, conservatism will come next, and I will stress that both communitarianism and conservatism have different branches with very different attitudes towards encompassing social policy. In relation to this, I will briefly discuss the basic tenets of religiously founded conservatism (Cristian democraticism or Catholicism). Fourthly, I will include classic liberalism as a contrast to all of the above.

The *republican* school of thought and its emphasis on participation in public (political) life (in other words on citizenship as practice), can be understood as emanating from the ancient Greek city state, which is often hailed as the cradle of democracy (Dwyer 2010). The word itself is inspired by the Greek word for people, *demos*. Here we can identify some of the classic notions of participatory citizenship as a way of moulding the good citizen. In this view, participation by itself is a way of educating a citizen to understand the world at large and making him (for he was considered to be male) internalize a commitment to work for the common good. These ideals are often ascribed to Aristotle, who certainly stressed the importance of a citizen committed to such virtues as the common good and political participation (George 2010). We might note that “...*Aristotle famously expressed this idea in his argument that to take no part in the running of the community’s affairs is to be either a beast or a God!*” (Faulks 2000:17). It should of course be remembered that formal citizenship was granted according to gender and socio-economic status. Consequently, citizenship was possessed by only a small minority, such as for example an estimated 35.000-40.000 out of a total population of 200.000 to 300.0000 in Athens (ibid.) Even Aristotle himself did not possess formal citizenship. Nevertheless, it is from here that we draw the foundations of the civic virtues of republicanism (Kymlicka 1994). Many social citizenship theorists implicitly draw on republican ideals in their arguments for securing social citizenship via social policy (as T.H. Marshall arguably did).

It should be noted that republicanism as it is outlined here and elsewhere within citizenship theory is closer to what we may define as ‘Greek’ republicanism. Republicanism is a much more heterogenous school of thought, however. If we stay in ancient times, a ‘Roman’ republicanism can also be identified. Roman republicanism is more concerned with securing personal freedom and individual rights of liberty, while individual rights in Greek republicanism are often subordinate to civic virtues and its emphasis on educated citizens (Nelson 2006). For example, both Plato and Aristotle were extremely skeptical of individual property rights. In their view, this would inevitably lead to accumulation of wealth and widespread inequality, which would corrupt the wealthy and fail to educate the poor. By contrast, safeguarding individual property was at the heart of citizenship in Roman citizenship. This difference between the Greek polis and the Roman Empire is very much one of thick versus thin citizenship (Faulks 2000), or citizenship practice versus status. In the Greek polis, citizenship was thick, but very exclusive and unequal. Citizenship status was certainly not for everyone. As the Roman Empire expanded, the concept of Citizenship became more and more inclusive, but lost its ties to political participation (Faulks 2000). A more universal and legalistic concept of citizenship is handy if one wishes to achieve social control across an increasingly diverse empire. What we have defined here define as Roman republicanism is much closer to the liberal thoughts on citizenship, as it will be defined later, while Greek republicanism is somewhat closer to (but not synonymous with) communitarianism.

The *communitarian* tradition shares with republicanism an emphasis on normative ideals for citizenship practices, but in essence it stresses the ideals of the common good even more by viewing the individual as embedded in a social context which moulds and shapes the values and perceptions of the individual (Caney 1992). Driver & Martell (1997) refer to this as the first basic tenet of communitarianism, the sociological level. The second tenet is the ethical level, which basically views community as a good thing, as something essential to the end of promoting social and civic values. The ‘good’ community does not promote the individual above all else as in liberalism, but embeds the individual in a social context of common values. The

third and final level is the meta-ethical level, which is critical towards notions of universal doctrines and philosophies which disregard the social context. In the view of many communitarians, it does not make sense to speak of overarching or universal principles and rights regardless of the societal context. Communitarianism emerged as a critique of liberalism and its emphasis on individual rights. If a society only stresses the autonomy of the individual, communitarians perceive a danger of this leading to individualism without any sense of shared responsibility, values or community (Sørensen 1999)

Beyond these basic tenets, a diverse range of perceptions can be found within the communitarian tradition (Driver & Martell 1997). Communitarianism spans nearly all possible normative positions on the welfare state beyond left and right. Even the basic emphasis on common values does not necessarily entail that all communitarians emphasize conformism or that a specific set of values should be shared by everyone (ibid.). Some communitarians strive more towards pluralism and the recognition of many diverse communities, towards heterogeneity rather than homogeneity.

Commonly, communitarianism is perceived as very critical of any notion of a neutral state whose aim is only to facilitate individual pursuits of self-interest, and instead embraces policies intended to promote desirable common values and develop a sense of common good (Kymlicka 1990). Communitarians are sceptic of completely rights-based social policy without any emphasis on duty or obligations. For example, Deacon (2002) states that communitarian thinking on social policy is based on four core aims: First, access to welfare should be accompanied by obligations. Second, welfare reforms should be achieved through politics of popular persuasion. Third, social policy should seek to promote pre-defined values and moral standards. Fourth and final is the general aim of changing the citizenry for the better, in line with their view of the malleable individual embedded in a social context, as mentioned above, for “...communitarian welfare would not take people as it found them, but would try to change them. It would seek to shape their values and mould their characters” (Deacon 2002: 76).

However, as stated above, the communitarian tradition is diverse. It is certainly possible to advocate less conditionality and voluntarism rather than prescriptive policymaking, where citizens abide by values of their own choosing (Driver & Martell 1997). Whether the emphasis is on conditionality and obligations or rights and voluntarism, the above could imply a state or government relatively active in promoting communitarian values through social policy. This is particularly true of those communitarian traditions that emphasize community in the socio-economic sense rather than community in the moral sense (Byrne 1999; Driver & Martell 1997). Creating cohesive communities from a socio-economic rather than moral standpoint is all about redistribution and expanding or universalizing social rights.

Community in the moral sense often entails a more conformist approach with emphasis on conservative rather than progressive values. In recent decades, the so-called ‘new communitarianism’, perhaps somewhat related to conservatism, has been said to engage in a hostile battle against welfare or social rights, and does so from a very moralistic standpoint (Prideaux 2002). This has to a large degree become the modern face of communitarianism, even if the tradition is much more diverse. A common belief here is that individual rights, particular welfare rights, are harmful to developing a sense of duty and responsibility towards society. The perception is that social rights may promote a particular ‘culture of poverty’ or ‘dependency culture’ in which the values of those dependent on welfare differ greatly from the rest of society in a very negative way. This view has been particularly prominent among US conservatives, and proponents such as Amitai Etzioni talk with longing of a 50s and 60s America, where common values “...were relatively widely shared and strongly endorsed” and people “...had a strong sense of duty to their families, communities and society” (Etzioni 1997:61). Unsurprisingly, the emphasis on traditional values is appealing to conservatives, but in right-oriented conservatism it often becomes coupled with classic religious notion of moral decay among the poor as we might find in Calvinism, a branch of protestant thought where the poor were essentially seen as having earned their situation because it reflects their sinful and spiritually depraved state (Byrne 1999). Etzioni and others are not entirely opposed to social policy,

but emphasize how only a minimal safety net should be publicly provided in order to leave room for the development of community welfare. This minimum of social rights should be coupled with strong obligations. For example, Etzioni envisaged ‘community jobs’ for people receiving welfare benefits (Dwyer 2010). Such principles echo what many has often been described as a movement from welfare to ‘workfare’, which has been very prominent in many welfare reforms in recent decades across a range of very different countries, including East Asia (Ngok et. al. 2011; Chang 2011).

Conservatism as a line of thought on citizenship, however, is much more than the ‘new right’-oriented ideological critique of the welfare state. Similar to communitarianism, conservatism also spans a wide range of attitudes to social policy. ‘New right’-oriented conservatism, as associated with Thatcherite or Reaganite thinking, does entail a high degree of welfare skepticism, but social conservatism has a long historical tradition. McKenzie & Silver (1969), for example, in old party literature dating back to the 1860s, traced the appeal of the British conservative party to the working classes by emphasizing two lines of appeal: Firstly, the emphasis on patriotism and traditional values, and secondly, the promise of including working class interests in government by easing their economic situation. The reference to ‘Angels in Marble...’ in the title of McKenzie and Silvers (1969) book is based on a 1883 piece on the late conservative Prime Minister Benjamin Disraeli in the newspaper *The Times*, which stated that: “*In the inarticulate mass of the English populace, he discerned the Conservative Workingman as the sculptor perceives the angel prisoned in a block of marble*”.

The Economist Alfred Marshall was another prominent conservative (but quite progressive for his time) thinker of the 19th century, who gave voice to similar thoughts (Dwyer 2010). He distinguished between ‘respectable’ and skilled sections of the working class and its more ‘rough’ elements, whose civic potential remained undeveloped. Marshall especially championed the basic right to education and the right not to grow up in ignorance. All had an inherent potential for being civic ‘gentlemen’: “*The question is not whether all men will ultimately be equal – that they certainly will not – but whether*

progress may go on steadily if slowly, till the official distinction between working man and gentlemen has passed away, till, by occupation at least every man is a gentleman. I hold that it may and that it will (Marshall, 1873, quoted in Dwyer (2010:33).

While old conservatives such as Disraeli and Marshall did retain their aristocratic sense of entitlement in conducting political affairs on behalf of the commoners, they also saw the potential in bringing up the working class to a more educated world-view. During Disraeli's government, public health, education and working-class housing was improved with political reforms. In the British context, this branch of conservatism has been styled 'one-nation conservatism' (Dorey 2011). Generally, this line of thinking forms the foundation of social conservatism. Social conservatism views social policy as a tool with which the working classes could be educated to an awareness of citizenship based on civic ideals, and the basic tenet is a very organic view of society in which members of different social status have mutual obligations towards each other. For the upper classes, this entails a very paternalistic obligation towards the lower classes.

Christian democratic movements or parties as they have influenced especially Continental European countries share with conservatism this organic view of society. The label of the 'Christian democratic' welfare regime has been a popular alternative to the 'conservative' welfare regime, but this religiously founded value set is distinct from conservatism (Van Kersbergen 1995). Christian democratic thinking is heavily influenced by Catholicism and stresses the vital role of the family and social organizations (particularly the church) and the subsidiary role of the state. The Catholic principle of subsidiarity is commonly described with reference to Pope Pius XI, who in 1931 formulated it in the following way: "*...it is an injustice and at the same time a grave evil and a disturbance to right order to transfer to the larger and higher collectivity functions which can be performed and provided for by lesser and subordinate bodies. Inasmuch as every social activity should, by its very nature, prove a help to members of the body social, it should never destroy or absorb them* (quoted in Murray 1995:163). The principle of subsidiarity states that public social policy should only step in when other forms

of welfare provision break down. This is especially pronounced in the familial obligation to provide care as opposed to public care policies. The emphasis on a traditional and religious social order in Christian democraticism and Catholicism can be very different from the somewhat republican aspirations of social conservatism. On the other hand, religiously founded citizenship thinking may in some instances edge closer to social conservatism or even egalitarian liberalism (Van Kersbergen 1995), for example if we discuss social rights unrelated to care.

In summary, the discussion above has emphasized that those branches of conservatism and communitarianism which feature more positive attitudes towards the potentials of social policy should not be forgotten amidst the new conservative and new communitarian welfare critique. Christian democraticism (or Catholicism) may resemble both ‘social’ and ‘new right’-oriented conservatism (or communitarianism) depending on the policy arena in question.

The *individualist liberal* tradition favors basic individual rights and shuns normative prescriptions of how citizens should act or be like. Like some other normative citizenship approaches, there is a strong aversion to encompassing social rights. The fundamental difference between the ‘new communitarian’ or the ‘new conservative’ critique of the welfare state on the one hand and the liberal critique on the other is that the former two are not concerned with the way in which social policy might undermine individual liberty, but how it undermines a sense of community and civicness.

In the liberal tradition, the ideal is the free individual who should be able to pursue his or her own desires interests and values. Here the contrast to the socially embedded, communitarian citizen is obvious, or as John Rawls puts it in his description of the liberal view: “...*the self is prior to the ends which are affirmed by it*” (Rawls 1971:560). The basic individual rights are understood to be the classic liberal and negative rights concerned with personal freedom (Kymlicka 1990). Particularly civil rights are prioritized and in the liberal view the different forms of rights often face trade-offs with each other, in which case civil rights should always be prioritized because they are

considered natural or pre-political rights (Faulks 2000). A classic critique of social rights from liberals is for example that social rights invade or limit civil rights. Political rights can also invade upon civil rights. For example, a liberal such as John Stuart Mill feared the ‘tyranny of the majority’ whereby the masses would limit civil liberties. A Neo-liberal such as Friedrich Hayek was adamant in arguing that the market and its principles should be placed outside the reach of democratic decision-making. This branch of liberalism is built on several other trade-offs or dualisms, another one being the relationship between the community and the individual, in which case the sanctity of individual interest and the private sphere should again always be protected. While it is of course not inherently opposed to citizenship practices, it refrains from describing normative principles for practice.

The historical backdrop of liberalism is the political philosophy of the enlightenment and its focus on individualism as opposed to the old feudal society where people were born unequal and their rights defined by status in the social hierarchy. In opposition to this, thinkers such as John Locke, writing around the late 17th century, wrote of natural freedoms as a God-given right of every man, the core of which were the rights to personal liberty and property and that all should be equal before the law. These are the basic creeds as they also found their way to liberal political ideology, added with the notion that political interference in these freedoms is inherently bad (ibid.) These ideas are epitomized in Adam Smith’s classic *the wealth of Nations* from 1776, where it is generally argued that governmental involvement in the free market disturbs both the moral legitimacy (rooted in the natural freedoms) and the superior redistributive efficiency of the free market (Dwyer 2010). This is also the reason why civil rights for such liberals is often synonymous with market rights (Faulks 2000) It should be noted, however, that Adam Smith did at least consider some limited support for public schooling, for example.

However, some branches of the liberal school do embrace social rights to welfare and do so from basic liberal perceptions of justice and human nature. John Rawls (1971) is famous for his *A Theory of*

Justice, in which he from a liberal viewpoint rejects the idea that market outcomes and distributions of resources are by definition the most just or that market principles preserve individual freedom better than any other method of distribution. This is for example evident in the second of his two principles of justice, which posits that a) inequalities are only just insofar as they are to the maximum benefit of the least privileged, and b) that inequalities are only just if they are connected to social positions which are possible for all to attain. In other words, social policy should be redistributive up to the point where the poorest are best off and social policy should seek to promote equality of opportunity so that the attainability of different positions of social status are not pre-determined by birth-given class divisions, for example. Rawls deduced that citizens would agree upon these two principles via his famed ‘veil of ignorance’ thought experiment, where imagined citizens decide upon principles of justice without knowing what social status or position they will occupy in society. We also see a clear relation to egalitarian liberalism in Rawls’ work, and often he is described as an important figure in social liberalism.

A branch of liberal thought related the ideas of Rawls, which also can embrace the welfare state to a certain extent, is *utilitarianism*, even if it is not a tradition of citizenship per se. This tradition is in essence concerned with the maximization of individual utility and the ideal of a society where an equilibrium of utility is achieved, which means that furthering the utility of one individual (or a group of individuals) cannot be done without harming the utility of one individual (or a group of individuals) even more (Malnes & Midgaard 2003). A utilitarian viewpoint can then justify an extensive or redistributive welfare state in the pursuit of maximizing aggregate utility. If we leave the liberal point of departure completely, there could in theory be no limit to how much you can harm the liberties of one or more individuals if only it benefits the utility of others even more, although few utilitarians would position themselves here.

On the other hand, a utilitarian perception of human nature, rooted in the self-interested, pleasure-maximizing citizens of Jeremy Bentham could also lead to a very skeptical view of the welfare state. In this

view, generous social transfers would for example only lead to welfare-dependent free riders, since work is perceived as a sacrifice necessary for achieving the means of pursuing pleasure. In other words, rational (utilitarian) individuals will simply not work if transfers are too generous (Keeley 1981). These very different views of social rights reflect the fact that ‘utility’ is of course a contested subject of definition. It can be discussed whether utility should be defined as welfare-hedonism, mental states, subjective preference satisfaction or rational preference satisfaction (Kymlicka 1990). John Stuart Mill, a noted utilitarian, even held a peculiarly republican view of utility, in which developing utility was also a task of promoting citizenship virtues such as morality, empathy and interest in the public and political (Malnes & Midgaard 2003).

In summary, the five main schools of normative citizenship we have covered here (egalitarian liberalism, republicanism, communitarianism, conservatism and liberalism) can in many ways be said to correspond to well-known branches of ideological thought. Republicanism may differ somewhat here since it emphasizes only societal participation as an ideal and does not offer many thoughts on the role of government, except of course that it should be conducive for participation. It should be noted that differing views within each school of thought blur the picture, for example in the way that some communitarians are much more negative towards social rights than others. Janoski (1998) argues that these lines of thought correspond to the established regimes from comparative welfare research; The social democratic regime favors social rights and a measure of obligations, the conservative regime prioritizes obligations above social rights in its emphasis of traditional community values, and the liberal regime favors negative rights of freedom (civil and political) and shuns state-backed obligations towards the individual. Republican ideals may be found across these varying ideas about what the nature of the relationship between state and individual should be.

The question of whether social rights are detrimental or conducive to realizing full citizenship is a very basic one as we can see and can be discussed within nearly any school of citizenship. As we shall see

below, the normative demarcation lines and ambiguities that have been drawn up here are also echoed in Confucian thinking of citizenship.

4.4 A CONFUCIAN YARDSTICK OF CITIZENSHIP?

When we seek to discuss whether Confucianism is useful as a more decidedly Chinese ideal of citizenship, we do so from the perception that Confucianism can help us understand what ideals of citizenship can be said to exist implicitly in contemporary Chinese policymaking. This aim of elaborating values sets (for example Confucianism) such as they make up the ideational foundation of societies is just what the *welfare culture* approach is all about (Van Oorschot et. al. 2008; Lin 1999). Conceptions of culture abound, but by defining culture as prevalent values, beliefs and norms we capture at least one fundamental pillar of culture (Helgesen 2006b). In that sense, welfare culture is simply defined as prevalent values that concern welfare. From this point of view, Confucianism as a welfare culture defines a normative vision both for how citizens should be (citizenship outcomes), but also what kind of rights and duties a Confucian welfare state should bestow upon its citizens (citizenship output).

From a welfare culture approach, such value sets or normative orientations may largely be implicit and culturally embedded, but uncovering them may help us understand very visible real-world differences that would otherwise be confounding. As Lin Ka (1999:10) notes in the beginning of his dissertation (written during a research stay in Finland) on Confucian welfare in East Asia: *“Whereas I have been observing mainly Finns, I have also had the opportunity to be in the company of Danes and Swedes, noticing their deep trust in public officials (they often rely more on public officials than their neighbours), their prevailing feminism (for instance, the husband doing housework is regarded as ‘normal’ behavior), a weak hierarchical sense (beautiful women seem not to have a superior feeling towards those with less beauty), and a high sense of equality (a weak discriminative attitude of the ordinary people towards the disabled). Many of these phenomena were striking to me when I first arrived from China, but later on, with more understanding about*

these norms, I have begun to comprehend their connection to the ideal of the Scandinavian welfare state”

The notion that Confucianism reflects something distinct about Chinese (and East Asian) culture is nothing new. Early European enlightenment thinkers were very interested in Confucianism as substantial encounters between Eastern and Western political theory took place in the 17th and 18th centuries, particularly in French philosophy (Bell 2006; Helgesen 2006b). Debates on East Asian and ‘Confucian’ statecraft engaged prominent thinkers such as Voltaire, Rousseau, Kant, Montesquieu, Adam Smith, Montaigne and many more. Some of them, most notably Voltaire, lauded Confucianism as an inspirational political philosophy based on just rule and moral behavior. They pitted Confucianism against religious ways of thinking as they had dominated Europe. These idealized accounts of Confucian statecraft also reached the Nordic countries. In 1772, the Swedish State Councillor Fredrik Scheffer reported that *“To the emberassment of the so-called cultured and well-mannered peoples of Europe we have to admit that in the course of all the changes of our Laws and Customs, which in themselves contained the causes of their impermancece, the Chinese people have lived under a System of Government which remained stable for several thousand years and which turned the Chinese realm into the mightiest, most populous and most affluent ever heard of or described (Lodén 2006:127).*

Later political or sociological thinkers such as John Stuart Mill and Max Weber took a quite different stand on the issue, and saw Confucian thinking as part of the explanation why China seemingly failed to follow modernity. On the other hand, we should also note that Weber did not criticize the Chinese society for being incompatible with capitalism as harshly as has sometimes been depicted in the literature³ (Bell 2006; Helgesen 2006b). However, the example of the

³ For example, Weber wrote that *“The Chinese in all probability would be quite capable, probably more capable than the Japanese, of assimilating capitalism which has technically been fully developed in the modern culture area. It is obviously not a question of deeming the Chinese “naturally ungifted” for the demands of capitalism. But compared to the Occident, the varied conditions which externally favored the origin of capitalism in China did not suffice to create it”* (quoted in Helgesen 2006b:29)

early enlightenment thinkers illustrates how Western theorists could quickly become enamored with the exoticism of Confucianism. For example, within comparative welfare state research, the notion of an East-Asian ‘Confucian’ welfare regime is present in a large body of literature (Walker & Wong 2005; Lin 1999; Jones 1993). The Confucian label has been one widely used when it comes to describing what principles of welfare dominate this cluster of welfare regimes. In such instances, one could often raise the question of whether it has a tendency of becoming a ‘fuzzy’ concept for everything Chinese or East-Asian (Walker & Wong 2005; Makeham 2003). Returning to welfare culture, one could for example raise the question of whether a reliance on the family in welfare provision is really something specifically Confucian, or just a common feature denominating a great number of countries both inside and outside of East Asia (Peng 2008). Nevertheless, a large number of contemporary so-called ‘New Confucian’ thinkers can be found, most of whom write with the aim of describing the relevance of Confucianism for modern developments (Makeham 2003).

Before taking up the challenge of discussing how we can understand Confucianism as an ideal of citizenship, it is perhaps prudent to first deal with a very basic question. We should ask whether it makes any sense at all to understand Confucianism as a theory of citizenship in the same vein as the various schools of citizenship described previously.

To answer that question we need know whether Confucianism contain any normative ideals of citizenship. Connected to this is the question of whether these ideals concern the aspects of both formal versus substantive citizenship and status versus practice as outlined in earlier. I will argue that it does, but that is of course not developed as a coherent theory of citizenship because Confucianism is not solely a political theory. However, the same could be said of some of the other Western schools of citizenship, especially the older or classic ones such as republicanism. Nevertheless, strong ideals can be found, some of them more implicit than others, but they do concern aspects of citizenship. Confucianism is especially strong within citizenship as a practice. As Lin (2011:88) puts it: “*We need to remember that these*

[Confucian] narratives were constructed over 2,000 years ago and are steeped and bound in Chinese history and culture. They are not theoretical in the contemporary and scientific sense. Nevertheless, they provide typologies and identify elements of theories.” The fact that Confucianism is ‘steeped and bound’ in Chinese history and culture is of course also the reason why we are interested in it to begin with. While Confucianism originated in China it also spread to South Korea and Japan to emerge as a larger East Asian value set. The Confucian permeation of political practice and social relations took longer to evolve in Japan, where it fused with the existing practices of Shintoism. Lin (1999) argues that Japanese social relations were not ‘Confucianised’ until the 15th century.

When Chan (2008a:127) states that “*In Confucianism, there are no citizens, there are only subjects and rulers...*” it might appear to be a missile straight to the hull of the ship we are trying to build here. However, we should remember that Confucianism contains specific ideals for both subjects and rulers about how to act. The quote might seem to imply a very authoritarian way of thinking, and that is certainly also how Confucianism is often perceived popularly. Still, while some branches of Confucianism for historical reasons stress the authority of rulers more than others, Confucianism is not an idea about how rulers rule and subjects obey (Yearley 2008). Instead, the core of Confucianism is a set of prescriptions about how people at different positions in society should act towards each other, or in other words ideals for benefactor-beneficiary relationships. As Chan (2008a) also acknowledges, we can say that Confucianism recognizes that one has a certain status in society, and from this status one expect certain opportunities but also duties or obligations that one is expected to perform in return. In short, Confucianism can hardly be described as a theory of equal citizenship status and rights, but instead citizenship that is contextually and relationally defined (just as conservatism and communitarianism). We shall delve into these issues later in a more thorough account of Confucianism in relation to social policy.

It could be noted that modern citizenship theory has also engaged in a discussion of the merits of universal, individual rights. Universal

rights might be blinding to the structural, cultural or otherwise different contexts from which citizens interact, and therefore simply reproduce existing inequalities (Faulks 2000). Therefore citizenship writers such as Iris Young and Wil Kymlicka speak of adding ‘group rights’ (Young) or ‘self-government’, ‘polyethnic’ and ‘representation’ rights (Kymlicka) to deal with existing inequalities and status differences for different societal groups.

Confucianism is neither a coherent religion nor political theory, but essentially just a set of normative values or moral codes which has been written down, handed on and developed by different scholars throughout history. The normative element is apparent in the Chinese word for Confucianism, *Ru Jia*, which does not allude to Confucius (551-479 B.C.) himself, but instead means the ‘school of Ru’, Ru being “*a type of man who is cultural, moral, and responsible for religious rites, and hence religious* (Tang 1988: 362). Confucius saw himself as merely a person who transmitted old, but desirable values as they were already present in China, and not a thinker who created a new tradition (Chan 2008b). The allusion to religion in the above quote refers to an emphasis on tradition and rites, not a metaphysical explanation of the world. Confucianism is therefore rife with thoughts on the good life, the good society and ideal politics (Chan 2008a). This is the primary reason why it does make sense to compare Confucianism to other normative schools of citizenship (Nuyen 2008).

4.5. CONFUCIANISM IN CONTEMPORARY CHINESE POLICY AND DISCOURSE

Besides asking whether it makes sense to understand Confucianism as an ideal of citizenship, we might also question whether it has any relevance for contemporary Chinese policy. It is not difficult to argue that it does. The CCP has as mentioned before put the development of a welfare system ever higher on its list of priorities in the new millennium (CDRF 2012; Ye 2011; Cook 2011; Li & Sato 2006). At the same time, official Chinese policy discourse has become increasingly abundant with references to Confucian ideals such as it is for example evident in the goal of achieving a harmonious society.

Xiaokang, the harmonious society (or more precisely translated as ‘well-off’ or ‘prosperous’ society) is a Confucian notion which has in recent years gained a large role. Already in 1979, Deng Xiaopeng began to rephrase to ideological goals of China, and made explicit references to *Xiaokang* as a goal where wealth and prosperity are available for all and where a harmonious society with fairness and justness is obtained (Lin 2011). In 2006, the Party Congress issued a decision to build a socialist harmonious society and this has subsequently been incorporated into the eleventh (2006-2010) and twelfth (2011-2015) five-year plans (Xu 2012).

While Confucianism seems to play a large role in discourse, this by itself does not prove that Confucianism is part of the general culture or the cultural values influencing policymaking. In general, *New Confucianism* can be applied to modern literature on Confucianism as it has evolved in China since the 1970s (Makeham 2003). Confucianism has also witnessed a surge in popular interest, for example in increasing numbers of books written and sold. While the label of New Confucianism is an overall umbrella for many different branches of Confucianism that often argue heatedly with each other about the properties of Confucianism, one common denominator is that they see Confucianism (old and new) as expressing the main pillar of Chinese culture (Makeham 2003). New Confucians see themselves as inheritors and transmitters of the core values of Chinese culture. There is some ambivalence among New Confucian thinkers about whether they represent first and foremost a cultural or philosophical movement, but this perception of Confucianism as the embodiment of Chinese culture is nevertheless strong. Whether we can also confirm this perception if we look at the normative values of the Chinese people themselves is a question we shall return to in chapter 5.

Confucianism not only plays an important role in policy discourse and discussions about culture and philosophy, but has also gained impetus within the sciences. In 1986, Confucianism was selected and financed as a key research area in the seventh five-year plan for the social sciences. Much effort has gone into not only re-discovering and re-defining Confucianism, but also into analyzing how China

progresses according to Confucian ideals. Here, the central issue is of course to develop it meaningfully so that it does not only become a label for general socio-economic development. For example, the National Bureau of Statistics of China estimated that China was at a level of 74,6% of Xiaokang in 2008 based on 23 indicators of development (Xu 2009). Another such example is a report on regional development which concluded that average attainment of Xiaokang was 34,9% in 2006 (Yeoh et. al 2010). Some of the focus on solid and measurable indicators perhaps owes to the fact that Deng Xiaoping himself began in 1979 by setting a goal of attaining a GDP per capita of 1.000 US Dollars as a vision of Xiaokang (Yeoh et. al. 2010). China passed the goal of 1.000 USD per capita long ago, but whether China has been in a blissful state of a harmonious and prosperous society since then is something that is up for discussion. Outside the world of domestic socio-economic development, a Confucian school of analysis of international relations (IR) is also perceived to have emerged alongside classic theoretical schools such as liberalism or realism (plus Marxism as the traditional IR dogma in China) (Wong & Pauly 2013). However, it does seem as if this line of IR thought is more normative than analytic, and it does perhaps not have as many explanatory notions about how to understand current international affairs like the traditional schools of analysis do.

4.6. CONFUCIAN CITIZENSHIP IDEALS

Having explained how Confucianism can be understood to contain normative values of citizenship, and also how it seems to play a role for contemporary Chinese policymaking (at least at the discourse), we can continue to elaborate Confucian citizenship ideals. If we start by examining ‘thin’ citizenship, or the formal relation between state and the individual, we would ask ourselves what the role of government should be and what kind of rights it should bestow upon its citizens.

The primacy of familial care in welfare provision is one of the core Confucian values usually emphasized in the literature (Walker & Wong 2005; Goodman & Peng 1996). Consequently, government should only play a subsidiary role. This is an almost Asian echo of the Catholic principle of subsidiarity mentioned earlier (but note that this

is much older than its Catholic counterpart). The most well-elaborated thoughts on familial welfare and the subsidiary role of government in Confucianism can be found in the teachings of Mencius (379-298 B.C.), who, alongside Xunxi (340-245 B.C.), is one of the other two major classic Confucian philosophers besides Confucius himself (Chan 2008b; 2003). In *Mencius*, a book devoted to his discussion with rulers of that time, Mencius emphasized the responsibility of the ruler for “*Old men without wives, old women without husbands, old people without children, young children without fathers – these four types of people are the most destitute and have no one to turn to for help*” (Chan 2003:238). In other words, governmental welfare should be reserved for those who have no familial relations to turn to.

For Mencius, state-backed welfare was not only subsidiary to the family. If Mencius’ first tier of welfare and care was the family, his second tier was not the state, but a system of communal networks which should step in after the family. The state then becomes the third tier. The second tier as Mencius proposed it, the *jing* or ‘well-field’ system, is based on a distribution of land divided into nine equal plots, eight of which goes to different families and the final one to the state. In this communal system, people should be expected to aid each other mutually. Only as a last resort after the family and the rest of the ‘well-field’ should we turn to the state for aid. Chan (2003) juxtaposes the idea of the well-field system with social networks and relations in general in his description of these three tiers of welfare. Interestingly, one could argue that welfare provision in China during the earliest decades of communist rule with planned economy was very much tiered in a Confucian order. Wong (1998) argues that welfare provision in this period was ordered by the tiers of family, the production unit, the neighborhood and finally the state, in descending order of importance. Only when neighborhood-run programmes failed would government step in with residual welfare.

Naturally, one could point to the historical context of Mencius and other Confucians in explaining their emphasis on limited state welfare. They lived long before government had evolved the capability to conduct social policy. Yet, the role of the family also has very strong normative foundations in Confucianism. It is through

familial relations that an individual learns the core Confucian citizenship values present in *ren* and *li* (Nosco 2008; Chan 2003). *Ren* is mostly translated as benevolence, an essential virtue or human quality. Confucius himself said that *ren* is to “*love your fellow men*” (Chan 2008b:64). It could be argued that this Confucian ‘love’ is not a universal love towards all human beings, but rather a love restricted by the Confucian hierarchy of relations, which as noted begins first with the family (Lin 1999; Wong 1998). One cannot be expected to show love and benevolence towards strangers. On the other hand, we cannot ignore the influence of other popular Asian religions on how the virtues of love and benevolence have been construed. Particularly Buddhist notions of charity, compassion and a generally more universal love have had some importance for Chinese ethical thought (Wong 1998). An important trait in Buddhism is that good deeds motivated by these virtues influences one’s own life and are passed on as a form of moral credits to descendants and next lives. This encourages moral investment beyond family and immediate relations.

Whatever the properties of *Ren* in Confucianism, it is learned through *li*, which is the Confucian system of rites, perhaps better understood as propriety or correct behavior (Hahm 2003). Many such rites could be mentioned, but the most important one are the five relationships as stated by Mencius: “...*between father and son, there should be affection; between sovereign and minister, righteousness; between husband and wife, attention to their separate functions; between old and young, a proper order; and between friends, fidelity*” (Nuyen 2001:64). These relationships are all benefactor-beneficiary relationships. These relationships place duties upon both the benefactor and the beneficiary. Both benefactor and beneficiary should practice *ren*, or be benevolent towards each other. In addition, the beneficiary should learn from and respect the leading role of the benefactor and the benefactor should guide and assume responsibility for the beneficiary. From three of these relations it is clear how Confucianism emphasizes the role of the family. It is here the individual is trained in citizenship and learns to love his fellow men (Nosco 2008). The two others (sovereign-minister and friend-friend) are even understood to be analogous to the father-son and older brother-younger brother relationships (Chan 2008b). The relational

duties in Confucianism is also expressed by the virtues of *xiao*, filial piety and the duty to take care of one's parents, and *ci*, meaning the obligation to take good care of one's children (Chan 2003). The virtue of brotherhood is expressed by *ti* (Chan 2008b). In this regard, the family is not only viewed as an educational institution for children but also for adults (Bell 2006). This is a stark contrast to the ancient Greek schools of citizenship, whose inclinations certainly were much more individualistic (Bell 2006; Daun & Helgesen 2006). Aristotle, for instance, distinguished sharply between family and the public and preoccupied himself with thinking on rational and self-determining individuals. Bell (2006:269) argues that "*Socrates neglected his children to concentrate on philosophizing and public service, and it was a short step from there to Plato's proposal that the family should be abolished so that rulers could devote themselves wholly to the service of the community, unmoved by the distracting loyalties and affections of the family system*" (Bell 2006:269). In both Confucianism and Greek philosophy, 'private' has negative connotations. In Greek, private alludes to 'privation' or to be deprived of something (Hahn 2006). In Confucianism, however, the family does not belong to the private or individual sphere, but constitutes an important arena of social learning.

Feminist scholars have certainly also directed some harsh criticism towards Confucianism even if it does recognize the importance of family. The criticism of course stems from the gender division in one of the five relationships above. In addition, the so-called 'Three Bonds-doctrine' emphasizes how to wife should obey her husband, the son should obey his father and the minister obey his king (Nuyen 2001). The concept of filial piety and deference to the father as family patriarch is usually understood to be very strong in Confucianism (Nuyen 2001). Against this can be argued that the Three Bonds-doctrine was never part of canonical Confucianism, but was first mentioned in texts by the Legalist school of thought, one of the rivals of Confucianism. It later became incorporated in Confucian practice during the Han dynasty (ibid.). In addition, the five relationships could be perceived not as unequal relations, but rather as norms to govern interaction between people with different societal roles. Most importantly, it should of course be remembered that Confucianism

evolved in a context of patriarchal practices. Bell (2006) argues that, unlike Aristotle, thinkers such as Mencius and Confucius did not argue that women were biologically inferior to men. Most importantly, it is a core idea of Confucianism that all are born with an almost inborn moral instinct and inclination towards *ren*, and one of Confucius' most famous principles is that education should be expanded to all (Chan 2008a). All human beings are born with 'the four constants' (benevolence, righteousness, propriety and wisdom) as part of their nature, but not all are aware of them and so they must be cultivated (Hahm 2006). This means that everyone, women included, can develop their characters through education and become 'gentlemen' of society.

There is much to be said for the Confucian emphasis on the primacy of family in welfare provision. Indeed, the Confucian view holds that public obligations cannot overrule familial obligations. In imperial China, Confucian bureaucrats were even punished if they failed to retire for two years of mourning following the death of a parent (Bell 2006). However, if one seeks to delimit what constitutes what constitutes 'family' things might not be so clear. The fact that societal relations are seen as analogous to familial relations opens up for the 'family' as including relations beyond those defined by blood. Theoretically, the whole world can be argued to be the family (Chan 2008b). The practice of *ren* and the observance of *li* do not end outside the home. In the *Analects*, Confucius states that "*All within the four seas are one's brother*" and in *Mencius* it is stated that one should "*Treat the aged of your family in a manner befitting their venerable age and extend this treatment to the aged of other families; Treat your own young in a manner befitting their tender age and extend this to the young of other families*" (Chan 2008b:65). Based on this conception of a more universal 'family', the Chinese historian Qian Mu (1895-1990) suggested that the virtue of filial piety, *Xiao*, encompasses all vertical relations in society, and that of brotherhood, *ti*, then is synonymous with all horizontal relations between equals.

The implications of such a Confucian conception of family are very significant for social policymaking. If the familial relations concern a wider responsibility for other citizens, this opens up for social policy

playing a much larger role than merely a residual safety-net for those with no family or social relations to turn to. Bell (2006) also suggests that Confucian collectivism as opposed to Western individualism might change the way different sets of rights are prioritized. Where Western thinking emphasized the liberal and individual rights of freedom, embodied by civil and political rights, Confucianism might emphasize social rights much more, especially if the expansion of positive social rights is at odds with the negative rights of individual liberty. This might also be visible in the arena of international relations, where China is actively trying to construct itself as an actor emphasizing social and economic developmental rights at odds with a Western preoccupation with negative rights of freedom (Kilburn & Kozyrev 2012).

It is therefore a subject of discussion exactly who the Confucian family is and to whom we should extend our Confucian benevolence. Mencius did state that benevolence should not be confused with equal concern for all (Chan 2003). Yet, even a more conservative conception of family might justify a rapid expansion of social rights if the family is subject to social changes that are limiting its capacities within welfare provision. The best example here might be the expansion of pension systems and care for the elderly in a context of demographic ageing and low fertility rates. In other words, new social risks rising from de-familialization from below might force the hand of public policy to act, which could be conceived to be completely in line with traditional Confucian familialism.

Turning from the Confucian family, we now turn to another field of Confucian ambiguities. We will engage the discussion of whether Confucianism is opposed to equality, or what kind of equality a Confucian policymaker might favor. Traditionally, Confucianism is perceived as promoting social inequality, which follows from the Confucian emphasis on how we all have different functions or roles in society (Nuyen 2001). If we all have a role to play within a clear Confucian hierarchy, then it should follow that resulting inequalities are completely justified. As mentioned before, Confucianism has no true ‘citizens’ according to some, since people can never be of equal status. If T.H. Marshall envisages how we could all become

gentleman given the right circumstances (and given a set of social rights), Confucius might have responded that hierarchy of merit is justified. All might be born equal in Confucianism, but our lives take us on paths towards different roles and achievements beyond that point. The result is that: *“Those who attain a certain level of intellectual and moral development are gentlemen, and a certain level beyond that, sages. The gentlemen and the sages are the elites and the rest constitutes the masses”* (Nuyen 2001: 62). It is only these few superior gentlemen who can abide by all virtues and rites and fully have the capacity to embrace ‘all in their love’ (Lin 1999). It is not a hierarchy imposed by human nature (since all are born with the aforementioned ‘four constants’ and all possess a potential to develop *ren*) but not everyone cultivates themselves fully (Hahn 2006).

It would therefore seem that Confucianism is not compatible with any vision of social rights as a tool to transform class-based divisions in a Marshallian sense. However, it should not be forgotten that Mencius also emphasized poverty as a second circumstance (the first one being the absence of family and relations in the aforementioned well-field system) in which state intervention is necessary. In circumstances of poverty or starvation, where people can’t even work their own land, the just ruler should intervene. In the view of Mencius and Confucius, poverty is the result of misrule (Chan 2003). This does not serve as a justification for encompassing state welfare from cradle to grave, but rather that government is responsible for securing the conditions under which people can craft their own prosperous livelihoods. These principles of when to provide state-backed aid was put into practice in later dynasties, but they also had much earlier origins. The aforementioned well-field system with residual relief (often in the form of rice stores) for those in need developed as early as the early Zhou dynasty (1098-771 B.C.) (Lin 1999).

Mencius also stressed that one of the most important hallmarks of a good ruler is that he realizes how fortunate he is in commanding great wealth and subsequently shares his wealth and possessions with his subjects (Nylan 2008). A little redistribution of wealth was not such an alien virtue to even the earliest of Confucians. Similarly, as mentioned in the discussion on gender equality, a basic Confucian

notion is that all are born equal and with equal moral potentials, which should be developed by observing propriety (not least the five relationships) and receiving education. This might imply social policy with the aim of developing potentials equally, if not necessarily a vision of equality in outcomes. Equality of opportunity might instead be said to be quite Confucian. This of course leads to the well-known discussion of exactly how extensive social policies should be in order to promote equality of opportunities. The limit for a Confucian might be where such policymaking violates the basic inequality stemming from differentiated societal roles and relationships. As emphasized in the *Analects*, people are “*By nature close together, through practice set apart*” (Nuyen 2002:132). This is also why some argue that the basic idea of equal rights for all does not go well with Confucianism (Nuyen 2000). Rather, rights can never be universal, but are always dependent on the context within which an individual is embedded, because Confucian citizenship is a vision of differentiated citizenship, as mentioned before. There might be somewhat of a tension here between equality of opportunity and the respect for the different positions of citizens within the benefactor-beneficiary relationships. In short, latent in Confucianism we find a tension between equality and meritocracy, or between elitism and egalitarianism (Nosco 2008). This tension echoes our previous discussions of egalitarian liberalism, conservatism and communitarianism.

It should be clear that this inherent tension between egalitarianism and elitism is not there because Confucians are torn between ideals of equality or meritocracy as ends in themselves. Rather, it stems from different views on how best to promote Confucian virtues. The end goal is to enhance the moral development of citizens and their potential for upholding the virtues of *ren* and *li*. This is very visible in the Confucian notion of *min-pen*, or treating people as trees by tending to their roots (Nuyen 2000). *Min-pen* can be traced back to the times before Confucius, and the idea is reiterated by Confucius, but it receives full treatment by its proper name by Mencius. The basic idea is that only under the right circumstances can people develop their potential to behave virtuously. Furthermore, it is the responsibility of the rule to make sure that social circumstances allow for the growth of Confucian citizenship virtues, hence the metaphor.

Nuyen (2000) comments that *min-pen* can be said solve the Confucian ambivalence on equality and inequality in a manner similar to John Rawls and his famed principles of justice. Social policy should seek to promote equality of opportunity and inequality of outcomes should be alleviated to the point where it allows the lower echelons of society to also develop their potential as virtuous citizens. The starting and end point is still very much a society of both horizontal divisions (relations of brotherhood, *ti*) and vertical divisions (relations of filial piety, *xiao*). The big difference is of course that John Rawls wrote from the liberal tradition, and Rawls emphasized how “*the self is prior to the ends which are affirmed by it*”, as quoted before. In Confucianism, this is turned on its head, and the ends are prior to the individual. Likewise, while government in liberalism is supposed to only bring order in the chaos of atomistic individual interests, government in Confucianism is about overcoming self-interest and promoting the common good (Nosco 2008).

This means that political decision-makers have big moral responsibilities in Confucianism and that rulers are depicted as patriarchal figures (Helgesen 2003). A proper ruler should be well-developed in his Confucian virtues, and much more so than you would expect from the common man. Mencius said that if a man’s heart is fully developed, “*he can take under his protection the whole realm with the Four Seas, but if he fails to develop them [qualities of ren], he will not be able to even serve his parents*” (Chan 2008b:74). This is also expressed in the often used quote from Confucius where he states that “*The moral power of the gentleman is the wind, the moral power of the common man is grass. Under the wind, the grass must bend*” (Chan 2008a:124). Usually, this quote and especially its final sentence is used to support the perception that Confucianism is authoritarian, but it might better be understood as a depiction of the moral responsibilities that should be placed upon rulers. The morals of the elite and its gentlemen cannot help but rub off on the morals of the rest of the people. The resemblance to social conservatism is strong here in this regard.

Yet, it should be acknowledged that another in-built tension in Confucianism is that of authoritarianism versus democracy. Because

the vertical relationship between rulers and subjects is seen as an extension of filial piety and familial deference to your elders or parents it might easily be construed as an authoritarian relationship. This family-centered perception of society is apparent in the way that a government representative at the county level was called a ‘father mother official’ (*fu mu guan*) in later imperial China (Rosemont 2008) In the *Analects*, Confucius summarized filial piety with the words “*never disobey*” (Nosco 2008:31), and it is this interpretation that has been carried into more authoritarian practices of Confucianism. It is also easy to cast democracy as something born out of Western individualism, and therefore incompatible with Confucian collectivism.

In reply to this it can be stressed that this relationship, as any Confucian benefactor-beneficiary relationship, has mutual responsibilities. In the *Analects* one can also read that “*If a ruler sets himself straight, he will be followed without his command. If he does not set himself straight, even his commands will not be obeyed*” (Nosco 2008:30). Elsewhere in the *Analects* Confucius stresses that a state cannot survive without the confidence of its people. However, it is perhaps from Mencius that we can identify the strongest emphasis on benevolent rulership. He even formulated what has become known as a doctrine on the ‘right of revolution’. In a conversation with King Xuan of Qi, the king asked Mencius whether it would ever be proper for a minister to kill his king, to which Mencius replied that a king who fails to be righteous cannot be called a king, and murdering such a ruler is not unheard of. In other words, a king who fails to create the environment for moral growth according to Confucian virtues can very well be replaced through violence. Similarly, in *Mencius* he states that “*One can never [truly] ‘gain’ the empire without the heart-felt admiration of the people in it*” (Nylan 2008:93). In Korea during the Choson dynasty (1392-1910), different mechanisms of rectifying rulership towards benevolent rule were even institutionalized (Hahm 2003). This included the infamous Royal Lectures, the Censorate and Court Historians, whose advice and criticism of the ruler could be directed at any policy matter, also beyond merely ceremonial or judicial matters. In addition to this come the Confucian scholar bureaucrats in both Korea and China,

who were integrated into government until the very end of the respective dynasties in the beginning of the 20th century. Their discourse on proper and benevolent leadership often became institutionalized perceptions of legitimate rule, and their official tasks included disciplining the rulers on such matters.

This issue of authoritarianism versus democracy is not exclusive to Confucianism in relation to the other schools of thought. As mentioned, the primacy of civil rights in liberalism can lead to calls for strong limitations on political rights if political rights invade on civil rights, particularly those necessary for the free market. In the same vein, the primacy of political rights and the obligation to participate in republicanism can lead to arguments such as those of Rosseau, who spoke of the need to ‘be forced to be free’ or a republican theorist like Adrian Oldfield who stated that some should be *“shamed, disciplined and sometimes terrorized into living civic virtue as an expression of his authentic self”* (Faulks 2000:75). Ambivalence on such core issues of citizenship is not only a Confucian trait.

4.7 PIGEONHOLING CONFUCIANISM AMONG WESTERN SCHOOLS OF CITIZENSHIP.

While it certainly is possible to speak of Confucian ideals of citizenship, defining these ideals is, as we have learned from the above, perhaps not so easy. However, Confucianism does have some clear and strong ideals on how citizens should be and how they should act, namely by observing the virtues of benevolence and propriety. On the other hand, Confucianism does not spell out clearly what the role of government towards the individual should be. Turning to our former distinctions, we can say that Confucianism is strong and easier to define on ideals regarding citizenship practices. However, Confucianism is weaker and much more elusive on citizenship in the sense of formal and substantive rights as part of a state-individual relationship. As we have seen, a lot of ambiguities can be found in this aspect of citizenship.

A weak and residual government role in welfare provision can be emphasized, but it is also possible to argue for more encompassing governmental provision (depending particularly on the conception of ‘family’). Meritocracy and status-maintenance can be emphasized as the main principle for social policy, but it is also possible to argue for a certain measure of equality. A patriarchal and somewhat authoritarian mode of government can be envisaged, but more inclusive and perhaps even democratic ideals of government can also be identified. On these three inherent fields of tension (welfare provision, welfare principles and form of government) traditional interpretations of Confucianism have perhaps had an inclination towards non-governmental welfare provision, meritocracy and more authoritarian rule, but such interpretations are not always clear-cut and not always founded in the actual Confucian canon.

On the other hand, it should be very clear that the role of government should always be to promote the circumstances allowing for the moral growth of citizens in accordance with Confucian virtues. This is depicted in the aforementioned *min-pen*-doctrine, or seeing the people as a tree whose roots should be tended to by the ruler. Nuyen (2008) sees this as the first of three clear ideals of Confucian citizenship.

The second ideal is the Confucian emphasis on harmony. According to this view, as outlined in the *Doctrine of the Mean*, one of the classic ‘four books’ of Confucianism (the others being *Mencius*, *Analects* and *Great Learning*), one should strive for balance in the often opposing forces of human life. This is very much akin to the ‘golden mean’ of Aristotle. Nuyen sees this as concept suited for solving the challenge of minorities in relation to citizenship “*A society that practices harmony will enable different groups to blend harmoniously but at the same time retain their differences*” (Nuyen 2001:131). Harmony is also achieved by practicing the aforementioned Confucian virtues. Beyond that, it might be difficult to spell out clear guidelines on how to achieve harmony. Some see this pursuit of harmony as one of the core differences between the Confucian man and the Western man (Chen 2003). In (liberal) Western thought, man possesses a set of universal and individual rights, with which one is then free to go out in the world and act

according to individual preferences. For Confucians, this is a recipe for self-interested behavior and disharmonious conflict. A very clear expression of this is the Confucian practice of mediation, which emphasizes mediation rather than litigation as a means for the settling of disputes (Ibid.). The ‘rule of law’ has historically been weaker in East Asian countries within dispute settlement, and this can perhaps be attributed to a Confucian heritage disfavoring statutory litigation.

As the third and final ideal it can also be stressed that Confucian citizenship is a global form of citizenship (Nuyen 2001). A society characterized by Confucian citizenship virtues has the potential to make the whole world virtuous. The concept of *tian xia* (all under heaven) appeared as a concept referring to a political order reaching beyond individual states well before Confucius himself (Chan 2008b). It should be remembered that the idea originated in a context of conflict between individual Chinese states, where some might have longed for the clear imperial order under an emperor ruling by the ‘mandate of heaven’ (*tian ming*), but it later became a more abstract idea referring to an ideal political and moral order which exceeded territorial boundaries.

These three ideals express the ultimate society, where virtuous citizens (1) live in a harmonious society (2) exceeding territorial boundaries (3). This is the grand Confucian vision of *da tong* (the ‘grand union’ or ‘great community’), which is described in the *Book of Rites*. The *Book of Rites* is one of the so-called ‘five classics’ (not to be confused with the aforementioned ‘four books’), which describe ancient rites and social practices. Here, *da tong* is described like this: *“When the grand course was pursued, a public and common spirit ruled all under the sky, they chose men of talents, virtue and ability...Thus men did not love their parents only, nor treat as children only their own sons. A competent provision was secured for the aged...They showed kindness and compassion to widows, orphans, childless men, and those who were disabled by disease, so that they were all sufficiently maintained....[They accumulated] articles [of value] , disliking that they should be thrown away upon the ground, but not wishing to keep them for their own gratification...In this way [selfish] schemings were repressed and*

found no development. Robbers, filchers and rebellious traitors did not show themselves, and hence the outer doors remained open, and were not shut. Thus was [the period of] when we call the Grand Union” (Chan 2008b:47). This very highest ideal of Confucianism sounds much closer to a society of more inclusive, and possibly even democratic, policy-making where the family refers to not only kinship by blood. Furthermore, norms of equality and public provision of welfare are also expressed.

Finally, it should be acknowledged that all these ambiguities and inherent tensions in Confucianism more than anything reflect that Confucianism is an ancient tradition which has been continuously shaped and discussed by scholars and thinkers up to the present day. When Jesus was still an infant, Confucius had been dead for well over 400 years, and Confucius considered himself merely a transmitter of even older values. Confucianism is of course not a religion in the metaphysical sense. However, the emphasis on personal and moral development, where one treads the human and moral path (*ren dao*) with the ultimate end of becoming a sage (*sheng ren*) does have some religious traits (Rosemont 2008). Confucianism is commonly classified into classic Confucianism, Neo-Confucianism and New Confucianism. Neo-Confucianism is traced back to the Song Dynasty philosopher Zhu Xi (1130-1200) (Makeham 2003). Neo-Confucianism blended classical Confucianism with other influences, particularly Buddhism. New Confucianism denotes the revived modern interest and debate on Confucianism in later decades as mentioned before. While Neo-Confucianism was inspired by other Chinese or Asian schools of thought such as Buddhism, Taoism and Shintoism, New Confucianism has picked up on global counterparts and evolved into different branches with inspiration from such diverse elements as Marxism, Daoism or Kantian moral philosophy, to name just a few (Makeham 2003; Lin 1999). Some have suggested that the term post-New Confucianism would be appropriate to denote the current cocktail of Confucianism fused with modern inspirations.

Much more could be said about the topics and contestations of the oftentimes heated New Confucian debates, but the gist in this context is that it is largely a futile effort to determine one true Confucianism.

Confucianism encompasses a broad set of desirable values and practices for the citizenry and some notions as to what a society should be, but it is not a coherent or consistent, ready-made framework.

Nevertheless, the aim of this section has been to peg out some core Confucian ideals relevant for citizenship, and this has mainly been done by looking back on classical Confucianism through the eyes of New Confucian scholars and outlining their debates on classic virtues. Citing Joseph Chan's summary of core Confucian ideals could perhaps be helpful here: *"Most simply put, Confucianism holds that people should cultivate their minds and virtues through lifelong learning and participation in rituals; they should treat their family members according to the norms of filial piety and fatherly love, respect the superiors and rulers, and show a graded concern and care for all; learned intellectuals above all others should devote themselves in politics and education to promote the Way and help build the good society"* (Chan 2008a:114). Similarly, Goodman & Peng (1996:193) describe the 'common language of confucianism' in Taiwan, South Korea and Japan as including: *"respect for seniors, filial piety, paternal benevolence, the group before the individual, conflict avoidance, loyalty, dutifulness, lack of complacency, striving for learning, entrepreneurship and meritocracy"*.

From the discussions above, it is relatively easy to position Confucianism in relation the various schools of thought in Western literature on citizenship. At least it becomes easy when one looks at Confucian virtues as ideals of citizenship practices and ignores the elusive ambiguities regarding the role of government. However, ambiguities towards the role of government and social rights are also to be found in the other schools of thought whether it is liberalism, communitarianism, conservatism or egalitarian liberalism.

As has been mentioned a few times, Confucianism constitutes a relatively stark contrast to liberalism with its universal rights of negative freedom de-coupled from any social context and its reluctance to elaborate any common value sets or prescriptions for citizen practice. Confucianism has a lot in common with

communitarianism and conservatism on this account, which as noted before also encompasses quite diverse positions on social policy. The way in which conservatism and particularly Christian democratic thinking emphasize organic social relations and the role of the family in the socialization of values resonates strongly with Confucianism. With republicanism, Confucianism shares a concern for how citizens should act in society, but republicanism has traditionally focused on political participation as an arena where citizenship is learned, whereas Confucianism emphasizes the family as the central arena of citizenship learning. Confucianism stresses the moral obligations of decisionmakers like many democratically minded republicans. Tocqueville, for example, also emphasized the importance of ‘the habits of the heart’ (Helgesen 2006b). In Confucianism, however, it is not granted that all should strive towards political participation as this is best reserved for the most learned and morally cultivated in accordance with the Confucian view of differentiated social roles. We may therefore identify a concern with republican civicism (not necessarily participation) and conservative values. This blend of conservatism and civicism echoes the thinking of the aforementioned social conservatives. A Confucian would certainly see the rough potential or the ‘angels in marble’ of the common citizenry.

A Confucian might not be so fond of the most egalitarian thinkers in citizenship, such as the early writings of T.H. Marshall. On the other hand, when we critically discuss the inherent ambiguities in some Confucian concepts as they have evolved from classical Confucianism to neo-Confucianism and new Confucianism we find some space for more encompassing social policymaking. Redistribution and a measure of outcome equality is justified so long as it is necessary to develop the moral and ethical potentials of the citizenry, but the line is drawn where social policy begins to violate those status differences that are justified in Confucianism. Equality of opportunity is certainly Confucian.

This chapter will remain present in our minds for a while yet as we venture into normative social citizenship from an empirical perspective. The empirical citizen typologies we will proceed to

uncover will echo some of the discussions of this chapter. However, just as I have emphasized the nuances in this chapter, there is more to Sino-Nordic welfare attitudes than just a simple demarcation line between Confucius and T.H. Marshall.

CHAPTER 5. WELFARE ATTITUDES: TYPOLOGIZING SINO-NORDIC CITIZENS

The aim of this chapter is to act as the empirical counterpart to the previous chapter. While we discussed different types of normative of citizenship from a normative-theoretical perspective in chapter 4, the end goal of this chapter will be to investigate normative orientations empirically. As mentioned in chapter 3, the attitudes of the citizenry are absolutely crucial in terms of social citizenship and the legitimacy of the welfare state. Such attitudes will be the focus of this chapter, but not only on the aggregate country-level. We will aim to uncover empirical typologies of citizens just as we discussed different forms of normative-theoretical citizenship in the previous chapter. How do citizens combine different normative orientations into coherent value sets, and what groups or types of citizens emerge within each of our country cases? What are the social divides associated with these different types of social citizenship?

If we assume that normative attitudes in China and the Nordic countries follow stylized demarcation lines between different welfare cultures embodying ‘Confucianism’ and ‘egalitarian liberalism’, Nordic and Chinese welfare attitudes would be very different. However, as we will go on to see, this is not the case in all respects. In that sense, the empirical world is at least as ambiguous as the normative-theoretical world of citizenship. Likely explanations for our results will be offered later in the chapter.

The normative orientations we will include here are various measures of attitudes towards equality and the role of the state. However, some relevant measures of citizens’ perceptions of their own country context in terms welfare and equality will also be included in the initial descriptive sections of this chapter.

The chapter will begin by investigating descriptive country-level differences, not only between the five country cases, but also including a range of other countries. In this way, we will get a perspective on how unique or different our country cases are in a wider context. Firstly, we will take a very simple descriptive look at the individual variables that will be used later on. Secondly, we will also conduct a principal component analysis of these variables and see how all countries are placed on the two most important components in the ISSP 2009 survey.

The chapter will proceed by investigating what groups or typologies of citizens dominate normative orientations within each of the country cases. This will be done by the method of latent class analysis (LCA), which divides citizens into mutually exclusive classes or groups based on their attitudes. This will enable us to see how our country cases differ in terms of the dominating types or groups of citizens and we can furthermore use that to investigate the social divides that are associated with these different citizen types. The method of LCA will be explained further later.

5.1 COUNTRY-LEVEL DIFFERENCES IN A BROADER COMPARATIVE CONTEXT

The variables that will be used in this chapter are listed below in table 3. Besides the 2009 module on ‘social inequality’ from the International Social Survey Programme (ISSP), the World Values Survey (WVS) also represents an international survey that is both relevant to our object of study and includes China. However, when the criterion is that the relevant variables should include both China and at least some Nordic countries, we are left with only four variables from the 2005-2009 wave in the WVS.

A range of very relevant variables in terms of perceptions and normative orientations towards public welfare provision and social inequality is listed below. Still, the measures available to us do not necessarily realize our ideal world. Since this thesis focuses on unemployment, health and pensions at the policy level, we would

want to investigate the corresponding dimensions of welfare at the level of attitudes.

In the ISSP 2009, which will be centerpiece of the analysis later, we only have three measures that speak directly to the policy-level enquiries in later chapters. These are attitudes towards government responsibility for the living standards of the unemployed, attitudes towards benefits for the poor and finally tolerance of the rich being able to buy better health care provision.

On the other hand, more measures regarding normative attitudes towards welfare provision would perhaps not make a very big difference in terms of country-level differences. Generally, there is very strong support for public welfare provision across countries for groups which are usually perceived as very deserving, such as the elderly and the sick, whereas there are larger variations in terms of attitudes towards the unemployed (Roosma et. al. 2012; Van Oorschot 2000). Still, interesting results could arise if we had measures regarding not necessarily the basic principle of support for the elderly and the sick, but orientations and perceptions towards different subdimensions of these policies or the willingness to prioritize between different forms of welfare provision.

As regards the measures available to us, table 4 reveals the simple country-level differences on each of these variables. To keep the table itself limited to one page, we only show three countries (Germany, Japan and South Korea) beyond our main country cases. In this way, we will have two other East Asian countries and a major European country from one of the major worlds of welfare. We also also include the average for all countries in the survey in question. Later, we will show the wider country-context with all country cases in the ISSP 2009 survey by way of principal component analysis. In this table, results here highlighted in bold if one of our five country cases is particularly distinct on the variable in question.

Table 3: Variables indicating normative ideals and perceptions in the ISSP and WVS surveys.

No.	Variable in table 4.	Statement
Survey: ISSP 2009		
1	Just pay diff.	“How much do you think the chairman of a large national company should earn?” divided by “How much do you think an unskilled worker in a factory should earn?”.
2	Perceived pay diff.	“How much do you think the chairman of a large national company earns?” divided by “How much do you think an unskilled worker in a factory earns?”
3	Inequality too high	“Differences in income in <R’s country> are too large”
4	Ineq. govt. responsib.	“It is the responsibility of the government to reduce the differences in income between people with high incomes and those with low incomes”
5	Unemp govt. res.	“The government should provide a decent standard of living for the unemployed”
6	Poor less benefits	“The government should spend less on benefits for the poor.”
7	Progress. taxes	“Do you think people with high incomes should pay a larger share of their income in taxes than those with low incomes, the same share, or a smaller share?”
8	High taxes on rich	“Generally, how would you describe taxes in <R’s country> today for those with high incomes?”
9	Just: Rich buy heal.	“Is it just or unjust - right or wrong - that people with higher incomes can buy better health care than people with lower incomes?”
10	Just: Rich buy edu.	“Is it just or unjust - right or wrong - that people with higher incomes can buy better education for their children than people with lower incomes?”
11	Conflict poor/rich	“In all countries, there are differences or even conflicts between different social groups. In your opinion, in <R’s country> how much conflict is there between poor people and rich people?”
12	Conflict work/mid	“In all countries, there are differences or even conflicts between different social groups. In your opinion, in <R’s country> how much conflict is there between the working class and the middle class?”
13	Ideal society	“These five diagrams show different types of society. What do you think <R’s country> ought to be like - which would you prefer?”
14	Perceived society	“These five diagrams show different types of society. Please read the descriptions and look at the diagrams and decide which you think best describes <R’s country>.”

Survey: WVS 2005-2009		
15	Benefits humiliate	“It is humiliating to receive money without working for it”
16	No work lazy	“People who don’t work become lazy”
17	Demo. tax. rich	“Many things may be desirable, but not all of them are essential characteristics of democracy. Please tell me for each of the following things how essential you think it is as a characteristic of democracy: Government tax the rich and subsidize the poor”
18	Demo. unemp.	“Many things may be desirable, but not all of them are essential characteristics of democracy. Please tell me for each of the following things how essential you think it is as a characteristic of democracy: People receive state aid for unemployment”

Since we are only showing the percentage who agree with different statements, an index score has been constructed for each variable. These index scores can be seen in appendix B. The index score can be a useful supplement since table 4 in essence treats all variables as if they were dichotomous and thereby the results ignore degrees of agreement with the continuous variables. For this reason, highlighted results in bold are based on both table 4 and appendix B.

Table 4 shows that the Chinese respondents are distinct from both the Nordic countries and the general survey in three ways. Firstly, the Chinese are in relatively high agreement with the statement that ‘the government should spend less on benefits for the poor’. Secondly, the Chinese to a high degree think it is justifiable if the rich can get access to better welfare provision. Thirdly, the Chinese perceive a relatively high degree of social conflict between the poor and the rich, but also between the working class and the middle class.

Table 4: Sino-Nordic perceptions and normative orientations

Variable	Country								Country averag. ¹	
	CN	DK	FI	NO	SE	DE	JP	KR		
Per cent who agree with statement (except for just and perceived wages) ²										
Survey: ISSP 2009										
Just pay diff. ³	5.0	2.0	4.0	2.3	2.2	6.3	6	11.8	5.2	
Perceived pay diff. ³	10.0	3.8	8.3	4.4	4.3	16.7	10	41.7	13.5	
Inequality too high	91	62	72	61	73	90	78	90	84	
Ineq. gov't. responsib.	81	54	75	52	58	66	54	75	72	
Unemp. gov't. res.	87	84	81	78	78	62	70	81	73	
Poor less benefits	52	9	8	7	10	8	7	10	17	
Progress. Taxes ⁴	74	67	84	69	72	84	88	94	76	
High taxes on rich ⁵	13	30	13	25	23	21	17	11	21	
Just: Rich buy heal. ⁶	64	19	21	19	14	13	31	24	23.0	
Just: Rich buy edu. ⁶	69	14	14	17	13	10	36	33	24	
Conflict poor/rich ⁷	66	14	34	17	36	61	36	88	44	
Conflict work/mid ⁷	42	5	12	6	13	21	-	61	23	
Ideal society ⁸	77	90	88	87	84	70	73	86	79	
Perceived society ⁸	14	62	37	64	40	23	24	20	22	
Survey: WVS 2005-2009										
Benefits humiliate	70	-	42	54	32	42	41	59	59	
No work lazy	82	-	61	54	40	49	72	89	73	
Demo. tax rich ⁹	81	-	78	68	65	75	76	77	64	
Demo. unemp. ⁹⁹	89	-	85	77	74	87	81	71	75	

¹ Country-level average of all countries in the survey (ISSP = 37-38 countries, WVS = 48-53 countries)

² Most variables (exceptions noted below) have either 4 or 5 response categories ranging from “strongly agree” to “strongly disagree”. The sum of “strongly agree” and “agree” at the country-level reported in these cases

³ Country-level median reported.

⁴ “Much larger” and “larger” share reported

⁵ “Much too high” and “Too high” reported

⁶ “Very just, definitely right” and “Somewhat just, right” reported

⁷ “Very strong conflicts” and “strong conflicts” reported

⁸ “Type D: A society with most people in the middle” and “Type E: Many people near the top, and only a few near the bottom” reported

⁹ “responses 6-10 on a 0-10 scale reported

The Nordic countries are distinct in a number of ways depending on the specific countries in question. It is interesting to note that in the ISSP 2009 survey, Finland is generally not as distinct as the three Scandinavian countries. Citizens of the three Scandinavian countries desire wage inequalities to be relatively low, just as they also perceive wage inequalities to be low. The Scandinavian respondents also do not to the same extent as elsewhere agree with the statement that inequality is a government responsibility. Furthermore, especially Danes and Norwegians are very distinct in the way that they perceive their societies to be equal, middle-class societies dominated by relatively harmonious relations between both rich and poor as well as working class and middle class. It does not apply to Finland and Sweden to the same extent. In the World Values Survey, where Denmark is not included, we find that the Nordics to a lesser extent than elsewhere think that it is humiliating to receive benefits or that people without a job tend to become lazy.

Some of these country-level response patterns are not difficult to understand, while others may seem very surprising. We will discuss this at the end of this section since we are not yet finished with aggregate country-level differences. At the same time, some of the most likely explanations will be suggested, even if the purpose of this chapter is not to explain these differences.

We will quickly go on to showcase the wider comparative context with all the countries in the ISSP 2009 where we will gain a wider comparative outlook than we were able to in table 4. The WVS will be left behind from here on because of the limited number of available variables. In table 5, principal component analysis of the seven measures that relate to normative ideals has been conducted. Those that directly relate to perceptions have been left out, but as we will also discuss by the end of this section, perceptions seem to have a way of creeping into the questions that should tap into normative ideals.

Table 5: Principal component analysis of normative ideals in ISSP 2009 (all country samples included)

<i>Components</i>	Component 1	Component 2	Component 3
<i>Pct. explained variance</i>	31.7	17.8	14.4
<i>Interpretation of components</i>	Justification of better welfare for rich	Government responsibility of private for the	Ideal society and perceptions of the poor
<i>Variables¹</i>	<i>Factor loadings</i>		
<i>Govt. responsible for inequality</i>	-0.254	0.772	-0.074
<i>Govt. responsible for unemployed</i>	-0.109	0.763	-0.243
<i>Progressive tax system as ideal</i>	-0.208	0.607	-0.013
<i>Just that rich can buy better health care</i>	0.937	-0.255	0.142
<i>Just that rich can buy better education</i>	0.938	-0.237	0.140
<i>Equal society as ideal</i>	0.020	0.011	0.893
<i>Less benefits for the poor</i>	0.276	-0.292	0.484

Kaiser-Meyer Olkin measure of sampling adequacy = 0.602; Bartlett's test of sphericity significant at 0.000

Oblique rotation of components

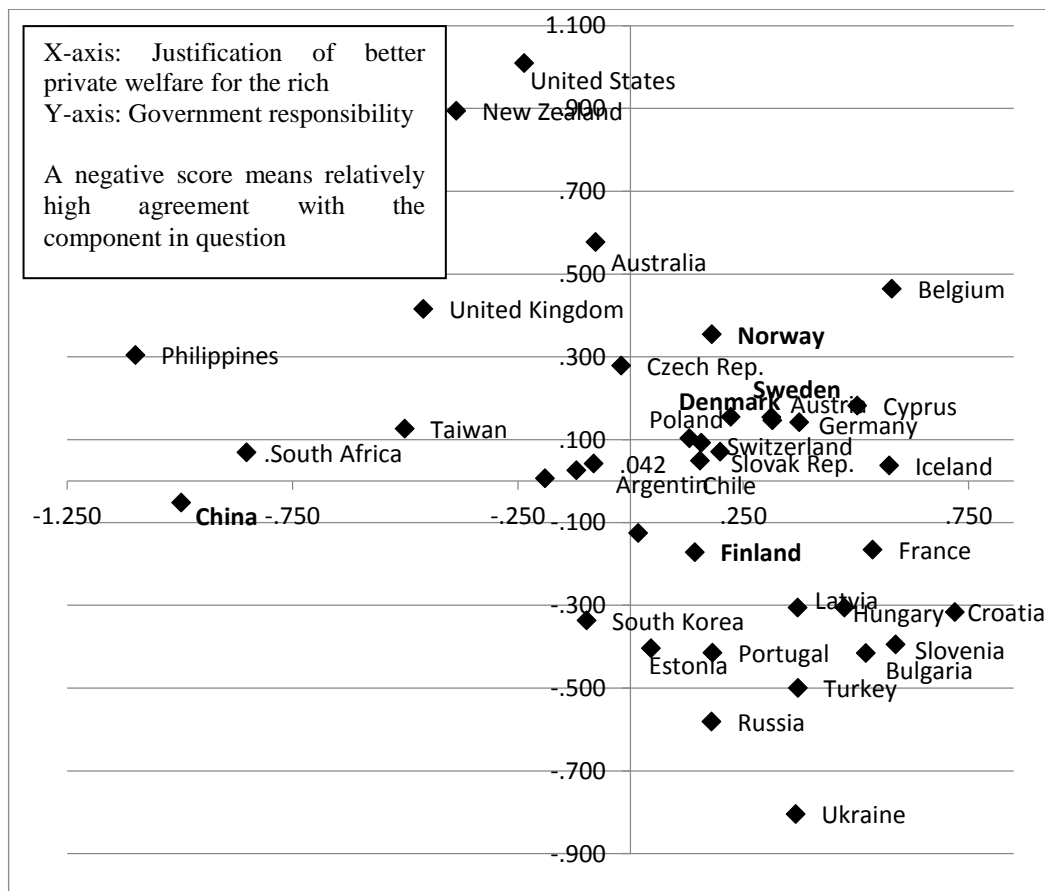
¹ Respectively, variables number 4,5,7,9,10,13 and 6 in table 3.

The first component is dominated by the two variables that concern the justifiability of better private welfare for the rich. The second component concerns two measures of government responsibility for the unemployed and general inequality as well as support for a progressive tax system. The third component is dominated by the degree to which a relatively equal society is an ideal, but also the item on support for benefits for the poor.

Figure 2 shows how the countries place themselves in relation to each other on the two most important components. The closer a country is to the center of the table, the more the response patterns resemble the general survey sample on these two dimensions of normative attitudes. The upper right corner consists of countries where the average citizen does not want or expect a lot from government in terms of welfare, while they at the same time think that better welfare for the welfare for the rich is justifiable. By definition, the lower left corner represents the opposite. In the upper left corner of figure 2, citizens that do not necessarily demand a lot from government but oppose inequality in welfare provision are overrepresented. Again, the opposite is the case in the lower right corner.

China is a visible outlier on the first axis. The Chinese respondents are not at all typical in the way that they think it is justifiable that the rich can buy better welfare solutions. China and the Nordic countries resemble each other much more in terms of attitudes towards the role of government in welfare. Here, they are also very close to the survey average. The Nordic countries are generally not very distinct on either of these two dimensions, except perhaps that the Finns seem to want more government involvement in terms of welfare and equality. The Norwegians are least enthusiastic (or perhaps just least unsatisfied) in this regard.

Figure 2: Country positions on the two components of "Justification of better private welfare for the rich" and "Government responsibility"



In terms of support for public welfare provision, it should be noted that our findings are generally in line with the findings of Thomsen (2006), who reported on the major results from a 1999-2001 survey on political culture in seven Nordic and East Asian countries (Denmark, Finland, Sweden, China, Japan, South Korea and Taiwan). Despite the main focus on political culture, some items on welfare attitudes were included. Generally, both East Asian and Nordic citizens showed high support for public welfare in terms of equal education for all, social security for the elderly, unemployment

benefits as well as support for a ‘high level of social welfare’. Interestingly, Nordic and Chinese citizens appeared more welfare enthusiastic than respondents from the three other East Asian countries. However, when forced to prioritize between welfare and other issues (in this case, environmental protection and fighting crime), East Asian respondents, including Chinese, did not rank equal education and social security for the elderly as high as Danes and Swedes did (Finnish respondents were not asked to rank priorities). Support for the unemployed was more prioritized in East Asia, however. Unfortunately, in our case, the ISSP 2009 survey does not ask respondents to prioritize between issues.

The findings of Thomsen (2006) cannot be used to confirm another main finding here, namely that the Chinese appear highly tolerant of inequalities in access to welfare beyond what should be to all provided by the public. However, in *Myth of the Social Volcano*, Whyte (2010) utilizes the first systematic, nationwide Chinese survey on attitudes towards inequality and justice (from 2004) and makes the general conclusion that the Chinese are relatively tolerant of existing inequalities (some measures could be compared with 10 other countries, including some Eastern European countries, but also United States, United Kingdom, Russia, Germany and Japan). Another general conclusion was that the Chinese generally wanted stronger public involvement in securing equal opportunity and securing minimum standards of living, but also favored clear space for merit-based social outcomes to evolve. This echoes our country-level results here. We could describe this as general support for ‘Confucian’ social citizenship. Interestingly, however, Whyte (2010) also found that those most critical of social inequality was the new, well-educated and urban middle-class.

5.2 A CAVEAT ON THE CHINESE SAMPLE AND OTHER LIKELY EXPLANATIONS

Some of the most likely explanations for the at times seemingly surprising results will be discussed here.

As we just saw in figure 2, China is a strong outlier (along with South Africa and the Philippines) in terms of attitudes towards better welfare for the rich. One interpretation could be that the Chinese simply think that such a state of affairs is justifiable, but it may also to some extent reflect a propensity to simply just agree with different statements. This questions the validity of the Chinese data, especially on those measures where China was very distinct compared to other countries.

Indeed, if we take a look at the statements with which respondents can agree or disagree in the ISSP 2009 (eight variables in total⁴), we will find a strong Chinese tendency to agree. Across these eight statements, 22% of Chinese respondents agree with seven or eight of them (the survey average is 7%; Not shown here). 44% agree with six or more (survey average 20%). Chinese respondents on average agree with 5.2 of the eight statements (the survey average is 4.1; Not shown here). However, a range of countries resemble China in this regard. These are, for example, Turkey (5.1 statements on average), Bulgaria (4.9), Russia (4.9), Ukraine (4.9), South Africa (4.8), South Korea (4.8), Argentina (4.7), Croatia (4.6) and Hungary (4.6). It is not given that this should be interpreted as a strong ‘agreement bias’ in this regard. Since many of these statements measure perceptions of procedural injustice and economic inequality, it makes sense that China and other Asian or Eastern European countries range near the top.

⁴ 1) “Differences in income in <R’s country> are too large”

2) “It is the responsibility of the government to reduce the differences in income between people with high incomes and those with low incomes”

3) “The government should provide a decent standard of living for the unemployed”

4) “The government should spend less on benefits for the poor.”

5) “To get all the way in <R’s country> today, you have to be corrupt

6) “In <R’s country>, only students from the best secondary education have a good chance to obtain a university education”

7) “In <R’s country>, only the rich can afford the costs of attending university”

8) “In <R’s country>, people have the same chances to enter university, regardless of their gender, ethnicity and social background”.

It makes more sense to talk of a possible ‘agreement bias’ if we investigate the combination of two specific statements, namely that “...only the rich can afford the costs of attending university” and that “...people have the same chances to enter university, regardless of their gender, ethnicity and social background”. This is shown for all countries below. It is clear that China and the Nordic countries are at opposite ends of this spectrum of potential ‘agreement bias’.

Table 6: Potential ‘agreement bias’ by country

Per cent agree with ‘only the rich can afford university’ and ‘people have the same chance to enter university’

<i>Country</i>	<i>Agree with both</i>	<i>Agree with one</i>	<i>Agree with none</i>	<i>Country</i>	<i>Agree with both</i>	<i>Agree with one</i>	<i>Agree with none</i>
China	39	48	13	Cyprus	14	59	27
South Afr.	32	56	12	Argentina	14	68	18
Taiwan	32	61	7	Slovakia	14	66	19
South Kor.	31	53	16	Australia	14	69	17
Latvia	30	58	13	Israel	14	58	28
Bulgaria	29	60	10	Chile	12	58	30
Turkey	27	48	25	Germany	11	58	32
Russia	23	56	21	UK	10	63	27
Hungary	23	49	28	Belgium	9	63	28
Estonia	21	62	18	New Zeal.	7	73	20
Czech Rep.	20	59	21	Spain	7	65	29
France	19	64	18	Switzerland	7	67	26
Ukraine	18	59	23	Iceland	6	72	22
Croatia	18	58	23	Austria	5	65	29
Slovenia	18	67	15	Denmark	4	69	27
Poland	17	59	23	Sweden	4	67	29
Phillippines	17	59	23	Norway	2	78	19
Japan	17	65	19	Finland	1	73	26
USA	15	61	24	Total	18	61	21
Portugal	15	50	36				

However, the question is whether we have constructed such a clear-cut measure of agreement bias. A combination of the two statements may simply indicate that respondents indicate that yes, formally, access to university education is equal, but in reality, the rich have much better chances. Undoubtedly, some agreement bias is present, but it may be mixed with response patterns that actually have a coherent logic in the way these two statements are perceived by at

least some of the respondents. This interpretation makes sense if we consider that many countries at the top of the scale also have a high economic inequality, while the Nordic countries are at the bottom. It does not necessarily mean that Nordic respondents are simply much better than their European neighbours at answering questionnaires. Another argument why these two statements should not be seen as mutually contradictory presents itself when we consider that many combine disagreement with both statements. In the Nordic countries, for example, a sizeable number of respondents disagree with both statements.

In short, it is difficult to make an easy conclusion regarding the measure in 6. An argument why we should not choose the most radical solution and simply exclude the respondents exhibiting possible agreement bias is that it would actually not make much of a difference. If we exclude the above 39% of the Chinese respondents, 49% of the remaining respondents (compared with 52% in table 4) would still agree that the government should spend less on benefits for the poor (not shown here). Respectively, 60% and 65% would still agree that it is acceptable that the rich can buy better health care or better education (64% and 69% in table 4). The coordinates (X;Y) of China in figure 2 would change from (-0.997; -0.052) to (-0.916; -0.052). China's status as an outlier on the x-axis would only change marginally.

It is clear that the Chinese tendency to agree with or chose the first response category in the seven variables chosen in figure 2 does not simply reflect a lack of competence or efficacy. The Chinese tendency to agree with the seven variables is not related to educational level (not shown here). The same applies to South Korea and Japan, while the tendency to agree is (negatively) correlated with educational level in the Nordic countries. Thomsen (2006) found the same in the 1999-2001 survey on political culture in East Asia and the Nordic countries. While the Chinese responses do not appear to reflect a lack of competency, it may still reflect some degree of response bias in the form of a general East Asian tendency to agree.

In terms of the measure of potential agreement bias in table 6, education level is not associated with the tendency to agree with both statements in any of these Nordic or East Asian cases (not shown here). If this is actually a good measure of agreement bias, it does not seem to reflect a lack of education.

To summarize the lengthy discussion on possible agreement bias in China, we have not found a smoking gun. The Chinese tendency to agree does not reflect a lack of education, and it is not clear-cut that the two statements discussed in table 6 are actually mutually contradictory. Furthermore, excluding the respondents agreeing with the two seemingly contradictory statements would hardly make any difference regarding the Chinese position on our measures of normative orientations.

For these reasons, we will continue with the data as they are. On the other hand, the measure of potential agreement bias should reflect a bias for at least some (but not all) respondents agreeing with both statements. Therefore, we will also check if excluding these respondents makes a difference for the latent class analyses in the next section.

From a theoretical perspective, some of the results for both China and the Nordic countries do make sense. I will briefly outline some of the most likely theoretical explanations. Generally, individual-level explanations (such as self-interest or ideological values) would not be the main focus, although compositional factors are always a potential issue. In terms of macro-level explanations, three potential types of explanations can be emphasized.

1) Attitudes are influenced by perceptions: In case of variables that should ideally be measures of normative orientations, we need to remember that respondents express these attitudes within different policy contexts and have different perceptions. This point is perhaps banal, yet it makes it notoriously difficult to compare basic values across country contexts. As John R. Zaller (1992:6) noted in his seminal work on mass opinion: “*Every opinion is a marriage of information and predispositions...*”. We may wish to measure these

basic values or predispositions, yet when they are expressed they are contingent upon perceptions or ‘information’.

In terms of attitudes towards the role of government in welfare, the fact the Nordic citizens do not necessarily express strong opinions on the role of government in welfare provision can be explained by a form of ‘policy saturation’ effect. As for instance Roosma et. al. (2012) have found with the European Social Survey, unsatisfied ‘demand’ in the form of negative perceptions of present welfare outcomes can lead people to express stronger support for the role of government. This is the reason why many Southern and Eastern European countries seemingly express stronger public welfare support than Nordic Europe. As we can also see in figure 2, this group of countries dominates in the lower half of the y-axis. This may also help explain why Finland finds itself somewhat separated from the Scandinavian countries in figure 2. As we will go on to see in chapter 10, the Finnish welfare state is not as universal as its three Scandinavian counterparts. We have also seen how Swedes differ from Norwegians and Danes in the way that they do not to the same extent perceive that social conflicts are negligible or that they live in a relatively equal middle-class society. One explanation emphasizing perceptions, as for example put forth by Svallfors (2004), is that class differences are much more articulated in public discourse. The perception and public articulation of class cleavages is simply stronger in Sweden.

In the Chinese case, tolerance of inequality is arguably strongly influenced by a ‘tunnel effect’ (Larsen 2013b). This means that in the ISSP 2009 survey the perception that ‘income differences are too high’ (see also table 4) is influenced by the perception that both oneself and society in general is better off than previously. This increases tolerance of perceived inequality, and this ‘tunnel effect’ is very strong in China. Whyte (2010) found indications of the same effect with the aforementioned 2004-survey. Several decades of very high economic growth is of course the straightforward explanation for this tunnel-effect in China, but perceptions are of course also dependant on how China’s economic progress (or lack thereof) is

discoursivated. Regardless, this illustrates how social stability in China is dependent on perceived progress.

On the other hand, Larsen (2013b) also shows that the Chinese tolerance of inequality is adversely affected by a strong perception of procedural injustice in China, in this case measured as the belief that bribes, personal connections and coming from the right family is important for getting ahead in society. While the Chinese scored extremely high on the ‘tunnel effect’, they scored extremely low in terms of the belief in just institutions. In the Nordic countries we see the opposite, meaning that a general perception of strong procedural justice *ceteris paribus* increases tolerance of inequality in these countries.

2) *Attitudes are influenced by policy institutions:* Country-level differences in welfare attitudes are to some extent influenced by the institutional set-up of the welfare state. A number of theories exist on this level, but they are generally related to the ‘new institutionalist’ school of thought. Some are rational choice-oriented. The argument is that encompassing welfare states create strong interests for welfare, as argued by Pierson (1993). Others emphasize historical institutionalist explanations. Here the argument is that universal welfare states helped further class coalitions as also argued by Esping-Andersen (1990). Some favor sociological dynamics where institutions further certain basic values. Mau (2004), for example, elaborate upon the ‘moral economies’ of different types of welfare state. Finally, others such as Larsen (2013a, 2006) and Rothstein (1998) emphasize how the welfare state influences our perceptions of both our fellow citizens and the welfare state itself. The core argument is that residual or targeted welfare opens up for discussions about the actual ‘deservingness’ of welfare recipients and that policies based on these principles further the perception that the welfare state is unjust and inefficient.

These theories emphasize very different dynamics behind attitude formation, but they converge in emphasizing that the universal welfare state should create high public support for welfare, whereas the opposite should happen in residual or targeted welfare states. This

fits very well with the position of the Anglo-Saxon and more residual welfare states in figure 2 (United States, United Kingdom, New Zealand and Australia). ‘Policy saturation’ could certainly not be the explanation, at least not in the sense that welfare policy has met demands and desired outcomes, but rather that negative perceptions of public welfare (and distrust in government) are pervasive.

In the Chinese case, I have argued elsewhere that the seemingly negative perceptions of the poor goes well with an institutional explanation that takes the combination of the *hukou* system and the present social assistance-schemes into account (Kongshøj 2014a). This institutional effect may have contributed in disassociating unemployment and poverty in the minds of many Chinese, something which could be very harmful for the perceived deservingness of the poor. As we will see in chapter 7, the Chinese Minimum Standard of Living Scheme (MSLS) is, despite increased coverage, often becomes very stigmatizing in implementation.

3) *Attitudes may to some extent validate existing real-world differences.* This is related to the first explanation on perceptions, but the argument here is that people to some degree have a tendency to validate the perceived context as just (Hadler 2005). This is perhaps due to an inherent cognitive need to believe in the fairness of existing reality, or perhaps just because value-based evaluations tend to take perceived reality as the starting point of what is considered to be ‘normal’. Regardless of the specific cognitive dynamics, the result is that people who perceive high wage gaps (to take an example) may want lower wage inequalities, but the desired wage gap will still be higher than that of people who perceive a reality of low wage inequality (Kjærsgård 2014). This might also matter in the Chinese case as regards the high tolerance of the rich being able to purchase better welfare. At least, as we will see in chapter 9, this has very much been the reality in the Chinese health care system. It does not necessarily mean that the Chinese do not want better and more equal provision of public education and health.

The three general types of country-level explanations offered above are not exhaustive and have served here as potential explanations for

some of the more surprising results. Without further investigation these explanatory factors are very difficult to disentangle, especially because they may pull in different directions at the same time. For example, the fact that the Nordic countries occupy the middle of figure 2 may be the result of a strong ‘policy saturation’ effect pulling these countries upwards on the y-axis and a strong ‘new institutionalist’ effect pulling them downwards at the same time. Explaining such ‘vector dynamics’ on different dimensions of welfare attitudes is not our purpose here, however.

5.3 CITIZEN TYPOLOGIES AND CORRESPONDING SOCIAL DIVIDES

Finally, we will turn to the task of uncovering empirical typologies of attitudes within our country cases. We may reasonably expect some Nordic citizens to be more ‘Confucian’ than ‘Marshallian’, just as some Chinese would be in strong agreement with T. H. Marshall.

In this section, we will include only those measures which to some extent should tap into normative ideals of the welfare state. As discussed before, however, they are always to some extent influenced by perceptions of reality. Some of these variables are strongly dependent upon perceptions, but they will still be included as long as they are somewhat based on normative evaluations.

In total, nine variables are selected, and these are: 1) Inequality is too high, 2) the government should be responsible for alleviating economic inequality, 3) the government should ensure a decent living standard for the unemployed, 4) the government should spend less on benefits for the poor, 5) the tax system should be progressive, 6) taxes on high incomes are too low, 7) it is just or acceptable that the rich can get better health care, 8) it is just or acceptable that the rich can get better education, and finally 9) a society with relatively high equality as an ideal (see table 3 again for the specific question formulations as they have been directed at respondents).

In this section, latent class analysis (LCA) will dominate as the main tool to help us uncover empirical typologies of citizens. Therefore, we

will begin by discussing and arguing for the use of LCA from a methodological viewpoint.

LCA is a statistical method that has been widely employed in different social and health sciences such as psychology or sociology. (See Collins & Lanza (2010) or Lanza et. al. (2007) for more extensive reviews). Oser & Hooghe (2013) is a study which has directly inspired this chapter since the method was utilized to investigate different citizenship norms among Scandinavian adolescents.

LCA is related to dimension reduction techniques such as principal component analysis (PCA), but as Oser & Hooghe (2013) argue, there is at least one important reason why LCA is preferable to PCA in the study of value-based citizenship. In our case, we are interested in how respondents combine different attitudes into coherent sets of citizen norms, not how a set of variables can be reduced to a limited number of dimensions. Methods such as PCA identify latent variables, whereas we are interested in latent groups of individuals. Therefore, PCA does not identify mutually exclusive groups of individuals based on their combinations of attitudes as LCA does.

In this specific case, an empirical argument for LCA as opposed to PCA can also be made. PCA was conducted with the nine variables in each of the five countries (not shown here). The components that emerged were somewhat different by country, but Denmark and Sweden were nearly identical. Therefore, the indicators of social background that we will later use for LCA were regressed with the two principal components of Denmark-Sweden and China with the method of multiple classification analysis (MCA)⁵. Generally, the social background variables were only weakly correlated with the four dominant components (two in Denmark-Sweden and two in China). Only the first component for Denmark-Sweden (largely similar to ‘government responsibility in figure 2) had several

⁵ MCA has some advantages over standard linear regression. Most importantly, it is better suited for ordinal-scale variables, binary and multivariate regression coefficients are provided at the same time, just as adjusted and unadjusted dependent variable means are provided for each category of the independent variables (Lolle (2007)

significant correlations with the social background variables, and it was also the only component where more than 3-5% of the variance could be explained (23%). Therefore, the empirical argument for investigating social divides in latent classes rather than latent variables is also strong.

In technical terms, two sets of parameters are estimated with LCA; Class membership probabilities and item-response probabilities with each of the classes (Lanza et. al. 2007). Parameters are estimated by maximum likelihood. The standard procedure is to produce different baseline models with different numbers of classes. The baseline model that produces the best model of fit while also making sense in terms of the interpretation of classes is selected. This baseline model can then be extended to include subgroups (in our case, country samples) with different classes if the subgrouped LCA produces a better model fit. Finally, we can introduce covariates to see which factors increase or decrease the probability of belonging to different classes with a specific class as reference. In other words, covariates are estimated by logistic regression since the set of classes essentially constitute a categorical variable.

In our case, we use the LCA Plugin for Stata (2014) from the Methodology Center at Penn State (version 1.1) with the user's guide by Lanza et. al. (2014).

As regards the nine variables, they have all been re-coded to categorical variables (as demanded by the method) in such a way that equality- or welfare-oriented responses have the value of 1 and other responses the value of 2⁶.

⁶ Value 1 equals the following responses:

“Strongly agree” or “agree” with “Differences in income...are too large...”

“Strongly agree” or “agree” with “...reduce differences in income...”.

“Strongly agree” or “agree” with “...a decent living standard for the unemployed...”

“Disagree” or “strongly disagree” with “...less on benefits for the poor”

“Much larger” or “larger” in “...people with high incomes should pay a larger share....”

“Too low” or “much too low” in “...taxes...for those with high incomes?”

“Somewhat unjust/wrong” or “very unjust/definitely wrong” in “...higher incomes can buy better health care...”

Having discussed the method, table 7 below presents the results from different possible baseline models when we only include the Sino-Nordic country samples. The solution with four different latent classes is highlighted in bold because it will be chosen for further analysis.

Table 7: Comparison of baseline models for latent class analysis of the Sino-Nordic country samples

No. of classes	G^2	Akaike's Information Criterion (AIC)	Bayesian Information Criterion (BIC)	Degrees of freedom
2	5338	5509	5528	492
3	2088	2146	2349	482
4	1356	1434	1706	472
5	1171	1269	1611	462
6	968	1086	1498	452
7	880	1018	1500	442
8	739	897	1449	432
9	679	857	1479	422
10	636	834	1526	412

We can see how the likelihood ratio G^2 test statistic drops significantly with each step from two to four classes, indicating a very significant improvement of model fit. However, the likelihood ratio G^2 continues to drop until around eight classes. Akaike's Information Criterion also continues to drop, as does the Bayesian Information Criterion. This indicates that, from a purely technical viewpoint, the trade-off between model fit and parsimony should allow us to go up to at least eight classes. However, model interpretability should also be considered (Lanza et. al. 2007). Looking at item-response probabilities for baseline models beyond four classes (not shown here) makes it extremely difficult to make very meaningful interpretations of these classes (and we only have nine different items). Furthermore, some classes run the risk of becoming very small. Therefore, the baseline model with four classes will be chosen.

“Somewhat unjust/wrong” or “very unjust/definitely wrong” in “...higher incomes can buy better education...”

“Type D” and “Type E” in “What do you think <R's country> ought to be like...”

We will go on to conduct latent class analysis for each of our five country-sample populations separately, but first we could raise the question of whether this is actually a better solution than just using the same four classes with the same parameter estimates across all countries. In other words, does a model with different estimates for each country produce a better fitted model than one where we do not distinguish between countries? The short answer is that, yes, it does.

The way to check this assumption is to compare a baseline model with measurement invariance across groups (countries in this case) with a model without measurement invariance (meaning that estimated parameters are allowed to vary across countries) (Lanza et al. 2007). The results are that a model with measurement invariance across countries has a likelihood ratio G^2 of 5065.6 (df = 2508), while a model without measurement invariance has a likelihood ratio G^2 of 2974.8 (df = 2364). The difference in G^2 between the two models (equal to the difference in $-2 \cdot \log$ -likelihood) is $(5065.6 - 2974.8 =) 2090$ at $(2508 - 2364 =) 144$ degrees of freedom, which is statistically significant. In other words, the model is improved significantly if we allow parameters to vary between countries.

Results for the latent class analysis are presented below with five tables, one for each country. In each table, the size of each class (as a percentage of the population) is reported along with item-response probabilities for the four classes. The classes have also been given a label based on an interpretation of the item-response probabilities. The same labels are applied across countries, even if there are some important differences, which we will continue to discuss below.

Table 8: Latent class analysis, China

	<i>Class 1</i>	<i>Class 2</i>	<i>Class 3</i>	<i>Class 4</i>
<i>Interpretation of class</i>	Egalitarian	Ambiguous	Pro-public welfare, but tolerate inequalities in welfare mix	Inegalitarian
<i>Size of class</i>	15%	39%	35%	11%
	<i>Response probabilities</i>			
<i>Inequality is too high</i>	0.95	0.93	0.98	0.55
<i>Govt. responsible for inequality</i>	0.87	0.84	0.92	0.21
<i>Govt. responsible for unemployed</i>	0.92	0.88	0.97	0.38
<i>Govt. should not spend less on poor.</i>	0.39	0.29	0.44	0.29
<i>Progressive tax system as ideal</i>	(0.72)	0.53	0.94	0.44
<i>Taxes on high incomes too low</i>	(0.70)	0.24	0.83	0.42
<i>Not just that rich can buy better health care</i>	0.94	0.04	0.09	0.23
<i>Not just that rich can buy better education</i>	0.86	0.04	0.07	0.22
<i>Equal society as ideal</i>	0.79	0.74	0.86	(0.68)

Table 9: Latent class analysis, Denmark

	<i>Class 1</i>	<i>Class 2</i>	<i>Class 3</i>	<i>Class 4</i>
<i>Interpretation of class</i>	Egalitarian	Ambiguous	Pro-public welfare, but tolerate inequalities in welfare mix	Inegalitarian
<i>Size of class</i>	42%	25%	12%	21%
	<i>Response probabilities</i>			
<i>Inequality is too high</i>	0.95	0.35	(0.74)	0.12
<i>Govt. responsible for inequality</i>	0.88	0.24	(0.63)	0.03
<i>Govt. responsible for unemployed</i>	0.95	0.76	0.86	(0.62)
<i>Govt. should not spend less on poor.</i>	0.90	0.78	0.75	(0.61)
<i>Progressive tax system as ideal</i>	0.88	0.54	(0.72)	0.27
<i>Taxes on high incomes too low</i>	0.58	0.26	0.34	0.06
<i>Not just that rich can buy better health care</i>	0.90	0.83	0.04	0.01
<i>Not just that rich can buy better education</i>	0.95	0.83	0.21	0.30
<i>Equal society as ideal</i>	0.91	0.91	0.95	0.87

Table 10: Latent class analysis, Finland

	<i>Class 1</i>	<i>Class 2</i>	<i>Class 3</i>	<i>Class 4</i>
<i>Interpretation of class</i>	Egalitarian	Ambiguous	Pro-public welfare, but tolerate inequalities welfare mix	Inegalitarian
<i>Size of class</i>	46%	17%	23%	14%
	<i>Response probabilities</i>			
<i>Inequality is too high</i>	.95	.27	0.80	0.17
<i>Govt. responsible for inequality</i>	0.98	0.21	0.90	0.16
<i>Govt. responsible for unemployed</i>	0.94	0.57	0.82	0.49
<i>Govt. should not spend less on poor.</i>	0.89	0.71	0.75	0.46
<i>Progressive tax system as ideal</i>	0.94	0.59	0.88	0.47
<i>Taxes on high incomes too low</i>	0.89	0.33	(0.62)	0.09
<i>Not just that rich can buy better health care</i>	0.93	(0.74)	0.08	0.01
<i>Not just that rich can buy better education</i>	0.92	0.78	0.29	0.08
<i>Equal society as ideal</i>	0.92	0.88	0.91	0.75

Table 11: Latent class analysis, Norway

	<i>Class 1</i>	<i>Class 2</i>	<i>Class 3</i>	<i>Class 4</i>
<i>Interpretation of class</i>	Egalitarian	Ambiguous	Pro-public welfare, but tolerate inequalities welfare mix	Inegalitarian
<i>Size of class</i>	37%	18%	21%	24%
	<i>Response probabilities</i>			
<i>Inequality is too high</i>	0.90	0.29	(0.74)	0.16
<i>Govt. responsible for inequality</i>	0.88	0.18	0.56	0.11
<i>Govt. responsible for unemployed</i>	0.92	(0.62)	0.84	0.52
<i>Govt. should not spend less on poor.</i>	0.88	0.75	0.79	(0.61)
<i>Progressive tax system as ideal</i>	0.91	0.59	(0.70)	0.33
<i>Taxes on high incomes too low</i>	(0.73)	0.35	0.42	0.09
<i>Not just that rich can buy better health care</i>	0.95	0.98	0.22	0.15
<i>Not just that rich can buy better education</i>	0.98	1.00	0.31	0.14
<i>Equal society as ideal</i>	0.89	0.90	0.90	0.85

Table 12: Latent class analysis, Sweden

	<i>Class 1</i>	<i>Class 2</i>	<i>Class 3</i>	<i>Class 4</i>
<i>Interpretation of class</i>	Egalitarian	Ambiguous	Pro-public welfare, but tolerate inequalities welfare mix	Inegalitarian
<i>Size of class</i>	44%	28%	14%	14%
<i>Response probabilities</i>				
<i>Inequality is too high</i>	0.95	0.55	0.82	0.19
<i>Govt. responsible for inequality</i>	0.83	0.35	0.56	0.06
<i>Govt. responsible for unemployed</i>	0.92	(0.62)	0.82	0.41
<i>Govt. should not spend less on poor.</i>	0.83	(0.70)	(0.68)	0.47
<i>Progressive tax system as ideal</i>	0.95	0.47	(0.74)	0.37
<i>Taxes on high incomes too low</i>	0.83	0.30	0.42	0.05
<i>Not just that rich can buy better health care</i>	0.96	0.90	0.04	0.09
<i>Not just that rich can buy better education</i>	0.97	0.92	0.03	0.07
<i>Equal society as ideal</i>	0.86	0.87	0.88	0.77

Generally, in all countries we can identify a main demarcation line between those who very often choose equality- or public welfare-oriented responses on all (or nearly all) questions, and those who do not (except for the measure on ideal society). These two classes have been labelled ‘egalitarian’ and ‘inegalitarian’. This egalitarian citizen is strongly dominant in the Nordic countries (37-46% of the population samples), but not in China (15%). ‘Inegalitarian’ citizens have a stronger presence in Denmark and Norway (21% and 24%) than in the other countries (11-14%).

The citizen type that seemingly dominates in China is the citizen who generally favors public responsibility for welfare provision but also

accepts some inequality in welfare provision in the sense that the rich can afford better welfare (35% of the Chinese respondents). This echoes the aforementioned main conclusion of Whyte (2010), namely that the Chinese generally favor basic welfare provision, but also accept a certain space for ‘meritocratic’ welfare outcomes. This lends support to the prevalence of a ‘Confucian’ social citizenship in China, but as speculated previously (and later), more mundane explanations could also matter. This type of normative citizenship also constitutes a sizeable share of the citizenry in Norway and Finland (21% and 23%) but less so in Denmark and Sweden (12% and 14%).

The remaining class of citizens has simply been given the easy label of ‘ambiguous’, since it is not very clear how we should interpret this class. Furthermore, this is also where response probabilities vary the most between countries. We cannot really compare the ‘ambiguous’ citizens of China with the ‘ambiguous’ citizens of Denmark, for example.

The remaining differences across countries in terms of response probabilities generally echo previously reported country-level characteristics. For example, even among the egalitarian citizens of China negative perceptions of the poor seem to be widespread, and the egalitarian citizens of Denmark do not necessarily think that taxes on high incomes should be higher.

It should be noted that the potential agreement bias discussed earlier makes no noticeable difference for the LCA of China. Again, if we use the most radical solution and simply exclude 39% of the Chinese respondents (those who agree with both statements in table 6), the results hardly change. The ‘egalitarian’, ‘ambiguous’, ‘pro-public with tolerance of inequalities in welfare provision’ and ‘inegalitarian’ classes would respectively constitute 14%, 39%, 36% and 11% of the Chinese sample (not shown here). In other words, there is no noticeable change. Even if the measure that we constructed earlier really captures some degree of ‘agreement bias’, it has no bearings on the relation between different latent classes.

Finally, we turn to the issue of social background and latent class membership. Below we will examine whether sex, age, income,

education, employment, subjective class or self-assessed urban-rural living environment are associated with the probability of belonging to the different latent classes.

Our dependent variable is essentially a categorical variable (four qualitatively different latent classes), and therefore the socio-economic covariates are estimated by logistic regression in LCA. Logistic regression coefficients have been transformed into the intuitively more understandable odds-ratios, and the significance of each individual estimate is tested with a Wald test. Since the odds-ratio expresses how class membership probability increases (or decreases) when the independent variable increases by 1, it should be remembered that the level of the odds-ratios are not directly comparable because the independent variables span a different number of categories (as indicated in the table). Furthermore, we should be very cautious of interpreting logistic regression coefficients or odds ratios as simple effect estimates, since the estimates are affected not only by the strength or size of a particular correlation, but also by unobserved heterogeneity in the sample (Mood 2009). This means that we should be cautious of making simple comparisons of the size of odds ratios across countries. All odds ratios are controlled for the effect of the other independent variables.

We will summarize the results variable by variable below. In terms of interpretation, it is important to emphasize that all odds ratios and significance levels are with the 'inegalitarian' class as reference. For example, this means that when women in some countries have a higher chance of being 'pro-rich', it does not mean that women generally have a higher chance of being 'pro-rich'. It means that women have a higher chance of being 'pro-rich' rather than 'inegalitarian'. The difference in interpretation is fundamental.

Table 13: Latent classes and social background

Logistic regression coefficients translated into odds-ratios with 'inegalitarian' class as reference. Significance levels indicated below odds ratios (Wald test)

Class	Variables (number of categories in parenthesis)						
	Sex ¹ (2)	Age ² (6)	Income ³ (7)	Edu- cation ⁴ (6)	Employ- ment ⁵ (2)	Percei- ved class ⁶ (10)	Urban- Rural ⁷ (5)
<i>China</i>							
<i>Egalitarian</i>	1.19 ns	1.22 **	1.13 *	1.10 ns	0.80 ns	0.79 ***	1.01 ns
<i>Pro-rich</i>	1.02 ns	1.18 **	1.08 ns	1.25 **	0.85 ns	0.81 ***	0.89 ns
<i>Ambigious</i>	1.03 ns	0.97 ns	1.16 **	1.11 ns	1.03 ns	1.01 ns	1.00 ns
<i>Denmark</i>							
<i>Egalitarian</i>	2.56 ***	1.34 **	0.53 ***	0.98 ns	0.42 **	0.67 ***	0.94 ns
<i>Pro-rich</i>	1.61 ns	1.04 ns	0.63 **	0.76 *	0.61 ns	0.84 ns	1.05 ns
<i>Ambigious</i>	1.76 *	1.02 ns	0.56 ***	0.83 ns	0.93 ns	0.90 ns	0.93 ns
<i>Finland</i>							
<i>Egalitarian</i>	2.00 *	1.26 ns	0.64 **	0.56 **	0.64 ns	0.54 ***	1.04 ns
<i>Pro-rich</i>	2.41 *	1.17 ns	0.63 **	0.65 *	0.60 ns	0.67 *	0.95 ns
<i>Ambigious</i>	1.62 ns	0.82 ns	0.75 ns	0.60 *	1.33 ns	0.84 ns	0.83 ns
<i>Norway</i>							
<i>Egalitarian</i>	2.45 ***	1.29 **	0.48 ***	0.65 ***	0.42 **	0.65 ***	1.05 ns
<i>Pro-rich</i>	1.87 *	1.04 ns	0.67 ***	0.68 ***	0.53 *	0.85 ns	0.90 ns
<i>Ambigious</i>	1.39 ns	0.92 ns	0.65 ***	0.59 ***	0.51 *	1.08 ns	0.98 ns
<i>Sweden</i>							
<i>Egalitarian</i>	2.56 **	1.95 ***	0.44 ***	0.72 **	0.18 **	0.57 ***	1.13 ns
<i>Pro-rich</i>	2.98 ***	1.58 ***	0.47 ***	0.76 *	0.19 ***	0.71 **	1.00 ns
<i>Ambigious</i>	2.56 ***	1.30 *	0.48 ***	0.92 ns	0.27 ***	0.75 *	1.06 ns

ns = not significant; * = significant at the 0,05-level; ** = significant at the 0,01-level; *** = significant below the 0,01-level

¹: 1 = man, 2 = woman

² Age in 6 categories from 18-29 (1) to 70+ years (6)

³Income in 7 categories from 0-0.25 times the country median income (1) to more than 3 times the median (7)

⁴Highest completed education level in 6 categories from ‘no formal education’ (0) to ‘university degree completed’ (5)

⁵ 1 = employed, 2 = not employed (including helping family member, unemployed, student/school/vocational training, retired, housewife/-man, disabled, other/not in labor force).

⁶ Subjective self-placement in 10 categories from bottom/lowest (1) to top/highest (10).

⁷ Self-assessed living environment in 5 categories from ‘urban/ a big city’ (1) to ‘farm or home in the country’ (5).

Gender has no significant correlation with class membership in China, while females in all the Nordic countries have a much higher probability of being ‘egalitarian’ rather than ‘inegalitarian’. In Norway, Sweden and Finland, women also have a higher probability of being the type of citizen that accepts better welfare for the rich (rather than ‘inegalitarian’). In addition, women are more ‘ambiguous’ than ‘inegalitarian’ in Denmark and Sweden.

Older age groups have a higher probability of being ‘egalitarian’ or ‘pro-rich’ in China. In Denmark and Norway, age increases the probability of being ‘egalitarian’, while higher age is associated with increased likelihood of belonging to any of the three non-‘inegalitarian’ classes in Sweden⁷.

Income is associated with very different citizen dynamics in China and the Nordic countries. In all the Nordic countries, higher income

⁷ ‘Age’ is a variable where it would have been relevant to examine whether we are really witnessing linear relationships, or perhaps just the result of a few deviant age cohorts. Unfortunately, the LCA-plugin for Stata is not designed in way that makes it possible to examine individual categories in the independent variables. It would of course be possible to dummy-code the variable, but this variable itself it not so important for the conclusions that will be drawn below.

increases the probability of belonging to the ‘inegalitarian’ class (compared with any other class), while it increases the probability of being either ‘egalitarian’ or ‘ambiguous’ in China.

In China, increasing education level increases the probability of being the type of citizen that simultaneously want public welfare provision but also accepts that the rich can buy better welfare. Again, the dynamic is somewhat different in the Nordic countries. In Finland, Norway and Sweden, education increases the probability of being ‘inegalitarian’. In Denmark, the highly educated are less ‘pro-rich’ than ‘inegalitarian’.

Whether you are employed or not does not seem to make much of a difference in China or Finland, whereas not being in employment increases the probability of being ‘inegalitarian’ in Sweden and Norway (in reference to any other class). In Denmark, this dynamic only works between the ‘inegalitarian’ and ‘egalitarian’ classes.

Higher perceived social status generally increases the probability of being ‘inegalitarian’ in all countries, but the specific classes with which this tendency is significant varies between countries. In China, you have a smaller probability of being ‘egalitarian’ or ‘pro-rich’ if you perceive yourself as belonging to the top of society. In Sweden, the probability of being ‘inegalitarian’ increases with higher social status compared to any of the three other classes.

The variable on self-assessed urban-rural environment makes no difference anywhere. This may seem surprising in the case of China (but unfortunately we have no indication of *hukou* status). Some reservations towards this variable can be discussed, however⁸.

⁸ It should be noted that none of the Chinese respondents have responded with ‘farm, or home in the country’ (but a large group of 35% have indicated ‘country village, or other type of community’; Not shown here). The question is whether this means that rural citizens are simply missing. It may be the case that rural citizens for reasons specific to China choose ‘country village, or other type of community’. Rural Chinese are still somewhat underrepresented in the survey if this is the case (unless rural Chinese would also indicate ‘town or small city’). Regardless, it does seem that the variable is a somewhat valid measure of urban-rural residence. At

In conclusion, many of these associations between social background and latent citizen types (in terms of normative attitudes) in the Nordic countries support what one would expect from the perspective of self-interest. The higher educated, those with higher incomes and those who perceive themselves as having high social status generally tend to have a higher probability of being 'inegalitarian'. It varies somewhat between the countries exactly where this tendency is noticeable and significant. It should be remembered, however, that we found that the tendency to agree with various statements in the Nordic countries (not only with the measures used in this LCA analysis) decreased with education level, for example. The results may to some extent reflect this since a respondent would have a higher probability of being classified as 'egalitarian' or 'pro-rich' rather than 'inegalitarian' if agreement bias is present.

The picture is somewhat different in China. Generally, high incomes and to some extent the highly educated (but not those who perceive a high social status) tend to have a smaller chance of being 'inegalitarian'. As noted earlier, Whyte (2010) made the same general conclusion with the 2004-survey (even if the statistical method was different). This may seem puzzling. However, it generally supports the assumption that those who expect or demand the most from government in an emerging economy is the new middle class or those who have benefited the most from market reform. Economic development leads to increasing expectations. If the Chinese are indeed strongly affected by a 'tunnel'-effect as found by Larsen (2013b), we could speculate whether our results would have been even stronger had this effect not been present (if we assume that high incomes or the higher educated are those most strongly affected by this 'tunnel'-effect, and that the tunnel effect also affects welfare demand, not only tolerance of inequality).

least, and as expected, income and education correlate highly with this variable in the Chinese sample (not shown here). It may simply be that there is no independent effect from urban-rural living environment once we control for other background variables as we do in this case.

This main finding also supports welfare reform as it has actually unfolded in China. As we will see in the coming chapters, urban workers generally have the by far most generous welfare schemes and the welfare reform of the past 10-15 years also began here. We may speculate on the direction of causality between welfare attitudes and social policies, but at least it seems clear with these individual-level dynamics that there is a long way to go before we reach any kind of ‘welfare saturation’. Furthermore, it also emphasizes how we should be careful with static assumptions about the pervasiveness of a ‘Confucian’ type of normative citizenship.

CHAPTER 6. SINO-NORDIC SOCIAL RIGHTS IN CONTEXT: WELFARE REGIMES, EAST ASIA AND THE CHINESE BACKSTORY

The purpose of this chapter is to anchor the Chinese and Nordic cases in a context. This thesis will make big comparative leaps with the unlikely companions of China and the Nordic countries. While the Sino-Nordic framework has both merit and interest, with the very different country cases we will be drawing conclusions far removed from the wider context in which the country cases are embedded.

Therefore, a broader comparative context beyond China and the Nordic countries will be introduced, but not at the same level of policy-detail. The classic Western welfare regimes will largely be assumed to be well-known for the reader, but we will bring East Asian welfare regimes into the traditional framework. This will also enable us to understand whether and how the Chinese development is typical to East Asia by including discussions on changes in East Asia in the regime literature.

Finally this chapter will end with a brief backstory on the characteristics of the old Chinese welfare system of the planned economy. The motivation behind this is also one of providing context, this time regarding the longer historical trajectory of public welfare provision in China. This has of course informed the trends and challenges of the contemporary welfare system investigated in later chapters (as we would assume from a ‘path dependency’-perspective).

6.1 STYLIZED WELFARE REGIMES IN EAST AND WEST

In this section, East Asia will be contrasted with the classic, three Western welfare regimes, but without the same attention to detail

since this ‘old world’ of welfare is quite well-established and well-described (if still contested). Neither the heated discussion on the actual number of welfare regimes nor their real-world empirical applicability will be engaged here (otherwise, see for example Vis & Van Kersbergen (2014), Hay & Wincott (2012), Powell & Barrientos (2011) or Arts & Gelissen (2010, 2002). The same kind of research debate has also bloomed in the case of East Asia. Here, the discussion is arguably still somewhat inconclusive. The debate has not only revolved around whether there is one or more East Asian regimes, but also whether the concept has an inherent Western bias and is lacking concepts to capture the distinctness of East Asian welfare (Powell & Kim 2014).

Some of the latter points will be discussed here (what the ‘Western’ regime literature might be missing). We will begin by discussing two fundamental traits to be found in the literature on East Asia, namely familialism and productivism, before arriving at stylized conception of East Asian welfare regimes in comparison with Western welfare regimes. Later, we will add details on recent East Asian developments.

One dominant theme in the literature on East Asia is that social policy is often perceived to be completely subordinate to the market, the family or both. A host of labels has been proposed in the literature, such as ‘developmental’, ‘productivist’, ‘Confucian’, ‘conservative-liberal hybrid’, ‘informal security’ or ‘oikonomic’ welfare regimes (Abrahamson 2011), but most of them agree on this point. Some emphasize the market more than the family and vice-versa. For example, the labels of developmentalism and productivism both emphasize how social policy is completely subordinate to economic goals such as high growth in emerging economies. The label of ‘Confucianism’, however, has a tacit, but quite strong, emphasis on a particular East Asian welfare culture dominated by familialism.

This is almost an echo of one of the classic criticisms of the classic welfare regime typology, namely that Southern or Mediterranean Europe does not merely constitute an under-developed subgroup of the corporatist welfare regime (Minas et. al. 2014; Bonoli 1997;

Ferrera 1996). The argument is that they form a distinct regime characterized by familialism and a general Catholic principle of subsidiarity (it should be noted that these traits were also acknowledged by Esping-Andersen (1997) himself). This trait is also prominent in Jones (1993), something of a standard reference in the literature on Confucian regimes, in which this welfare regime is summarized thusly: *"...so it seems appropriate in this case to add another composite category: that of the Confucian welfare state: Conservative corporatism without (Western-style) worker participation; subsidiarity without the Church, solidarity without equality; laissez-faire without libertarianism: an alternative expression for all this might be 'household economy' welfare states – run in the style of a would-be traditional, Confucian, extended family"* (Jones 1993:214). Similarly, Goodman & Peng (1996:5) emphasized the 'common language of Confucianism' in Japan, South Korea and Taiwan by listing a core set of Confucian values as elaborated in chapter 4. From this perspective, Confucian value systems to a large degree explain the distinctness of these welfare regimes.

A strong tradition of familial welfare provision is evident in the way that East Asian countries have tended to inscribe familial welfare provision in the law. For example, in China the Family Law required that family itself takes care of those in need, such as those without work, the Elderly Law in 1996 further reiterated that the family was to be seen as the primary carer of the elderly (Chau & Yu 2005; Leung 2005). The biggest contrast to this is the Nordic countries, where the most distinct feature of these welfare regimes has been relatively universal state provision of both services and care (Stoy 2014; Kvist et. al. 2012). On the other hand, China is in these years witnessing local experiments with elderly care provision beyond the traditionally strongly residual care institutions for the most disadvantaged elderly, and the central government has recently begun financing local experiments (Lei & Walker 2013). A stronger governmental role in elderly care is part of the lofty welfare goals of the 12th Five Year-Plan (2011-2015). This underlines how the cultural underpinnings of welfare regimes should not be conceived too statically. Hong (2014) argues that East Asian familialism with

reference to ‘Confucian’ values should be perceived more as political rhetoric in order justify residual welfare than an actual East Asian regime-characteristic.

That the welfare state is merely an appendix in East Asia is also a core trait in the ‘developmental’ and ‘productivist’ labels, but here social policy is subordinate to market forces and economic goals rather than the family or broader value systems. Developmentalism as a label is less easy to pin down than productivism, however, since it could imply many kinds of developmentalism besides the primacy of economic goals (Wong 2013b; Choi 2012)⁹. To avoid some of the confusion of the developmental label, we will stick to productivism here.

Holliday (2005:148) notes on productivism that: *“In the productivist type, social policy is an extension of economic policy, and is subordinated to and defined by economic objectives. In such a state, in consequence, social policy looks very different from the form it takes in welfare states (...) whereas Esping-Andersen’s three worlds all allow social policy some autonomy and thereby enable it to become one of the shaping forces of the social order, the productivist world does not permit this”*. Developmentalism is largely defined in the same way in the literature.

Ong’s (1999) analysis of citizenship regimes in East Asian ‘tiger states’ stresses that these traits are promoted by East Asian states as a general ‘style of reasoning’, or as she also writes: *“...the post-developmental strategy of middle-range Asian economies seeks to produce technically proficient and socially unified citizens attractive for capital”* (Ong 1999:65). The argument for this constituting a

⁹ Developmentalism as a concept might also entail government capacity to promote development, developmental ideology or different economic paradigms in developing countries (Lee & Ku 2007). Developmentalism also implies a somewhat functionalistic perception of policymaking in the sense that the economy and the welfare state will progress to ever higher levels of development. It has been argued that a developmental welfare state does not belong to a particular welfare regime as such, but is more of a transitory phenomenon of an emerging economy (Wong 2013b; Ringen & Ngok 2013).

particular regime of citizenship is that it would also be embedded as a way of thinking among the citizenry, even if it is very state-led.

This fundamental trait gives East Asian welfare regimes a somewhat amorphous face, since the goals of economic policy are subject to change, particularly in emerging economies. An economy evolving from demand for cheap labor to more skill-intensive labor markets with higher productivity might demand more extensive social rights, for example.

However, this assumingly very fundamental East Asian trait is also easy to question as something particularly East Asian. The instrumental use of social policy to support goals of economic growth is of course nothing new. Kwon (2005) himself notes that the social reforms of Bismarck, often perceived as one of the defining moments in welfare history, were merely means to the end of furthering industrialization through social insurance programs while curbing support for the socialist movement at the same time. Richard Titmuss, widely hailed as one of the grandfathers of social policy research, denoted this as ‘welfare statism’, the very basic approach common to nearly all industrialized societies: “...*the generalized welfare commitment is nevertheless viewed as the dominant political fact of modern Western societies. Governments of the liberal right and the liberal left may come and go; the commitment to welfare, economic growth, and full employment will remain with minor rather than major changes in scope and objectives*” (Titmuss 1987: 116). Even the Scandinavian welfare states are no strangers to productivism, despite what Holliday (or others) might say of the autonomy of social policy in ideal-typical, Western welfare regimes. Esping-Andersen (1999:80) even wrote that “*Scandinavian welfare and employment policy has always been couched in terms of ‘productivism’, that is maximizing the productive potential of the citizenry*”. Generally, productivism and economic competitiveness have long been very strong in the Nordic countries.

The increasing attention in all developed welfare states to reform social policies from a ‘social investment’-perspective (Morel et. al. 2012), where economically productive aspects of social policy is

emphasized, is a good example of a general reform trend that most certainly is not particularly East Asian. Indeed, the notion of ‘social investment’ has oftentimes been represented as a very Nordic or Scandinavian approach (Nolan 2013).

Social investment as a concept is quite ambiguous, which accounts for its popularity, but productivism is perhaps more narrow. Jessop (1994) argued that a ‘productivist re-ordering of social policy’ could be observed as a global paradigmatic shift as states increasingly emphasized international competitiveness rather than equality or full employment. In Denmark, for example, the notion of the *competition state* has been part of public discourse in most recent years, fed by a book of the same name (in Danish) from Ove K. Pedersen (2011). This is clearly something different than basic welfare statism. The notion of the competition state is nothing new, however, and emerged already in the 1990s to describe the perceived effects of globalization (Cerny 1997).

In short, productivism is not necessarily something particularly East Asian, but it also depends on how narrowly or broadly the concept is defined. This point is increasingly acknowledged in the literature (Hudson et. al. 2014; Choi 2013; Hudson & Hwang 2013; Izuhara 2013). A more accurate way to put it might be that while trying to achieve politics ‘for markets’ rather than ‘against markets’ is something you can find in any modern welfare regime, the degree to which social policy alters the way market forces work is the most marginal in a productivist regime. The instrumental use of social policy to achieve growth or other economic ends is less defining of a particular welfare regime than is the way in which social policy shapes market processes and outcomes. This fundamental developmental or productivist trait means that de-commodification is very low while welfare stratification is high in such a welfare regime if we recall the two dimensions upon which *The Three Worlds of Welfare Capitalism* was based.

There are some commonalities with the ‘classic’ welfare regimes here. In an ideal-typical corporatist regime, we might say that welfare stratification is high, since the welfare state maintains existing

market-based stratifications via the principle of merit, often through social insurance schemes. The merit-based allocation of welfare is arguably rooted in the very first social insurance reforms of Bismarck, at least in the German case, with the aims of preserving status and social order. This is not too far from the aims of ‘Confucian’ authoritarian social reform (Lin 1999). In an ideal-typical corporatist regime, however, de-commodification is not necessarily low since people included in these schemes are not very dependent on their market status in terms of securing an adequate level of living¹⁰. Therefore, both de-commodification and welfare stratification is lower in a residual welfare regime relative to a corporatist regime.

This means that productivist social policymaking, subordinate to market forces, combines the high welfare stratification of the ideal-typical corporatist regime with the low level of de-commodification in the residual welfare regime. In other words, this is where we see how the stylized East Asian regime can also be understood as a hybrid between these two regimes such as Esping-Andersen (1997) preferred to label it. Productivism shares with corporatism the insurance-based principle of merit, but combines this with the minimal extent of residual citizenship-based social rights (Holliday 2005). This means that the goal for productivist welfare schemes is merely to secure a certain minimum standard of living, not to guarantee the previous standard of living, even if access to these schemes is based on insurance and merit.

¹⁰ Once again, we are operating in the ideal-typical world here. For example, the point has often been made that Germany has long had quasi-universal welfare arrangements in the sense that contributory schemes are combined with citizenship-based social minima in pensions or healthcare, for example (Bode 2013). This quasi-universal balance has changed, however. Generally, benefits have been lowered and the actuarial principle of insurance strengthened at the same time as coverage of insurance has decreased (Palier 2012). The result is greater dualization or insider-outsider divides, or a step back towards the more ideal-typical welfare stratification of a corporatist welfare regime.

Finally, we have the question of welfare culture in East Asia. Here, we find the notion of the Confucian welfare culture, which is a mirror to Western welfare cultures in this field of literature. As noted in section 4, ‘welfare culture’ can basically be defined as the ideational bedrock upon which welfare regimes are based.

It is somewhat of a standard explanation in this literature to trace modern-day welfare regimes back to much older religious transformations. For example, the divide between Scandinavian/universal and Anglo-Saxon/residual welfare regimes on the one hand and Continental European/corporatist on the other is traced back to the divide between Catholicism and Protestantism. The former is based on a view of society as an organic entity that heavily differentiates between the roles of different societal classes (Rice 2013). The Catholic principle of subsidiarity, the idea that the state should only step in if familial or community-based welfare provision is absent, is often seen as particularly strong in Southern Europe. In contrast, Northern Europe gradually based itself on a on a secular tradition heavily influenced by individualism and the idea of equal rights. From here, the Nordic countries departed onwards to modern-day universal welfare regimes by the road of a strong marriage between state and church, which was conducive to idea of a strong state enmeshed in social affairs (Rice 2013; Str ath 2005). While Confucianism is not a religion as such, since metaphysical explanations and divine entities are quite absent, it is in a sense largely correspondent to classic, Western religious value systems such as those of Protestantism and Catholicism.

If we summarize this discussion on stylized welfare regimes in East and West, we arrive at the regime traits sketched in the table below. The first three rows cover welfare state institutions, while the next three cover welfare outcomes and socio-structural effects, including the welfare mix

Table 14: Ideal-typical welfare regime characteristics in East and West

	<i>Productivist</i>	<i>Residual</i>	<i>Corporatist</i>	<i>Universal</i>
<i>Social policy aims</i>	Subordinate to economic aims	Alleviate poverty	Security	Promote well-being
<i>Main principle of state welfare</i>	Productive reciprocity	Need	Reciprocity	Equality
<i>Social rights</i>	Minimal, linked to productive activity	Minimal, linked to citizenship	Extensive, linked to productive activity	Extensive, linked to citizenship
<i>Degree of decommodification</i>	Lowest	Low	Medium	Highest
<i>Degree of welfare stratification</i>	Highest	Medium	High	Lowest
<i>Welfare mix: Emphasis on:</i>				
<i>Civil society</i>	Strong	Strong	Moderate	Weak
<i>Family</i>	Strong	Moderate	Strong	Weak
<i>Market</i>	Strong	Strong	Weak	Weak
<i>State</i>	Weak	Weak	Strong	Strong
<i>Welfare culture</i>	Confucianism	Anglo-Saxon Protestantism	Catholicism	Nordic Protestantism

Based on Kongshøj (2013) and modified with inspiration from Hong (2014), Rice (2013), Anttonen et. al. (2012), Aspalter (2011), Lee & Ku (2007), Arts & Gelissen (2002), Clasen & Van Oorschot (2002), Holliday (2000); Kuhnle & Alestalo (2000).

The first three rows are largely facets of the same general trait. Productivist regimes more than any other have subordinated social policy to pre-existing market imperatives. Once again, we note that trying to make social policy work with market forces is not necessarily regime-specific, but the degree to which social policy alters market forces is. While East Asian productivist regimes are closest to the corporatist regime in many ways, this particular feature of East Asian social policy makes the corporatist reciprocity much more ‘productive’ or minimal in terms of social rights. As opposed to

ideal-typical corporatism, even the insiders favored by reciprocal social insurance can hardly expect generous welfare in this regime.

This makes the ideal-typical East Asian welfare regime a curious blend of elements from both the residual and the corporatist regime. The result is something resembling a polar opposite of the universal welfare regime. This is also evident in the outcome measures of de-commodification and stratification, where de-commodification is lowest among these four ideal-types and welfare stratification highest. Finally, we have the welfare mix, and here we once again witness the ideal-typical opposite to universalism resulting from the residual/corporatist blend of the welfare mix. An active and vibrant civil society has not been something strongly associated with East Asian governance structures, and it is not important for welfare provision either. On the other hand, NGOs or charitable organizations have in some cases, particularly in Hong Kong, been almost institutionalized within welfare provision (Aspalter 2006). The market and particularly the family, however, have undoubtedly been very important. Another way of putting it is that in East Asian welfare regimes the state chiefly regulates while financing as well as provision is shouldered by non-state actors (Wong 1998). Finally, as the last welfare regime dimension we have added welfare culture. Confucianism does have a lot in common with the religiously founded welfare conservatism and the overall principle of subsidiarity within Catholicism as discussed in chapter 4.

6.2 ADDING FINER BRUSHES TO THE STYLIZED EAST- ASIAN IMAGE

The previous section was very much a sketch of the East Asian welfare regime seen through the prism of the traditional dimensions of western Welfare regimes. The finer brushes to be added here come in the form of criticisms against the traditional regime perspective as missing important and distinct traits of the East Asian cases. Firstly, there is the argument that many East Asian countries have achieved relatively good welfare outcomes despite the absence of comprehensive and inclusive welfare states. For example, White & Goodman (1998:3) remark that “*East Asia has the most dynamic*

economies in the world. They have managed to combine this dynamism with social cohesion, an apparent “health miracle” and very low crime rates, while keeping their welfare expenditures low”.

The same point is very much evident in the notion of ‘informal security’ regimes (Sharkh & Gough 2006). The East Asian cases achieve relatively good welfare outcomes without needing a welfare state, it might almost seem. On the other hand, it should be noted that these informally achieved welfare outcomes largely only included health (life expectancy and immunization rates) and education (school enrollment and illiteracy). Traditional welfare regime analysis have relied on other indicators in order to be able to distinguish between welfare regimes. We might also say that this is just a natural result of the fact that many East Asian welfare states actually do have quite comprehensive policies regarding health and education (Wong 1998; Aspalter 2006), while other policy areas have received less attention.

The core East Asian trait of very limited state provision and financing is not as marked as previously, particularly not in the Japanese and South Korean cases. This is illustrated below by tracing the development in public social expenditure and coupling it with some of the most important social reforms in the East Asian cases.

The table below is not in any way a detailed account of welfare reforms in these countries, but it serves as a rough sketch of the major reforms mentioned in some of the literature. A major discussion since the turn of the millennium has been whether some East Asian countries, particularly Japan, Taiwan and South Korea, have abandoned the developmental or productivist welfare principles in favor of more inclusive or universal regime characteristics (Hudson et. al. 2014; Hong 2014; Choi 2012; Kwon 2005; Holliday 2000).

Table 15: East Asian welfare expansion? A rough account of major trends

Pensions and elderly care:

Japan

- 1954: Pension system
- 1989: Gold Plan: National goals for extent of elderly care.,
- 1995: New Gold Plan: Extended goals for elderly care)
- 1997-1999: National Long Term Care Insurance Plan
- 1985, 1994, 1999 and 2004: Retrenchment of pension generosity

Taiwan

2002: National, universal old age allowances

South Korea

- 1988: National pension insurance, universal coverage in 1999 (replacement rates cut)
- 2007: Basic old age allowance
- 2008: Long Term Care Insurance

Family policy:

Japan

- 1994: Angel Plan (some public child care and maternity allowance)
- 1999: New Angel Plan (new efforts the meet the goals of the 1994-plan)
- 2010-2012: Universal child allowance

Taiwan

- 2000s's: Parental leave, later turned into paid leave. Child care less means-tested.

South Korea

- 2000's: Maternity and parental leave
- 2008: National child care insurance

Unemployment insurance:

Japan

- 2001: Expansion of UI coverage and duration in 2001

Taiwan

- 1999: UI scheme. Coverage subsequently expanded

South Korea

- 1995: UI scheme. Coverage greatly expanded after the 1997-crisis

Health:

Japan

- 1948: Health insurance
- 2002: ban on private health lifted

Taiwan

- 1994: National health insurance

South Korea

-
- 1977: National health insurance
 - 1988-1989: Universalizing coverage
-

Central Provident Funds:

Singapore:

- 1953: Central Provident Fund
- 1968: Housing scheme added to the CPF
- 1984: Medisave account added to the CPF
- 1987: Minimum Sum Scheme for old age added

Hong Kong

- 2000: CPF (before then, government-funded NGO's was the chief provider of welfare)
-

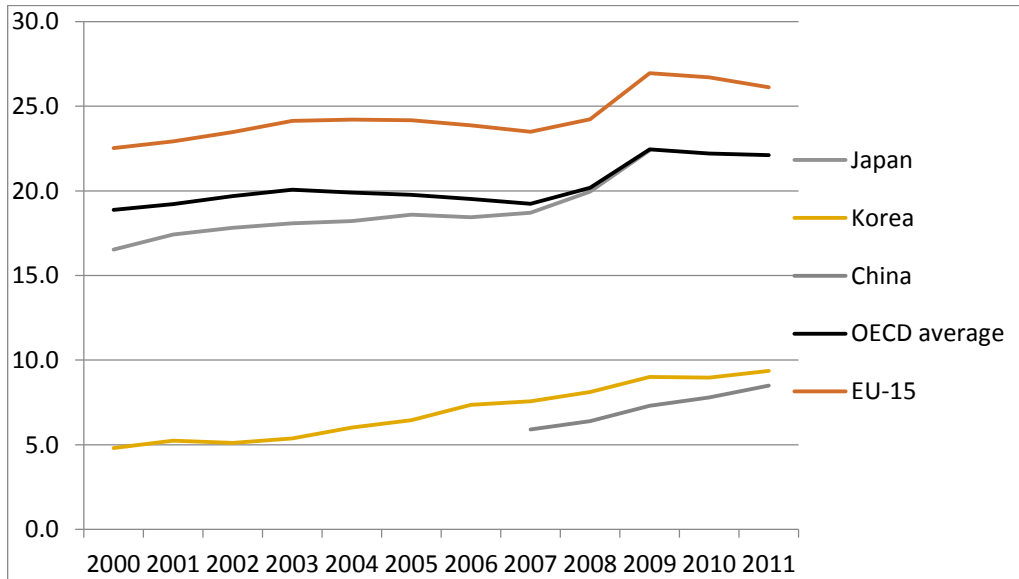
Based on Zhao & Wong (2013), Wong (2013b), Choi (2012); Goishi (2011); Park & Jung (2011); Kuhnle (2011); Leung (2011); Chang (2011); Takegawa (2011); Kwon & Lee (2011); Aspalter (2011; 2006); Hill & Hwang (2005); Kwon (2005); Holliday (2000)

For example, Japan significantly expanded childcare services and benefits for families. The increased effort of the 1990s was an attempt to battle the shock of plummeting fertility rates. Taiwan and South Korea engaged in similar efforts later. Both countries also expanded coverage of health care and income protection for the unemployed via new unemployment insurance schemes. The latter was at least partly a response to the very significant East Asian economic crisis in 1997 which made unemployment a real problem. South Korea also introduced a more generous social assistance in the form of the Minimum Living Standard Guarantee. Singapore has slowly been expanding the scope of the general mandatory savings fund for the employed, the Central Provident Fund, to finance first housing (besides the general public housing programme) and later added accounts for health care as well. Hong Kong introduced a similar provident fund in 2000 as a way to deal with the issue of increasing numbers of elderly without sufficient means of living. Hong Kong has been characterized by a general lack of transfer benefits besides the Comprehensive Social Security Assistance, while social rights for education and health care were basic and limited, but universal. It is not given that these trends by themselves signal an end to traditional, productivist welfare. For example, the new Long-Term Care Insurance in Japan was partly a cost containing measure with regard

to existing care schemes, and the generosity of public pensions was also cut significantly several times.

It could be argued that these trends reflect how productive social policy shifts to deal with shifting economic demands. For instance, Kwon (2005:483) writes how the developmental welfare regimes of South Korea and Taiwan have changed: *“I will argue that the shift in the overall goal of economic policy from extensive growth based on cheap labour to economic competitiveness based on high productivity, which was hastened by the Asian economic crisis, brought about new definitions of developmental social policy in Korea and Taiwan, and created enough room to accommodate political demands for greater social rights”*. Particularly South Korea is perhaps the most significant example of a more inclusive productivist regime, which has universalized coverage of a significant number of schemes such as health, pensions and unemployment insurance. This has arguably been accompanied by an ideational shift in the perception of welfare policies, where *“...the political debate on welfare has been transformed from ‘pro-welfare versus anti-welfare’ into ‘universal versus selective welfare’* (Choi 2012:281).

This increasing role of the state is evident in rising public social expenditures. Despite the old truth that social expenditures by themselves do not tell anything about welfare regimes, they do reflect the general trend in the East Asian case, as evident in the graph below. The graph illustrates the available time series for the East Asian cases of China, Japan and South Korea.

Figure 3: Social expenditures in East Asia and the OECD, % of GDP

Sources: OECD (2013a), OECD (2013b)

Japan was the first East Asian country to significantly expand state financing of welfare already in the beginning of the 1990s. Social expenditure has been rising steadily since then and it doubled from 11% to 22% of GDP between 1990 and 2009. In terms of the denominator it should be noted that GDP growth has also been stagnant. Social expenditure started taking off in South Korea a few years later, and expanded from 3.7% in 1997 to 9.7% in 2012. The shift happened even later in China, but expenditure rose dramatically later in the new millennium. Welfare expenditures including education increased to consume 35% of government expenditures in 2010, whereas it had been only 13% in 1978 when welfare was provided by work units (Zhang 2013b). The result was that public social expenditure represented some 8.5% of GDP in 2011, up from 6% in 2007. Taiwan is not included above, but ILO(2014) reports that social expenditure stood at 10% of GDP by 2010, a slight increase from around 9% in the 1990s. In Hong (2014), the estimates for Taiwan are lower, however.

In the literature it is often pointed out that while social expenditure data reflects spending on protective measures, it misses spending on productive measures such as education which is very highly prioritized in East Asia. This is an argument against the notion of East Asian welfare ‘underdevelopment’ (Kim 2010). Total expenditure on education in Korea and Japan amounted to 8% and 5% respectively in 2009, while the OECD average was 6% (OECD 2012). However, the private share amounted to about 3% and 1.3% of GDP in South Korea and Japan, and the countries look rather like the United States in the way that private expenditure is highly prevalent in tertiary education, while constituting a small share of primary and secondary education expenditure. In China, public education spending has also increased from 2.4% in 1995 to 3.9% in 2011 according to official figures (Xinhua 2013; Mok & Wong 2011). In addition to this comes the very significant role of private expenditure, which made up about 1.6-1.7% of GDP in most of the years in this century (OECD 2012).

Overall, the generally very limited role of the state in terms of welfare financing and direct welfare provision places much responsibility on non-state institutions as emphasized by the notion of ‘informal security’ regimes. This does not only mean that the distinction between welfare state and welfare regime is particularly important in East Asia. It also has distinct consequences for relations between societal sectors in the institutional responsibility matrix (Lei 2012). Specifically, informal security regimes can be argued to enforce unequal power relations and exacerbating them because of ‘negative permeability’, meaning that distinct power relations within each sector spills over into the others. These are outlined below:

Table 16: Negative permeability within the responsibility matrix in informal security regimes

<i>Sector</i>	<i>Characteristics of unequal power relations</i>
State	Erratic intervention without formal-legal backing, personalized patronage relations
Market	Rent seeking, monopolies and oligopolies skewing market practices and evading formal regulations
Family	A patriarchal rather than an altruistic unit
Civil Society	Patron-client relations stratifying social capital

Source: Lei (2012) based on Wood (2000:4)

Wood (2004) also describes the outcome as one dominated by imperfect markets, clientelist communities, patriarchal households and a state that is negatively permeated as being both marketized, patriarchal and clientelist. The overall result is a welfare regime characterized by a high degree of clientilism, such as... "*beggars asking police for protection, peasants paying brokers for urban employment, migrant workers bribing post offices for successfully sending remittance, rural households relying on lineages or even warlords, poor people borrowing money from informal moneylenders or bonding to influential families by marriage*" (Lei 2012:28). In short, an East Asian productivist or developmental welfare regime places very much emphasis on interpersonal relations in terms of welfare provision ('informal' welfare regime), but these relations are very much characterized by asymmetrical power relations. Wood & Gough (2006) therefore add de-clientalization as term signifying a highly relevant policy outcome to strive for besides the classic one of de-commodification. Thus, statutory rights are not only as means to free the less fortunate from market outcomes, but also to mitigate informal relations dominated by clientilism.

6.3 THE CHINESE BACKSTORY: COMMUNIST OCCUPATIONAL WELFARE

Armed with a basic understanding of the trends regarding social rights in East Asia, we can begin to uncover the corresponding development in China more closely.

Before we begin this journey in the following chapters, this chapter will be closed with a brief backstory on welfare provision in China before the market reforms. A basic understanding the old Chinese welfare system will enable us to appreciate how some of the most important traits of the old system have shaped present welfare institutions. The general traits of the old system of welfare was in many ways similar to what could be observed in other communist planned economies, namely a relatively comprehensive system of welfare, at least compared to countries at similar levels of economic development (Leung 2005; Wong 1998). However, these welfare systems were also based upon occupational ties. The egalitarian intent of these policies were often subordinate to goals of development and quick industrialization, and therefore urban, industrial workers and especially bureaucrats and leaders within the respective one-party systems often received strongly preferential treatment. Consequently, Szeleneyi (1978) argued that social policy in East European states at the time was marred by very inegalitarian effects. This was arguably also a trait of the Chinese case (Wang et. al. 2013; Wong 1998). On the other hand, it should be acknowledged that social problems such as illiteracy, health and unemployment were greatly reduced and life expectancy improved from 39 to 69 years (Rutten 2010; Leung 2005). China fared much better than other countries at similar levels of economic development on such indicators of social development.

In the Chinese case, welfare in urban areas was known as the ‘Iron rice bowl’ from which the entire urban populace was nourished (Duckett & Carillo 2011). Communist occupational welfare in the Chinese case was based on the work-unit (or *danwei*) and provided pensions, housing, education and health care. Extensive social protection was a prerequisite for low wages which just barely met the daily consumption need. This in turn facilitated capital accumulation and industrialization (Liu 2011). In rural areas, welfare provision was more scant and based on the communes (collectives based on a number of villages) or the production brigade (often equivalent to the village-level) and did for example not include housing or pensions. The rural co-operatives were the basis of the rural system, and rural farmers were forced into these from 1958 after experiments with co-operatives had begun in earnest in 1951.

‘The iron rice bowl’ was not as encompassing and generous as it might appear to be in a historical retrospect. The more generous urban system had expanded to cover 78% of urban workers in the late 1970s, yet this made up only 19% of the total Chinese population (Rutten 2010). The rural communes had big problems meeting their formal requirements of welfare provision, not least because financing was scarce. This was a result of the so-called ‘price scissors’ policy, whereby government controlled agricultural prices a level lower than prices of industrial output, which secured industrial capital accumulation and lubricated the state-owned enterprises (SOEs) (Jieh-min & Selden 2011; Knight & Li 2006). As early as in the First Five Year-Plan (1953-1957), China transferred 80-90% of the rural surplus above basic subsistence to urban China. In the years 1958-1980 only about 1,5% of communal revenues went to the collective welfare funds (Liu 2011). Even within the more generous urban system, inegalitarian divisions were prevalent. For example, welfare expenditure on workers in SOEs was twice as high as that of workers in collective enterprises, and governmental civil servants received even stronger preferential treatment as they still do today (Liu 2011).

In the urban areas, residual and non-occupational welfare was mainly available for people afflicted by the ‘three no’s’ (no work, no family and no means of living). In the rural areas, the communes gave some minimal, residual support to households in absolute poverty, also known as the so-called ‘five guarantees’ (originally food, fuel, clothing education and burial, but later also expanded to some housing and basic medical care) (Lu 2012; Duckett & Carillo 2011; Chau & Yu 2005; Wong 1998). The beneficiaries of the five guarantees were mainly restricted to the elderly, disabled, widowers, widows and orphans who had no other means of living. The family played a large role in welfare provision, especially for those in need. Historically, under the Family Law, the family was required to take of those in need such as those without work or taking care of elder family members (Chau & Yu 2005). This residual, governmental relief system was overseen by the Ministry of Internal Affairs (MIA) at the national level, and by Civil Affairs Departments (CADs) at the local level. Wong (1998) describes welfare provision during the planned economy as chiefly a familial responsibility, and then came

in order of importance the production unit, the neighborhood and finally the state.

However, while the ‘three no’s’ and the ‘five guarantees’ were the most important forms of residual government welfare, they were not the only ones. In urban areas, relief could be granted to poverty-stricken households and also aged and frail workers who had been laid-off during the crisis years of 1961-1965 and were in reality unemployed. One of the earliest forms of social relief was the preferential treatment of military personnel and their dependants. It emerged already during the 1930s, long before the founding of the PRC, as the welfare of the families of the predominantly peasant fighters became a problem during Red Army campaigns. In rural areas during the period of the rural communes (1959-1983) this form of relief mainly consisted of granting work points to dependants of military personnel (Wong 1998). After the work point system itself was disbanded, army households were instead compensated with cash grants. Social welfare homes or institutions were also to be found in the period. The local CADs ran three types of institutions; The first had a mixed clientel of elderly, disabled and orphans, while the second aimed more exclusively at orphans and abandoned or disabled children. Mental hospitals were also to be found. Finally, social welfare production enterprises provided employment for the disabled with some ability to work. As in the case of the residual welfare programmes mentioned above, the coverage of these programmes was not as rosy as it might seem. Civil affairs agencies claimed they were serving roughly one-fifth of the population each year, but a look at actual records and statistics suggests only a few million recipients (*ibid.*). For example, the aforementioned five guarantees only benefited two to three million people in the years 1978-1980, or less than 0,5% of the total rural population. Similarly, residual urban relief can be assessed to have benefited less than 2% of the urban population in the years 1962-1963 (Liu 2011). Formal welfare provision was for the majority of the population something to be secured via the rural or urban work units.

Lastly, it should be remembered that all the basic foundations of a functioning labor market were absent. Job allocation was controlled

by labor bureaus at all levels which allocated jobs to both state-owned and collective enterprises (Xu 2012). Furthermore, wages were strictly controlled. Wage levels were determined according to wage calculation tables issued by the central government. Variables which influenced wage levels were position, seniority, education and skill level, plus variations in local costs of living (Li & Zhao 2006). However, it was also a wide-spread practice to pay workers in-kind in commodities besides the standard wages as a way of evading restrictions of wage bills. Such commodities could be anything from food items to appliances. In the late 1980s after the onset of the market reforms, it made up no more than a few percent of total earnings, and has since declined further. In agricultural China, a work-point system determined what each peasant would get beyond the basic rations for all peasants. The work point system was a complicated array of systems whereby the profits of production were granted to peasants according to performance, and emerged after the more idealistic and collectivistic production modes had failed (Crémer 1982).

6.6 THE EMERGING CHINESE SOCIAL INSURANCE MODEL

In subsequent chapters, we will uncover social rights within our three selected policy fields. Here, we will instead tie the knot with the previous very general observations on welfare state developments in East Asia by taking a brief birds-eye view at the welfare system in modern China.

Unemployment, health and pensions are the major schemes within the emerging Chinese social insurance model, which also includes maternity and work injury insurance. The previous section briefly mentioned residual government welfare for those outside the system of urban employment-based welfare, but the schemes for those within the urban workers' system were very much forerunners of the modern-day insurance schemes. The main social insurance schemes were laid out already in 1951 with the Labor Insurance Regulation of the People's Republic in China, which established schemes for retirement, health care, work injury, sick leave and maternity leave (Lin 2009). Only unemployment was not included at the time as a

reflection of the planned market. Unemployment is indeed one of the new social risks in China.

At the time, financing came solely from the urban workplaces, whereas the system today resembles a traditional insurance set-up financed both by employees and employers. In the reform era with its emerging non-state sector, financing was initially placed solely upon the shoulders of the employers, but it increasingly became the perception that burdens were too heavy (Lei & Walker 2013; Wong 1998). The otherwise flourishing new market seemed to be unduly bogged down by contributions, for example in the way that expenditure on labor insurance leapt from 14% of wages in 1978 to about 33% in 1991 (Lin 2009). Today, the insurance system in urban China looks like indicated below with respect to financing

Table 17: Financing of the five insurance pillars for urban workers

	<i>Unemployment</i>	<i>Pensions</i>	<i>Health</i>	<i>Maternity</i>	<i>Work injury</i>	<i>Total</i>
<i>Employers, pct. of wage sum</i>	2	11-20	6-8	0,8	1 (avg.)	21-32
<i>Employees, pct. of individual wage</i>	1	8-11	2	0	0	11-14

Source: Modified from CDRF (2012: 256) with Wu (2013) and Barber & Yao (2011).

As indicated by the table above, it is mainly health and pensions that dominate the new social insurance system in terms of contributions. Once again, the table above is specific to the urban schemes only, but in the sections below on health and pensions we will track the developments in both rural and urban China.

Naturally, these five insurance schemes do not constitute everything of significance for Chinese social policy. Of importance is also particularly education and housing, but these will be excluded from here on since we will be focusing on the most significant insurance schemes where important reforms have taken place as steps towards

more citizenship based rights. However, it should be acknowledged that government has also stepped up financing of education in recent years, measured not only in % of GDP (from 2.4% to 3.9% in 2011 as mentioned before), but also as a share of total education expenditure. Housing as a social policy to make living space available for lower incomes has of course been important ever since an actual housing market began to develop in 1994 with commodity housing (Li 2013b; OECD 2013a). The previous tie between employment and housing was completely severed in 1998 when SOEs were forbidden to provide housing for employees and were also forced to sell their existing housing stock. Current policy measures include subsidized pricing (lowering prices below market levels), rent-subsidized public housing, and housing cash subsidies, the latter being the least developed and in the pilot stage in some localities (Li 2013b).

These developments have of course been important drivers for increasing public expenditure on welfare. Total governmental welfare expenditure, if we include education, increased from 2.8% of GDP in 1996 to 12.3% in 2011 (OECD 2013a; Wang & Long 2013). Social expenditure according to the standard definition (excluding education) stood at 8.4% of GDP in 2011 and was later reported to be around 9% in 2012 (OECD 2013a; OECD 2013c). OECD-estimates of the development in disaggregated social expenditures are illuminated below. We can view this as a rough guide on the trends in protective social rights in China.

Total social spending as a share of GDP rose by 42% in the few short years from 2007 to 2011 (table 18). Of course, GDP itself also increased substantially in this period. Social spending in nominal terms rose by more than 24% on average per year in 2007-2011 (OECD 2013a). All four main components outlined above have seen significant increases, but spending as a share of GDP on health and particularly housing has expanded by 80% and 355% respectively. Housing is still a relatively minor spending component, but it was boosted significantly with the stimulus package from 2008, which in total amounted to four trillion (Cook & Lam 2011).

Table 18: Disaggregated social expenditure in China in per cent of GDP (2007-2011)

		<i>Social security</i>	<i>Social safety net</i>	<i>Health</i>	<i>Housing</i>	<i>Total</i>
<i>2007</i>		2.97	2.05	0.75	0.18	5.9
<i>2008</i>		3.16	2.17	0.88	0.19	6.4
<i>2009</i>		3.61	2.23	1.17	0.21	7.2
<i>2010</i>		3.70	2.28	1.20	0.59	7.8
<i>2011</i>		3.83	2.36	1.35	0.81	8.4
<i>Increase 2007, %</i>	<i>2011-</i>	29.1	15.4	80.4	355.1	42.3
<i>Increase 2007, % of GDP</i>	<i>2011-</i>	0.86	0.32	0.6	0.63	2.5

Source: OECD (2013a:19)

In short, the expansion of social rights that will be laid out in unemployment, health and pensions later has also been accompanied by the state increasingly stepping in and driving the development in terms of financing. For example, the dramatic increase in coverage of health insurance, which we will investigate further in chapter 9, is also reflected by the sharp increase in health expenditures.

Before we continue, a few words about what policies will be ‘missing’ is appropriate. As stated previously, the three policy fields have been selected because they constitute the dominant pillars in modern Chinese social policy and because they have also been subject to extensive reform in the last 10-15 years. The corresponding policy fields in the Nordic countries will then included in a comparative analysis of reform paths in chapter 10. This means that we will be missing not only the aforementioned housing and education (if we include the latter within the welfare state), but also a large range of possible benefits and services such as family benefits, disability benefits, student benefits, child care and elder care.

Most importantly, the selection of policy fields means that we compare China and the Nordic countries where they are more easily comparable since these are some of the most developed policies in China. Indeed, in most of the remaining policy areas it would be very difficult and sometimes impossible to paint a meaningful picture of

China at the national level. Naturally, this will also have bearings on the conclusions that will be drawn. Our country cases would appear even more different if areas such as family and care policy had been included instead. Arguably, and as mentioned previously, family and care policy are the areas where the Nordic countries are most distinct when compared to non-Nordic countries. At the same, these areas have only just begun to receive national-level attention in China. Therefore, it is important to be mindful that we have limited ourselves to certain corners of the welfare state.

CHAPTER 7. UNEMPLOYMENT: COMMODIFYING AND DE- COMMODIFYING CHINESE LABOR

This is the first chapter in which we turn to social rights in one of our three select policy fields. Thus begins the second of the research questions posed in section 1.2., namely the question regarding the development of social rights vis-avis the goal of increasing universalism. To facilitate the comparative analysis of social rights in China and the Nordic countries, we will in the later sections of the chapter turn to the new protective schemes directed at poverty and unemployment. The final sections of the chapter will go in-depth with coverage and generosity of these schemes, which I singled out as the main aspects of social rights in chapter 2.

One of the fundamental reform trends in contemporary China is that we now find a labor market where before there was none. This policy field is a textbook example of how the introduction of a market economy gives birth to unemployment as a social risk, which in turn requires a social policy response.

It is difficult to understand the trends in social rights in China without understanding the reform development that presupposed the introduction of social policymaking within a market economy. Therefore, we will begin this chapter by delving into the market reforms that gradually commodified Chinese labor.

7.1 THE POST-MAO MARKET REFORMS

The market reforms began almost immediately with the death of Mao Zedong in 1976 and the subsequent return to power of Deng Xiaopeng, never as president, general secretary or premier (the first two posts were abolished for years after Mao's death, and there were no acting general secretary from 1943), but nevertheless as the most important leader regardless of the various offices he held.

Thus began the process of incremental and experimental reform towards a market-based economy, or “*crossing the river by groping for stones*” as Deng Xiaoping phrased it (Chan et. al. 2008:27). Other prominent examples of the discursive change is the 1984-document *Decisions on the Reform of the Economic System* from the CPC Central Committee, which stressed that a commodity-based economy could work under socialism with the development of a ‘socialist society with Chinese characteristics’ and explained how “...*the policy of encouraging some sections of the people to get rich first is the necessary road of bringing the whole society to prosperity* (Chan et. al. 2008:30). The same document also acknowledged that redistribution and social relief would be necessary for those groups in society “...*who have not become rich yet*” (Lei 2012:130). In 1978, under the new leadership China adopted the goal of the ‘four modernizations’, which called for reforms and modernization of agriculture, industry, national defence and science.

The reforms were spearheaded by the ‘special economic zones’ (SEZs), which in typical Chinese fashion were areas where dismantling of the planned economy could first be safely observed as local experiments and then made nation-wide at a later point in time. Xiamen, Shenzhen, Zhuhai and Shantou (the latter three all in the southern Guangdong province and the first in Fujian province) were the first in 1980 (Eesley 2009; Webber & Zhu 2007). Here, the effects of preferential treatment such as lower tax rates and the opening up for foreign investments below a certain limit could be observed. Enterprises in SEZs also had relatively high autonomy in terms labor management. The first reforms abolishing life-long employment and governmental job allocation were not introduced nation-wide before 1986. A further 14 cities were opened up for foreign investment in 1984, and in 1992 special treatment was extended to most cities along the Yangtze River. Even cities that were not classified as SEZs often created ‘development zones’, and did not always bother to obtain formal approval from the central government.

Table 19: Important reform steps towards a Chinese labor market

<i>Year</i>	<i>Reform</i>
1978	<ul style="list-style-type: none"> • Deng Xiaopeng's 'four modernizations' • Adoption of the 'household responsibility system'
1979	<ul style="list-style-type: none"> • Rural communes and production brigades allowed to set up non-agricultural enterprises • Dual pricing system
1980	<ul style="list-style-type: none"> • The first 'special economic zones'
1981	<ul style="list-style-type: none"> • Legalization of individual businesses (less than 8 employees) • First administrative reforms of the public sector
1985	<ul style="list-style-type: none"> • First experiments with non-central wage setting • Ceiling on market prices in dual-pricing abolished
1986	<ul style="list-style-type: none"> • The 'four temporary regulations' <ul style="list-style-type: none"> - Gradual abolishment of life-long tenure, new work-contract system - Open job offers - Firing certain workers - "Job-waiting" insurance
1992	<ul style="list-style-type: none"> • Adoption of a "socialist market economy" • First wave of privatizations • Dual price system abolished for almost all goods
1994	<ul style="list-style-type: none"> • Unemployment officially recognized • The Labor Law
1995	<ul style="list-style-type: none"> • First management reforms of state-owned enterprises
1997	<ul style="list-style-type: none"> • "Grasping the large and letting go of the small": Second wave of privatization
2005	<ul style="list-style-type: none"> • Labor Contract Law
2008	<ul style="list-style-type: none"> • Employment Promotion Law

In tandem with these local experiments, nationwide reforms were introduced. In rural China, 1978 was a watershed because it introduced the so-called 'household responsibility system', whereby peasants could keep their own production surplus once the agreed quota was met (Wong 1998). The reform was not a central government initiative, but spread from Sichuan and Anhui was widespread nationally by the end of 1983 (Chan et. al. 2008). Beginning in 1979, the SOEs were allowed to sell any output above their quotas at higher or floating prices in the so-called dual pricing

system (Li 1999). In the beginning these prices could not exceed planned prices by more than 20%, but this limit was lifted in 1985.

In terms of the commodification and free movement of labor, 1984 was important since peasants with rural household registration or rural *hukou* were allowed to move to cities to look for work (Wong 1998). The groundwork for gradual industrialization and tertiarization of rural China was laid in 1979 when communes and production brigades were allowed to set up non-agricultural enterprises to a much greater extent (Eesley 2009). The forerunners of what would become known as township and village enterprises (TVEs) in 1984 were previously restricted to limited areas such as iron, steel, chemical fertilizer and agricultural machinery and tools. While TVEs in principle were owned cooperatively or collectively, some were de facto operating as private enterprises (Eesley 2009; Webber & Zhu 2007). Over time, reforms of TVEs as well as communes and brigades ushered in a clear trend of liberalization.

In urban China, one of the first important steps was the official legalization of the so-called *individual* businesses in 1981 (less than 8 employees). Private businesses (8 or more employees) became allowed later in 1988 (Eesley 2009). The urban equivalent to the household responsibility system was the ‘contract management responsibility system’ (CMRS) which was widely implemented by 1987. Experimentation had begun already in 1979 (Webber & Zhu 2007; Li & Zhao 2006). Wage controls were gradually relaxed and firms were allowed to use their profits to pay bonuses up to a certain limit. Later, the ceiling on bonuses was abandoned altogether. The old system of central formulae for determining base wages was relaxed in 1985 when experimentation began with tying total wage bills to economic performance indicators. Taxation of enterprises also began to replace transfer of profits to the government around this time. The overall autonomy of the SOEs was greatly improved in terms of financing, procurement, strategy, organization and marketing.

However, the reform that more than anything else laid the groundwork for the commodification of urban labor was the

introduction of the ‘four temporary regulations’ in 1986 (Xu 2012; Chan et. al. 2008; Wong 1998). These new regulations dealt a death-blow to the old system of planned employment where local labor bureaus assigned job quotas to each work unit and people were assigned to jobs based on these quotas. The first of these new ‘regulations’ was the abolishment of life-long tenure for workers and the establishment of a new labor contract system. Anybody hired after 1986 was to be employed on a contract, while older employees continued to work under pre-reform conditions. From 1986 to 1997, the share of SOE-workers employed on short-term contracts increased from 7% to 52% (Chan et. al. 2008). Thus began the erosion of the old ‘iron rice bowl’ where life-long tenure and access to welfare were interwoven. The second temporary regulation introduced open job-offers where recruitment and hiring of workers was subject to competitive selection. This effectively ended planned job allocation and made labor a commodity based on supply and demand. The third regulation made it possible to fire workers who repeatedly disobeyed orders, engaged in criminal activities, or were simply not able to fulfill the requirements of production. Finally, the last regulation established ‘job-waiting’ insurance for workers in SOEs. This we will return to later in our account of unemployment insurance in China.

Subsequent reforms of labor market regulation can mostly be described as attempts to further implement the spirit of the 1986-reform or to fill the holes left by this reform in terms of labor market relations between employers and employees (Xu 2012). The Labor Law of 1994 adopted some of the earlier temporary regulations as legal articles and developed the relationship between employers and employees as independent actors within a labor market. While it regulated issues such as working hours, vacation and minimum wages, it also stipulated that labor and capital were independent and free on both sides to engage in a contract relationship. Many employers regarded this as a loophole to not sign contracts as all with their employees. While the law is significant in the way that it defined employees as actors who can resort to law if their rights are violated with warnings and fines provided as enforcement tools, big problems in implementation persisted.

The Labor Contract Law, drafted in 2005 and effective from 2008, tried to deal with this since it once again stressed the requirement of work contracts (Cui et. al. 2013; Xu 2012). Three types of contracts were laid out in the Law: The fixed-term contract, the non-fixed term contract and an open-ended contract. The Law demands that a labor contract should be signed after one month. Furthermore, any work relation where no formal contract has been signed after one year shall according to the law be regarded as standard work contract without a fixed period. The law has by itself not resolved the issue, however. Most surveys in the new millennium consistently placed coverage of work contracts for migrant workers below 50% (Wong 2013a; Xu 2012). Progress has perhaps been seen, however. Official reports from the Ministry of Human Resources and Social Security stated that work contract coverage had increased by 77% to cover 114 million workers in 2007-2010 (Cui et. al. 2013). A 2010-survey from the All-China Federation of Trade Unions (ACTFU) placed coverage of work contracts at 85%, although this picture is perhaps also too rosy. A majority of the contracts surveyed did not even specify wages just as many did not provide work position or name of the employer. Some were even completely blank (Cui et. al. 2013; Wong 2013a).

The Law also contained a range of other stipulations besides work contracts, such as 30 days of notice for employees being fired or that no more than 10% of employees can be fired except in case of bankruptcy. In terms of other possible effects of the law, Cui et. al. (2013) find that wage growth increased beyond the historical trend in 2009, just as wage elasticity dropped. This was most noticeable in SOEs, large firms and sectors with high unionization.

In the context of labor market regulation, the Employment Promotion Law from 2008 right also deserves mention, even if it is largely a collection of good intentions with hardly any concrete targets, resources or enforcement. The basic intention of the law is to sum up existing policies on employment promotion and to stress the responsibility of local governments in financing employment promotion via instruments such as job subsidies, vocational training, public welfare jobs, etc. Furthermore the law is supposed to further the 'equal citizenship' of rural migrants with equal right to a work

contract, public employment services, vocational education, employment assistance and self-employment.

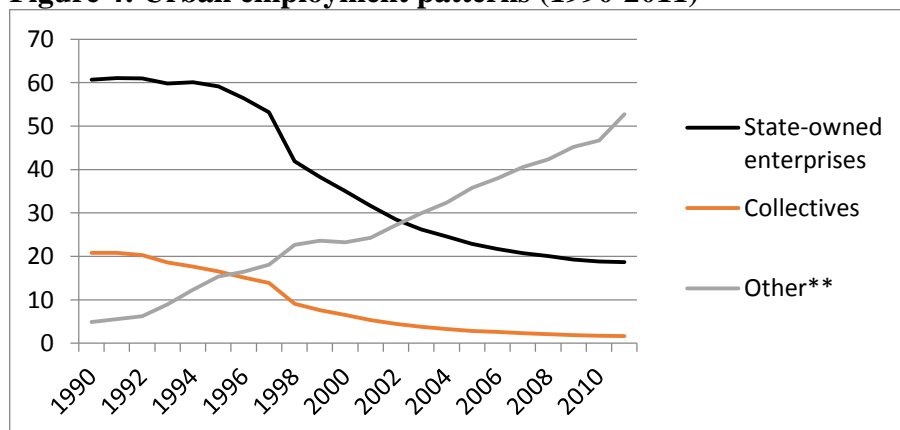
As mentioned, implementation of the Labor Law or the Labor Contract Law is still a big issue. A number of reasons can be mentioned (Xu 2012). Firstly, enforcement is usually left to local labor bureaus, but the business-friendly orientation of many local governments decouples law and practice. Second, the hitherto ample supply of labor might give employers the upper hand. Finally, companies often find a way of getting around requirements.

While particularly the 1986-reform laid the groundwork, the development towards commodified labor remained sluggish in the beginning of the 1990s. Deng Xiaoping once again paved the way at the rhetorical level with his famous ‘southern tour’ of 1992 where he inspected the most successful local market experiments in Southern China. Here, Deng announced the goal of a ‘socialist market economy’ and encouraged the acceleration of economic reform. The CCP officially redefined China as a ‘socialist market economy’ in 1992. In 1992, the government decided to privatize small and medium-sized SOEs and keep the larger and more strategically important SOEs. This was followed by a nationwide campaign in 1997 to ‘grasp the large and let go of the small’ (Dong et. al. 2007). This privatization program was initiated by an official directive from the 15th CCP Congress in that same year to reduce the labor force in order to enhance efficiency. Large scale privatization went hand-in-hand with bankruptcies, something that had been formally possible since 1986 with the first Bankruptcy Law. However, many of the remaining ‘large’ SOEs, especially those designated as ‘strategic’, have arguably increased in importance and size or taken over private enterprises (Oi & Zhang 2014).

Nevertheless, the number of SOEs fell from 118,000 in 1995 to 53,000 in 2001 and employment in SOEs decreased from 113 to 72 million. Employment in collectively owned units fell from 31 to 11 million (Liu & Wu 2006). The cumulative effects of these reforms were most visible from the mid-1990s and onwards. The economic hardship of the SOEs was only aggravated by the gradual erosion of

the aforementioned ‘price-scissors’ policy (section 6.2). Furthermore, SOEs were not only shedding surplus labor, declaring bankruptcy or being entirely privatized, but also experienced transformations in terms of public ownership and management. In 1993, the CPC Central Committee envisioned a freer and more mixed management of SOEs, and the government started to change the governance of pilot firms in 1995 (Chan et. al. 2008). Since then, SOEs have been transformed into three main types; 1) Shareholder partner companies, which allow individuals to purchase and manage them 2) Shareholder corporations owned by external or internal shareholders and 3) State-owned limited liability corporations (Webber & Zhu 2007). The state itself plays only a small role in the first type, while the second type is subject to a variety of regulations. Finally, the third type, often consisting of very large enterprises deemed to have strategic importance, is subject to government strategies and policies. A development very similar to this can be traced in the TVEs of rural China. Finally, reforms of the general public sector at all administrative levels have also shed jobs, devolved or abolished state responsibility and transformed former public sector service units (Brødsgaard 2014; Brødsgaard & Chen 2014). These reforms began in 1981 in earnest and have continued into the new millennium.

Figure 4: Urban employment patterns (1990-2011)*



Source: National Bureau of Statistics of China (2013)

* The percentages do not add up to 100. A large but declining share of the urban employed (27% in 2011) are not reported in NBS statistics.

**Cooperative units, joint ownership units, limited liability companies, shareholding enterprises, private enterprises, enterprises with funds from Hong Kong or Macao, foreign funded enterprises, self-employed.

7.2 THE RISE OF UNEMPLOYMENT: A MESSY ISSUE IN CONTEMPORARY CHINA

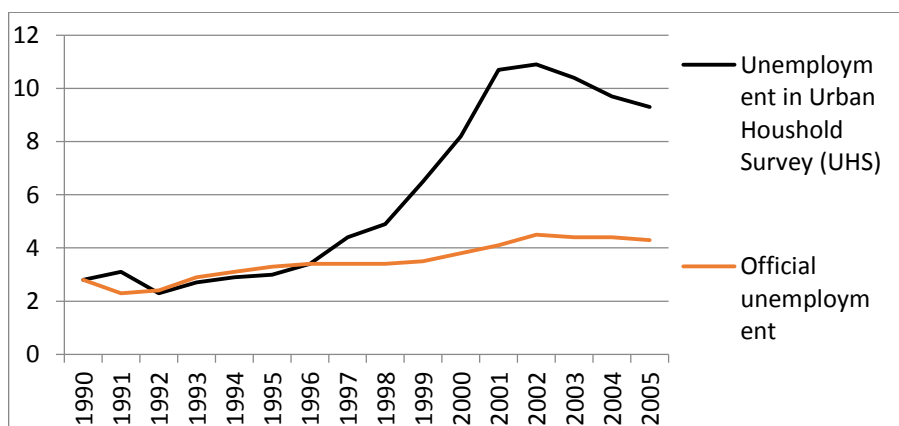
The reforms above all else introduced unemployment as a serious social risk. The reforms in the 1980s, particularly the ‘four temporary regulations’, laid the formal groundwork, while dramatic increases in unemployment and labor flexibility did not occur before the transformations and privatizations of SOEs, TVEs and collective units in the 1990s. In the the planned economy with central job allocation, unemployment did not officially exist. Recognizing unemployment as a social risk is not easy in a political system that still formally abides by communism. Unemployment was actually not acknowledged officially before 1994, but later it has officially been deemed one of the most serious threats for social stability (Xu 2012).

Nevertheless, China did have some experiences with unemployment in the pre-reform ‘iron rice bowl’ despite its central job allocation and planned economy. One important peak in actual unemployment was the return of young Chinese to urban China after having been dispatched to the countryside during the Cultural Revolution. Similarly, young entrants into the labor market waiting to be assigned a job were of course de facto unemployed. In general, inadequate job supply in the cities was the reason behind the phenomenon of ‘young urban residents waiting for work’. Later, the term was expanded to include all ‘urban residents waiting for work’. It was officially perceived to be merely a transient phenomenon, a formality to be dealt with in short order once bureaucratic efficiency was resumed (Hong & Ip 2007). The discourse of ‘waiting for work’ would later be reflected in the adoption of ‘job-waiting’ insurance (rather than unemployment insurance) in 1986. Official discourse aside, unemployment was a persistent phenomenon even before the reform era, particularly while the new planned economy was gradually implemented in the 1950s and again in the 1970s when youth

unemployment rose due to the above reasons. For example, according to official statistics, this form of unemployment stood at 5,9% in 1957 and 5,3% in 1978 (Lei 2012).

In contemporary China, unemployment is a very messy issue to put it bluntly. This mess reflects various circumstances rooted in the reform period, which will return to below. Registered unemployment in urban China has long been relatively stable around 4%, but real unemployment is several times higher and has witnessed major fluctuations. A number of studies have estimated unemployment in China, but below the difference between the most optimistic data (official data on registered unemployment) and one the most negative studies based on the same data is illustrated (Han & Zhang 2010). Using the same data from the Urban Household Survey (UHS) as the National Bureau of Statistics uses, Han & Zhang (2010) estimated real unemployment in urban China to be just below 10% in 2005, while the official unemployment figure was only 4,3%. Unemployment rose drastically around 1997 from some 3% to 11% just after the turn of the millennium. This reflects the large scale privatization and transformation of SOEs under the banner of ‘grasping the large and letting go of the small’ as described before. Giles et. al. (2006), based on a 2001-survey in five cities, found unemployment to be an even higher 12,5%.

Figure 5: Unemployment rates according to official statistics and the Urban Household Survey (1990-2005)



Source: Han & Zhang (2010)

It is difficult to find updated assessments of unemployment rates beyond 2005 (besides official figures). The time lag when independent researchers have to utilize household surveys can be considerable. Both Wang & Sun (2014) and Deng & Gustaffson (2013) report figures from 2007, for example. They report as different figures as 13.4% and 7.9% respectively, the primary reason being that Wang & Sun (2014) cannot sort out those who are not actively looking for work (as it is done in the standard ILO-definition). They assess that the unemployment rate would have been 8.6% in that case. The Chinese Academy of Social Sciences (CASS) estimated that unemployment rose again in 2009 to 9.4% (Cook & Lam 2011; Ru et. al. 2009). China was also affected by the financial crisis of 2008, most visibly by a contraction of 29% in exports. One senior government official stated that China lost 6.7 million jobs by the end of 2008 alone.

Numerous other attempts at assessing unemployment have been made (for example OECD 2010; Hu & Sheng 2007; Dong et. al. 2007; Xue & Zhong 2006). Chen (2004) even argued that one should also include ‘disguised unemployment’, meaning employed whose marginal productivity is lower than their wage remuneration. This yielded an estimated unemployment rate of 25% for urban China, but this was of course also (and even more so) an issue in pre-reform China. Regardless, the general result is always the same: Real unemployment defined according to international standards is several times higher than official figures.

There are some main reasons for registered unemployment in urban China being a poor indicator. The most important is that large groups of jobless people looking for jobs are not able to register, firstly because some of them for historical reasons were not considered unemployed, secondly because others simply live outside the system of formal urban employment and work contracts (Wang & Sun 2014; Duckett & Hussain 2008; Webber & Zhu 2007; Solinger 2001).

The so-called laid-off (*xiagang*) workers are a group of the first kind. This category arose from the restructuring of urban work units and SOEs, and while they were formally still tied to the work place, they were in essence unemployed (Li & Sato 2006). The number of de facto unemployed *xiagang* workers peaked at 10-11 million in 1997 (Chan et. al. 2008; Hu & Sheng 2007). Formally, they are now eligible to register as unemployed, but many still do not. However, even adding together officially registered unemployed and *xiagang* workers would hardly cover all jobless people looking for a job. We can appreciate this by minding the official definition of the two categories; *xiagang* applied only to those who began working before the onset of work contracts in 1986, but had been laid-off while still retaining a relation with the former work place. This only covered workers coming from the state sector, excluding workers losing their jobs in urban collectives. The officially unemployed, on the other hand, were those urban citizens whose firm had gone bankrupt with no possibility of retaining the connection to the old firm (Solinger 2001).

Jobless rural migrant workers (citizens in urban areas with rural *hukou*) constitute another major group of de-facto unemployed not covered by the above definitions. In late 2008, official surveys assessed the number of unemployed migrants to be 20 million (Wong 2011). While the Employment Promotion Law from 2008 formally recognizes their right to register as unemployed and get unemployment benefits, local governments still have their own practices of differential schemes for local urban workers and migrants (Xu 2012; Jieh-min & Selden 2011). Even where it might be possible to register, exercising this formal right is more than difficult for this group. One problem is producing documentation of previous work in the form of work contracts, which they as mentioned previously often do not have in spite of statutory requirements that employers must sign contracts. Other groups who could be counted as unemployed are people who have retired early from their previous work unit but are still looking for a job; people on extended leave, people who have kept their jobs but receive no wages and people who have simply lost contact with their employers (Wong & Ngok 2006; Xue & Zhong

2006). Some of these unemployed simply lack an incentive to register and others refrain from doing so.

Another group of people excluded from official unemployment statistics are people above the age of 50 for men and 45 for women, regardless of whether they have urban hukou, former work contracts and are considered formally unemployed and receiving unemployment benefits (Liu 2011). Official unemployment statistics do simply not take the employment and unemployment patterns of this age group into consideration even if the formal retirement age is 60 for men and 55/50 for women.

Furthermore, incomplete knowledge among the unemployed contributes to the problem. A basic lack of awareness of social rights seems to be an issue. For example, Wang & Sun (2014) find that awareness of and participation in labor training programs positively affects the likelihood of being registered, as do participation in local community activities.

Finally, it is also well known that party officials ‘cook the books’ in order to meet government-set standards of ‘appropriate’ levels of unemployment. As an example, it is not surprising that when Premier Wen Jiabao in 2010 stated that unemployment should be at a low and manageable 4-4.6%, local officials keen to maintain and develop their own careers make sure that local unemployment rates somehow never ends up straying too far from this target. The common expression that “*numbers make officials, and officials make numbers*” is fitting (Xu 2012:63). Official targets from the government in 2014 set the goal of a figure below 5% (Wang & Sun 2014).

In short, official unemployment rates are greatly underestimated because the laid-off or *xiagang* workers are often not included and the same applies to jobless migrants with rural *hukou* and other groups. In addition to this comes outright manipulation with numbers.

However, simply adding the different categories together might on the other hand also overestimate real unemployment. For example, it is well-known that some laid-off workers were actually working part- or fulltime in other jobs or may no longer be looking for work. Giles

et. al. (2006) in their analysis of survey data from 2001 found that 17,4% of *xiagang* workers were also working at the same time. Therefore, these should not be considered unemployed according to the standard, international ILO-standards (unemployed and looking for a job). Some 10% were even receiving either unemployment benefits or receiving unemployment and *xiagang* benefits at the same time. A survey in 2000 in eight provinces found that as many as 50% of the laid-off workers hid that they had some form of employment while being registered as *xiagang* (Wong & Ngok 2006). Yet, this perhaps more than anything reflects that laid-off workers were forced to find some other form of subsistence in the face of low or absent benefits.

The different results of the studies referenced above illustrate how unemployment can be defined in a number of ways if we look at the table below.

As can be seen below, the variations in estimated unemployment are quite large. Hu & Sheng (2007) include the groups mentioned above and arrive at 8% in 2003. OECD arrives at the same figure, but by calculating the difference between labor force participation and employment. Han & Zhang (2010) arrive at 11% when excluding all rural migrants and including all without a job whether they are looking for one or not. Dong et. al. (2007) find 9% to be unemployed when including all people who are working less than 4 hours a month.

Table 20: Defining unemployment in China (2003)

	<i>National Bureau of Statistics</i>	<i>Han Zhang (2010)</i>	<i>& OECD (2010a)</i>	<i>Hu & Sheng (2007)</i>	<i>Dong et. al. (2007)</i>
<i>Unemployment rate</i>	4%	11%	8%	8%	9%
<i>Defined as unemployed</i>	Registered unemployed	All without a job, except rural migrants and foreign workers	Difference between official statistics on labor market participation and employment, excluding urban citizens engaged in agriculture	Registered unemployed + laid-off workers + jobless rural migrants + jobless students	All persons looking for a job and working less than 4 hours a month
<i>Data</i>	Urban Household Survey	Urban Household Survey	Urban Household Survey	Urban Household Survey	Urban Household Survey

Some traits of this phenomenon are not entirely unique to China. As an example, in Denmark, register based unemployment (those receiving unemployment benefits) was at 6,2% in 2012, while surveys based on the ILO-standards (those without a job, but searching and readily available for one) placed unemployment at 8,2% (Statistics Denmark 2012a; Statistics Denmark 2012b). Official net unemployment (registered unemployed readily available for work, ie. unemployed participating in active labor market measures not included) was at 4,3%. Here, the main explanation just as in the Chinese case is that many unemployed on the lookout for jobs are not registered, while others are not registered because they are students or

pensioners (and therefore registered as being on other allowances) (Statistics Denmark 2009). Unemployed who have been discouraged from job search is also an issue. The difference between Denmark and China is of course that the match between registered and survey-based unemployment is much poorer in China, primarily because of the exclusion of rural migrants or laid-off workers.

Finally, it should be stressed that only the issue of urban unemployment has been considered so far here. Once again we need to turn the historical Chinese context since rural unemployment has at best been considered another form of 'hidden unemployment'. Rural residents formally have access to collective land and are therefore considered able to obtain an independent livelihood (Murphy & Tao 2007). In reality, increasing numbers of rural Chinese have become visibly unemployed with no independent means of livelihood. Different forces behind rural unemployment exist, such as restructuring of the aforementioned township and village enterprises (TVEs), land requisitions by local government for urbanization or other forms of transformations of the rural landscape and the labor-shedding of local governments (*ibid.*). Millions of rural Chinese are affected by land requisitions alone every year at which point they are often given some form of one-off compensation.

As it will be stressed later, no formal unemployment policies exist in rural China, except for some national labor training programmes and scattered local policy initiatives. Here, unemployment is even more difficult to assess than in urban areas. In the 1990s it was generally estimated that somewhere between 100 and 200 million rural citizens should be considered surplus labor (Chan et. al. 2008; Murphy & Tao 2007). This number includes employed rural laborers with low productivity. The share of the rural workforce looking for a job and being out of employment is not as high as these figures might suggest. Zhang (2003) placed this as low as 1.2% in 2000.

7.3 SOCIAL RIGHTS FOR THE UNEMPLOYED IN CHINA: FROM 1 TO 3 TIERS - AND BACK TO 2

Having considered the development towards a labor market with Chinese characteristics, including the messy issue of unemployment, we will now turn to income compensation schemes for the unemployed in China. This is mainly a story of how an embryonic unemployment insurance system was first set up in 1986 and then accompanied by a social assistance scheme nationally from 2007 (having had some local precursors since 1992). From 1998 a separate scheme with some important elements of active labor market policy was also set-up for the increasing number of laid-off workers, but this has been gradually phased out since 2001. This means that China today has two income compensation schemes for the unemployed in the form of unemployment insurance and social assistance. While we will begin by tracking these historical trajectories, the main focus of this chapter will be the analysis of social rights in contemporary China. This will be done by considering the dimensions of generosity and coverage as the most important dimensions of social rights as explained before in chapter 2. However, duration, financing, eligibility and obligations will also be considered.

As mentioned previously, 1986 was a watershed year with its four regulations which in various ways laid the foundations for the development towards a modern labor market. One of these regulations was the new ‘job-waiting’ insurance. In the beginning only workers in the state-sector could join the scheme and four kind of workers were eligible for the scheme: 1) Workers from bankrupt enterprises; 2) Workers from enterprises being reorganized after having received an official notice of bankruptcy; 3) Contract workers having experienced an expiration of the new fixed-term contracts and 4) Workers dismissed by enterprises (Chan et. al. 2008; Duckett & Hussain 2008; Vodopivec & Tong 2008). Considering that hardly all the unemployed could fulfill these criteria, it is understandable that coverage was limited. Contributions were set at 1% of the basic wage payroll from enterprises with no direct contributions from workers themselves. This yielded a benefit of 50-75% of the basic wage for a

maximum of two years depending on previous employment and contributions.

Table 21: Unemployment insurance in urban China

<i>Year</i>	<i>1986</i>	<i>1993</i>	<i>1999</i>
Generosity	50-75% of basic wage	120-150% of local social relief threshold (changed to 70-80% of local minimum wage in 1995)	Above local threshold for Minimum Living Standard Scheme, but below local minimum wage level (usually 80% of local minimum wage)
Duration	Maximum 24 months, depending on contribution period	Maximum 24 months, depending on contribution period	Maximum 24 months, depending on contribution period. Less than 5 years = 1 year duration, more than 10 years = 2 year duration.
Eligibility	4 categories of workers in state-owned Enterprises (see text)	7 categories of workers in state-owned enterprises (see text)	All urban workers (except civil servants) registered as unemployed. Contribution requirement: 1 year
Financing	1% of basic wage payroll from employer + government subsidies	0,6% of payroll from employer + government subsidies	2% of payroll from employer, 1% of wage from employee. Government subsidies covers any shortfall

Source: Vodopivec & Tong (2008); Chan et. al. (2008); Duckett & Hussain (2008)

The new job-waiting insurance was changed in 1993 with enterprise contributions changed to 0,6% of the payroll (including bonuses and other payments) instead of just the basic wage (Chan et. al. 2008). At the same time, the benefit level was tied to local social relief thresholds at 120-150% of the local social relief threshold

(Vodopivec & Tong 2008). In addition, eligibility was expanded to cover three more categories of workers in SOEs. As the new Labor Law from 1994 required a minimum wage, the benefit level instead became tied to this at 70-80% of the local minimum wage.

Finally, after a 1999-reform, the scheme assumed its present day shape. Notably, the earnings-related element of the scheme was removed and now it was stipulated the benefit level had to be above the local social assistance thresholds but below the local minimum wage. In most cities, it is simply placed at 80% of the local minimum wage (Wang & Sun 2014). Problems in financing of the old scheme also meant that workers themselves now had to contribute 1% of their wages while employer-contributions were raised to 2% of the payroll. Duration was set at a maximum of 24 months, but dependent on the individual workers contribution time. Importantly, eligibility was now expanded to cover all workers registered as unemployed regardless of sector. Since then subsidies for health insurance (alongside interest subsidies for business loans) have been introduced and expanded following a pilot program to expand unemployment insurance from 2006 (Li et. al., 2013; Ringen & Ngok 2013). Although migrant workers as mentioned before now have been formally recognized as part of the urban labor force, they are still not treated as such if enrolled in the unemployment insurance scheme. Enrolled migrant workers are not required to pay personal contributions but their employers are, and they are paid a lump sum rather than a monthly benefit (Chen & Gallagher 2013). Furthermore, enrollment is very low, with coverage being around 9-10% of migrant workers, which we will return to below.

For a brief period in 1998-2001 there was a third tier in Chinese unemployment policy specifically minded for the laid-off or *xiagang* workers and it was also known as one of the ‘three lines of protection’ (CRDF 2012; Chan et. al. 2008). Because the scheme was only gradually phased out from 2001 it continued to play a significant role in the following years. It emerged as the 1990s began to see a dramatic increase in the number of laid-off workers. As a response, the central government first launched to so-called ‘re-employment project’ nationwide in 1995. Initially, the policy was more like a

catalogue of ideas in the form of general and piecemeal principles to be adopted locally, such as preferential tax policies, calling for strong SOEs to hire more workers, developing service industries, home leaves and such. During implementation of the re-employment project, Shanghai innovated the so-called re-employment service centers (RSCs), where the laid-off workers were required to register in order to receive their basic living allowances (Wong & Ngok 2006). When signing a contract with the RSC, the laid-off worker agreed to look actively for work and to accept jobs referred by the center with the penalty being a complete termination of the benefit (Xu 2012). This was also a way of relieving the enterprises of the burdens of supporting their laid-off workers (as well as the benefits and social insurance premiums for the laid-off). The goal of the RSCs was basically to create training and job-referral programmes. In other words they, had clear traits of some embryonic form of active labor market policy (ALMP) and the later public employment service (PES) centers. Subsequently, the State Council encouraged other local governments to follow the example of Shanghai in 1997, and in 1998 the CCP Central Committee and the State Council jointly made the RSC-centers national policy. The centres were financed in equal shares by the local government, enterprises and social insurance funds.

From 2001, it was decided to curtail the *xiangang*-policy and citizens could no longer enter the separate benefit or the re-employment center. Gradually, the group of laid-off workers was to be transferred either to unemployment insurance or the new minimum living allowance (Hammond 2011; Hong & Ip 2007). For this reason, there has been a gradual decline of the number of laid-off workers. Around the turn of the millennium, there were 10 million *xiangang* workers, but this had declined to around 4 million already in 2003 (Hu & Sheng 2007). By the end of 2003, there were 2.6 million laid-off workers, of which 1.9 were connected to RSCs according to official statistics (Wong & Ngok 2006). Because the RSCs and the separate benefit have been phased out, we will not dwell on this ‘line of protection’ in our subsequent analyses. However, we can make a short review of some of the main conclusions of research into this short-lived policy.

The laid-off workers registered at a RSC enjoyed a benefit that was in most cases significantly higher than unemployment insurance, yet not always sufficient in terms of securing a basic level of living. The level of the benefit was also a local decision. Some received less than 60% of their previous income and in some cases it was not that far from the hardly sufficient unemployment insurance (Chan 2010). Just as in the case of unemployment insurance, the level of the benefit is also very dependent of the ability (or willingness) of local enterprises to pay their contributions. This created divides between workers who came from economically sound SOEs and those who came from enterprises who could not make ends meet (Solinger 2005). Many experienced long delays in receiving their allowances or getting their insurance premiums paid. In some cases, the laid-off workers received no allowance at all. For example, in 1998 Chinese Labor Statistics showed that 32% of the laid-off received not benefit at all. (Chan 2010). Local economic resources also determined the quality of actual training and guidance. The training programmes varied widely from cooking and cleaning to marketing and public relations, but according to an official release from the Ministry of Labor and Social Security in 2004, 5.3 million *xiagang* participated in these training programmes (Lee & Warner 2007). This was hardly sufficient considering the vast number of workers laid-off in the years around the turn of the millennium. A national survey in 1998 found that only 10% of laid-off workers held a certificate of registration at a RSC (Liu 2011) According to official statistics, 26 million people were laid off from 1998 to mid-2002 (*ibid.*). Of these, 17 million supposedly re-entered employment, yet as suggested by the nature of the courses mentioned above, many re-entered in the low-skilled end of the labor market.

The new ‘minimum standard of living scheme’ (MSLS) for urban citizens evolved in the beginning of the 1990s. The scheme was spearheaded by Shanghai in 1993 and then adopted as national policy in 1999 (Yan 2014; Guan & Xu 2011; Chan et. al. 2008). Before then, social relief in urban China was mainly available through the aforementioned ‘three no’s’-programme. With the onset of economic reform it became apparent that increasing numbers of jobless people with extremely poor (if any) means of subsistence was one of the

biggest social problems in urban China. Poverty as a result of being inflicted by one of the 'three no's had previously constituted a majority of the urban poor, but new urban poverty following the market reforms now made up some 70-90% of the urban poor (Lin 2007). The problem was not limited to the unemployed. For example, a study by the All-China Federation of Trade Unions showed that 10 million did not receive their wages on time, and 1.5 million retirees faced reduced or even suspended pensions. Jiang Zemin, president at the time, urged social reforms that would support the ongoing economic transformation while securing stability and the Chinese government began regarding the plight of jobless urban workers as the biggest threat to social stability.

While Shanghai pioneered the scheme in 1993, it was soon followed by other provinces with the support of the Ministry of Civil Affairs. After the State Council called for remaining cities to adopt the scheme in 1997, it was emphasized that the MSLS targeted not only recipients of social relief via the 'three no's', but also unemployed and poor households in general. As always in the wake of both fiscal and policymaking devolution the level or income threshold of the assistance was to be a local matter. With so much leeway in defining the benefit, this meant that local governments reluctant to spend significantly on the benefit often presided over a scheme with very low coverage and generosity. To secure a more homogenous development, the State Council in 1999 issued a set of compulsory regulations. Most importantly, it was made clear that financial responsibility was a local responsibility to be shared by municipal and district level governments. This of course only exacerbated the general trend of very strict entitlement criteria and low benefits (Guan & Xu 2011). For example, while the number of beneficiaries increased from around four to 12 million up until 2001, it was estimated by researchers that the actual number of urban poor was around 30 million. Many of the excluded were people laid-off from the SOEs since local government did not want to finance a scheme for enterprises from which they had no power to collect taxes (Zhang 2012).

For these reasons, and probably also as a response to increasing social unrest, the central government decided to step in with significant financing. From 1999 to 2001, the central government increased its share of total financing from 5% to 54% and even went beyond 60% later in the new millennium (Solinger 2014; Xu 2007). Central government financing is even higher in many poor areas (and correspondingly lower in wealthy cities). In 2001, the State Council called for local governments to extend the scheme to all urban poor and also increase financing (Zhang 2012). Subsequently, the number of MSLS-beneficiaries increased to 21 million in 2002, and that number has since remained quite stable with a slight increase of a few million. Still, public expenditure on the MSLS has hovered around 0.5-0.6 % of total public expenditure or just above 0.2% of GDP (Solinger 2014; Wong et. al. 2014).

Around the same time as central government financing was increased, an increasing array of supplementary support was added to the scheme besides the cash-benefit itself. This usually included supplementary assistance for housing, education or medical care, to name some examples (Lei 2012). In 2007, the State Council announced that 2010 would be set as a goal of providing all urban MSLS-recipient with low-rent apartments or housing subsidies. Once again, the actual design and implementation of these supplementary forms of support is left to local governments, so geographical variations across China are considerable. The cash benefit itself is therefore only part of the overall benefit package.

The aforementioned changes in the official perception and discourse on poverty can perhaps be gauged from the urban MSLS-scheme, but it is at least quite evident in the new rural MSLS-scheme. This was adopted as national-level policy in 2007, but already in 2003 the Ministry of Civil Affairs started promoting the idea that a rural MSLS should be developed in order to guarantee a more integrated system of social assistance nationwide (Zhang 2012). While the MCA and the top-level leadership in the State Council had been in agreement on the expansion of the urban scheme, the Ministry encountered resistance about a more comprehensive rural scheme. The State Council made it clear that while an expanded rural MSLS might be

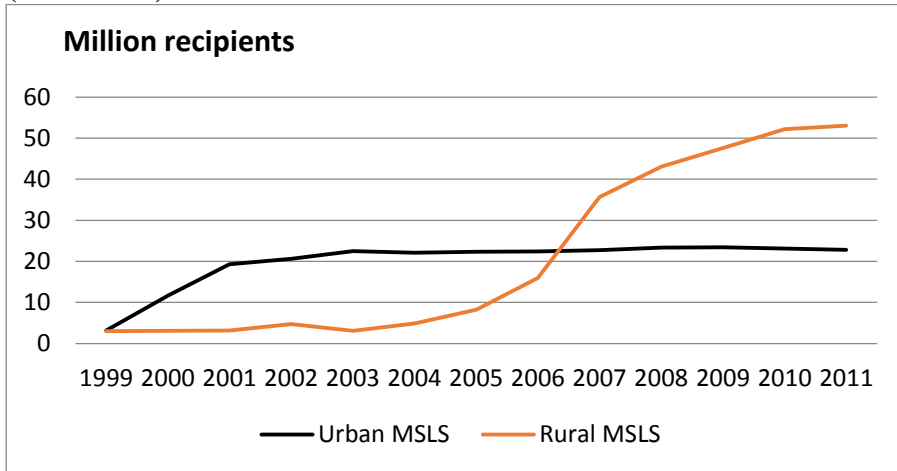
desirable, it was still a local matter and existing relief systems (such as the rural ‘five guarantees’) would still have to suffice. As mentioned before, coverage of the ‘five guarantees’ was extremely low, however, and continues to reach only around 1% of the rural population (Wu 2013). Eventually top-level and Ministry-level leadership converged on the new discourse of integrating rural and urban social assistance. From 2005, the State Council and CPC Central Committee repeatedly stressed that local governments in rural areas should explore the feasibility of establishing rural MSLS-schemes. In 2007, it was finally adopted formally as nationwide policy. Once again, central government financing was the most important factor behind the expansion of coverage from 2007.

While this development represents a big step in terms of coverage, it does not mean that social assistance can actually be said to be a universal, social right in China. Importantly, the MSLS is still not available for people without local *hukou* (Wong 2013a). This means that rural-urban migrants are excluded from the scheme. The widespread perception among city officials seems to be that migrant access is simply unaffordable and that it would open a floodgate of poor migrants (*ibid.*).

7.4 COVERAGE AND GENEROSITY: LAGGING BEHIND THE RISKS OF POVERTY AND UNEMPLOYMENT.

The coverage of the rural and urban MSLS-schemes has seen two major increases in coverage as Figure 6 reveals. This reflects the national adaption of the urban MSLS-scheme in 1999 and the rural counterpart in 2007. From 1999 to 2001, the number of urban recipients increased from just a few million to more than twenty million. The increase of urban coverage of course also reflects that the central government increased its share of financing as explained earlier. The number of rural recipients had already begun to increase before national adaption in 2007 and then increased sharply to more than 50 million.

Figure 6: Coverage of the Minimum Standard of Living Scheme (1999-2011)



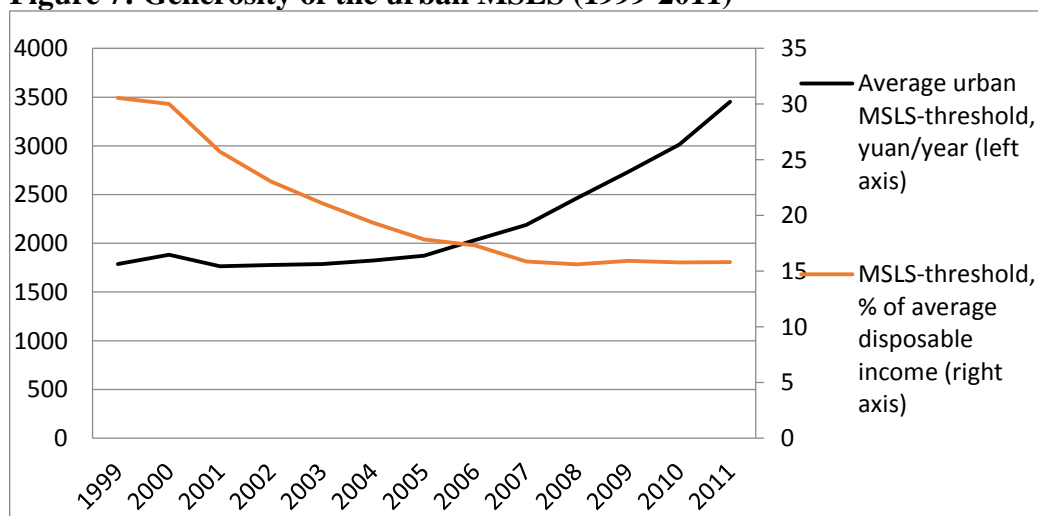
Source: National Bureau of Statistics of China (2013)

Official statistics on the number of recipients do by themselves not tell the whole story regarding coverage of the scheme. The number of recipients above correspond to 3.2% of the urban population and 7.8% of the rural population in 2012 (Wong. et. al. 2014), but a proper coverage rate needs to take into account the number of Chinese below the local MSLS-thresholds. Using data from the 2002 China Household Income Project, Gao et. al. (2009) found that only half of formally eligible households actually received the benefit. Work on 2003-2004 data on urban households by Chen et. al. 2006 found that 7.7% of urban citizens had incomes below the local MSLS-lines, but once again, only about half received the benefit.

This reflects what can only be described as limited coverage. This is where we see the effect of the aforementioned local and usually very informal eligibility criteria (Solinger 2014; Yan 2014), but we will elaborate further on this below. There is an issue regarding the reliability of official reciprocity statistics such as those just above. For example, Luo & Sicular (2013) note that only 2.5% of rural households in the China Households Income Project (CHIP) survey were recipients in 2007, while the official data corresponded to 4.9%, but this may also reflect inadequacies in the sampling of poor

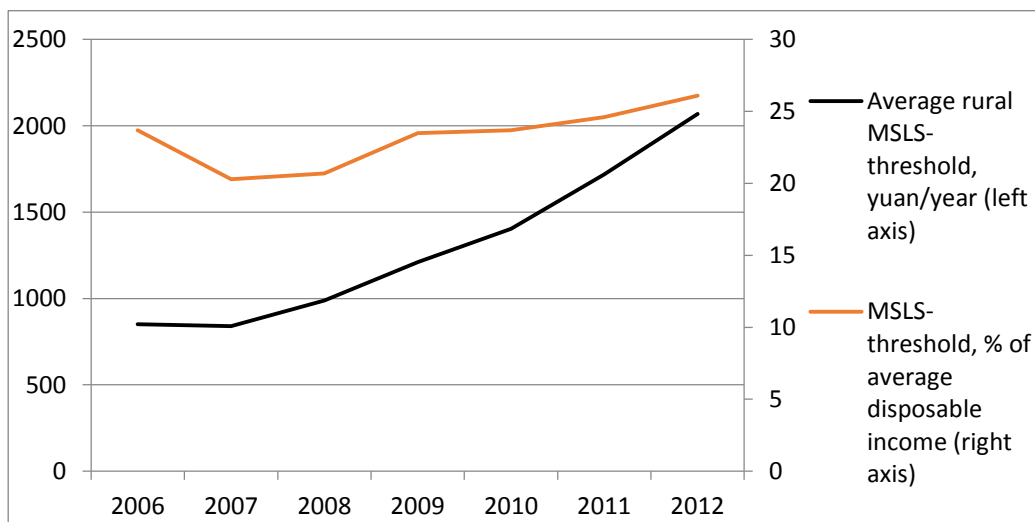
households in surveys such as the CHIP, which is a common problem. In these 2007-data, only 5-7% of poor individuals (depending on whether poverty is measured by the official poverty line, the 1.25 USD/day poverty-line or the relative poverty lines of 50% or 60% of median income) were MSLS-recipients in rural China (Luo & Sicular 2013). At the same time, 1-2% of the nonpoor were MSLS-recipients. However, these seemingly very low coverage rates also reflect that local benefit thresholds are usually set below these poverty lines (see below).

Figure 7: Generosity of the urban MSLS (1999-2011)



Sources: National Bureau of Statistics of China (2013); MCA (2013); Lei (2012)

Note: The MSLS-threshold is not equal to benefits granted since the MSLS is a top-up scheme where any other income in the household is deducted from the threshold. Numbers apply to an individual recipient, but note that the benefit is granted on a household basis (where income is calculated as average income per member in the household. The difference between average income and the threshold is then multiplied by the number of household members and the total sum is granted to the household as the benefit).

Figure 8: Generosity of the rural MSLS (2006-2012)

Source: Umapathi et. al. (2013);

Figures 7 and 8 tell one important story: The average urban and rural MSLS-income threshold has increased significantly, but in relative terms it is far less impressive when the general Chinese income development is taken into consideration. Since the turn of the millennium, Chinese urban wages have on average increased by 14-15% every year (National Bureau of Statistics 2013), and this has left urban MSLS-recipients relatively poorer than before. The average urban threshold has dropped from 31% to 15% of the average, disposable per capita household income in urban China from 1999 to 2007. The yearly increases in local thresholds has since then kept the pace with the general income level. In most places, the level of the MSLS was raised significantly in 2008 and 2009 as part of the four trillion stimulus package from the government (Cook & Lam 2011). In rural China, the MSLS has even increased to 26.1% of average disposable income from the bottom level of 20.3% in 2007. In 2011, the central government raised the official rural poverty line to 2300 yuan/year (or about 1 USD per day at the time). This was a 92% raise compared to the 2009-line (Wall Street Journal 2011). This may play a role for the even steeper increase in local rural MSLS-thresholds

that happened that same year, but it should also be noted that the average threshold is still below this line.

Furthermore, one should bear in mind that the threshold does not correspond to actual benefits granted since the MSLS is a top-up benefit where other income is deducted. If this adequacy rate had been re-calculated according to average, disposable wage, the benefit would appear lower still. However, these estimates may also underestimate the Chinese benefit for a number of reasons. One important thing to note is that the benefit is granted on a household basis where average income in the household is taken into consideration. This means that in a one-earner household with two adults, one income is divided by two in order to calculate the cash benefit. This difference (threshold-income) is then multiplied by two in order to calculate the benefit (on average, there are two recipients in a MSLS-household according to the MCA (2013)). This also means that the threshold is not as harsh as it seems for households with more recipients than independent incomes.

Finally, as mentioned before, the cash benefit is not the only support available for most MSLS-recipients. It should therefore be noted that supplementary support such as housing, education or medical support is usually available according to need as mentioned before. Here, local variations are very considerable. Using Guangzhou in 2010 as an example, Lei (2012) tracks how recipients there were entitled to significant benefit increases in the form of extra subsidies for education, housing, elderly couples or health insurance. Other available and more specific forms of support were for example complete exemption for education costs, free access to medical insurance, vouchers for daily necessities and more (Lei 2012). Guangzhou is widely perceived as a city with a particularly advanced welfare system, so while the scheme can be relatively generous for recipients with certain welfare needs there, it is most certainly not a typical case.

As noted just above, any exact development in coverage over time of the MSLS is very difficult to find or calculate. A way to assess the combined effect of coverage and generosity of the scheme is to

consider that no Chinese households would be below the MSLS-thresholds if everyone was included. In contrast, Wang (2007) found that the poverty-rate only dropped from 13,6% to 12,1% of urban households if one defines poverty as income below the local MSLS-thresholds (based on a 2004-survey among 6700 households in 14 cities).

However, this is not only a result of low coverage, but also of ‘benefit gaps’ for those included in the scheme. Many households are simply not getting the top-up allowance they are formally entitled to (up to the local minimum income line), even if they are covered. It is well-documented how the local ‘street offices’ and ‘community committees’ charged with registering and administering the individual recipients include very strict, local and particularistic eligibility criteria (such as ownership of electrical appliances or other ‘luxury goods’ barring potential recipients from the benefit) (Yan 2014; Lei 2012; Solinger 2008). There is a strong concern with avoiding ‘dependency’ or ‘raising lazy people’ both among the general public and the street offices who implement the benefit (Yan 2014; Lei 2012). Particularly poorer cities and local areas tend to exclude the registered unemployed, but at the same time they include people in flexible or informal work to a larger extent than wealthier areas (Solinger 2014). Such dynamics are important factors behind the benefit gaps.

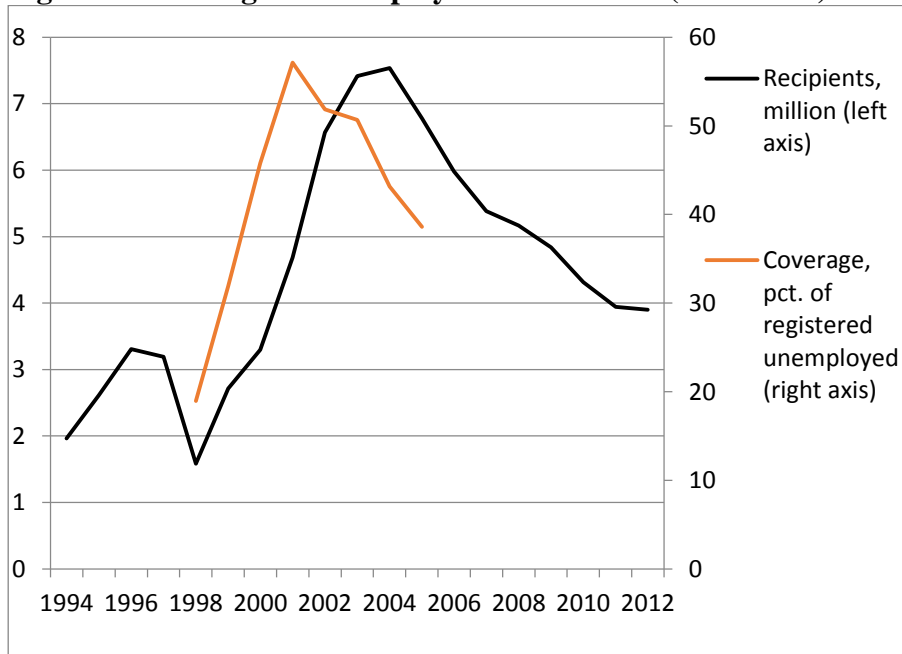
Gao et. al. (2009) found a benefit gap of an astonishing 73% in urban China with their 2002-data. It is therefore not surprising when Gustafsson & Deng (2011), also using the same 2002-data, find that the benefit itself only made up 10% of the household income among recipients. They also find that only 16-40% of households are actually moved out of poverty, using various consumption-based poverty levels. Gao (2013), based on a 2009-2010 survey, finds that the MSLS decreases the poverty rate from 30% to 16%, with a poverty-level set at the consumption requirement for minimum food intake. However, this most recent study is only based on one district in Shanghai.

If we instead turn to relative poverty levels and utilize the standard 50% of median income as the poverty line, Wang (2007) found that pre- and post-transfer poverty rates were 21,1 and 20,3%, respectively. Gao et. al. (2009) find similarly weak effects on relative poverty using the same 50%-level.

These data are of course all from the beginning of the millennium. Umapathi et. al. (2013) calculate from official statistics on benefits paid that MSLS-transfers on average increased from 30% to 73% of the average MSLS-threshold in 2002-2012 (urban MSLS) and from 49% to 60% in 2006-2012 (rural MSLS) This may either indicate smaller 'benefit gaps' or increasing needs among the very poorest. According to Gao (2013), one Chinese study has found that the ability of the MSLS to combat absolute poverty rates increased only slightly between 2001 and 2005. This is perhaps not surprising given that benefit levels have certainly increased, even if they have declined relative to the general income development in that same period..

Figure 9 reveals coverage of unemployment insurance, but is important to note that this coverage rate is only calculated by the numbers on official and registered unemployed. As section 7.2 explained, real unemployment is much higher. Nevertheless, the reciprocity rate at least tells us the coverage of unemployment insurance as a percentage of potential recipients who have the right to participate (as the unregistered unemployed cannot gain access to the scheme)

Since the registered unemployment rate has remained very stable, it would appear that the coverage rate has declined to around or below 30% of the registered unemployed in most recent years, but this is also very uncertain since the official unemployment rate in particular is such a 'politically sensitive' statistic as explained previously.

Figure 9: Coverage of unemployment insurance (1994-2012)*

Source: National Bureau of Statistics of China (2014); CDRF 2012; Vodopivec & Tong (2008); Warner & Lee (2007)

*) 1999-2006 coverage data are based on year-end recipients and come from CDRF (2012) and Vodopivec & Tong (2008). Million recipients indicate beneficiaries during the year.

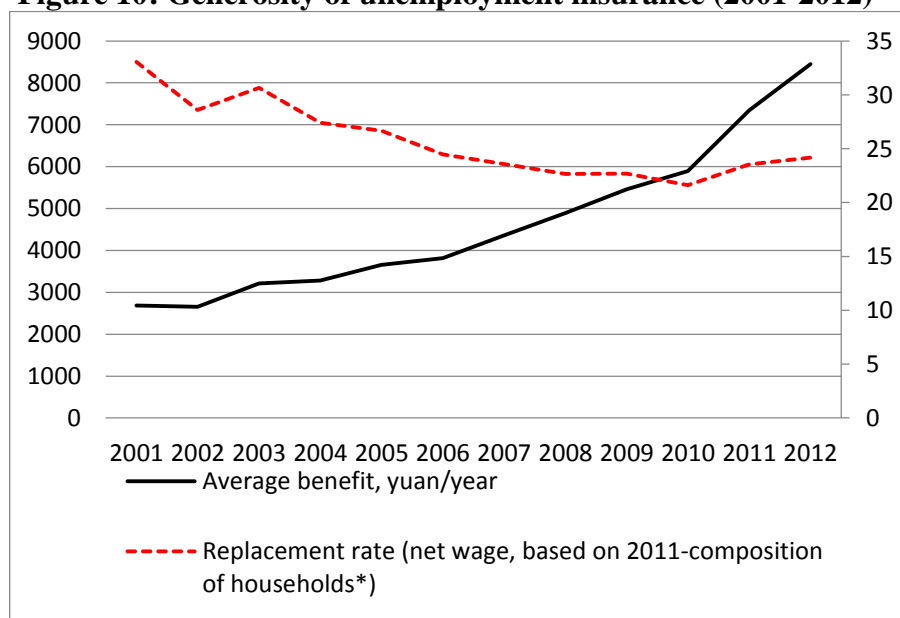
The reasons for the apparent decline in coverage and recipiency are not entirely clear, but perhaps it might reflect that some groups with more marginal and less secure labor market relations have joined the ranks of the unemployed. These could be the former laid-off or *xiagang* workers who have gradually been channeled into official unemployment or even some migrant workers in most recent years. Both groups have a distinct status as labor market outsiders for different reasons, and therefore might have problems finding their way into unemployment insurance.

The rural-urban migrants are predominantly not included in registered unemployment and face a big coverage gap compared to urban

workers. Surveys of migrant workers conducted in 2005, 2010 and 2012, for example, concluded that only 8-10% of migrant workers were enrolled in unemployment insurance, a share that did not appear to be increasing (Wang & Wan 2014; Wong 2013a). Despite the fact that they are now formally acknowledged as part of the urban labor force, they still have big problems enrolling in unemployment insurance. One explanation is the problem with extending work contracts to these workers as mentioned previously.

Figure 10 below reveals a story about generosity which is very similar to the one for the urban MSLS, namely that significant benefit increases have been outpaced by even more significant income increases among the population in general. However, the benefit increases since 2007 have at least kept the pace to a much higher degree. As in the case of the MSLS, unemployment benefits were also raised significantly from 2008 following the four trillion stimulus package (Cook & Lam 2011). Again, we should note that the exact estimates are uncertain (as explained below).

Figure 10: Generosity of unemployment insurance (2001-2012)



Source: National Bureau of Statistics of China (2014); Procedurallaw.cn (2013); CDRF 2012; Vodopivec & Tong (2008); Warner & Lee (2007)

Note: 1) Average benefit is based on total benefits paid during the year and beneficiaries at year-end (in essence it is therefore assumed that the number of recipients at year-end is representative of the situation during the year).

2) Replacement rates have been calculated by re-calculating average per capita disposable income (excluding transfers) to cover only wage earners, based on the number of dependents in the average household (in 2011). The numerator in the estimated net replacement rate is simply the average benefit amount (left hand axis) since the benefit is not taxable.

Just as the MSLS is low if compared to social assistance counterparts in developed welfare states, so the Chinese unemployment insurance is very low. A net replacement rate of around or below 25% is not much compared to most OECD countries, where the net replacement usually is well above 50% for an average workers except in a few instances such as the United Kingdom (OECD 2014a). However, just as in the case of the MSLS, it should be noted that the disposable income statistics does not include informal employment, generally at lower wage levels, which makes the replacement rate appear lower than it actually is for significant groups in the actual workforce. On the other hand, this group is of course not eligible for the benefit.

To summarize our lengthy enquiry into unemployment protection, the extension and increased coverage of social protection (social assistance in this case) is marred by inadequate or even declining benefit generosity. Unemployment insurance has not witnessed significant reforms. This general conclusion in terms of generosity and coverage will become a familiar refrain during the course of the next two chapters. The final conclusions regarding this policy field will be the focus of chapter 11 (and rather implicitly also in the Sino-Nordic comparison of chapter 10) as we compare all three policy fields at the same time.

CHAPTER 8. PENSIONS: A NEW MULTIPILLAR SYSTEM IN TROUBLE

This chapter will focus on the development of the Chinese pension system, beginning with the broad reform path and then focusing in later sections on generosity and coverage (and the big problems that plague the system in this regard). As argued in chapter 1-3, these dimensions of rights are crucial for our enquiry into the social policy developments vis-à-vis the goal of ‘moderate universalism’ and also for social citizenship.

The reader should be familiar with standard pension literature-jargon before reading this chapter (and chapter 10). I will be making use of the terms of *defined benefit (DB)*, *defined contribution (DC)*, *pension tiers*, *pension pillars*, ‘*pay-as-you-go*’ (*PAYG*) and *funded*.

The first two refer to benefit entitlements. DB-based entitlements guarantee a pre-defined benefit level, which could for example be based on years of service or as a share of the salary. DC, on the other hand, simply means that benefits are based on contributions (and yields from investments of those contributions).

Pillars and tiers refer to the institutional ensemble of the overall pension system. The trifold distinction between the pension pillars of state, occupational and private is common. This means that the total pension income of any individual may come from any of these three sources at the same time. Tiers usually refer to whether benefits are ‘basic security’, earnings-related or supplements. Pillars and tiers may be very similar, for example, with the state pillar guaranteeing basic benefits while occupational solutions are earnings-related, but this is not always the case. As we shall see, it is also very common that the state pillar features both basic security and earnings-related benefits, for example.

PAYG and funded refer to the financing of benefits. PAYG means that the current working age-population pays for current retirees,

which may be both through general taxes or special contributions. In a funded system, however, pension contributions are saved and people pay for their own pension benefits during work life.

Having elaborated on the terms, we can turn to our investigation of the Chinese pension system. In general, pension reform in contemporary China has been a rocky road towards a multipillar pension system whose very basic institutional features might resemble what you could find in almost any modern welfare regime, but with some very specific Chinese characteristics as well.

Overall, the current Chinese pension system can be divided into at least four major benefit systems, namely one directed towards employees in urban enterprises, one aimed at urban residents outside employment, one for the rural population in general and finally one directed at civil servants and government employees (Wu 2013; Xu & Zhang 2012).

8.1 THE LONG HAUL TOWARDS A MODERN PENSION SYSTEM

The urban pension system traces back to the aforementioned 1951-Labour Insurance Law which covered all urban work units nationwide. It is remarkable that it did not cover the big majority of the population namely the rural population. The separate scheme for civil servants was enacted in 1955, but merged again with the other scheme just three years later, before once again branching out as a separate tier in 1978 (Xu & Zhang 2012). Both schemes were operated on a pay-as-you-go (PAYG) basis with the pension allowance being defined benefit (DB). Contributions from urban enterprises were collected and administered by the All-China Federation of Trade Unions through the individual trade unions (Shi & Mok 2012). Generosity of the DB-benefit varied, but the replacement rate was typically 50-70% and even higher for civil servants (Wu 2013; Salditt et. al. 2007). Pension age was set at 60 years for men and 55 or 50 years for women, just as it is today. This is also quite remarkable, since average life expectancy in the 1955-

1960 period was 43,1 years for men and 46,2 years for women, while it has increased to 73 years in 2011 (Salditt et. al. 2007; World Bank 2013). The scheme ceased to function during the cultural revolution as trade unions were abolished and the ACTFU-administered system could no longer operate. Instead, the individual enterprises largely became responsible for their own employees.

The system as it looks today is very much a child of the reform era. As mentioned before, the impetus for the current contribution-based system was a result of increasing financial burdens on urban enterprises within an increasingly market-based and competitive environment. The practice of giving full responsibility for pensions to the workplaces as it developed during the Cultural Revolution was formalized in 1978. The principle of ‘socialization’ in pensions and elsewhere meant that burdens were shifted from the state to enterprises and individuals (ibid.). The number of workers per retiree decreased from 30 to six in ten years from 1978 to 1988 (Salditt et. al. 2007). Pension benefits declined markedly, but most for the poor and less so for the better off in well-performing enterprises (Friedman 2013).

Local experiments with pooling of funds in combination with individual accounts based on personal contributions began taking place in early 1980s (Xu & Zhang 2012; Ye 2011). As could be expected, these local solutions varied widely in design and implementation, just as it varied whether they applied to the county or provincial level. In 1986, the central government stepped in and now for the first time required that employees should take part in financing pensions. A national contribution rate was set at 3% of the wage and 15% of the pre-tax wage bill for employers and the funds were now to be managed by local social insurance agencies (Friedman 2013; Xu & Zhang 2012). This shifted some of the burden away from urban workplaces.

In 1991, the State Council stepped in and called for provincially pooled pension funds to cover all types of non-governmental urban workers (Xu & Zhang 2012). This applied only for urban, state-owned enterprises, while collective enterprises and private companies

could join voluntarily (Chan et. al. 2008). The envisioned scheme consisted of the basic pension for all retirees, where the financial responsibility was to be shared among the three parties of employers, employees and the state (Salditt. et. al. 2007). As the new Chinese pension system was to be increasingly financed by employers and employees, the government would not shoulder a bigger financial responsibility when the scheme was to be extended. Pensions declined from 8% to 5-6% of government budgets in the middle of the 1990s (Shou 2013). In the 1991-system, employers' contributions were to be decided locally, while employees would pay a contribution at 3% of their wage. In addition, there could be a supplementary scheme financed by the enterprise and a private account financed by the individual workers themselves (payable as a lump sum upon retirement). Taken together, this is what we may otherwise also understand as the basics of a multipillar pension system. Financing and contributions were now to be administered by the local pension board. Still, the basic pension remained very dominant, and it operated purely on a PAYG-basis (Ye 2011).

The State Council acted once again in 1995 with a new plan which in earnest outlined the basics of the pension system as it is defined today. Specifically, it turned the public pension tier from being purely PAYG-based to one based on a combination of social pooling and (formally) funded personal accounts with benefits determined by the principle of defined contribution (Xu & Zhang 2012). Still, the 1995-decision gave local governments much leeway in defining the exact balance between personal accounts and social pooling as well as the exact contribution rates. It also offered two different ways in which social pooling could be combined with individual accounts which did not exactly further a more unified system either (Friedman 2013; Chan et. al. 2008).

8.2 THE NEW PENSION SYSTEM EMERGES

The ambition of a more unified system was finally fulfilled to some measure in 1997 with the *Decision to Establish a Unified Basic Old-age Insurance System for Enterprise Workers* from the State Council.

It was set in stone that the first tier of the public pension scheme would consist of the PAYG-based and defined benefit-calculated tier, while the second, defined contribution-tier would be the individual account based on individual contributions (CDRF 2012).

In terms of the unification of contribution rates and benefits, the new regulation stipulated that enterprises would contribute up to 20% of the total wage sum while individuals would pay 8% of their wages (as it is also the case today) (Chen & Gallagher 2013; Wu 2013; Xu & Zhang 2012). The exact employer contribution rate is decided by each province or autonomous region, but it cannot exceed 20%, and some self-employed or employees with flexible employment pay more than 8% (Chen & Gallagher 2013). Therefore, variations remain, but contribution rates typically fluctuate between 11-20% for employers and 8-11% for employees (Wu 2013).

The individual account consists of the individual contributions plus 3% from the enterprise contribution (corresponding to 11% of the wage in total in case of 'normal' contribution rates). In terms of pension payments, the basic, defined-benefit tier should correspond to 20% of the local average wage prior to retirement, topped up by the personal account divided by 120 a month (making it last for ten years). This set-up was outlined on the basis of recommendations from the World Bank (Safarti & Ghellab 2012). The new set-up was not implemented until 2000, where it was established first in Liaoning province, and then slowly expanded to other provinces in the years after.

In 2000, the central government also promulgated the National Social Security Fund (NSSF) in an effort to alleviate some of the biggest problems stemming from a very fragmented system (Shi & Mok 2012). Risk pooling was very limited with very local, sub-provincial level funds marked by disparities in financial sustainability. This naturally created conflicts of interests in cases where more affluent funds did not want to merge with the less fortunate ones. On top of this funds were divided according to whether they applied to SOEs, urban collectives or foreign-invested enterprises (Frazier 2010). By the mid-1990s, there were 3.423 pools for SOEs at the city or county

level, plus 2.219 for urban collectives and 764 for foreign enterprises. This is a number that can only be considered to be vastly bloated, even in a country like China. In many cases, lack of resources meant that the personal accounts were directed to finance current retirees, creating a system that was de facto still purely PAYG-based in many cases. The NSSF was meant to strengthen pooling at the provincial level and ensure financing by letting it act as a reserve of last resort (Salditt et. al. 2007). Revenue from the privatization of SOEs among other things were transferred to the NSSF in order to build it up as a long-term, strategic reserve in order to cover the the pension liabilities of local governments in the future as demographic transition kicks in. However, problems with ensuring personal accounts and risk pooling still persist.

Table 22: Important pension reforms.

<i>Year</i>	<i>Reform</i>
1978	‘Socialization’ of pension responsibilities to urban work units
1986	Employee contributions added at 3% of wage; Employer contribution set at 15% of wage bill.
1991	Provincial-level funding system administered by pension boards Multipillar system as it is today (except that pillar 1 was purely PAYG and defined benefit)
1995	From purely PAYG public pension to mix between social pooling and personal accounts (two tiers)
1997	Basic old age insurance system for enterprise employees. National harmonization of contribution rates and benefit formula for tier I and tier II.
2000	National Social Security Fund set up to strengthen provincial pooling and ensure contributions in individual accounts with NSSF as a reserve of last resort.
	Changes in contributions and benefit formula: Decrease in funds to personal account, increase in the basic, defined-benefit tier.
2006	Changes to benefit formula.
2009	New rural pension system.
2011	Urban residents’ pension system

Sources: Herd (2013); Shi & Mok (2012); Xu & Zhang (2012); Salditt et. al. (2007)

In 2000, the balance between contributions to the personal accounts and the basic, defined-benefit tier was also changed (Xu & Zhang 2012). Specifically, it was decided that only the employee-contribution of 8% of the wage would go the personal account, whereas the 3% of the wage-bill from employers that were previously used to fund personal accounts now would go to the basic tier. The extra financing for the basic, defined benefit-tier were used to make this more generous for individuals with long contribution histories, so that people who had contributed more than 15 years to the pension system would get benefits above the previous level of 20% of the average local wage, but with a maximum of 30%. This was changed again in 2006, so that benefits from the individual account would be equal to 1/139 (rather than 1/120) of the accumulated funds, which reflected life expectancy at age 60) with even bigger divisors for women as indicated in table 23 because they retire earlier. Furthermore, the basic tier was changed to reflect wage differences so that each year of contributions would qualify for 1% of the local average wage indexed by the individual wage prior to retirement. The target is a replacement rate of nearly 60% for a contribution period of 35 years (35% from the first tier and 25% from the personal account)

In the new millennium, the central government also tried to facilitate the development of second-tier, purely employment-based pensions by providing the regulatory framework on how these funds were to be managed as well as providing them with tax concessions (Shi & Mok 2012). By the end of 2010, more than 33.000 companies covering 56 million workers had established such schemes.

By far the biggest pension reforms since the gradual set-up of the urban multipillar pension are the new pension schemes for citizens with rural hukou in 2009 and for urban citizens outside the workers' system in 2011. Both schemes had been running as local trials in select provinces a few years before nationwide adaption. These two new schemes are very similar in their set-up. While the schemes are in essence relatively cheap (low contributions) and therefore not very generous, they do nonetheless represent significant steps in terms of securing pension benefits as a basic social right. These new schemes were also to consist of a mix between a basic, defined-benefit tier and

a defined contribution-tier with a personal account (Chen & Turner 2014; Herd 2013). The first tier is a flat-rate benefit financed entirely by central and local government, set at the minimum level of 55 yuan/month (corresponding to 7,3% of average disposable income of rural workers in 2011¹¹) (National Bureau of Statistics 2013). Local governments can raise the level of this very low non-contributory, minimum benefit according to their financial ability. The second tier, the personal account, is funded by a contribution at a level decided by the individual, but within a certain range with fixed steps (for example five contribution levels from 100-500 yuan/month for the rural scheme).

The new rural scheme was to be a nationwide solution in place of the much diversified local solutions that were available to some rural Chinese with gradual implementation expected to last until 2020. The new rural scheme had been in experimentation in some localities since 2007 following a decision in 2002 by the Central Committee of the CPC that urged wealthier provinces to explore the establishment of rural pensions (as well as medical insurance and a rural minimum living allowance) (Xu & Zhang 2012). Rural pensions had been an issue since the communes were disbanded in the early 1980s, which meant the effective break-down of any coherent coverage of pensions. Local solutions were later to be found in a very patchy manner, but the Ministry of Civil affairs in 1992 tried to promote a more unified rural pension system with some success, but coverage never increased above 75 million. Crucially, the central government never contributed more to this scheme beyond tax concessions, and many less-developed regions disbanded the scheme when they started to experience financial difficulties.

¹¹ Estimation based on a re-calculation of average per capita disposable income (excluding transfers) to cover only wage earners (multiplying per capita disposable income by average number of dependents in each household. The numerator in this replacement rate is of course the flat rate benefit of 55 yuan/month (660/year).

Table 23: Set-up of the three new pension schemes

	<i>Urban workers</i>	<i>Urban residents</i>	<i>Rural residents</i>
Year	1997	2011	2009
Target population	Formally employed urban workers	Urban residents outside the formal labor market	All rural residents
Coverage	60.3% of urban employees (2011)	NA	49.7% of rural population (2011)
Pillar 1	Tier I: Social pooling Tier II: Personal account	Tier I: Flat-rate benefit Tier II: Personal account	Tier I: Flat-rate benefit Tier II: Personal account
Pillar 2	Other employer-based pensions	NA	NA
Pillar 3	Individual pension	NA	NA
Financing	Tier I: Employer-financed (20% of wage sum). Tier II: Employee-financed (8% of wage)	Tier I: Central and local government Tier II: Personal contribution of own choice (five possible levels from 100-500 yuan in 2011)	Tier I: Central and local government Tier II: Personal contribution of own choice (ten possible levels from 100-1000 yuan in 2011)
Benefit formula	Tier I: Defined benefit. 1% of local average wage per year of contribution indexed by personal wage at retirement Tier II: Defined contribution. Payment at 1/139 of savings in personal account per month (1/195 for a woman retiring at age 50; 1/170 at age 55).	Tier I: 55 yuan/month in 2011 Tier II: Defined Contribution. Payment at 1/139 of savings in personal account per month.	Tier I: 55 yuan/month in 2011 Tier II: Defined Contribution. Payment at 1/139 of savings in personal account per month.
Intended replacement rate	60% of pre-retirement wage for 35 years of contributions (35%	NA	35% of average per capita household income (Flat-rate

	for tier I + 25% for tier II)		benefit equivalent to 25% + contributory benefit equivalent to 10% of household income)
Generosity	45% of average wage for both tiers (2011)	Tier I: 3% of urban disposable per capita income (2011)	Tier I: 9.4% of rural disposable per capita income (2011)

Sources: Wang et. al. (2014a; 2014b); Chen & Turner 2014; Herd 2013; Xu & Zhang 2012; Chan et. al. 2008

The new urban residents' scheme from 2011 is basically built on the same template as the rural scheme from 2009, but with personal contributions instead divided into ten possible levels (from 100 to 1000 yuan/month in 2011) (Xu & Zhang 2012). The flat-rate tier of 55 Yuan/month corresponds to just 2,11% of the wage of the average urban worker. In both schemes, the level of central government subsidy is geographically defined. Central government finances 100% in middle and Western provinces, and only 50% in Eastern provinces.

In addition to these three main schemes, we should remember that the basic PAYG-based pension scheme for civil servants without personal contributions is still in place. We will return to this (still) much more generous scheme below. In addition, we could single out a new scheme for employees at public institutions. Following a State Council decision in 2008, experiments with singling out a new separate scheme for these workers were undertaken in three provinces as well as Shanghai and Chongqing (Wang et. al. 2014a; Brødsgaard & Chen 2014). However, it is not yet adopted nationally and just as the two schemes for urban and rural residents are very similar, the set-up of this scheme resembles the urban workers' scheme as depicted in table 23.

8.3 COVERAGE AND GENEROSITY: THE CHALLENGES OF AN UNSUSTAINABLE AND FRAGMENTED SYSTEM

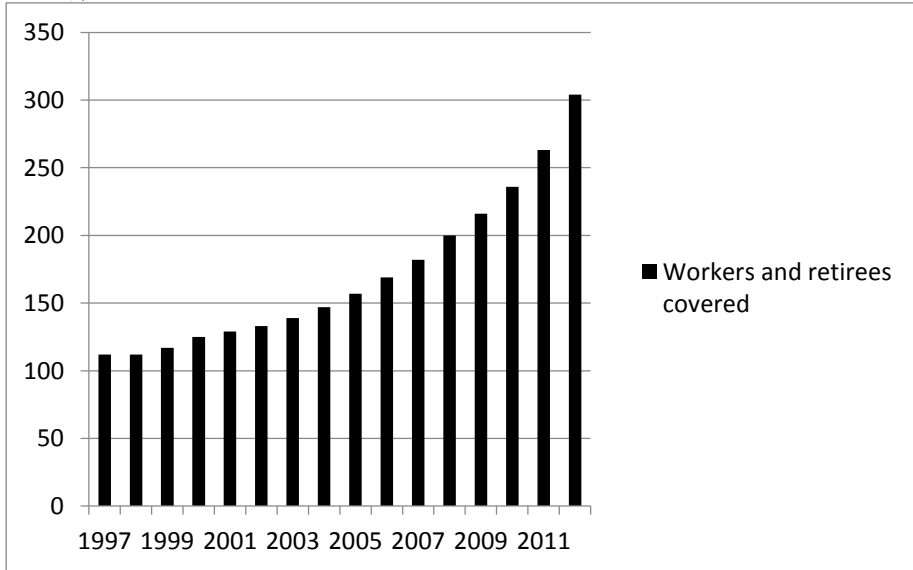
It is clear beyond doubt that the aforementioned pension reforms are extremely significant in terms of expanding access to pension schemes for the whole population, both rural and urban. These pensions are insurance-based, but nevertheless with a new, in-built minimum pension benefit as a basic right for those covered since 2009 in rural China and since 2011 in urban China. Everybody over age 60 can receive this new minimum benefit even if they have not contributed to these new schemes (provided that their children are enrolled) (Chen & Turner 2014). Truly universal basic pensions have even been formally adopted at the local level in many cities (Lei & Walker 2013). In Guangzhou, for example, elderly above the age of 70 are granted a universal allowance which increases with age.

These reforms are also reflected in the coverage of the various pension schemes outlined below. In this case, only the urban employees' scheme is depicted along with the new rural pension scheme. A time series for the new urban resident's pension from 2011 would be very short, but in 2012 2.35 million retirees received pensions from this scheme according to official statistics (Wang et. al. 2014a, see also figure 12 below). In total, 125 million retirees were reported to receive pensions in 2011, corresponding to a coverage rate of 60% (Wang et. al. 2014b). By the end of 2014, Vice Premier Ma Kai delivered a report to the National People Congress which stated that coverage stood at 80% of all workers and retirees (China Daily 2014).

What we have to keep in mind in that the figure below is of course that the data are in absolute numbers, which do not reflect increasing urbanization. The official urbanization rate has expanded from 17% in 1978 to 36.2% in 2000 and 53% in 2011 (OECD 2013a; Webber & Zhu 2007). Therefore, while the number of urban workers covered by the pension scheme doubled from 2000 to 2011, the share of the population living in urban China also increased by nearly 50%. About

60% of urban workers were covered in 2011, while the figure was around 45% in 2000 (CDRF 2012:13).

Figure 11: Coverage of urban workers' pension scheme (1997-2012), millions

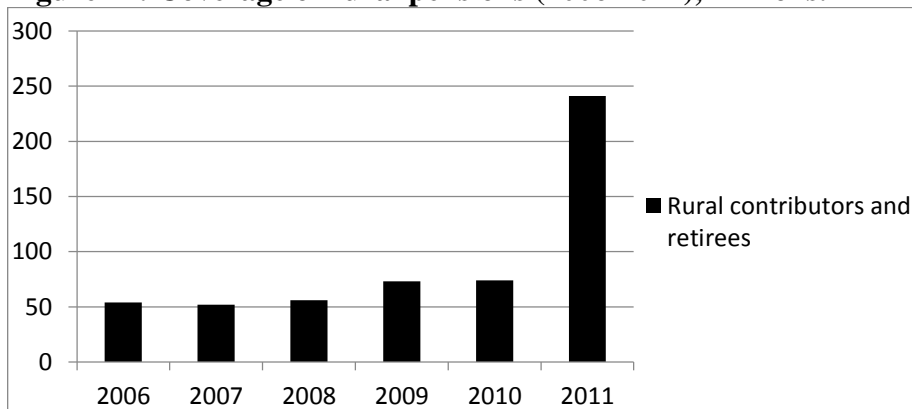


Source: National Bureau of Statistics (2014)

Conversely, the expansion of rural pensions becomes even more impressive when we take into account that the rural population is shrinking. The table below mainly indicates a dramatic increase in 2011 in the number of rural Chinese covered, but also a noticeable development from 2009 following the adaption of the new scheme in that year.

It should be emphasized that, unlike unemployment protection previously and health insurance in the next chapter, our numbers for coverage numbers come straight from official statistics without any discussion or references to other estimates.

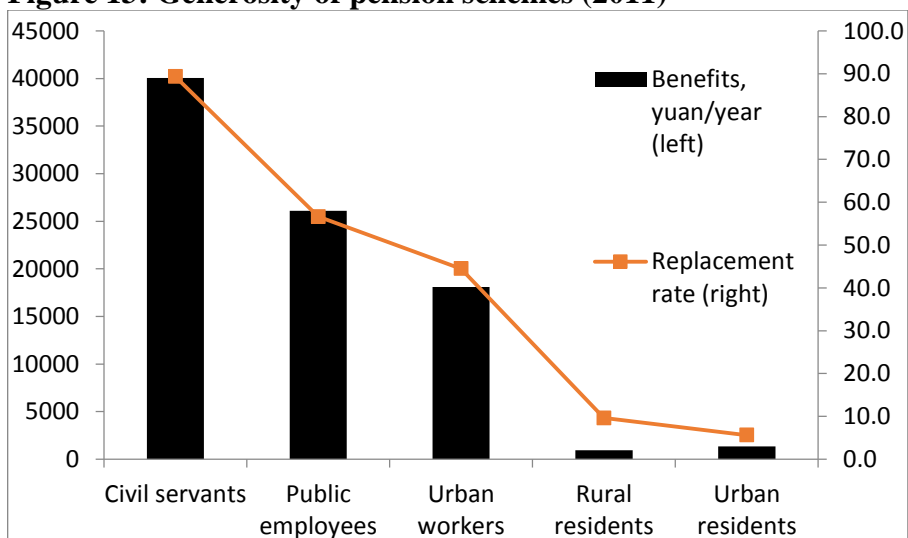
Figure 12: Coverage of rural pensions (2006-2011), millions.



Source: National Bureau of Statistics (2013).

Note: Data for 2012 not shown since the statistics for the rural residents' scheme have become merged with the urban residents' scheme. In 2012, 484 million people were reported to be included in both schemes, of which 134 million were elderly recipients.

Figure 13: Generosity of pension schemes (2011)



Source: Wang et. al. (2014a)

Replacement rates calculated according to the estimates of average wages for the different segments of the population in Wang et. al. (2014a).

In the urban workers' system, average replacement rates have dropped from more than 75% in the late 1990's to around 45% in 2011 (Herd 2013). Benefits vary according to geographical location of course, but not as much as general income differences, which means that scheme is especially inadequate in wealthier regions. For instance, when the average replacement rate for urban pension insurance in 2003 was 56%, it ranged between 40-80% in different provinces, with the lowest figures in Shanghai, Beijing and Tianjin (Chan et. al. 2008). Projections of the average replacement rate places it at around 30% in 2050 despite the official target of 60% mentioned previously (Herd 2013). Civil servants have not witnessed the same drift of replacement rates just as they have the advantage of not paying personal contributions. Civil servants pensions are today based on the two components of 'rank wage' and 'duty wage' which formally should yield replacement rates of 80-90% for 35 years of employment (Wu 2013). In terms of the new urban and rural residents' pensions, benefits are at this point paid mostly at the low basic level of 55 yuan/month since the contributory tier is still maturing.

The issue of benefits is of course closely linked to the financing of the scheme. Firstly, the accumulated funds and their returns quite simply cannot keep up with the dramatic increase in Chinese incomes. This is has so far not been fully countered by the set-up of the National Social Security Fund (NSSF) mentioned earlier, even if the decline in generosity has been curbed somewhat in later years. A study from the Global Pension Fund Research Center of the Chinese Academy of Sciences estimated that the average rate of return for China's pension funds had been less than 2% in 1997-2010, even lower than the increase of the consumer price index (Chen & Turner 2014; Hu 2014). The problem is a result of a quite restricted and still immature Chinese financial market (Chen & Turner 2014; Hu 2014; Shi & Mok 2012). For the pension funds, a specific problem is that they are restricted to deposit funds in national banks or invest in government bonds by the current regulations. The aforementioned NSSF has more leeway, but is also subject to regulations on how large a share of funds can be invested in shares, for example. Local governments have

been allowed to entrust the NSSF with investing contributions from individual accounts since 2007 and pilot projects allowing a small number of local governments to use a larger array of investment options were undertaken from 2012 (Chen & Turner 2014).

Additionally, a personally funded account lasting for only 139 months (or less than 12 years, but longer for employed females as noted before) means that funds are increasingly inadequate as life expectancy increases. The retirement age has not been changed at all since before the reform era when the retirement age was higher than average life expectancy. The average retirement age was 56.1 in 2011, which means that contributions for individual accounts did not even last to age 70 at a time when average life expectancy was 74.8 years (Wang et. al. 2014b). Since the benefit level is guaranteed as an annuity even if the the 139 months are exceeded, the government is financially liable for the DC-based benefits beyond this point. This problem will become worse as the dependency ratio increases. It is projected to increase from 0.11 in 2009 to 0.5 in 2038 (Hu & Yang 2012)

It could be argued that the combination of these two issues (inadequate funding in both individual accounts and socially pooled contributions) does not really pose a problem as long as the government can continue subsidizing pensions since the government is required to make up for any shortfall. The shortfall will increase without reform. Wang et. al. (2014b) estimate that it will increase from 135 billion yuan/year in 2013 to 444 billion in 2020. Up until 2050, Wang et. al. (2014b) estimate that the funding gap can be offset by an annual increase in government financing of 6.2%, which would certainly be a very big feat.

Furthermore, there is still the problem of the vast number of sub-provincial pension funds which leads to very limited risk pooling. Despite the goal of at least achieving provincially unified funds, intra-provincial disparities and local funds continue to characterize the system (Shi & Mok 2012). In four cases provincial-level funding has been adapted, including the provincial-level cities of Beijing and Shanghai (Chen & Turner 2014; Huang 2013). The number of

pension funds has become smaller than the one provided earlier for the mid-1990s, but Chen & Turner (2014:5056) state the number is still 'more than 2000'. One important roadblock is that the system of local funds administered by local social insurance agencies (SIAs) has created its own vested interests. City and county governments are charged with the task of staffing and operating the SIAs whose primary purpose is to collect contributions. These local money bins are an especially strong temptation for local governments under financial strain (Frazier 2010). It is therefore easy to understand how the effort to create pooling at higher levels has been met by strong resistance by local SIAs. The standardization of contribution rates may have curbed these tendencies to some extent, but nevertheless the pooling system itself is still quite fragmented.

Finally, as in other areas of the Chinese welfare state, there is the issue of rural-urban migrants. Coverage of pension insurance continues to be very low among migrants. In 2011, a report from the All-China Federation of Trade Unions placed pension coverage at 21% (Wong 2013a). In 2012, The National Bureau of Statistics estimated pension coverage to be only 14% (Wang & Wan 2014). This revealed that progress in this regard was non-existent when compared to earlier surveys in the new millennium. In 1999, national-level regulations were for the first time made regarding the inclusion of migrant workers in urban pension insurance (Ringen & Ngok 2013; Xu & Zhang 2012), but it seems that insurance-coverage continues to elude them. The issue of non-compliance from employers is especially prevalent for this group of workers, but rural-migrant workers themselves may opt out due to the traditionally limited portability of contributions. Local urban insurance schemes for migrants usually include lower contributions (12% from employers, 4-8% from employees), but urban employers also negotiate with migrant workers to enroll them in the rural scheme of their home area (Wu 2013; Xu & Zhang 2012)

In short, the pension system is still marred by inadequate and declining replacement rates as well as fragmented risk pooling. In addition to this comes the lack of financial sustainability, leading to the still widespread practice of using funding in individual accounts

to pay for current retirees. For instance, Hu & Yang (2012:197) are quick to dismiss the current ‘multipillar’ setup of urban pensions by stating that “...*the consistent removal of IA [Individual Account] funds to pay for the benefits of the retirees renders the entire system a PAYG system*”. A less harsh judgment would perhaps be that the urban workers’ pension system is a *de facto* notional defined contribution (NDC) scheme. Efforts are being made to make the individual accounts funded, however (Chen & Turner 2014). Three provinces started to partially fund the individual account in 2001 (with big government subsidies), a number that had increased to around 10 provinces by 2006 (still only partially funded) where it has since stagnated.

The exact mix of all these problems vary according to the different pension schemes as indicated above, but altogether these issues make pension reform one of the biggest and most urgent challenges looming over the current Chinese welfare system. From the perspective of social rights, the steps toward greater coverage have been taken mostly by adopting highly inadequate new schemes with big inherent divides in terms of occupation and rural-urban *hukou*.

In 2014, the State Council issued a decision to integrate the two new schemes for urban and rural residents (which as emphasized are already nearly identical) (Wang & Beland 2014). By the end of 2014, Vice Premier Ma Kai stated that the preferential schemes for civil servants and public employees would be integrated with the urban workers’ scheme (and reiterated the goal of achieving around 95% coverage for all of China by 2020) (China Daily 2014). Even if this is achieved, the huge disparities between the more generous occupational schemes on the one hand and the schemes for urban and rural residents on the other will remain.

In this chapter we have seen how significantly increasing coverage of pensions has been largely achieved by (so far) relatively ‘cheap’ and inadequate schemes. On the other hand, these new schemes may be the first significant step forward, and the integration of a very fragmented system seems to be next challenge that will be taken up. This assessment will also ring true in case of the health insurance system in the next chapter. As I also stated by the end of chapter 7,

the final conclusion and assessment of social citizenship and social rights in this policy field will be the focus of chapter 11 (and to some extent also chapter 10).

CHAPTER 9. HEALTH INSURANCE: FROM CLUBS FOR THE RICH TO SHELTERS FOR THE POOR

This chapter will focus on health insurance within the health care system, but care and provision will also be touched upon. Focusing on health insurance will also allow us to investigate the dimensions of generosity and coverage in a manner comparable to pensions and unemployment protection. I will begin first by outlining the reforms that led to the present health insurance system as I have done in the previous chapters. Then we will turn to assessing the consequences in terms of coverage and generosity in the final sections of this chapter. The final conclusions on this and the other three policy fields will be part of the last chapter.

Any appraisal of significant social policy developments in China would be sorely incomplete without consideration of health care. Besides pensions, this is undoubtedly the other major policy field where reforms have transformed the landscape of social citizenship in China in terms of social rights.

Arguably, the changes here are even more significant since reform-era China witnessed a nearly complete breakdown of public healthcare only to be countered by something approaching a nearly universal expansion of health insurance coverage in a few short years. Nevertheless, this new insurance system still faces a myriad of issues and inadequacies. This another reason why the focus will be on health insurance.

9.1 THE BREAKDOWN OF THE OLD HEALTH CARE SYSTEM

In the planned economy, China set up a system of health care which received wide acclaim for being very well-developed when taking the general level of economic development into account. From 1949 to 1981, the number of hospital beds increased from 100.000 to 1,2

million while life expectancy increased from 35 years to 68 years and infant mortality dropped 400 to 48 per 1,000 infants (Chan et. al. 2008). UN estimates placed the Physical Quality of Life index in China 68th in the world while it ranked only 107th in terms of economic development for the period 1970-1975 (Leung 2005).

In urban China, the Labor Insurance System for urban workers and their dependents was set up in 1951 while the Government Insurance System followed in 1952 for government staff, university students and disabled veterans. In rural China, the Rural Cooperative Medical Scheme (RCMS) was expanded throughout the 1950s (Nundy 2014; Gao & Meng 2013; Barber & Yao 2011). By 1975, it was estimated that coverage was nearly universal in urban China while the RCMS covered about 85% of the population (Lora-Wainwright 2011; Chan et. al. 2008). However, some have raised the question of whether particularly rural coverage has been inflated in most accounts

For those covered, the schemes did provide relatively generous and mostly free treatment, particularly for urban residents. Out-of-pocket payments were relatively minimal except for minor charges for some medicines and remedies subject to price caps (Barber & Yao 2011). Healthcare was provided in a three-tier system in both urban and rural China. In urban areas, street and workplace clinics provided primary care, while they could refer people to the second tier of district hospitals. Finally, city hospitals would deal with specialized or complicated treatments. Government work units with more than 100 employees operated independent workplace clinics just as large SOEs also ran their own clinics (and in some cases even hospitals too). In rural China, primary care was delivered at village medical stations staffed by the famous ‘barefoot doctors’ that could provide rudimentary treatment while often working part-time as farmers themselves. The second and third tiers consisted of township and county hospitals.

The rosy image that has sometimes been painted in hindsight is marred by the inequalities that did exist between those covered by the schemes and then we may raise the question of actual coverage. While the Government Insurance system was financed from the

central government, government funds also partly subsidized treatment beyond the first tier in the remaining two schemes, but urban health care benefited disproportionately. On top of that came the inequalities resulting from the primary sources of financing, namely the urban work units and the rural production brigades. Some medical subsidies were available in rural areas for the poor and households covered by the ‘five guarantees’, but allegedly it rarely met actual needs. White (1998) describes the rural reality in terms of health provision as one where self-reliance was the ‘mantra’. Although the level of service was low in rural areas, the provision of basic health care still played a large role in improving the health of rural Chinese.

This health system broke down with the market reforms outlined earlier. Coverage of health insurance dwindled and marketization of health providers meant escalating private costs for health care. The privatization of SOEs and the abolishment of workplace responsibility for welfare provision in urban areas alongside the abolishment of collective communes in rural China resulted in a dramatic decrease in coverage. The National Health Services Surveys indicated that insurance coverage had decreased to 12% in urban China and 9% in rural China by 1998 (Liu et. al. 2012). Many health facilities closed down and the barefoot doctors disappeared or became private practitioners with the abolishment of rural communes and work collectives (Nundy 2014; Phua & He 2013).

The surviving health facilities at all levels gained increased autonomy in finding alternative sources of revenue. This drove up treatment fees and costs of health supplies and lowered the quality of care. Especially the newly privatized pharmaceutical industry became an important life support-mechanism for health providers. Chinese doctors overprescribed pharmaceuticals at a level far beyond most other countries (Li et. al. 2012). Sales of drugs and services accounted for 87% of hospital revenue in 2000 (Chan et. al. 2008). Hospitals were also allowed to over-charge for advanced treatment. Public hospitals could not cope with the changes. Just getting a consultation became exceedingly difficult. People often slept on the street just to get a consultation ticket and a black market around consultation

tickets evolved. The ever increasing financial burden for individuals and tendencies towards overprescription of drugs or treatment due to badly financed hospitals led to decreased public trust in doctors or physicians. Patients would refer to doctors as ‘white wolves’ and some local hospitals even had to ask for police to be stationed in hospitals because of poor relations with patients (Wong 2013b).

The central government did not step in to mitigate the development but instead retracted further from its role. From 1978 to 1999, the central government share of total health expenditures decreased from 32% to 15% and private out-of-pocket expenditure climbed to 60% of total expenditure (Li et. al. 2012; Barber & Yao 2011). The government actively pushed hospitals to be autonomous and profit-making as it implemented something akin to the ‘household responsibility system’ for hospitals where surplus income could be retained for the hospital itself (Chan et. al. 2008). Outright hospital privatization was also encouraged with new ownership forms appearing. With rapidly increasing private costs and declining insurance coverage, most people were effectively barred from seeking anything beyond rudimentary treatment. For example, a typical inpatient treatment was estimated to cost on average two-thirds of average household expenditure in urban areas around the turn of the millennium (Barber & Yao 2011). A 2005-report from the Development Research Center under the State Council simply described the situation as one where “...*China’s health care reforms have turned hospitals into clubs for the rich*” (quoted in Frazier 2010: 4). While China had presided over an increase in life expectancy of 23.5 years between 1960 and 1980, far outstripping the general trend in both developed and developing countries, the situation reversed in the next two decades. The development in Chinese life expectancy was much slower (a more modest increase of 4.8 years) than most other countries (Li et. al. 2012). In 2000, The Chinese health system was ranked as number 144 of 191 around the world by the WHO (Manning 2011).

With responsibility of health care schemes delegated to the local governments, health insurance coverage was not only low but very fragmented across provinces. Some raised contributions for existing

schemes, some paid lump sums to workers annually for outpatient treatments, some set a fixed rate or share for private expenses of medical costs and so on.

9.2 UNIVERSALIZING COVERAGE OF NEW HEALTH INSURANCE SCHEMES

It was not until 1994 when the State Development and Reform Commission published its *Views on Reforms of the Medical Care System for Enterprise Workers* that a new reform wave towards a more unified and more comprehensive insurance system gained impetus (Kong et. al. 2012). The report envisioned a scheme based on both social pooling and individual ‘medical savings accounts’ (MSAs) for urban workers. The State Council decided to begin local trials in two cities in Jiangsu and Jiangxi province, also known as the ‘Two-River Pilots’, which was further extended in 1996.

Finally, in 1998, the State Council promulgated the *Decision on the Establishment of the Basic Medical Insurance System for Urban Workers* with the new insurance scheme (BMIUW) as a nationwide policy (Kong et. al. 2012; Chan et. al. 2008). Employers would contribute 6% of the wage bill while workers would contribute 2% of their wage. Nearly a third of the employer contribution would together with the personal contribution go to the individual MSA to be used for outpatient treatment while the rest of the employer contribution would go to the social pooling fund to pay for inpatient treatment. In some cases, the MSA covers both in- and outpatient treatment below a locally defined threshold, while the pooled funds cover a share of expenses above the threshold. As in the pension system, civil servants enjoy insurance without paying personal contributions and generally have much lower copayments of around 5-10% of both inpatient and outpatient care (Nundy 2014; Zhang & Navarro 2014).

Table 24: Important reforms in the construction of a new health care system

1994	“Views on Reforms of the Medical Care System for Enterprise Workers” “Two-River Pilots”
1998	The urban Basic Medical Insurance System for Urban Workers (BMIUW)
2003	The rural New Cooperative Medical Scheme (NCMS)
2006	Rural Medical Financial Assistance (MFA) fund
2008	Urban Medical Financial Assistance (MFA) fund
2009	Reform of insurance financing (increased government contributions) and health care delivery (hospital reform, including “National Essential Medicines Catalog”)
2009-2010	Urban Residents Basic Medical Insurance (URBMI)

Sources: Li et. al. (2012), Liu et. al. (2012), Yip et. al. (2012), Barber & Yao (2011), Chan et. al. (2008)

Later, in 2003, it was time to take on the issue of rural health care when the ‘new cooperative medical scheme’ (NCMS) was introduced. The 1990s had seen an effort into extending a Rural Cooperative Medical System (RCMS) but the policy design was not effective and coverage never increased beyond 10% of the rural population (Nundy 2014; Gao & Meng 2013). The NCMS was to be organized at the county level and enrollment would take place at the household level (rather than the individual worker as in the case of the BMIUW). Contributions would come from households, local government and the central government (Liang et. al. 2012; Chan et. al. 2008).

The exact benefit packages in the NCMS vary greatly since it is decided by the local county level governments and subject to variations in local resources. Because the primary goal of the NCMS is to reduce poverty due to serious illness, the scheme has had a much stronger emphasis on inpatient treatment (Wang et. al. 2012). For example, in 2011 only 4% of counties had harmonized reimbursement rates for both inpatient and outpatient treatment, while nearly half covered outpatient treatment only with the much more limited funds in the household MSA (Barber & Yao 2011). Initially in 2003, the three contributing parties (the household, the county government and the central government) would each contribute 10 yuan/year, but

contributions have since been raised substantially. Total contributions from local and central government were in 2008 set at the level of some 120 yuan annually, with households contributing 20-50 yuan, depending on the individual province. This government contribution was again increased to 300 yuan in 2011. The central government covered half of this in the poorer, Western provinces, while county governments shoulders most of the responsibility in Eastern provinces (Yip et. al. 2012; Liu et al. 2012; Barber & Yao 2011). The government pledged to raise this to 320 yuan in 2014 (Lam 2014).

As mentioned previously, the old Labor Insurance System applied to both urban workers and their dependents, while the new BMIUW scheme from 1998 covers only the individual worker. Consequently, urban residents without formal employment (such as students, children, unemployed, elderly or the disabled) were completely left out of health insurance in general except for a few provinces who had experimented with their own schemes for residents outside the BMIUW.

In 2007, the new ‘urban residents basic medical insurance’ (URBMI) was piloted in 79 cities, followed by 229 more in 2008 before being extended nationwide in 2009-2010 (Liu et. al. 2012; Barber & Yao 2011; Chan et. al. 2008). Like the NCMS it is based on voluntary household enrollment and targeted mainly at serious treatment needs (inpatient treatment). Contribution levels were higher than the NCMS to begin with. The average total contribution was at 245 yuan/year in 2008 (when the total of the NCMS was around 150 yuan), the main difference being that the URBMI has much higher individual contributions. The scheme has the same three sources of financing and, similarly to the NCMS, higher central government contributions subsidize lower local government contributions in the poorer Western provinces. Government contributions also increased sharply in 2011 to 300 yuan as in the NCMS. Unlike the NCMS, the disabled and the poor receive extra subsidies from the central government (60 yuan in 2008), and MSAs are in general not a part of the set-up except for some cities. The mainly pooled funds are directed at inpatient treatment and outpatient treatment for some key diseases, but the

URBMI also varies widely in terms of the reimbursement rates and the overall benefit package (Yip et. al. 2012).

Table 25: Set-up of the three new health insurance schemes

	BMIUW	URBMI	NCMS
<i>Target population</i>	<i>Formally employed urban residents</i>	<i>Urban residents outside the formal labor market</i>	<i>All rural residents</i>
<i>Year</i>	1998	2009	2003
<i>Coverage rate (2010)</i>	92%	93%	97%
<i>Participation</i>	Mandatory at individual level	Voluntary at household level	Voluntary at household level
<i>Financing (2011)</i>	Employee: 2-3% of wage; Employer: 6-8% of wage sum	Individual contribution: 20-250 yuan/year (highest in Eastern provinces); Government contribution: 300 yuan/year	Individual contribution: 20-50 yuan/year (highest in Eastern provinces); Government contribution: 300 yuan/year
<i>Benefit models (varies locally):</i>	1) Inpatient care based on formula (predefined reimbursement rate between deductible floor and ceiling, outpatient care paid through Medical Savings account (MSA)) 2) Same as in 1 but no MSA for outpatient care. Outpatient covered with pooled funds Reimbursement ceiling at six times average wage of local workers	Not all cities have yet established MSA's. Pooled funds directed at both outpatient and inpatient care. Reimbursement ceiling at six times disposable per capita income of local residents.	1) Outpatient reimbursed by MSA until spent, while pooled funds cover inpatient care 2) MSA covers both outpatient and inpatient beneath a deductible floor, while pooled funds cover a fixed percentage of expenses above the deductible. Reimbursement ceiling at six times disposable per capita income of local residents.
<i>Average inpatient reimbursement</i>	68%	48%	44%

<i>rates (2010)</i>			
<i>% of cities or counties covering (2010):</i>	(MSA and social pool covering both according to benefit models)	58%	44%
<i>-General outpatient</i>		83%	79%
<i>-Outpatient for major and chronic diseases</i>			

Sources: Yip et. al. 2012; Meng et. al. 2012; Barber & Yao 2011.

The new millennium also witnessed the setup and expansion of a so-called ‘medical financial assistance’-scheme that subsidizes the medical expenses of the poor covered by rural and urban social assistance (the MSLS-schemes) as well as their contributions for the two rural and urban basic medical insurance schemes. The rural and urban MFA-schemes were pioneered in 2003 and 2005, respectively, and then made nationwide in 2006 and 2008 (Nundy 2014; Barber & Yao 2011). The scope of the scheme gradually expanded from only catastrophic illnesses to a wider range of ailments while also becoming integrated with NCMS and URBMI insurance schemes. The subsidies for people enrolled in the NCMS and URBMI cover their contributions as well as expenses beyond the normal ceiling for reimbursements in the various local insurance schemes. By the end of 2009, the scheme covered 93 million residents, two-thirds of which were rural residents. In that year, 16 million accessed the MFA funds for subsidies. The financing for the programme had increased by nearly six times to 13.1 billion yuan, most of which reflected an increasing central government share of financing from 27% to 62%.

The aforementioned increases in government contributions and the new URBMI scheme were both a result of a decision from the central government in 2006 to undertake and investigate options for an overhaul of the health care system. This later resulted in a 2009-reform package endowed with substantial government financing with the aim of increasing insurance coverage and quality of health care delivery. In 2006, the ‘Inter-Ministerial Coordination Group for Healthcare Reform’ was established across 16 ministries and headed by the Vice Premier (Li et. al. 2012; Barber & Yao 2011). The Group

began the task of outlining the coming reform in a deliberation process which lasted for three years during which the URBMI was both initiated as a pilot reform and then made national policy. In 2008, the Group also gained input from six international and Chinese organizations and a wider public input before the final, joint decision in 2009 from the CPC Central Committee and the State Council. The international input came from actors such as the WHO and consultants from McKinsey & Company. The total reform package had a price tag of 850 billion yuan (124 billion USD) of which 46% were dedicated to improving coverage and raising government contributions for the insurance schemes (Gao & Meng 2013; Barber & Yao 2011). The health care reform was one of the major pillars of the stimulus (which amounted to four trillion yuan in total) to mitigate the international economic crisis (Cook & Lam 2011).

Beyond the financing allocated to increase coverage and government contributions for the three insurance schemes, the rest of reform was in essence meant to strengthen the quality of health care delivery via reform of the public hospitals and clinics (Phua & He 2013; Yip et. al. 2012). As mentioned previously, government subsidies accounted only for a very small share of hospital financing. Revenues from drugs and medical service fees accounted for the vast majority of income at all levels of specialized care (Brix et. al. 2011). In 2008, for example government subsidies accounted for 9% of hospital financing while the rest came from drugs and patient fees (ibid). The 2009-reform package included increased financing for staff training as well as an increase in the government subsidy for primary health care providers.

The implementation of the reform package among other things included a shift in monitoring from volume or output-based measures to input-based proxies such as enrolment, training sessions and buildings. In total, the reform wave of the new millennium gave birth to the construction of 33,000 new clinics, mostly in the poorer Western regions (Li et. al. 2012). Between 2000 and 2010, the number of general and specialist hospitals increased by 30% (Meng et. al. 2012). The 2009-reform also had a strong emphasis on improving hospital governance, although the tools utilized vary

significantly across cities and counties. This broad heading includes everything from limiting the power of hospital directors and setting up hospital boards as well as creating new management agencies to limit the power of local health departments, separating managerial control over hospitals and pharmacies, setting standards for referrals and strengthening the gatekeeper-function of physicians (Phua & He 2013; Yip et. al. 2012). It can be probably expected that the results of these management reforms have also varied widely. Efforts have also included openly privatizing some public hospitals to create competition and generally opening up the market to private hospitals (Phua & He 2013). Public hospitals still dominate strongly, but the number of private hospitals is growing fast. The goal is to increase the number of private beds and other services to 20% of the total (Zhang & Navarro 2014).

To finish off the 2009-reform, it most importantly included an effort to limit the tendency towards overprescription of pharmaceuticals. The remedy offered was the new so-called 'National Essential Medicines Catalog'. Before this reform, hospitals typically received a 15% mark-up on pre-scribed medicines while doctors themselves would often earn around 30% in additional, under-the-table kickbacks (Li et. al. 2012). The new Catalog includes 307 basic medicines, supplemented by other medicines decided at the provincial level according to local needs. These must be sold at market price with zero mark-up or extra commissions. In addition to this a new competitive market or price-bidding system was set-up where clinics and hospitals could purchase these medicines. The combination of this price-bidding system and the Catalog lowered the average cost by around 30% while also removing the incentive for prescribing pharmaceuticals at volumes beyond what is required (Li et. al. 2012; Yip et. al. 2012).

However, completely eliminating the issue of overprescription is of course difficult. Drugs deemed too ineffective for the national-level Catalog have often found their way back to the provincial supplements for the list, just as marked differences between bidding and retail prices have been reported, raising the question of corruption (Yip et. al. 2012). Importantly, it should also be noted that the new

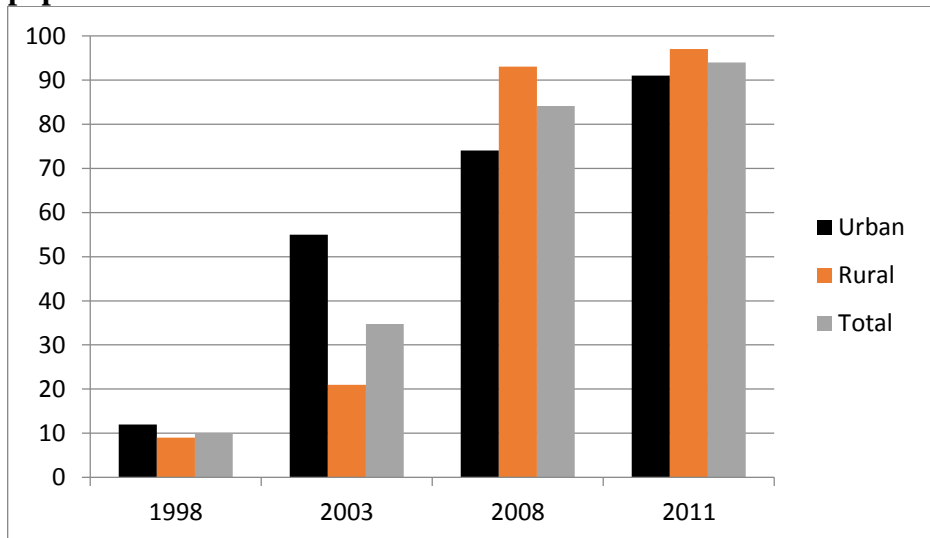
Catalog so far only applies to the primary health care level, and therefore has no effect in rural or urban hospitals. Public hospitals therefore remain very dependent of revenue from prescriptions. In 2010, prescription revenues on average accounted for 62% of hospital revenues (Yip et. al. 2012; Li et. al. 2012). Therefore, the problem of chronically underfinanced public hospitals, where hospitals continuously search for other revenue sources, remains.

9.3 COVERAGE AND GENEROSITY: A SHINY NEW HEALTH INSURANCE SYSTEM WITH SOME MAJOR STAINS

The impact of the reforms described above has been very significant. This will be shown here mostly with results from the National Health Services Survey (NHSS). The reforms have resulted in a rapid increase of health insurance coverage. In urban China, the new BMIUW from 1998, being mandatory for workers in formal employment, had pushed coverage well above 50% of the urban population by 2003 (figure 14, below). However, not only the dependants of these workers but basically everyone outside the labor market were still left out until the gradual introduction of the URBMI, which was finally made available nationwide in 2009-2010. The scheme is voluntary at the household level, yet it still pushed total urban coverage to 91% by 2011. The rural predecessor of the URBMI was the NCMS, which shares many features with its urban counterpart. Implemented nationwide from 2003 it had pushed rural insurance coverage above 90% already by 2008 and included 97% by 2011.

The coverage of these insurance schemes has also become notably more equal across income strata. Total insurance coverage had by 2011 become almost totally ignorant of income differences. In 2003, the richest quartile beat the poorest quartile by a factor 1.6 in terms of insurance coverage, while the difference is now almost non-existent (Meng et. al. 2012). This first and foremost is a result of the introduction of the NCMS. The NCMS has higher coverage among the poorest income deciles while the urban BMIUW is still strongly 'pro-rich' (Liu et. al. 2012). The URBMI has an almost completely neutral income-profile.

Figure 14: Health insurance coverage (1998-2011), % of the population



Sources: Herd (2013), Meng et. al. (2012), Liu et. al. (2012), Li et. al. (2012), Tang et. al. (2012).

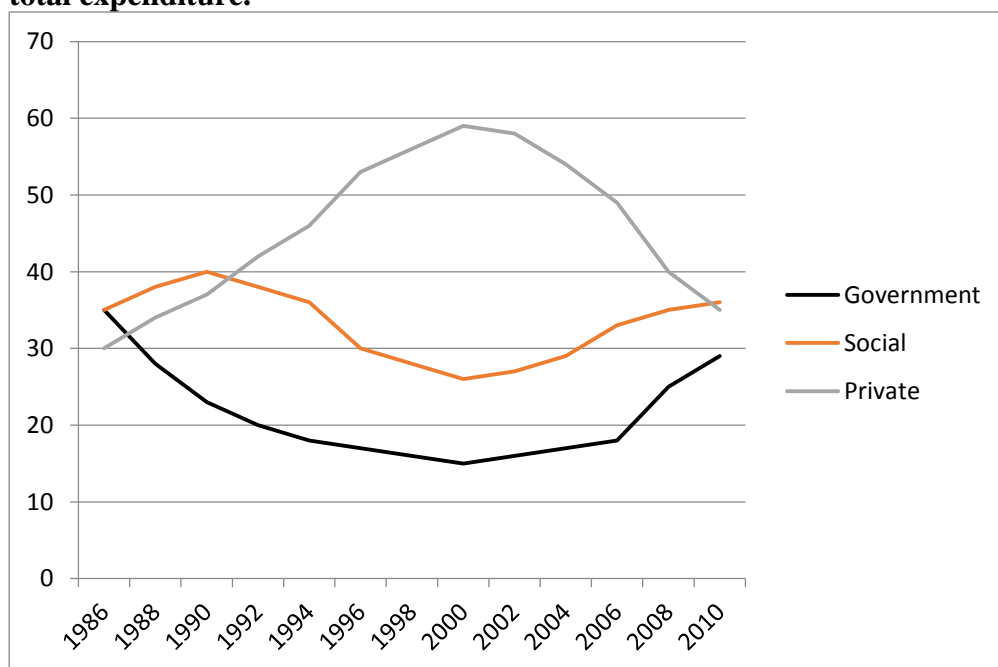
Note: Quite disparate coverage rates can be found in the literature up until around the turn of the millennium. Therefore, the coverage rates for 1998 and 2003 stated here are somewhat uncertain.

To finish off coverage, we should note that even if coverage is by now nearly universal, it does not mean that health insurance is the first example of a policy field where the discrimination against rural-urban migrant workers has been abolished. Migrant workers with health insurance are usually included in the NCMS-scheme of their home county, yet receiving reimbursements from the NCMS in urban areas is not problem-free. Some local governments have tried to increase portability of funds with ‘nationwide roaming’ or ‘continual transfer’-solutions (Li et al 2012; Yip et. al. 2012) Furthermore, getting reimbursed when using providers outside the home county usually includes significantly higher co-payments. Depending on the city, migrant workers may also have the option to enroll in either the BMIUW or the URBMI. More than a third of migrant workers are assessed to be included in the BMIUW, yet they often do so with

significantly lower contributions (such as a total of 3% + 1% contribution rather than the usual 6% + 2%) in order to keep their labor cheap (Li et. al. 2012; Barber & Yao 2011). It is of course even cheaper for employers if migrants are only included in the URBMI or the NCMS.

One of the ways of assessing the impact of the overall expansion of coverage is to take a look at who pays for total health expenditures. This measure says a lot about whether health care has is privatized in the sense that people have to pay for it themselves or whether it is perhaps more socialized (whether from government coffers or financed by contributions from insurance schemes). The three labels in figure 15 below express these three main sources of financing.

Figure 15: Financing of health expenditure (1986-2010), % of total expenditure.



Sources: Tang et. al. (2012), Li et. al. (2012)

In terms of financing, the new millennium heralded a decline in private expenditure. The situation only began to turn as new nationwide policies began to replace a public insurance system where gaping holes had become much larger than the body of the system itself. Private financing peaked at 59% of total expenditure in 2000 and had dropped to 35% in 2010. In the beginning, it was mainly an effect of social financing via the new and expanding insurance schemes, but the government share also increased sharply from 18% in 2006 to 29% in 2010. This is not surprising given the increasing government contributions in the URBMI and NCMS-schemes in most recent years as well as the injection of financing meant for improving health care delivery as in the aforementioned 2009-reform. This turnaround in health financing is even more impressive when we take into consideration that 100% does not indicate the same sum of money in two different years. In the short span of years from 2000 to 2011, total health expenditure per capita increased 5.9 times from around 319 yuan to just below 1.888 (Long et. al. 2013).

A way to assess the actual generosity of the insurance schemes from the point of view of the individual insurance holders is the extent to which they get reimbursed for their health expenses. A very significant share of treatment costs is still borne by the Chinese people themselves. The average reimbursement rate for inpatient care stood at 47% in 2011 which is of course a marked improvement over the 14% in 2003. The State Council Healthcare Reform Office in 2012 declared that the reimbursement rate was 70% for those covered by the schemes (Li et. al. 2012). Partly as a result of increasing coverage, but also because of increasing government contributions within the NCMS, the ratio of rural to urban reimbursement rates was only 0.8 in 2011 where before it was 0.17. The remaining difference is mostly due to the more generous BMIUW where the average inpatient reimbursement rate is quite a bit higher. These reimbursement rate have also become nearly blind to income inequalities, at least when comparing income quartiles.

Table 26: Indicators of the adequacy of health care

		<i>Adequacy</i>		<i>Rural/urban divide</i>		<i>Income divide: Quartile 1/ Q4</i>	
		<i>2003</i>	<i>2011</i>	<i>2003</i>	<i>2011</i>	<i>2003</i>	<i>2011</i>
<i>Insurance coverage, pct. of population</i>	All	29.7	95.7	0.38**	1.07**	0.63**	0.98**
	Rural	21.0	97.4	*	*	*	*
	Urba	55.2	90.9				
	n						
	N	19368	5983				
		9	5				
<i>Inpatient reimbursement rate</i>	All	14.4	46.9	0.17**	0.80**	0.37**	0.97ns
	Rural	5.8	43.7	*	*	*	
	Urba	34.5	54.6				
	n						
	N	6018	4011				
<i>Use of outpatient care, pct. of population</i>	All	13.4	14.8	1.18**	1.12**	0.86**	0.98ns
	Rural	13.9	15.3	*		*	
	Urba	11.8	13.7				
	n						
	N	19368	5983				
		9	5				
<i>Catastrophic expenses, pct. of households</i>	All	12.6	12.9	1.51**	1.27**	1.85**	2.04**
	Rural	13.6	13.8	*	*	*	*
	Urba	9.0	10.9				
	n						
	N	56894	1880				
			0				
<i>Self-discharge for financial reasons, pct. of hospitalized</i>	All	63.6	28.0				
	Rural	67.0	28.3				
	Urba	52.9	27.0				
	n						
	N	1643	353				
<i>Hospital admissions, pct. of population</i>	All	3.6	8.8				
	Rural	3.4	8.4				
	Urba	4.2	10.1				
	n						
	N	19368	5983				
		9	5				
<i>Health spending as a share of total household expenditures</i>	All	11.3	12.9				
	Rural	12.1	13.3				
	Urba	9.3	11.9				
	n						
	N	56362	1979				
			4				

Not available

*** = significant the 0,001-level; * = significant at the 0,05-level, ns = not significant

Source: Meng et. al. (2012), based on the National Health Services Survey

In terms of outpatient treatment, the schemes generally appear even less generous, but improvements can be tracked here as well. As explained before, particularly the NCMS and URBMI were directed at the generally more serious inpatient treatments. Usually, the personal medical savings accounts (MSAs) in the NCMS and BMIUW are directed at outpatient needs, but the MSAs for most NCMS-enrollees are very limited and quickly depleted. On the other hand, around 80% of counties offered outpatient reimbursement as part of the benefit package in 2010, which represents a marked increase in availability of outpatient reimbursement (table 25). Still, the utilization of outpatient care has not seen any real improvement in the new millennium. Only 15% and 14% of urban and rural respondents in the NHSS indicate that they had utilized outpatient treatment in 2011. The opposite is the case within inpatient treatment, for example when looking at the number of hospital admissions which had more than doubled in 2003-2011 to cover nearly 9% of the Chinese population by 2011. The combined effect of a more publicly and socially financed health care system and generally higher Chinese incomes has meant a strong decrease in the share of patients who discharge themselves from hospital treatment because they cannot afford it. This figure has dropped from 64% to 28% of all patients, and the decline has been particularly noticeable in rural China.

On the other hand, it is not difficult to detect some stains in this shiny new health care system. Importantly, a very significant minority of Chinese households still experience 'catastrophic' health expenses, where the more serious and chronic ailments completely ruins the financial health of the household. This usually results in both considerable financial hardship and a lack of adequate treatment. New schemes such as the NCMS do reduce the incidence of catastrophic health expenses to a small degree if compared to a situation where enrollees had not been covered (Wang et. al. 2014c). Table 26, however, also reveals that 13% of households still found themselves in this situation in 2011. The rate of incidence is a little higher in rural

China, and that situation has not improved in the timespan covered here. We can lay the blame for this on at least two elements of the programmatic design of the insurance schemes. The first are the reimbursement ceilings, pegged at six times local disposable per capita income (URBMI and NCMS) or six times local average wage (BMIUW) (see also 25). This of course strongly limits the reimbursement rate for the most serious and chronic diseases. Clearly, the aforementioned ‘medical financial assistance’-scheme cannot by itself remedy this. From 2011, some pilot programmes were undertaken whereby some serious health conditions such as leukemia or heart diseases are reimbursed with 20% for costs beyond the ceiling (Yip et. al. 2012). Therefore, private health insurances, which unsurprisingly cater mostly to urban labor market insiders, are often attuned to serious diseases and medical expenses (Huang 2013). Coverage of private health insurance is low at an estimated 7% of the population and accounts only for 2% of total health expenditure, however (Nundy 2014).

The second problem in terms of serious illnesses is that health expenses are usually paid upfront by the individual insurance holder, who then gets reimbursed from his or her insurance scheme. This means that generous reimbursements matter very little if you cannot pay upfront. This is of course a problem for the poorest and those who have very little savings. Urban households typically save an estimated 30% of disposable income because of such potential risks, and this savings rate can easily be imagined to be even higher in rural China (Meng et. al. 2012)

We also notice in table 26 that household expenditures on health has actually increased slightly despite the fact that the government has increased its share of total health expenditure. Between 2005 and 2011, total inflation-adjusted health expenditures rose by 16.4% annually, much faster than GDP (Zhang & Navarro 2014). Total health expenditure has simply grown so fast that it is now laying claim on a higher share of household expenditures even if government financing plays a larger relative role than before. If we focus solely on out-of-pocket health expenditure, this has remained stable at 6% of household income in urban China, while it has risen

three percentage points to 8% in rural China (Zhang & Navarro 2014; Long et. al. 2012). Again, this rapidly increasing demand mirrors an increasing ability to pay for healthcare for most Chinese incomes, but it also reminds us that we should be careful to draw a general conclusion of a more ‘public’ health care system. We should also remind ourselves that even if the relative role of private financing has declined sharply it still plays a very significant role and average reimbursement rates still stood at less than 50% in 2011.

In addition to this, the reforms of the delivery system so far seem less impressive than the reforms of health insurance. The total number of medical professionals increased by more than 20% in 2005-2011, but the pace was quicker in urban China, which means that the urban-rural divide in this respect has increased. In 2011, there were 7.9 doctors per 1000 people in urban China, while the rural figure was 3.19 doctors per 1000 people (Zhang & Navarro 2014). The impressive construction of thousands of new hospitals has put the number of hospital beds at 2.9 per 1,000 citizens, which is below the average of 4.8 for the OECD countries, although this average is also subject to wide variations (Herd 2013; OECD 2013a). The level of training and education of medical staff is also very low. The density of doctors with five years of training is only 0.3 per 1000 citizens compared with 3.1 in the OECD (Herd 2013). There is a problem with the education level of medical staff at primary level facilities, particularly in rural China. The density of doctors with college-level education is 9 times higher in urban China, and overall, almost half of all doctors in China have no education beyond secondary high level. New requirements for the education-level of staff were introduced in both urban and rural China around the turn of the millennium, yet enforcement is not effective.

Partly because of this public trust in particularly lower level facilities is low. This in turn makes it difficult to ensure an effective referral system where lower levels act as gatekeepers for higher level-care. Patients often seek care at the hospital-level even for simple health problems in both urban and rural China (Yip et. al. 2012). Hospitals are as mentioned not subject to the new ‘National Essential Medicines Catalog’, but they are subject to price controls for certain basic

services, which are consistently set below costs. The hospitals in turn react by widely overpricing the unregulated services and treatments and by overprescribing these more expensive solutions (Herd 2013). In addition, hospitals also widely exceed the markups they are allowed to take on pharmaceuticals (15-30%, which is often exceeded by several times). Commonly, doctors are incentivized by sales targets with bonuses for exceeding the targets.

In conclusion of health insurance as it has been assessed here, it should not be forgotten that this is the policy field where the turn towards a new welfare state has been the most prominent. Coverage is by now nearly universal, financing is much more dominated by both government financing and insurance contributions than before, and health care access, availability and utilization has increased. The new insurance schemes have reduced inequalities across the *hukou* and income divides. Yet, the increase in total health expenditure has outpaced the reforms, and households still spend a significant and increasing share of their income on health. People with serious conditions still face extreme financial hardship due to the programmatic design of the new schemes. The health care delivery system has been given a more cursory treatment in this account, but reforms have also been significant here, particularly since 2009. Here, the challenges are even more noticeable, and it is evident how difficult it is to change the behavior of actors conditioned to a few decades of near total marketization of health services. Therefore, the challenges to the creation of a more coherent and public health care system are still very pronounced.

Finally, it is interesting to note local experiments in terms of the *hukou*-divide. In 2012, 41 prefectural cities and five provinces had abolished the rural-urban divide in health insurance according to Huang (2013), or more specifically attempted to merge the NCMS and the URBMI. If realized, such reforms represent very real steps towards health access based on social citizenship. Ngok & Huang (2014) offer as examples Dongguan city in Guangdong province and Shenmu County in Shaanxi. Dongguan offer the same health insurance for civil servants and farmers alike, and Shenmu even offers some free medical care regardless of personal contributions.

Another example is improving fund sustainability and risk pooling by implementing provincial-level funds (as in the case of the city provinces of Beijing and Shanghai) (Huang 2013) However, formal unification of schemes do not always have real impacts. The formal, provincial-level unification of health insurance in Guangdong province, for example, has retained the differentiated reimbursement rates and risk-pooling still takes place at the county-level (Ngok & Huang 2014).

Just as in the previous two chapters, the impressive steps towards 'universalization' of coverage are less impressive when we take the dimension of generosity into account. We will return to this in the final chapter.

CHAPTER 10. SINO-NORDIC PATHS OF SOCIAL RIGHTS

This chapter will turn to the Sino-Nordic comparison of changes in social rights in unemployment, pensions and health. The end goal is to uncover institutional mechanisms or pathways of making public welfare provision more or less rights-based (or, keeping the conceptualization in section 3.4 in mind, institutional mechanisms of universalization and de-universalization). This is the third and final of the questions posed in section 1.2.

In view of the official Chinese goals of achieving ‘moderate universalism’, the Nordic experience of how social policies can become relatively universal from a very non-universal starting point can offer some interesting insights into mechanisms of universalization. Completely ideal-typical universalism was only achieved in a few cases in the Nordic countries (see section 3.4 again for the definition of universalism).

At the same time, the ‘Nordic model’ has certainly changed. It can be discussed whether the reforms of recent decades have entailed de-universalization or just the adaption of relatively universal policies to modern, mixed economies of welfare (especially in pensions), but this only emphasizes how it is important to include recent changes as well and not only historical mechanisms of universalization. As noted in the introduction, much recent literature has discussed the issue of the changing Nordic model and whether and how it is still distinct. Yet, basic, in-depth accounts of policy-level changes across several policy fields and several Nordic countries at the same time are missing in this literature.

As argued in chapter 2 (and as I have done in chapter 7, 8 and 9 on China) the main focus will be on the rights-dimensions of coverage and generosity (as elaborated in section 3.4). However, since these two most important dimensions of social rights are partly derivative

of other dimensions such as financing and eligibility, these will be included where they are relevant.

This chapter will attempt to limit our investigation to include the general Nordic policy changes that are relevant for a Sino-Nordic comparison with the aim mentioned above. More specific details than what will be provided here would be relevant for a more complete picture of Nordic policy changes and intra-Nordic diversities across these three policy fields. This can be found in *The Nordic Model? Intra-Nordic diversities and policy changes in pensions, unemployment and health care* (Kongshøj 2014b), which is free for download as a CCWS Working Paper¹². This chapter will present a condensed version of that working paper on those aspects that are comparable to the Chinese experience outlined in previous chapters. Generally, each policy field will be structured with separate sections for policy expansion and policy restructuring/adaption (as further discussed below).

10.1 EXPANSION AND RESTRUCTURING OF WELFARE STATES AND THE COMPRESSED CHINESE TIMESCALE

In general, the history of the emerging Nordic welfare states began in the 1890s when all the Nordic countries introduced their first social insurance laws. Sequencing, time spans and the level of economic development were very different across the countries. Denmark was the early mover, adopting national insurance schemes in all these areas from 1891 to 1907. In Sweden and Norway, the process lasted until the mid-1930s. Finland was much less industrialized than the three Scandinavian countries, and the late emergence of national old-age and sickness benefits in Finland are some of the main examples of how Finland has often been described as a Nordic ‘laggard’ or latecomer (Kangas & Saloniemi 2013; Alestalo 2000).

¹² <http://www.dps.aau.dk/forskningsenheder/ccws/publications/workingpapers/>

Table 27: The first Nordic social insurance laws

Country	1 st social insurance law			2 nd social insurance law			3 rd social insurance law			4 th social insurance law		
	Law ¹	Year	SD ²	Law	Year	SD	Law	Year	SD	Law	Year	SD
DK	PI	1891	50	SI	1892	50	WA	1898	52	UI	1907	55
FI	WA	1895	22	UI	1917	27	PI	1937	37	SI	1963	62
NO	WA	1894	40	UI	1906	45	SI	1909	46	PI	1936	50
SE	SI	1891	47	WA	1901	50	PI	1913	55	UI	1934	61

Sources: Kangas & Palme (2005); Esping-Andersen & Korpi (1986).

1) Law: SI = Sickness insurance; PI = Pensions; UI = Unemployment insurance; WA = Workers accident.

2) SD = Based on the index of “socio-economic development” in Kangas & Palme (2005). The index is noted as based on “industrialization and laborization” but it is not explained any further.

However, like China nowadays, this does not mean that individuals were entirely left to fend for themselves just because there were no national-level public schemes. For example, some municipalities introduced the first public pension schemes for municipal workers, and various insurance schemes had emerged long before national legislation as voluntary, non-public schemes arranged by guilds, trade unions or employers. Generous public social insurance for civil servants also has a much longer history. We will return to this in the various policy-specific sections below.

It should be noted that prior to these first national social insurance schemes, various ‘poor laws’, which could be seen as embryonic public welfare, were introduced much earlier in all the Nordic countries. Yet, like elsewhere in Europe, the ‘poor laws’ belong to the pre-welfare state era and did not constitute new social rights since they included penalization, stigmatization and loss of civil rights (Esping-Andersen & Korpi 1986). Denmark introduced its first ‘poor law’ in 1803 while the other three Nordic countries adopted their counterparts in 1845-1852. In terms of social assistance-laws, Denmark was once again the early mover in 1933, while the rest of

the Nordics enacted their first laws in 1956-1965. Denmark was also a European latecomer, however, not dismantling the last element of loss of civil rights related to public support until 1961 (punitive loss of voting rights in some special cases).

As mentioned in chapter 6, China adopted its first insurance schemes within health, maternity, work accident and pensions already in 1951, yet these were of course entirely different schemes since they were based on work units within the planned economy of the new People's Republic. The policy changes of the last 20 years tracked in the preceding chapters more accurately reflect the enactment of social insurance and social protection in a market economy.

The implication of the above is that the Chinese timescale in terms of social reform is relatively 'compressed' as briefly mentioned in chapter 1.

In the Western research literature, there is general agreement about a phase of welfare expansion during which modern welfare regimes emerged up until around the 1970s, followed by a phase of welfare state restructuring since then (Vis & Van Kersbergen 2014; Hay & Wincott 2012; Bonoli & Natali 2012; Glennerster 2010; Pierson 2001; Kuhnle & Alestalo 2000; Esping-Andersen 1999). The sections below will roughly follow this path of expansion and restructuring within each policy field. How exactly to label and characterize this 'restructuring', or whether it should be further divided into several distinct phases, has been the subject of much debate. Concepts and labels abound. It is difficult to draw clear boundaries between the many different dynamics, directions, levels or causes of change suggested in the literature¹³. This has fed the extensive debate around

¹³ Just a few offhand examples: Different dynamics of change (such as 'path-breaking', 'path dependent', 'institutional', 'incremental') have moved welfare states in different directions (suggestions include 'recalibration', 'recommodification', 'cost containment', 'retrenchment', 'social investment', 'activation' or 'dualization') for different reasons (explanations include new paradigms, discourses or ideas; 'new social risks'; 'new politics'; deindustrialization, demographic change; globalization; austerity; new ways of managing the public sector) (Bonoli & Natali 2012; Morel et. al. 2012;

welfare regime convergence or divergence (as noted in chapter 1). The point in this context is that unlike the Nordic countries, China is grappling with welfare state expansion and restructuring at the same time.

If we adopt a slightly functionalistic approach that emphasizes similar challenges across country contexts, this compressed timescale is easily observable in the case of the Chinese pension system (chapter 8). Here we saw how China is trying to extend basic public pensions at the same time as the challenge of developing a mature system of different pension tiers and pillars is being undertaken. This is necessitated by the simple fact that China will experience demographic ageing very rapidly. China will relatively quickly experience a transition from a relatively low old age dependency ratio (just below 0.15 in 2010) to having a dependency ratio similar to (or even higher than) many European countries already by the 2030s (0.4 in 2013 and above 0.5 by 2040) (Hu & Yang 2012). Similar adaptations of the Nordic pension systems have been on-going for several decades and taken place after the expansion of public pension systems (as we will see below).

This combination of expansion and restructuring at the same time is less evident in the health care system, except perhaps for the general aim of balancing private and public health care financing and provision. As we will go on to see, the Nordic (or at least Scandinavian) health care systems are still overwhelmingly public, but there are also moves towards more mixed welfare provision here.

In terms of unemployment protection, we will later in this chapter find it difficult to talk of significantly similar policy adaptations in China and the Nordic countries. We will find benefit retrenchment (in terms of replacement levels) a shared Sino-Nordic experience, but by very different degrees and probably also for different reasons. In the Chinese case, it is largely a result of rapidly increasing working incomes. The paradigmatic influence of supply-side economics has

Emmenegger et. al. 2012; Goul Andersen 2007; Streeck & Thelen 2005; Pierson 2001).

arguably been more important in the Nordic countries, although some measure of institutional ‘drift’ (in terms of insufficient benefit indexation) is also evident.

From this discussion, we will quickly turn to a more substantial comparison of coverage and generosity (and important policy changes that affect coverage and generosity) within the three selected social policy fields.

10.2.1 PENSIONS: PATHS TO UNIVERSALISM

Before reading the next two sections, it may be useful to go back and refresh the pension terms or concepts outlined in the very beginning of chapter 8.

We have previously seen how China has been extending coverage of pensions, yet attempted to do so within a multipillar framework from the beginning with the public pillar including both basic pensions and income replacement. This story is decidedly longer in the Nordic countries. The Nordic countries all arrived at clear cut and fully fledged universalism after World War II, but the way there was not entirely straight, and the Nordic countries also arrived there from different starting points. Similarly, the transition to multipillar systems has not happened in a uniform manner.

With their early old-age support schemes from 1889 and 1891, respectively, Germany and Denmark are commonly seen as the founding fathers of two very fundamental and different branches of both pension and welfare models (Ebbinghaus & Gronwald 2011; Palme 1990). Germany set off on the so-called ‘Bismarckian path’, and adopted a mandatory and contributory system based on the principle of status maintenance or income replacement, divided according to different status groups, while Denmark took the ‘Beveridge path’ (as it later came to be known) based on citizenship (Ebbinghaus & Gronwald 2011). The Danish 1891-scheme was not at all universal but residual in the way that it was strictly means-tested and partly was an attempt to remove the elderly from the existing poor law and extend proper old-age support.

The former Chinese pension systems for the urban minority, nested within a planned economy and enacted in the 1950s, do not easily fit into the Bismarck-Beveridge distinction, but are closer to the former since they were income-related (based on defined benefit), marked by insider-outsider divides and financed through employment ties.

Perhaps not entirely unlike the Chinese pension for rural and urban residents from 2009 and 2011, Sweden in 1913 adopted a pension reform, which was mainly insurance-based but also included a basic pension for all regardless of contributions. The difference is that the Swedish basic pension, while also being very low initially, was means-tested but available for all citizens and not just those (whose children are) enrolled in the insurance scheme as in China. It has been argued that this was actually the first piece of social legislation based on universalism (Anttonen & Sipilä 2012; Esping-Andersen & Korpi 1986). Norway in 1936 adopted its first national old-age support scheme, which was tax-financed and means-tested like in Denmark, while Finland in 1937 set out on an initially more Bismarckian path with a fully-fledged compulsory and defined-contribution based pension scheme for all workers (Kangas & Luna 2012; Kuhnle 1987). The Finnish scheme, however, also included a means-tested supplement in line with the Swedish system (Kautto 2012).

After World War II, the various Nordic schemes all evolved into universal old-age pensions of the kind which are currently only be found as local experiments in some cities in China. Sweden turned its basic pension into a PAYG-system without any means test in 1948, with the same flat-rate benefit for all pensioners (Lindquist 2011). Denmark and Norway adopted universal basic pension reforms in 1956¹⁴ and 1957 (Goul Andersen 2011b; Kuhnle 1987). Finland also made a switch from its more Bismarckian path to a completely universal and flat-rate benefit in 1956 (Kangas & Luna 2011).

The switch towards ‘universalization’ did not happen as abruptly as the impression might be from the above. There were some

¹⁴ In the Danish case, means tests were not fully abolished until a 1964-reform (fully implemented in 1970).

incremental steps before then. Some of the incremental steps we have identified in China, such as expanding the group of eligible workers or unifying locally fragmented benefit systems are also echoed in Nordic pension history before World War II (Lindquist 2011; Kautto 2012; Petersen 2006). Particularly in Norway a very fragmented system of municipal-level pension systems evolved in the early 1900s, some quite Bismarckian, others resembling the Danish system. These local solutions sprang up because it took decades of deliberation before the adaption of the first national pension system in 1936 (Petersen & Åmark 2006).

10.2.2 TOWARDS MULTITIERED PENSION SYSTEMS

The next step and critical juncture in pension evolution in the Nordic countries was whether an adequate earnings-related tier was added to the pension system to maintain incomes within the context of the economic development of the post-World War II period (Ebbinghaus & Gronwald 2011). The Nordic countries diverged somewhat on this issue, particularly in the case of Denmark, where policymakers did not introduce an adequate earnings-related tier, which partly led to the crowding-in of non-public pension solutions (Kangas et. al. 2010).

As we saw in chapter 8, in China this earnings-related tier is part and parcel of the the new pension schemes with their combination of social pooling and personal accounts, beginning with the urban workers scheme from the mid-1990s. The idea of the multipillar framework was by then enshrined in international policy discourse as the pension system of the future, but the way there in both Nordic and non-Nordic Europe was longer and windier.

In Sweden, discussions began already in the 1940s about complementing the public basic pension with a more adequate solution for wage earners. In 1960, Sweden adopted a defined benefit or earnings-related PAYG-based supplementary pension named ATP (Lindquist 2011). Norway adopted a scheme similar to the Swedish in 1967 of the same name (Esping-Andersen & Korpi 1986). The Finnish and Danish paths were somewhat different.

In Finland, existing employment-related pensions in the private sector became statutory and compulsory in 1961 (Kangas & Luna 2011). In this way, the Finnish ATP-equivalent became one marked by sectoral divides. This made the Bismarckian legacy in Finland clear once again, as did arguably the fact that the earnings-related pensions had no formal ceiling (unlike the Swedish and Norwegian ATP-schemes) (Kangas et. al. 2010). The Finnish public pension system without any benefit ceiling has arguably hampered the development of private or collectively negotiated solutions (Kangas & Luna 2011).

In Denmark, a new and fully funded pension benefit which bore the name ATP (as in Sweden) was added to the pension system in 1964, but bore little resemblance with the Swedish ATP. The benefit was not based on previous income, but on the number of contribution years with contributions being fixed. (Petersen & Petersen 2012). For various reasons, no agreement could be reached on an earnings-related tier (Larsen & Goul Andersen 2004). Because the universal basic pension was relatively generous in Denmark, this meant that the Danish public pension system was more generous for low work incomes relative to the other Nordic counterparts who included earnings-related tiers, but somewhat less generous for average work incomes and markedly so for high incomes (Ploug & Kvist 1994). The fact that the Danish ATP was so limited contributed to the later crowd-in of occupational labor market pensions, but another precondition was that strong coalitions of actors supported this trend¹⁵.

In this regard, the Chinese case is a good example of how inadequate public pensions by themselves do not automatically lead to the crowd-in of private solutions (benefit adequacy has even been declining in China). Coverage of private pensions are far from widespread and still limited to only some of the urban labor market insiders as noted previously. In the Chinese case, the situation is

¹⁵ In 1989, government and municipalities together expanded labor market pensions to all municipal workers who did not already have one. This was an important push for the subsequent expansion in the private sector through collective agreements from 1991 (Goul Andersen 2011b).

perhaps more comparable to the historical Nordic experience of unilateral occupational solutions by single employers (before the enactment of national pension systems), since the Chinese labor market is not characterized by highly organized labor market partners, representing employees or employers, with strong fora for common decision-making.

Non-public labor market pensions through collective agreements did certainly also emerge as significant pension pillars in Sweden. Collectively agreed labor markets pensions also have near universal coverage, but contributions are low¹⁶. In Norway, the system was until recently overwhelmingly based on the public, PAYG pension system. For this reason, pension savings were also quite low (7% of GDP in 2011 according to OECD-figures) compared to the other countries. In 2011, pension savings were equivalent to 64% and 84% of GDP in Sweden and Finland, while it was an extreme 187% in Denmark (Goul Andersen & Hatland 2014).

Because the Swedish and Norwegian pension systems incorporated earnings-related tiers into public pensions, recent reforms have also had to adapt these public pension systems towards funded and DC-based pension systems.

In Sweden, a sweeping pension reform was adopted in 1998 and fully enacted from 2003 (Berglund & Esser 2013; Lindquist 2011). The public earnings-related tier, now dubbed ‘income pension’ was changed to a predominantly notional defined contribution (NDC) pension scheme. The NDC system is predominantly PAYG-based, but mimics a funded DC-system in the sense that contributions are

¹⁶ The contribution rates for the four major collectively negotiated pension funds (two for public and two for private employees) are all of them at 4.5% of the wage (Lindquist 2011). An exception is found in the two private sector schemes, where wage amounts above a level of 7.5 times the so-called base amount has a contribution rate of 30% (the base amount was 51.100 SEK in 2010), a level which corresponds roughly to the average Swedish wage according to Eurostat (2013). Nevertheless, this still makes for a very low total contribution rate for most workers. In Denmark, by contrast, contributions vary between 12 and 18% of wages (Goul Andersen 2011b).

linked to ‘notional’ accounts¹⁷. Effective from 2011, Norway reformed its pension system along some of the same lines as Sweden (Goul-Andersen & Hatland 2014; Hippe & Berge 2013; OECD 2011). An important difference, however, is that the benefit level of the earnings-related Norwegian income pension is not NDC-based¹⁸

In short, this means that the Nordic pension systems have all adapted to become multitiered pension systems, although the degree to which the equals evolved multipillar systems varies.

This has happened alongside very significant reforms of the basic and (previously) universal public pensions. Universalism as a policy principle in its most strict sense can no longer be found in Finland, Norway or Sweden. Here, the basic pensions are now completely negative-selective, while Denmark has formally maintained universalism, but also increased the degree of positive selectivism (or increased ‘targeting within universalism’)¹⁹ (see section 3.4 on

¹⁷ On top of this is the compulsory and state-run “premium pension”, which is funded and DC-based. The contribution rates are 16% for the NDC-scheme and 2.5% for the premium pension. Retirement is flexible between 61-67 years, with income from the NDC-system spread out over the remaining (expected - by gender and age cohort) lifetime to induce late retirement.

¹⁸ Instead, each individual will increase their pension income entitlements by 18.1% of annual income below a certain ceiling, which is adjusted each year by wage growth to secure real adequacy. As in Sweden, retirement is flexible, but in the Norwegian case it is between 62-75 years (retirement before age 67 is only possible for retirement incomes above the full amount of the basic pension, however). There is no public “premium pension” as in Sweden either. On the other hand, it has since 2006 been mandatory for employers to adopt occupational, defined contribution plans with a minimum contribution of at least 2%, which is quite similar to the Swedish premium pension.

¹⁹ Finland abolished the universal basic amount of the national pension, whereby the pension became income-tested (but only against income from other legislated pensions) already in 1995 (Kautto 2012). Sweden and Norway adopted their negative-selective ‘guarantee pensions’ with the 1998- and 2011-reforms. In 2011, Finland also added a “guarantee pension” to ensure a higher minimum at the lower end of the income scale, since the benefit level of the national pension had drifted quite significantly. While Denmark has not seen a complete removal of pension universalism as a policy principle, the national pension has certainly shifted towards

universalism). The shift away from universalism as a policy principle in the basic national pensions in Finland, Norway and Sweden is not as radical when seen through the perspective of benefit generosity. The various Nordic national minimum pensions achieve replacement rates which are in the end not that different²⁰.

In China, we do not yet find any exact institutional counterpart at the national level to these public basic pensions since these are linked to insurance participation. The flat-rate, guaranteed minimum for everyone in the new pension schemes for urban and rural residents from 2009 and 2011 are the closest Chinese counterparts. The benefit is still extremely low and based on insurance-participation rather than citizenship, but this is where we may perhaps see some institutional potential for a future, universal pension much like we already see it at the local level in some Chinese cities.

In conclusion, there has certainly been a shift towards multitiered and multipillar pension systems in all the Nordic countries, but by different degrees and different paths. In terms of pension pillars, occupational, non-public pensions in Denmark (and Finland, if we consider the privately managed but compulsory occupational pensions) dominate the pension system much more than in Sweden and particularly Norway. These new and generally more DC-based schemes are by nature better adjusted towards changes in life expectancy (and then various political decisions such as life expectancy coefficients or increasing pension accrual rates by age

being more income-tested than before. From 1994, the amount of the universal benefit became roughly equal to the mean-tested supplements, and in 2003 another means-tested supplement was added. Furthermore, even the basic pension has since 1984 been means-tested against income from possible employment (Goul Andersen 2011b).

²⁰ In 2009, replacement rates for basic pensions with other supplements were 56% in Denmark, 52% in Norway, and 46% in Sweden, but also a significantly lower 38% in Finland (Nososco 2009). However, we should bear in mind that these numbers are from 2007 and before the introduction of the new guarantee pensions in Norway and Finland (in Finland it is significantly higher than the old minimum as explained above).

also help in that regard²¹). More inequality among future pensioners would logically be expected since earnings-related pensions will matter much more for future pensioners. On the other hand, it is not necessarily a given fact since statutory (or quasi-statutory in Denmark) earnings-related pensions and more selective basic pensions with high minima might complement each other well²². The shift towards multipillar pensions has happened in quite different ways in the Nordic countries. However, whether it has happened within or without legislation or the degree to which the income-replacement tier is public or private does not always make an equally big difference in the end. All the Nordic countries have broadly shifted in various ways to much more DC-based pension systems. Coverage is universal for employees because of their compulsory nature, except for Denmark, where the institutionalization of labor market funds through collective agreements excludes a small minority of workers²³.

In comparison with China, we are struck by some very fundamental differences in terms of policy pathways. The Nordic history of pension systems is a long-winded story of different departures along the Bismarck-Beveridge continuum to pension universalism and then on to multitiered systems in different ways in terms of the public/private mix as described above. This Nordic ‘restructuring’ towards adapting pension systems to demographic change has taken place in different ways. Norway and Sweden make up the Nordic mainstream, while Denmark and Finland have relied more on the

²¹ Finland in 2014 adopted a reform which will further increase pension ages for cohorts born after 1995 and similar reform deliberations are taking place in Sweden (Finnish Centre for Pensions 2014; Valkonen & Vihriälä 2014).

²² In Denmark, for example, inequality is expected to decrease among pensioners and to be lower than among the population in general (Goul Andersen 2011b).

²³ In the Danish case, Goul-Andersen (2011b) argues that the Danish private labor market pensions constitute a quasi-universal solution because of the way private labor market pensions, now institutionalized in collective labor market agreements and covering nearly 80% of the labor force in 2008, interact with the public pension system, which ensures very high minimum benefits for those with little or no labor market pension.

occupational pillar outside the public system. Always, existing institutions have had a very clear impact on these trajectories, for example in the case of the compulsory occupational insurance in Finland or the degree to which the income-replacement tier became public or private in Scandinavia. This is less evident in China which has been marked both by major societal disruptions and a compression of the timescale in terms of economic development. The pension system of the planned economy broke down and was disbanded, and after a short vacuum new pension schemes have been hauled in. This happened at a time where the idea of the ‘multipillar’ system was firmly embedded in international discourse.

On the other hand, some traits have been constant in China, namely that both the old and the new pension systems were clearly dominated by a strongly ‘Bismarckian’ principle of status maintenance and strong insider-outsider divides, which are further exacerbated by the *hukou* system.

There are a few significant Sino-Nordic similarities in terms of broad changes. The Chinese reforms have incorporated the income-replacement tier into the public pension system (like Sweden and Norway, for example, and unlike Denmark), while the occupational and individual pension pillars appear much less developed and have achieved very limited coverage despite some governmental support mechanisms. Another experience is fragmented public pension systems that vary locally in terms of pooling and benefits. However, in the Nordic countries this belongs to the annals of history before the introduction of national-level policies. Contemporary China, on the other hand, has had to embrace this diversity within the national schemes out of sheer necessity because of the size of the country and enormous local disparities, even as there is a continuous effort to push for institutional homogenization.

10.3.1 UNEMPLOYMENT INSURANCE: THE CONFLICT- RIDDEN ADAPTION OF THE GHENT SYSTEM

A major institutional difference between China and the Nordic countries is that unlike Norway and the rest of Europe, Denmark,

Finland and Sweden have all retained their old systems of state-subsidized insurance in voluntary unemployment funds connected to independent labor unions (also known as the ‘Ghent model’²⁴). In China, unemployment insurance is formally mandatory as it has been in Norway since 1938, even if coverage is far from universal as we saw in chapter 7. Paradoxically, these Nordic Ghent models later became some of the most universal and social citizenship-based unemployment insurance systems, although recent decades have also seen some notable steps towards ‘de-universalization’, particularly in Sweden.

As we can see in table 27, Norway and Denmark were the first Nordic countries to adopt national legislation on unemployment insurance in 1906 and 1907, respectively. Finland followed in 1917, and this time Sweden was the laggard until it also adopted such a scheme in 1934²⁵. Initially, all the Nordic countries adopted the Ghent model.

The initial adaption of these Ghent models was connected with much political turmoil and often resistance from the unions themselves (Edling 2006; Caroll 2005). Union funds often resisted on the grounds that the gain from state subsidies did not match the loss of autonomy when they became subject to political regulation (such as the requirement to open up for unorganized workers or separating strike funds from benefit funds).

Such continuous conflicts coupled with the worsened economic situation in the 1920s after World War I contributed to the demise of the Ghent model in Norway in 1938. Coverage was too low, and the funds struggled with finances for those that were covered. The new, compulsory scheme increased insurance coverage tenfold and was articulated as a triumph for the labor movement. Finland experienced

²⁴ The ‘Ghent model’ is named after the Belgian city of Ghent in which it was first implemented in 1901 (Vandaele 2006). In 1905, France was the first country to adopt this system nationally. Belgium has retained a form of quasi-Ghent model, where the government also plays an important part in distributing benefits

²⁵ Only a small minority of funds became state-subsidized after 1934 (because the loss of autonomy was seen as too problematic). Only after World War II did coverage of state-subsidies pick up (Berglund & Esser 2013; Edling 2006).

many of the same problems²⁶, but retained its commitment to the Ghent model. The process was much smoother in Denmark where enrollment picked up at a much quicker pace (and state subsidies were also more generous in the beginning)

The later ‘universalization’ of the Nordic Ghent models after World War II has for very obvious reasons limited applicability to the Chinese case. Unemployment insurance is not managed by unions, and the so-called All-China Federation of Trade Unions is not politically independent (although it in some instances has begun to act more as an interest organization for workers rather than a government body) (Hong & Ip 2007). As in the case of the formally mandatory system in China, Norway gradually ‘universalized’ the occupational groups eligible for insurance, the difference of course being that the corresponding process took place much later in China (1986-1999). Norway incorporated agricultural workers and a few other leftover occupational groups into unemployment insurance in 1949, thereby making it universal (Kuhnle 1987). As emphasized previously, the big ‘black box’ in terms of unemployment in China is the exclusion of rural Chinese from unemployment due to the historical circumstance of collective landownership. In addition to this comes the exclusion of large groups of *de facto* urban unemployed from registered unemployment (chapter 7).

Still, the experience of the Nordic Ghent model includes many dynamics that are typical to the gradual ‘universalization’ of insurance schemes. One important step towards universalization of coverage is the universalization of financing, which made the government assume the lion’s share of benefit expenses. For members of funds this means both lower contributions overall and equalization

²⁶ Only about 10% of workers were unionized by 1935, even lower than the 21% in Norway at the time, and as in Norway fund members were a clear minority (Edling 2006). On top of this came domestic political turmoil between left and right inherited from the civil war in 1918. In 1931 and 1934, laws were enacted to protect the ‘industrial peace’, which led to the suspension of eight out of the ten funds at the time (Edling 2006; Carroll 2005).

of contribution levels between funds. This happened in the decades after World War II in the Nordic countries, while the scheme in China is still mainly financed by employers and employees. In China, the tendency has even gone towards increasing contributions as the existing scheme was set up as can be seen in table 21 (section 7.3). However, before transformative reforms of financing, the old Nordic Ghent systems could experience declining government financing as well²⁷

The transformative reform happened in 1967-1970 in Denmark. The state fully overtook the ‘marginal risk of unemployment’ and the link between unemployment levels and member contributions was severed. This made contributions uniform and fixed. Despite generally declining government financing, 1958 was also a significant for the ‘universalization’ of financing because state contributions became timed to expenses rather than income. This meant that contribution levels were greatly equalized across funds. The reforms in 1967-1970 laid the institutional foundations for the modern setup of the benefit. The corresponding overhaul of unemployment insurance in Sweden happened in 1973 (SO 2006). In Finland, the foundations for the current unemployment insurance were laid with a reform in 1985 (Lilja & Savaja 1999).

In terms of generosity of the Nordic unemployment insurance schemes, a distinction can be made between the Finnish scheme on the one hand, which does not have a benefit ceiling, and the three Scandinavian benefit schemes on the other, where benefit ceilings are in place (AK Samvirke 2012; Torp 1999). While the schemes are formally earnings-related in contrast to the Chinese flat-rate benefit, low benefit ceilings in the Scandinavian countries means that the Scandinavian schemes are de facto flat-rate for much of the workforce (Clasen et. al. 2001). This means that the Finnish scheme is much more earnings-related. It is earnings-related from a lower

²⁷ In Denmark, for example, the government share of financing fluctuated between less than 10% and nearly 60% in 1907-1967 (Jørgensen 2007). After 1950, there was a general trend towards declining government financing. Due to a reform of financing in 1967, it quickly jumped from 10% to 70%.

baseline, however, which means that only for working incomes above 150% of the average wage is the Finnish scheme significantly more generous (OECD 2014a)²⁸.

Once again, Sino-Nordic similarities are more pronounced if we take a historical look at the Nordic countries. For Denmark, for example, the current Chinese net replacement rate just below 25% (of an average wage) is closer to benefit levels before the 1967-reform. In 1947-1967, for example, maximum benefits hovered around 35-40% of an average wage before they doubled in 1967 (Jørgensen 2007). The rock bottom was 20% in 1919. Flat-rate unemployment assistance (for people outside the unemployment funds – see also the section below on social assistance) can be found in Finland and Sweden (Edling 2006).

Coverage of the Nordic unemployment insurance schemes became relatively high, except for Finland. In the 1980s and 1990s, 70%-75% of the unemployed were covered in Denmark, Norway and Sweden, while it hovered around 50% in Finland (Torp 1999; Lilja & Savaja 1999). The reason why coverage of the compulsory Norwegian scheme is not 100% is that duration is of course not unlimited just as a work qualification criterion has to be fulfilled as elsewhere²⁹.

In China, the problem of non-compliance from employers has kept coverage hovering at an even more modest 50-60% of the registered unemployed, with precise figures hard to come by. Furthermore, as noted previously, the real coverage rate is much lower because of serious issues with including out-of-work people looking for a job in

²⁸ At these high income levels, the Nordic schemes vary a 42-49% replacement rate, except for Sweden at 34% (in 2012). At the lower rungs of the income scale with a working income at 67% of the average wage, Denmark is significantly more generous with a replacement rate of 84%, while the other Nordics schemes have replacement rates of 59-68%. The relative Danish generosity for low incomes is the result of a high formal replacement rate of 90% of previous income below the ceiling, while it is 80% in Sweden and 62.4% in Norway.

²⁹ Duration is two years (one year for very low incomes). Qualification criterion is 1 year of wage income within the last year (or within the last three years for high incomes). Sick or maternity leave also count as wage income.

registered unemployment (due to the *hukou* system and the economic transition of the 1990s). With coverage divided sharply between workers in public employment or state-owned enterprises and workers in private employment or self-employment (CDRF 2012), the Chinese unemployment benefits are subject to marked insider-outsider divides.

10.3.2 THE RETRENCHMENT OF UNEMPLOYMENT INSURANCE

The Nordic benefit levels have been subject to some retrenchment, most significantly in Sweden. Firstly, Sweden like Denmark used to have a formal replacement rate of 90% below the ceiling, but this was lowered to 80% in 1993 and further down in 2007 to 70% and 65% for the unemployed after 200 and 300 days of unemployment, respectively (Goul Andersen 2012; Sjöberg 2011).

However, most of the decline in benefit generosity is explained by insufficient benefit indexation (relative to the wage development) as in the Chinese case. The difference is course that the Chinese wage development is much quicker and replacement levels are much higher in the Nordic cases. The trend is most strongly pronounced in Sweden. Automatic adjustment of the benefit ceiling was removed in 1993 and it has not been adjusted upwards since 2002³⁰ This development has gradually turned the Swedish benefit into a flat-rate scheme for more than 80% of the insured unemployed (Berglund & Esser 2013; Sjöberg 2011).

The same thing happened in Finland, where benefit indexation was frozen from 1994-2002 due to a big economic crisis in the early 1990's (Ervasti 2002; Heikkinen & Kuusterä 2001; Alestalo 2000; Lilja & Savaja 1999). Unlike the other two Nordic Ghent countries, however, benefit levels have also been raised significantly in the new millennium (Ministry of Employment and the Economy 2012; Uusitalo & Verho 2010). This included raising the earnings-related

³⁰ By late 2014, the new Social Democratic-led government has proposed to raise the ceiling significantly, however.

element of the benefit during initial unemployment (for people with long work histories), raising benefits for unemployed in activation measures and raising the base level of the benefit.

Denmark did not to the same extent experience very noticeable cutbacks in benefit levels, yet the benefit ceiling has declined somewhat over time relative to wages because the indexation mechanism adopted in 1990 entails that benefits are not raised at quite the same rate as wages during times of high economic growth (Goul Andersen 2011c).

In Norway, the single most important change to the benefit ceiling happened in 1989 when the ceiling above which any additional income is disregarded for benefit calculations was halved from twelve to six times the 'base amount' (Clasen et. al. 2001).

In terms of coverage, there have been some trends towards declining coverage. Sweden is also the frontrunner in this regard. Here, a steep decline from 2005 and onwards has placed coverage below 30% of the unemployed (Berglund & Esser 2013). We will return to the explanation below. The trend is so far less evident in Denmark and Finland. In Denmark, the long-term effect of a halved duration period (from four to two years) and a doubled requalification criterion (from 26 to 52 weeks of work) is yet to be seen (the reform was adopted in 2010 and effective from 2012, but a long string of 'temporary' measures have eased the effect)³¹. For Finland it should be noted that coverage was already lower to begin with. In Norway, the tightening of unemployment benefits was not as marked as in the other Nordic countries (Halvorsen & Jensen 2004; Halvorsen 2002; Eitrheim & Kuhnle 2000)³².

³¹ In Denmark, the foundations for less generous coverage were laid by the middle of the 1990s, partly due to shortening of the benefit duration period in successive reforms (benefit duration capped at seven years in 1993; down to two years in 2010, effective from 2012) (Goul Andersen 2012, 2011c). However, up until 2010, this did not decrease coverage significantly, as (long-term) unemployment had declined.

³² Duration was actually extended in 1984, differentiated according to previous wage income in 1997 (which actually meant an extension for most work incomes)

Just like China, Sweden and Finland have not witnessed the Norwegian fluctuations or the Danish cuts in benefit duration, but duration was already considerably lower than in Denmark. Sweden has retained its benefit duration of 60 weeks (but as explained below the unemployed continue on lower benefits), Finland its own of 100 weeks and China has stayed with its contribution-dependent maximum of 24 months.

Denmark, Sweden and Finland have all either abolished or shortened special duration extensions for the elderly unemployed, just as participation in various active labor market measures no longer count as ‘work’ when fulfilling the work requirements³³ (it still counts in Finland, but hours participated are divided by two). The work requirements themselves have also been intensified in all the countries³⁴.

Norway is a bit special in this regard, since the work criterion is defined as a minimum income level. In 1989, this was raised from an income of 0.75 to 1.25 times the ‘basic amount’ within the last year (Clasen et. al. 2001). This barred very low incomes such as students or elderly women in seasonal work from the benefit.

Perhaps the Chinese failure to increase coverage significantly even as the eligible group of workers was expanded gradually in 1986-1999 partly owes to the increase in contributions that was also embedded in the adaption the new ‘universally mandatory’ scheme from 1999. At

and later cut down to the present duration of 104 weeks and 52 weeks (for wages above or below two times the so-called ‘base amount’).

³³ However, when Sweden removed activation participation from hours of fulfilled work in 2001, it at the same time installed an “activity guarantee”, renamed “job and development guarantee” in 2007, during which one receives a lower gross replacement rate of 65% after the ordinary unemployment benefit has been exhausted. (Berglund & Esser 2013; Sjöberg 2011).

³⁴ Presently: Denmark: 52 weeks at 37 hours = 1924 hours (within three years). Finland: 34 weeks at 18 hours = 612 hours (within 48 weeks). Sweden = 26 weeks at 80 hours (within 12 months) or 480 hours in 26 consecutive weeks (within 6 months): 480 hours.

least we have seen in other policy fields (health and pensions) how contributions may be a reason for both employers and employees to opt out of a scheme.

In the field of unemployment insurance, Sweden is a prime example of this. In 2007, a reform sharply increased and differentiated member contributions (and further increased in 2008)³⁵, causing members to opt out of funds (Berglund & Esser 2013; Goul Andersen 2012). The Swedish government announced its decision to abolish the differentiated membership fees from 2014, but the damage had been done in terms of fund membership. In just two years, from 2006 to 2008, fund membership in Sweden decreased from 83% to 70% of the workforce (AK Samvirke 2012). The fund membership rate is a few percentage points higher in the other Nordic Ghent systems (Denmark and Finland) at around 75%.

In conclusion, it is not surprising that the institutional foundations of unemployment insurance are very different in China and the Nordic countries, particularly in the case of the three Nordic Ghent countries. The only characteristic, which is not too common among unemployment insurance systems but shared between China and the Nordic countries (apart from Finland) is flat-rate benefits, although in Scandinavia it is a result of low benefit ceilings.

Once again, the historical perspective on the Nordic benefit systems revealed some similar experiences. Low benefit levels were also a Nordic experience before transformative benefit reforms from 1967 and onwards. The ‘universalization’ of coverage in the mandatory system in Norway ended with the inclusion of agricultural workers in 1949. In China, the group of eligible workers was expanded in 1986-1999, but the inclusion of rural citizens is a huge step still difficult to imagine because of the *hukou* system.

³⁵ The differentiation between funds had increased from 4 EUR/month to 41 EUR/month in 2012 (IAF 2013). Overall, member contributions soared to constitute 59% of benefits in 2008, up from 12% in 2007 (ibid). The government tried to offset this with a small decrease in contributions in 2009, which brought the figure down to just below 40%.

10.3.3 SOCIAL ASSISTANCE: BETWEEN PARTICULARISTIC AND RIGHTS-BASED RESIDUALISM

In terms of social rights for the unemployed, social assistance or minimum income protection for those not member of an unemployment fund is of course important. It has become increasingly important in the Nordic countries as coverage of insurance has declined. Social assistance has also become increasingly important in China, not so much because of changes to unemployment insurance, but because of the expansion of the new MSLS-scheme in urban China since 1999 and since 2006 in rural China. While all the schemes in question are residual, the Chinese MSLS exhibits a very particularistic form of residualism (see section 2.4 on social rights and particularism) where eligibility and benefits are determined by street level bureaucracy despite formal goals of including everyone below the local poverty thresholds. This perhaps bears some resemblance to the old ‘poor laws’ that were the first pieces of social legislation in Nordic and non-Nordic Europe alike, but also the later social assistance-schemes before they became governed by legislation.

In the Nordic countries, national social assistance laws were first enacted in Denmark in 1933. Finland, Norway and Sweden followed suit later with national legislation after World War II in 1956-1965. To cut short the historical account, the Nordic social assistance schemes all evolved from schemes with very high discretion for local municipal governments in terms defining eligibility and benefit levels, a trait which continued even as they became inscribed in national legislation (Kuivalainen & Nelson 2012; Bahle et. al. 2011). Nordic social assistance was often characterized as more residual relative to other countries, which perhaps should be seen as a reflection of the very limited needs that needed to be covered (Lødemel 1997). As poverty was low and the coverage of unemployment benefits high, there was a smaller clientele for these benefits in the Nordic countries.

As the universal welfare states had matured, social assistance was perhaps the last scheme to see steps towards a more rights-based

approach. Finland was seen as a Nordic forerunner when it set national standards for benefit levels from 1989, while Denmark followed soon after and Sweden set a national standard in 1998 (Kuivalainen & Nelson 2012). Norway introduced national guidelines in 2001, but substantial local discretion remains (Gubrium & Lødemel 2014; Kuivalainen & Nelson 2012)³⁶. In that sense, with its strong features of ‘particularistic residualism’, the Norwegian social assistance is the Nordic scheme most alike the Chinese counterpart. Denmark arguably has the most universal or rights-based social assistance scheme since benefit levels are completely fixed nationally (Bahle et. al. 2011)³⁷.

While coverage of Nordic social assistance schemes traditionally used to be quite low, mostly due to the well-developed ensemble of income protection in the Nordic countries, Nordic social assistance-benefits have usually been described as relatively generous in terms of benefit levels (Gough 2001). Today, that notion does not seem to find clear-cut support when compared with benefit levels in other European countries (Figari et. al. 2013; Mechelen & Marchal 2013; Bahle et. al. 2011). Benefit levels are difficult to compare, particularly as regards social assistance because a range of supplementary and discretionary elements often play an important role for the general benefit package, but there is no doubt that social assistance has become less generous over time in the Nordic countries³⁸.

³⁶ Perhaps somewhat paradoxically, declining generosity has to some extent been tied directly to the introduction of more rights-based national benefit standards (Kuivalainen & Nelson 2012).

³⁷ In this regard, it should be noted that Finland and Sweden have an extra benefit tier besides social assistance, where those who fulfill the work criteria for unemployment insurance, but are not fund members can receive a flat-rate benefit which is not means-tested. Sweden introduced this benefit tier in 1974 and Finland did the same in 1994 (Sjöberg 2011; Lilja & Savaja 2001)³⁷. It is often supplemented by social assistance as a top-up.

³⁸ Kuivalainen & Nelson (2012) estimate that the equalized disposable income of recipients on social assistance compared the average wage earner dropped from 57% to 48% in Denmark, from 62% to 50% in Finland, and from 65% to 44% in

The declining relative value of the Chinese MSLS reflected inadequate indexation of local MSLS thresholds in a context of rapidly rising incomes (local benefit thresholds certainly increased significantly in absolute terms), particularly in the beginning of the millennium. This has also been the main explanation behind the declining generosity of Nordic social assistance, only at a much slower pace. The national benefit levels in Sweden and Finland are regulated only according to the price development, while the Danish indexation method is (nearly) tied to the wage development (Kuivalainen & Nelson 2012)³⁹.

In other words, insufficient indexation, while being more pronounced in China, is also visible in the Nordic countries. Admittedly, the Chinese MSLS is very difficult to compare with Nordic social assistance. As mentioned in the introduction, the Chinese MSLS is somewhere between a classic, European ‘poor law’ and proper social assistance. If it should be likened to social assistance, it is a very stigmatizing and particularistic form of social assistance (Kongshøj 2014a). Another big difference is that the Chinese MSLS is embedded in a general safety net with much bigger holes than its Nordic counterparts. Chinese welfare provision is still so very dependent on private or out-of-pocket payments (as in the case of health care, for example), that the Chinese MSLS as noted in chapter 7 (depending on the local variations) comes with a range of additional welfares subsidies that would be alien to a Nordic social assistance recipient. For many Chinese recipients, these supplements are much more important than the cash benefit itself.

Sweden, while Norwegian benefit levels have been stable around 45% in 1990-2008. In comparison with China, the decline to 15% of urban average disposable income in the urban MSLS (figure 7), or the 25% for the rural MSLS, would be lower still if calculated as a wage-based replacement rate.

³⁹ While the Danish indexation is more generous, it does have a small, hidden under-compensation (except in times of low economic growth) as explained before on unemployment insurance. The method of indexation is the same for the two benefits in Denmark.

10.4.1 HEALTH CARE: UNIVERSALISM DECENTRALIZED

In comparison with China, the Nordic countries are all characterized by universalism in health care. Financing, provision and regulation of health care is a public responsibility (Böhm et. al. 2013; Wendt et. al. 2009). In terms of spending, the Nordic countries are among the countries with the highest levels of public spending and the highest share of public spending relative to total health expenditure in the OECD (this has not applied to Finland since the 1990s, however) (OECD 2014b)⁴⁰. The very low level of public spending in China reflects that the Chinese system represents an emerging insurance-based system.

Universal and relatively generous health care is not at all exclusive to the Nordic countries, however. As an example, the British National Health Service (NHS) has long been known as a quintessential example of universal health care. Other examples could also be named. What has been distinctly Nordic, however, is the degree to which local government (municipalities and counties) has been responsible for health care with some degree of state financing (Magnussen et. al. 2009; Häkkinen 2005; Byrkjeflot & Neby 2004).

Taking a historical look on the pathways to universalism in the Nordic countries, they do not necessarily exemplify very well the mechanisms of universalization in a previously insurance-based system. Unlike most non-Nordic countries with universal health care such as Britain, the Nordic countries did not arrive at universalism after switching from a primarily social insurance-based model (Haave 2006). Social insurance played only a minor role for specialized or inpatient treatment, except for Norway. Norway introduced compulsory sickness insurance in 1909 (coverage was not universal

⁴⁰ In most recent years, 81-85% of Scandinavian health expenditures have been public (Finland 75%, EU-27 average 73%), and public spending amounted to 8-9% of GDP (Finland 6.6%, EU-27 average 6.5%). By contrast, the earlier figures for China placed public spending at 1.4% of GDP in 2011, or 29% of total health expenditure.

or population-wide until 1957), which provided both medical and cash benefits. The other early Nordic schemes primarily aimed at providing income support and a few medical benefits in kind. Inpatient treatment at hospitals was primarily financed through public budgets, and social insurance only played a minor role.

Denmark and Sweden introduced voluntary, state-supported sickness insurance-acts in the 1890s, however. While insurance had played only a minor role in hospital care (except for Norway), it did, however, play a large role in terms of primary care before universalization, especially in Denmark (Martinussen & Magnussen 2009). Besides Norway, the Danish development is closest to resembling a switch from a social insurance-model to universal, national health care. However, since healthcare provision was heavily hospital-centered in both Denmark and the other Nordic countries, financing and provision has been primarily public since the late 19th century (Wendt et. al. 2009). Still, as an example, the Danish experience from 1892-1973 offers some basic similarities to the current Chinese, namely the ‘universalization’ of insurance coverage achieved via larger governmental responsibility in financing of insurance. This has been most evident in the expansion of the NCMS and the URBMI for rural and urban Chinese in the new millennium.

Denmark began subsidizing sickness funds in 1892 and a reform in 1933 also made membership compulsory (in order to be eligible for old-age support) for people below a certain income level (Vallgård & Krasnik 2010). In Denmark, Coverage of sickness insurance was extended to all wage earners in 1960, and the system which had hitherto aimed at ‘excluding the rich’ from primary care (initially from 1892 with locally differentiated income limits), was abolished (Petersen 2012). From 1973, the sickness funds were abolished, and the counties assumed responsibility for financing, regulation and providing both primary and secondary health care⁴¹.

⁴¹ The sickness fund *Danmark* survived, however, and continues to insure members against medical expenses not covered (or not fully covered) by public health care such as pharmaceuticals or dental care (membership stood at more than 2.2. million in 2012)

In Sweden, the most important final step beyond compulsory sickness insurance in 1955 was the so-called *Seven Crown Reform* of 1970. Not only did it firmly place all kinds of specialized care (it had only been hospitals up to that point) at the county level, but it made health care much more accessible to low-income groups with the state reimbursing the expenses of counties (Byrkjeflot & Neby 2004). Norway as noted earlier made its compulsory insurance fully universal in 1957, but the final step towards the modern, universal health system came in 1967 when the country set up its National Insurance Scheme (Johnsen 2006; Kuhnle 1987). From 1971, health insurance was also integrated within the scheme, and sickness insurance was included in general taxation, where it became visible as a ‘health tax’ (Haave 2006). Finland was the last European country to legislate compulsory sickness insurance in 1963. In health care, the current system of free health care with (with municipal responsibility) was enacted in 1972 with an implementation period of 10 years (Kangas & Saloniemi 2013; Vuorenkoski 2008).

Beyond some classic dynamics of ‘universalization’ of insurance schemes, the historical evolution of the Nordic health care systems is very different from the Chinese since the Nordic systems had a very strong impetus towards public and universal health care from the very beginning. As mentioned above, the Nordic systems were very centered on their publicly financed hospitals. The present Chinese system is also much attuned towards public hospitals, but nevertheless public hospitals have been very reliant on private financing since the onset of market-oriented reforms.

10.4.2 PRIVATE HEALTH CARE AND MARKET MECHANISMS IN THE PUBLIC SECTOR.

The most central issue from the perspective of social citizenship in the modern, Nordic health care systems is the role of private health care. In China, the privatization of health provision is very strong both within and without the public health care system, even if insurance reforms have eased some of this.

While Nordic health care has not witnessed the same degree of ‘privatization’ as in the field of pensions, the supplementary role of the private health care sector has been strengthened slightly (more so in Finland). However, just as the pension systems may exhibit various degrees of quasi-universalism, the private sector has to a large extent been embedded within systems of universal access and financing (except perhaps for Finland, where the growth of the private sector has been a result of health care ‘dualization’ between labor market insiders and outsiders). The growth of private health insurance in the Nordic countries may also point to a strong potential in the future for institutional ‘layering’ of private health care outside the universal health care systems, even if it has not happened so far.

In primary care, general practitioners (GPs) as gatekeepers to specialized treatment are often self-employed, but publicly financed. In Denmark, a legacy from the private sickness funds and their well-developed network of primary care has been that GPs remain outside formal public ownership, even after the 1973-reform. In China, we almost see a reverse-mirror situation, with public insurance schemes and public providers that nevertheless are very dependent on private financing.

In Sweden, the role of private GPs has been much politicized and has billowed back and forth⁴². A new ‘freedom of choice’-act entered into force in 2010, which obliged counties to allow citizens to choose primary care-providers with reimbursements following the citizen regardless of public or private ownership (Anell et. al. 2012; Nordgren & Ahgren 2011; Häkkinen & Jonsson 2009). By 2011, about 40% of all doctor visits were provided by private GPs.

Norway was inspired by the Danish organization of GPs when it passed a reform of primary health care in 2001 (Hagen & Vrangbæk 2009; Martinussen & Magnussen 2009). The reform meant that every

⁴² From 1994, the counties’ regulations on the number of private practitioners were revoked and citizens got the freedom to freely choose their own GP’s (Martinussen & Magnussen 2009). Even though the reforms were quickly withdrawn when the Social Democrats re-entered government office, many counties had already implemented them.

citizen became listed with a specific GP as in Denmark and about 90% of GPs in the following years chose to become self-employed.

Finland generally retained its system of publicly owned health centers in primary care at the municipal level, but some municipalities have contracted out the management of health centres to private providers (Saltman & Vrangbæk 2009). While contracting out has not been prevalent, the non-public sector has grown much faster than the public since the 1990s. This has applied both to private as well as statutory occupational health care (we will return to this below).

In terms of hospital care, the role of private providers remains very modest. In all the Nordic countries, around 90% or more of patients receive care at public hospitals (Martinussen & Magnussen 2009). The role of private providers has grown very moderately by varying degrees between the countries, much of it is a result of increasing patients rights' legislation coupled with free choice between public and private providers (Ministry of Social Affairs and Health 2013; Anell et. al. 2012; Tynkkynen 2010; Winblad & Ringaard 2009).

In chapter 9, we briefly noted how private health insurance in China so far has very limited coverage (7% of the population and 2% of total health expenditure). Perhaps somewhat paradoxically, supplementary private health insurance is much more widespread in all the Nordic countries, despite the fact that public health care is also much more adequate. This may reflect a different level of demand in the developed Nordic economies, but also in the resources and organization of labor market parties as speculated before on private pensions. Whatever the explanation, private health insurance has come to play a larger role in all the Nordic countries, but can so far be regarded as a rather modest and supplementary layer on top of the universal health systems.

The expansion of private health insurance coverage has been most prominent by far in Denmark (Berge & Hyggen 2010; Martinussen & Magnussen 2009). One important push for this happened in 2002 when tax subsidies for private health insurance provided by employers was introduced under the condition that coverage included all employees in the firm (Beland et. al. 2014; Kjellberg et. al. 2010).

The new centre-left government abandoned tax subsidies again in 2011, but coverage of private insurance has continued to expand. By 2012, just below 2 million Danes were covered by private health insurance (Forsikring & Pension 2014).

While this presents an extreme development in terms of coverage, it does not mean that one-third of the population (almost exclusively people in employment) has quit public health care. The revenue of the small private sector is still overwhelmingly coming from publicly financed patients referred because of waiting list guarantees, free choice, etc., and insurance-covered or self-paying patients constitute a small minority (Kjellberg et. al. 2010). No doubt, an important factor behind the Danish development is the way in which supplementary insurance has become a normal part of the employment package for job holders just as supplementary unemployment insurance now is in Sweden. The difference is that the Swedish private unemployment insurance has become a part of collective agreements, while it has taken place at the firm-level in Denmark.

In the other Scandinavian countries, the development is far less pronounced. In Norway, 333.000 Norwegians, or a little less than 7% of the population, had some form of private insurance in 2012, while the figures for Sweden were 464.000 or just below 5% of the population in 2011 (SKL 2012; Manifest Analyse 2012). In Norway, insurance drawn up by employers was tax deductible from 2003, but this was repealed again in 2006 (Berge & Hyggen 2010).

Finland constitutes a Nordic peculiarity with occupational health insurance being statutory (Ministry of Social Affairs and Health 2013; Wahlbeck et. al. 2008). Employers in Finland are required to offer free occupational healthcare for their employees. Coverage is around 85-90% of employees since not all small enterprises are enrolled while participation is voluntary for farmers and self-employed. In terms of provision, employers can choose between either setting up their own, buying from other employers, purchasing from municipal health centres or from private providers. Only a small minority of occupational insurance is provided by municipal health centres, and the increasing utilization of occupational health

insurance in primary care has fuelled the growth in non-public health care delivery (Wahlbeck et. al. 2008). In addition, private health insurance has also bloomed in Finland. In 2012, around 1 million Finns (or 20% of the population) had private insurance, with about half of them drawn up by parents who wish to cover their children (Kangas & Saloniemi 2013).

All told, the private sector accounted for 25% of expenditure and 20% of personnel in health care provision in 2009 (Arajärvi & Väyrynen 2011). This substantiates how health care provision in Finland is significantly less 'public' than in the other Nordic countries as mentioned in the very beginning. In 2000, Finland was found to be among the OECD-countries with the greatest socio-economic inequality in utilization of health care along with Portugal and the United States (Kangas & Saloniemi 2013; Wahlbeck et. al. 2008).

Finally, we should note that the Nordic core trait of decentralized provision of health care has been challenged somewhat, particularly in Norway and Denmark (Byrkjeflot & Neby 2004). A 2002-reform in Norway transferred hospital and other forms of specialist care from 19 counties to the state, with health care provision being organized by five (later four) regional health enterprises under the Ministry of Health (Hippe & Berge 2013; Martinussen & Magnussen 2009; Byrkjeflot & Neby 2004). Hospitals were restructured into semi-independent public firms, the main idea being that hospitals should act more like private enterprises. The enterprise organization entailed a break between managerial provision and the superior political body. Similarly, Denmark from 2007 implemented a structural reform which reduced the number of local authorities from 14 counties to 5 regions and from 275 municipalities to 98 (Martinussen & Magnussen 2009). The new and larger regions retained their responsibility for health care, but the most important change in the reform was that the authority to set independent tax rates was removed from the new regions. Instead, financing has largely become a matter for the central government⁴³.

⁴³ Fiscal centralization also characterized the Norwegian reform, but while counties already were very limited in setting tax rates before the 2002-reform, the

Similar attempts at centralization have been attempted in both Sweden and Finland, however. In these two countries, it was until recently more of a coordinated bottom-up process rather than the big-bang, top-down reforms of Denmark and Norway. Sweden tried to initiate a process of voluntary mergers over several years after a structural reform commission handed in its report in 2007 (Martinussen & Magnussen 2009). The process collapsed in 2012, however, as no counties managed to present any final mergers to the government (Karlsson & Bretzer 2012). A similar process of mergers has been more successful in Finland, but here it has until recently taken place at the municipal level⁴⁴ (Blöchliger & Vammalle 2012; Häkkinen & Jonsson 2009).

In conclusion, we have identified some similar mechanisms of ‘universalization’ in China and the Nordic countries when we consider the Nordic systems before transformative health reforms of the 1960s and 1970s. This applies especially to health insurance outside specialized or hospital care, since the Nordic hospital system was publicly financed even before the ‘golden age’ of welfare state expansion.

When we consider the modern health systems, private health insurance somewhat paradoxically seems to have higher coverage in the Nordic countries than in China, at least in Denmark and Finland. As noted before, there are good explanations for this, however. While the degree of ‘dualization’ has increased in Finland, it has mainly been the result of retaining compulsory occupational

Norwegian reform further replaced unconditional block grants from the government with conditional and activity-based financing (Rehnberg et. al. 2009; Häkkinen 2005).

⁴⁴ Financial incentives for mergers ended in 2013, but the process is on-going. Between 2001 and 2014, the number of municipalities was reduced from 452 to 320 (Population Register Center of Finland 2014; Blöchliger & Vammalle 2012). Furthermore, by late 2014 a new health care reform was agreed upon by the government coalition, which when implemented will place responsibility for all forms of health care provision in regional administrative units (‘SOTE-reform’)

insurance, and the the extent of private insurance in Denmark has so far not had very significant consequences (even if the potential for quick institutional layering is certainly in place). Finally, there is no doubt that the actual privatization of health risks is much bigger in China because ‘public’ providers have been forced to operate on market terms.

The more recent Nordic changes have been reforms of public, universal health care that we have not been able to directly relate to the Chinese experience. This includes centralizing the previously decentralized public health care, introducing some market mechanisms into universal health care (not to be confused with increasing private financing) or increasing patients’ rights.

The final conclusion across all three policy fields will be included in the next and final chapter.

CHAPTER 11. SOCIAL CITIZENSHIP IN CHINA AND THE NORDIC COUNTRIES

It is time to weave together the threads of the previous 10 chapters into a coherent image of social citizenship in China and the Nordic countries. The dimensions of social citizenship covered in this dissertation include first and foremost the welfare state itself but also normative orientations.

This dissertation has elaborated how ‘Confucianism’ can be compared with any normative-theoretical school of citizenship. In terms of empirical welfare attitudes, we have seen how China and the Nordic countries are placed in a larger country-level context and what empirical typologies of citizens emerge within the five countries. We have discussed the welfare regime context in East and West. Social reforms in China across three select policy fields have been analyzed in terms of social rights and universalism. Finally, we have discussed broad Sino-Nordic reform trajectories across the same three policy fields.

Our findings will be summarized and discussed here across the three main research questions raised in section 1.2. The first section of this chapter will discuss the normative foundations of social citizenship (chapter 4 and 5). The second section will focus on progress and challenges in China in relation to the goal of achieving more universal welfare provision (chapters 6-9). The third section will focus on comparative reform paths in China and the Nordic countries (chapter 10).

Our main conclusions will not only be summarized, however. The policy-oriented enquiry (the second and third research questions above) will also be discussed from a global perspective. Of course, we cannot conduct a truly global, in-depth analysis in a few short sections, but some of our findings naturally raise the question of whether the Sino-Nordic policy trends are necessarily that unique to our very different country cases. As will be discussed, some of the

main findings are not wholly unique when we anchor China in the context of developing or emerging economies and the Nordic countries correspondingly in their Western context.

In the conclusion, we will return to China and the Nordic countries and briefly point to the importance of the political underpinnings of social citizenship as we look to the future.

11.1 THE NORMATIVE FOUNDATIONS OF SOCIAL RIGHTS: MARSHALL VS. CONFUCIUS?

In chapter 1, I framed the first question in terms of “...*the normative foundations of citizenship in China and the Nordic countries, both from a normative-theoretical perspective and in terms of welfare attitudes among the citizenry*”.

While Confucianism is in essence a diverse amalgam of ethical thinking with a very long history, I have argued that it can in fact be compared with any traditional ‘Western’ school of citizenship. Confucianism encompasses normative prescriptions for relations between citizens (or citizenship practices) as well as for the relationship between state and citizen.

When presented in its most traditional and narrow conception, ‘Confucianism’ becomes a vision of an almost organic and meritocratic society in which differential social roles leave little space for equal ‘citizens’. Furthermore, public welfare should take the backseat vis-à-vis the family in particular, since this is the arena from which proper Confucian citizenship practices emerge. This to some extent resonates with communitarianism and conservatism as they have been known in the West. There is a strong resonance with social conservatism in the Confucian obligation for political leaders to be benevolent and develop the citizen potential of everyone, including the poor or the marginalized.

However, as I have also argued, once we begin discussing inherent ambiguities in core concepts such as the ‘family’ and the mutual obligations in Confucian relations, a vision of a more progressive role

for social policy can be envisaged. Still, we would have to stretch Confucian citizenship thinking quite far in order for it to have any significant overlaps with egalitarian liberalism as described by T.H. Marshall (and as it has commonly been ascribed to the ‘Nordic model’ or welfare regime).

Our empirical investigation to some extent resonated with a stylized notion of the differences between Chinese Confucianism and Nordic egalitarian liberalism. With the method of latent class analysis we have seen how different types of citizens emerge within countries. Egalitarian citizens were more strongly represented in the Nordic countries, while more ‘meritocratic’ citizens, who favor basic public welfare for all, but also tolerate inequalities in welfare provision, were more prevalent in China.

However, we should be mindful of drawing conclusions which emphasize distinct or relatively stable ‘welfare cultures’. A wealth of possible explanations, which we have not pursued at great length in this dissertation, could be offered. We have discussed the influence of policy institutions and context-dependent perceptions of reality and also noted the potential issue of a Chinese ‘agreement bias’ (which we have investigated as a potential problem for the reliability of our results, but no significant impact could be found).

One result from our analysis of individual-level social divides supports that we should be wary of simplistic conclusions regarding ‘Confucian’ citizenship. Generally, high incomes and the highly educated had a smaller chance of being ‘inegalitarian’ in China. We saw the reverse dynamic in the Nordic countries. This suggests that those benefiting from economic development in China also increase their expectations towards public welfare provision.

Coincidentally, this is very much how welfare reform has actually unfolded in China. Welfare schemes for urban workers have been enacted first while also being much more generous. This observation supports the notion that the welfare reforms of the past 10-15 years represent efforts to put out the most urgent fires of market reform. CCP efforts to increase social legitimacy and decrease the potential for social unrest have (when related to social protection) first and

firemost tried to deal with the demands of the new middle class, whereas the remaining Chinese citizenry have had to be more patient. If we revert to a more simple view of reality, however, such a dynamic of welfare reform might also just be said to represent a ‘Confucian’ social order.

11.2 UNIVERSALISM WITH CHINESE CHARACTERISTICS: TOWARDS MORE CITIZENSHIP-BASED SOCIAL RIGHTS?

In Chapter 1, I asked “*....to what degree has the goal of achieving more universal welfare in China been achieved regarding health, unemployment and pensions, and what are the challenges in this regard?*”

Social policy in China has in some respects become more rights-based. Similarly, Ngok & Huang (2014:156) argue that “*....a conception of social citizenship has begun to emerge...*” and that “*....the implementation of various welfare programmes, in a sense, are a kind of reaffirmation of social citizenship*”. The traditional perception of social citizenship in China has been that individual, rights-based citizenship is both very new and relatively weak compared to citizenship as the exercise of collective power (Wong 2013a). In the arena of public welfare, the state-individual relationship has perhaps become a little less state and a little more individual in tandem with welfare state expansion. This is somewhat speculative, however, and perhaps Wong (2013a:419) is right to say that “*There is a long way to go before the wholesale acceptance of citizenship as embodying individual rights in China*”. From a rights-oriented perspective there are still big challenges.

Considering the official Chinese goals of achieving ‘moderate’ or ‘appropriate’ universalism in the near future, there is no denying that some big steps ahead have been taken in the past decade or two. This includes increasing coverage significantly of health insurance, pensions and minimum income assistance. It has not only been a matter of extending coverage of existing schemes, but in later years also adapting new schemes for urban and rural residents outside the urban labor market. This means that the divides across the *hukou*-gap

and between insiders and outsiders on the urban labor market are not such big chasms as they used to be.

In some areas, experiments are being undertaken with unifying rural and urban schemes or implementing provincial-level insurance funds as mentioned in previous chapters. Noteworthy examples were universal basic pensions or the unification of health insurance schemes. Several provincial-level governments have even undertaken formal steps towards unification of *hukou*-based divides, although the real impact in terms of social rights has not necessarily been very significant (Ngok & Huang 2014; Li et. al. 2013). In the province of Guangdong, for example, the formal integration of health insurance has not abolished the divides in reimbursements, and risk pooling still takes place at the county level (Ngok & Huang 2014). In 2013 and 2014, the Central Committee of CPC and the State Council called for integrating rural and urban insurance schemes, perhaps inspired by local efforts with this goal in mind. As seen so often in the history of China, local policy experiments can offer a glimpse into the future of national-level policies in China. Even if we ignore the myriad of local experiments, however, welfare provision in many policy fields has become more citizenship-based than it used to be. Furthermore, tax financing also plays a larger role in health insurance, minimum income assistance and to a more limited extent, pensions.

However, this positive assessment cannot stand alone. The previous chapters have also explained a series of issues which are problematic from the perspective of universalism and social citizenship. Increased coverage of insurance in pensions and health has been achieved with new schemes that are very ‘cheap’ for the government and therefore result in very low replacement rates or reimbursement levels. Benefits are not adequate in pensions, unemployment insurance or minimum income assistance, and replacement rates have been declining significantly in relation to the rapidly increasing Chinese incomes. In health insurance, generosity, defined as the adequacy of reimbursement rates, has increased, but are still far from ensuring adequate protection, particularly in case of serious illness. In terms of unemployment protection, there is still a need for recognition of

unemployment as a social problem in rural China (and subsequent extension of unemployment insurance).

At the same time, however, coverage of schemes has been expanded and the government foots a larger share of the bill. It is up for discussion whether this should be interpreted as just maturing productivism or perhaps a more principal change from particularist or selectivist productivism towards inclusive or universalistic productivism as the literature has discussed for other East Asian countries. Alternatively, this more 'inclusive' productivism may be interpreted as an emerging conservative welfare state if we revert to the labels of classic comparative research. Already in 2002, Liu et. al. (2002) from the Asian Development Bank characterized the Chinese welfare state as resembling most closely this classic ideal-type in their review of Chinese health provision.

The most important steps towards citizenship are the adaption of new schemes across all three policy areas, even if they often reinforce old divides. In addition, all of the schemes in question, except the MSLS, are insurance-based and not fundamentally based on citizenship. Finally, we should remember the around 260 million migrants living outside their area of *hukou*, who now in various ways can enroll in either rural, urban or separate schemes for migrants, but as discussed in previous chapters, many are still caught in a no-mans land outside the social insurance system (Wang & Wan 2014; Wong 2013a).

Therefore, in terms of social citizenship, it so far seems more appropriate to talk of the extension of very basic social rights, but these social rights are nested within a social insurance-model facing a series of big challenges in terms of guaranteeing adequate social protection. China is best understood as a maturing developmental or productivist welfare regime in the typical East Asian fashion. Social spending is low, social rights are minimal and to a large extent linked to productive activity. In terms of care, the welfare state still plays a minimal role. Still, this is only true with significant variations in East Asia.

11.3 CHANGING SOCIAL RIGHTS AND MECHANISMS OF UNIVERSALIZATION IN CHINA AND THE NORDIC COUNTRIES

The third and final question I posed in chapter 1 concerned “...*the comparative policy reform paths in China and the Nordic countries vis-à-vis universalism and social rights in the same three policy fields*”

While the contemporary welfare states in China and the Nordic countries are extremely different, we identified some similar policy trajectories in chapter 11, just as some of the historical mechanisms of ‘universalization’ in the Nordic countries are echoed the current Chinese experience. We also discussed how the Chinese timescale is very ‘compressed’ relative to the Nordic (and Western) welfare state development. The simplest way to describe this is to characterize the Chinese policy changes as a combination of welfare expansion and restructuring at the same time, while the Nordic countries have trod the long path of separate phases of welfare state expansion and restructuring. This is most evident in the field of pensions, but also to some extent in health care and unemployment protection.

In pensions, both China and the Nordic countries have arrived at multitiered pension systems, although the degree to which this equates evolved multipillar systems differs somewhat. The basic public-private mix is one example, where Denmark has gradually evolved a dominant layer of private, occupational labor market pensions, whereas the earnings-related tiers in Norway, Sweden and both rural and urban China are partly incorporated into the public pillar. China is still trying to develop its (urban) occupational pillar, whereas it has long been dominant in Finland.

In the Nordic countries, we can observe three reform paths (with Norway and Sweden sharing a common path with many similarities). The reforms may all appear to have entailed radical ‘de-universalization’ of public pensions from the perspective of social rights, but when the institutional interplay between basic pensions and

the universal (or near-universal in Denmark) coverage of earnings-related pensions (whether public or private) is considered, changes are less radical (Goul Andersen 2011b; Kangas et. al. 2010). The formal departure from universalism in basic, public pensions has been less marked in Denmark. On the other hand, earnings-related pensions are arguably least universal in Denmark.

In the Chinese case, it seems difficult to speak of a particular pension reform path. The old pension system drifted to its death due to market reform, and after some time the present system began to take shape in the middle of the 1990s at a time where multipillar pension systems were perceived by the key to sustainable pension systems in international discourse. On the other hand, the main traits of status maintenance and strong insider-outsider divides, enforced by the still existing *hukou* system, have been strong throughout. Despite the formal multipillar set-up of the Chinese pension system, it is largely limited to the urban workers' system, and even here the non-public pillars appear underdeveloped. Furthermore, financing issues have rendered the formally funded, DC-based tier of public pensions *de facto* PAYG-based. Coverage remains inadequate and increasingly income replacement levels are also inadequate⁴⁵. Finally, it is interesting to note the aforementioned local experiments in many Chinese cities with properly universal and public basic pensions.

As regards the field of unemployment protection, urban China has since the turn of the millennium had the common institutional set-up of unemployment insurance complemented by social assistance. In China, coverage of the formally mandatory unemployment insurance remains low and has seemingly even been declining. The MSLS, which is now extended to both rural and urban China, still excludes many of the formally eligible poor and able-bodied unemployed in implementation. For both benefits, it is also the case that benefit

⁴⁵ When we compare China with the Nordic countries, we should note that the Nordic countries are also unique in the way they have to a relatively high degree achieved demographic sustainability of their pension systems (Goul Andersen & Hatland 2014). Pension systems with big PAYG-based sustainability gaps and declining replacement rates can be found in other developed economies. For example, the US Social Security fund will run empty by 2033 at present pension regulations (Ellis et. al. 2014).

levels are inadequate and replacement rates declining in a context of rapidly increasing Chinese wage incomes.

Even if the starting points are very different from the Chinese, we have also identified some steps towards declining coverage of unemployment insurance and declining generosity of both unemployment insurance and social assistance in the Nordic countries. This has been most significant in Sweden, but some of the same tendencies can be observed in Denmark. In Finland, the tendency has once again been one of mostly retaining a system which was already the least universal among the Nordic countries. Finally, in Norway, where insurance is mandatory like China, the policy field has been much less tumultuous, and it is difficult to talk of clear-cut retrenchment despite a few important changes.

It is difficult to talk of Sino-Nordic similarities in this policy field beyond the extension of schemes. In rural China, the MSLS was not adopted nationally until around 2007, and formal recognition of unemployment as a social risk along with access to unemployment insurance is still absent. However, some similarities were noted with a historical perspective on the Nordic unemployment protection systems. A big difference is that the Chinese state has so far not assumed larger financial responsibility in unemployment insurance, which was an important mechanism of ‘universalization’ in the Nordic countries.

Health care, however, is the field where we have seen the most similar dynamics of ‘universalization’, even if the Nordic countries unlike other universal healthcare systems did not primarily evolve from insurance-based systems. At the same time, this is also where the welfare reform impetus has been strongest in China. The historical mechanisms of ‘universalization’ were most similar to the Danish sickness insurance in primary care or the mandatory Norwegian sickness insurance from the first half of the 1900s, again via extension of coverage and increasing state financing. That does not at all mean that China will eventually evolve anything resembling universal healthcare. Public financing is still inadequate, particularly in health delivery in hospitals. The Chinese reforms are so far more

accurately understood as an attempt to put out the fires and filling the gaps in a broken, insurance-based system.

In the Nordic countries, the health care systems remain universal even though the supplementary role of private provision has been strengthened. However, this has mainly taken place within the universal, tax-financed health care system, for example in the way that general practitioners in Norway have become predominantly private as they have long been in Denmark. The rise of private health insurance, which is most significant in Denmark, has not had a significant impact so far on the Scandinavian health care systems. However, there is a strong potential for quick institutional ‘layering’ (Streeck & Thelen 2005) in the future should perceptions of public health care change for the worse. Finland is a Nordic outlier with mandatory occupational insurance, which has increasingly been utilized for private provision (in tandem with growth of private insurance).

In other words, China and the Nordic countries do not always constitute a choice of unlikely apples and oranges. Some current reform tendencies and historical pathways do exhibit similarities across the Sino-Nordic divide. However, as we shall see below, the Sino-Nordic binoculars can blind us to the wider landscape of welfare state reform.

11.4 EXPANDING THE HORIZON. PARALLEL TRENDS AT THE GLOBAL LEVEL?

Even if it is both interesting and relevant to spend a dissertation immersing ourselves in Sino-Nordic welfare architecture, at some point we may ask ourselves whether what we have uncovered here is really that unique to our country cases.

It should be no secret that some of the broadest policy trends are not necessarily that unique to our comparative framework. Developments in the Nordic countries are to some extent general to developments in developed, Western welfare states across welfare regimes. The Chinese reforms in many ways resemble general trends

among developing economies and East Asian neighbours. From a historical perspective, historical dynamics of policy ‘universalization’ in the Nordic countries are not exclusively Nordic, even if the process went further in these countries. In this section, we will not go further into the historical dynamics, but focus on contemporary changes in developed and developing welfare states.

Welfare state research at the global level naturally involves a relatively high level of abstraction, yet global welfare state research has pointed to common developments, some of which we will include here when relevant for our country cases. New theories and approaches such as ‘global social policy’ ‘world society theory’ or ‘the world polity approach’ have recently been invoked (Yeates 2014; Deacon & Stubbs 2013; Meyer 2010). These theoretical approaches emphasize the spread of norms and ideas about specific social policy-solutions among pivotal actors as well as the influence of global institutions on national-level policy making. We will not engage the theoretical discussion here, but researchers applying these theories have pointed to developments that also apply to the Chinese case, particularly the spread of new social assistance-schemes, increasing health coverage and attempts to adopt multipillar pensions.

First we will consider the Nordic corner of the Western world. Here, we may oftentimes speak of ‘parallel trends, persistent diversity’ (Kautto & Kvist 2002). While differences between welfare regimes may persist across the many different regime indicators that have been used in the literature (Vis & Van Kersbergen 2014; Hay & Wincott 2012; Arts & Gelissen 2010), they have in some respects been subject to similar changes. A prime example is pension reforms with the purpose of ‘privatizing’ the financing of pensions and easing this responsibility off the shoulders of government combined with incentives to stay longer in the labor market. Of course, beyond this broad trend there are certainly are significant differences regarding coverage, financing or the ways in which pension systems are governed in the public-private mix (Ebbinghaus 2011).

Making unemployment benefits less generous or decreasing coverage of unemployment insurance is also a very general trend in Western

welfare regimes (Ferragina et. al. 2013; Van Vliet & Camanida 2012; Clasen & Clegg 2011). Clasen & Clegg (2011) argue for a trend towards what they name ‘triple integration’; Firstly, ‘benefit homogenization’ or reducing differences between benefit tiers or reducing the number of tiers, secondly, ‘risk-categorization’ or diminishing differences between unemployment benefits and other schemes regarding conditionality and eligibility, and thirdly, ‘activation’ such as increasing job-search or activation requirements for working-age benefit claimants. This fits well with what we have uncovered in chapter 10, once again with notable differences between the Nordic countries.

As regards the still (nearly) ideal-typically universal and social citizenship-based Nordic health care systems, a wide range of non-Nordic countries have near-universal health care. This applies to at least Portugal, Spain and the United Kingdom, although countries such as Canada, Australia, Ireland and New Zealand also come very close if we also include private provision within a system otherwise publicly regulated and financed (Böhm et. al. 2013). Beyond that, we have seen how the role of private financing or supplementary private provision has been strengthened somewhat in the Nordic countries within a context of increasing demand. This, too, is not a distinctly Nordic experience, and neither is the introduction of some market mechanisms within the public sector (OECD 2014b; Freeman & Rothgang 2010; Martinussen & Magnussen 2009). The degree to which this has happened is of course very different, and it has so far not been very pronounced in Scandinavia.

The Nordic countries have arguably been much more distinct within welfare services and especially care policies (Ferragina et. al. 2013; Jensen 2011; Scruggs & Allen 2006). This remains the case, but there has perhaps been some general convergence towards to Nordic countries here, at least in Europe. Continental Europe has increased spending on care policies, and especially family policies (child care, maternity/parental leave and child allowances) have become more generous in non-Nordic Europe (Ferragina et. al. 2013; Jensen 2011). This does not necessarily entail a welfare regime convergence in family and care policy, however, since the policy expansion in

Continental Europe often has taken place in ways that emphasize existing regime differences, for example via the extension of comprehensive cash-for-care schemes in Continental Europe (Stoy 2014).

As regards the Chinese case, some of the main developments that we uncovered in chapter 7, 8 and 9 do follow trends common to the developing countries. There are also similarities to neighbouring East Asian countries as hinted in the discussion in chapter 6.

On the level of discourse, the much-discussed turn at the beginning of the millennium under the Hu-Wen leadership is not isolated to China. In the international rights-discourse that takes place in the framework of the UN, many countries, developing as well as developed, were previously reluctant to embrace the idea of social rights. China, like some other Asian and Arab states did endorse the idea of social rights championed strongly by Latin American countries after World War II, but also seemed to be much more preoccupied with the more vague right to social and economic development (Davy 2013). The latter ‘right’ was more of a general policy prescription for governments than a right for individuals. Sometime after the mid-1990s, the idea of individual, social rights gained stronger international consensus. For example, individual country reports submitted under the International Covenant on Economic, Social and Cultural rights (ICESCR) began to be generally much more concerned with socio-economic inequalities, and *“Welfare statism soon became the preferred framework for social policies reported under articles 9 and 11 ICESCR”* (Davy 2013:26).

Simultaneously, there has also been a change of discourse in important epistemic communities on policymaking such as the OECD, IMF and the World Bank (Vetterlein 2013; Deacon 2005). Others, such as the ILO, have long pushed for more extensive social policies. The influence of these organizations often went beyond the loose dissemination of ideas, since they also had important direct policy influence through structural adjustment programs and the like. Until the turn of the millennium, the emphasis was overwhelmingly on market solutions from a more neoclassical perspective. To the

extent that countries should maintain any welfare state, it should be targeted at the poorest. That changed in the new millennium and some consensus also seemed to emerge among these international organizations for more comprehensive welfare policies in the developing countries.

One recent example is the idea of the so-called “Social Protection Floor”, developed by the ILO (2012) and endorsed by the UN, the World Bank, ILO and G20 from 2012. The name itself indicates a close connection with classic Beveridge-universalism or social policies which guarantee everyone a basic level of social protection. It is stressed that the aim is to ensure “...*universal coverage of the population with at least minimum levels of protection (horizontal dimension) and progressively ensuring higher levels of protection according to ILO standards (vertical dimension)*” (ILO 2012:11), and “*the specific universal right of everyone to social security and to a standard of living adequate for the health and well-being of themselves and their families*” (ILO 2012:24)”.

The new-found (or more accurately, re-discovered) concern with more active social policy in Bretton-Woods institutions like the IMF and the World Bank should not be overemphasized. In these institutions, economic growth is arguably still perceived as the primary goal for the social development of the developing countries (Vetterlein 2013). Still, there seems to be a move towards a new balance somewhere between more residual ‘pro-poor’ policies on the one hand and more universal protection on the other. At the same time, the increasing attention towards positive associations between growth and economic equality may increase the impetus of this new turn. Recent prime examples of this are analyses by IMF- and OECD-economists such as Cingano (2014) and Ostry et. al. (2014)

In tandem with these international changes in discourse, comparative welfare state research on a global have identified broad policy trends that echo some aspects of the Chinese case. One such is the spread of social assistance schemes. This has been described as a ‘quiet revolution’ in developing countries (Bender et. al. 2013; Leisering & Barrientos 2013), although the label of ‘social assistance’ also covers

a wide range of schemes with very different programmatic features in the developing world. Until recently, patchy social insurance, which was regressive and covered only insiders (the group of workers in formal employment) was not a distinct Chinese experience. The first decade of the new millennium saw the enactment of social assistance in a range of developing economies, including big economies such as India, Brazil, Mexico, and, as explained here, China with the MSLS. While general social expenditures are still very low in most developing economies, spending on social assistance has become very high. Among many African and Middle Eastern countries, spending on social assistance is above 3% of GDP (compared with 2.5% in the OECD) (Walker 2013). Social assistance makes up a very large share of social spending in these countries, but this also reflects that coverage of other forms of social protection is still very low and marked by strong insider-outsider divides.

Pension and health care reforms are good examples as well. When reviewing social policy and drivers of change in developing countries, Mares & Carnes (2009:105) identify “...*pension privatization as the wave that has swept the world*” and as one of two general trends that received much attention, the other being the expansion of social policy in East Asia (as discussed in chapter 6). As the prime example of more universal welfare in East Asia, both Surender (2013) and Mares & Carnes (2009) point to the extension of health insurance in Taiwan and South Korea in the mid-1990s. Considering developments since then, it would certainly not be wrong to include the extension of health insurance in China (chapter 9).

As regards pension privatization and multipillar pensions, attempts at developing a functioning multipillar pension system in China has been linked to the influence of World Bank recommendations on reform-minded Chinese officials in the early 1990s. The World Bank became prominent in promoting multipillar systems in the 1990s and also published a report with similar recommendations for China in 1995 which was discussed by Chinese policymakers before the major reform of 1997 (see chapter 8) (Orenstein & Deacon 2014; Frazier 2010; Salditt et. al. 2007). Several other countries adopted some form of multipillar systems where defined contribution-benefits dominated,

most of them in central and Eastern Europe and Latin America. Examples outside these regions (besides China) are Brazil, Nigeria, South Africa and Taiwan. At the same time, this reform trend does not unilaterally entail retrenchment of public pensions across countries. South Africa, Brazil and Mexico, for example, have introduced new selective public pensions within a multipillar framework. The selectivity of the two latter countries is not the traditional income-based means-test however, but targeting towards poorer, geographical regions (Mexico) or agricultural workers (Brazil). Several developing economies have even introduced universal social pensions, including some countries in sub-Saharan Africa as well as Chile, Ecuador and Brazil (Walker 2013). This ‘sweeping’ trend of pension privatization has nuances and exceptions, in other words. In addition, the trend has arguably ground to a halt since 2005 (Orenstein & Deacon 2014).

The examples mentioned here are not attempts at making any comprehensive review of social policy in developing countries (see for example Surender 2013; Bender et. al. 2013; Mares & Carnes 2009), but they illustrate how the most significant Chinese reforms of the new millennium (health, pensions and social assistance) are not necessarily distinctly Chinese experiences.

While one should be mindful of the many issues and challenges facing social policy in the developing world as well as the very different points of origin compared to the world of OECD welfare states, it certainly is possibly to speak of a general move towards more comprehensive social protection. The United Nations Research Institute for Social Development (UNRISD) devotes an entire chapter in its 2006-2010 flagship report *Combating Poverty and Inequality* to outlining the move “Towards Universal Social Protection” (with Korea and Taiwan as prominent showcase examples) (UNRISD 2010). The UNRISD (2014) also undertook a new project from 2012, *Towards Universal Social Security in Emerging Economies: Process, Institutions and Actors*, focusing on 12 country cases and spanning several reports and papers, one of which is a brief review of China by Ringen & Ngok (2013) discussing “What Kind of Welfare State is Emerging in China?”

11.5 GLOBAL WELFARE STATE EXPANSION?

This section will demonstrate that the above tendencies towards welfare state expansion in many developing economies can be observed with expenditure data.

The biggest obstacle facing comparative welfare research at the global level is the very limited availability of comparable indicators. Western welfare typologizing has come to rely on an ever more diverse supply of indicators on welfare policies down to details on the programmatic level (replacement rates is one of the oldest and most familiar examples, for instance) as well as a broad range of welfare outcomes. Chapter 2 dealt with some of the most widely used datasets on developed welfare states as the various dimensions of social rights were outlined.

The possibilities are still very limited, however, if one wishes to expand the scope beyond the West or developed economies. On a truly global level, choices are so limited that it becomes difficult to anchor analyses narrowly in welfare regimes. The state of global social policy research is therefore still very reliant on the basic and perhaps most important foundation of comparative research, namely contextual and qualitatively oriented in-depth enquiries into the individual country cases (which is also true of this thesis).

Nevertheless, in recent years some internationally comparative datasets and information databases have become available. For example, Park & Jung (2013) review a range of global databases or datasets while focusing on East Asia, but the dataset of Mares (2005) also deserves mention⁴⁶. The East Asian Social Policy Research

⁴⁶ Park & Jung (2013) reviews the qualitative database on programmatic policy set-ups in *Social Security Programs Throughout the World* (maintained by the International Social Security Association and the US Social Security Administration), the *Social Security Database* (ILO), the *Social Security Expenditure Database* (ILO), *Government Finance Statistics* (IMF), the *Social Expenditure Database* (OECD) the *World Income Inequality Database* (United Nations University World Institute for Development Economics Research) and the *Key Indicators* (Asian Development Bank). Isabela Mares' (2005) *Social Policy Coverage Index* spans 130 countries, but it is not publicly available. While the index is said

Network (EASP) has now established a project aiming to facilitate comparative data for the region (Hudson et. al. 2014). Available data including both China and several Nordic countries in a wider comparative context are limited, however.

The ILO's *Social Security Enquiry* covers both China and the Nordic countries on some indicators, specifically coverage of pensions and coverage of unemployment benefits, but is based on information from relevant country experts, usually from government ministries. It is evident that the data do not seem to be very reliable or comparable (not shown here), for example in the way that coverage rates fluctuate wildly between years in some countries or in the way that some countries report extremely high coverage of benefits.

The qualitative *Social Security Programs throughout the World* (SSPTW) database does contain in-depth descriptions of social policy legislation that also covers our country cases, but the information is unwieldy and difficult to present in a simple, comparative format as we seek to do here. Furthermore, while there may always be somewhat of a gap between formal legislation and actual implementation, it is especially true of welfare states in developing countries. This is due to a plethora of issues affecting the countries to varying degrees, for example the informal economy, lack of financial resources, administrative capacity, corruption or demographics (Walker 2013). Nevertheless, it is possible to glean some interesting country variations just by looking at the spectrum of schemes formally enacted through databases such as the SSPTW. ILO (2010), for example, shows how high-income countries usually have schemes in place that cater to nearly all social risks, while that is not at all the case in low-income countries. Only various forms of old-age pensions or work injury protection have been universally enacted in nearly all countries. In this section, however, we will try go a little beyond these very general observations and also a little further into the general trajectories of welfare efforts.

to cover both coverage and redistribution of four types of insurance (old-age, sickness, disability and) it is based on formal legislation on both aspects, however.

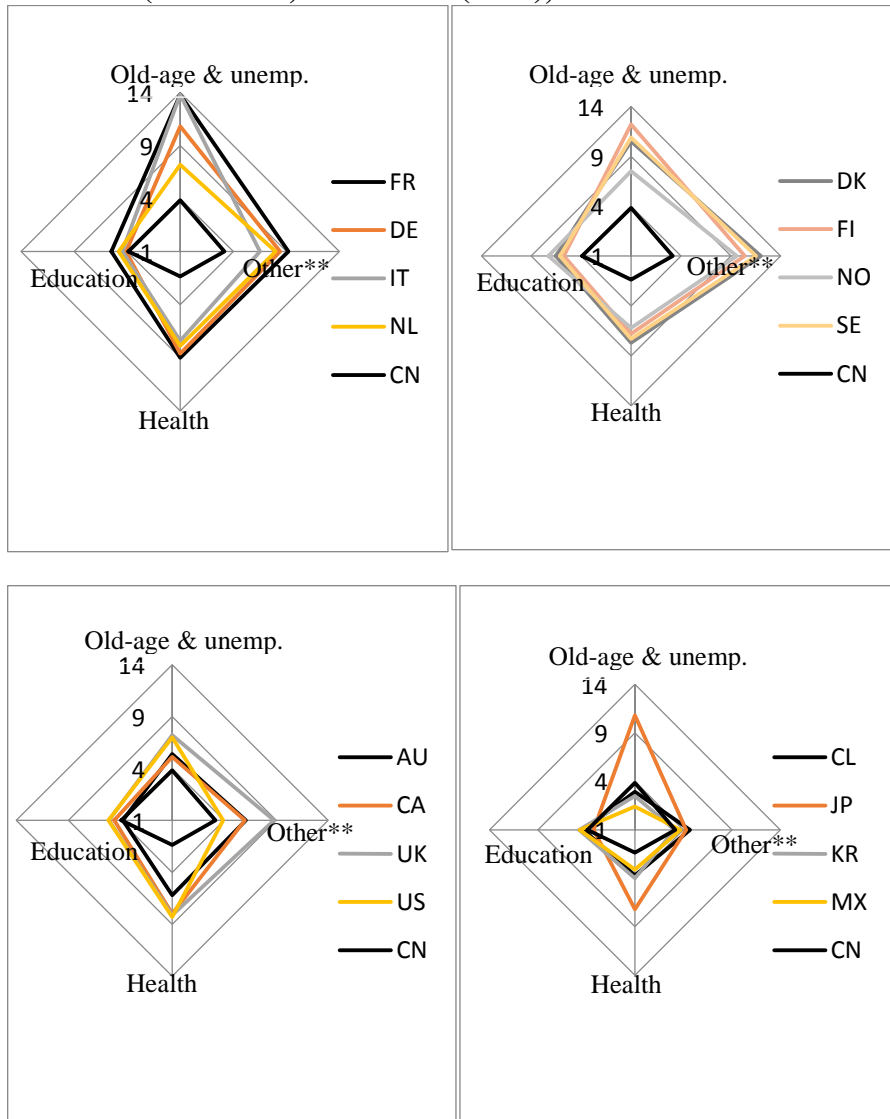
In the end, what we are left with in this case is the classic object of first-generation comparative welfare research, namely data on social expenditure. The critique against this indicator as a valid measure of differences between welfare states is well-known. The most important critique is that it does not say anything about qualitative differences in terms of the principles underlying social rights and that social spending is heavily affected by fluctuations in needs (such as levels of unemployment or old-age dependency ratios). As Esping-Andersen (1990:21) noted: “*It is difficult to imagine that anyone struggled for spending per se*”. In addition, just as it is affected by changing needs, it does not tell us whether demands are actually being met. Furthermore, gross social spending may distort differences in fiscal welfare effort as shown by the analysis of Adema et. al. (2011) in the OECD countries. Nordic welfare states are not in general among the most expensive when we compare net social expenditures rather than gross social expenditures⁴⁷.

In this case, however, some interesting and relevant observations can be made with the ILO’s *Social Security Expenditure Database* on the global level, and we can also narrow our focus to the OECD and China and distinguish between broad categories of social spending in each country case.

In figure 16 we find China alongside the range of countries available in OECD (2014c) data on disaggregated social spending. China is compared with 16 selected OECD countries, sorted into three groups corresponding somewhat to the classic Western worlds of welfare plus a fourth group which includes Chile, Japan, South Korea and Mexico (see also appendix C for the full range of OECD countries). For all OECD countries, data on three forms of protective spending is from 2009, while public education expenditure is from 2008 or latest available year. For China, expenditure data is provided for 2011.

⁴⁷ Social spending in 2007 in Denmark, for example, drops from 30.8% to 23.9% on this measure of net publicly mandated spending. Among the 27 OECD countries, Denmark, Finland, Norway and Sweden drop from ranking, as the 3rd, 8th, 11th and 2nd highest on gross social expenditure, respectively, to being 7th, 9th, 13th and 3rd on net publicly mandated spending.

Figure 16: Disaggregated public social expenditure in 16 OECD countries (2009/2008) and China (2011), % of GDP *



Sources: OECD (2014c); OECD (2014d); OECD (2013a); Mok & Wong (2011)
 * For all countries but China, expenditure on 1) simply includes spending on ‘old-age’ and ‘unemployment’ in (2014c). For China, 1) refers to ‘social security’ in OECD (2013a:129). The concept of ‘social security’ can be ambiguous, but for example the World Bank (2014) refers to a distinction between ‘social security’ and ‘social safety net’ in its discussion on expenditure data, with the former comprising pensions and unemployment insurance. Still, there is a issue of comparability with

1). Therefore, we will refrain from drawing specific OECD-China conclusions on this dimension of expenditure.

** ‘Other’ protective expenditures refers to the following categories in OECD (2014c): Survivors, incapacity, family, active labor market policies, housing, other. For China, the category represents ‘social safety net’ plus ‘housing’.

In figure 16, we see how Chile, Mexico and South Korea resemble China to a much larger extent with very low public expenditures on all dimensions of welfare compared to the other, Western OECD countries. This is perhaps not so surprising given the limited role of public financing of welfare outlined in chapter 6 on East Asia. In that chapter, we also noted how this does not fully apply to Japan, which resembles the rest of the OECD more. Here we can see how this is particularly the case in terms of spending on health, old-age and unemployment, but not the remaining safety net. The figure substantiates the argument that East Asian countries resemble Western welfare states more when we include ‘productive’ welfare such as education and not just protective welfare.

In figure 16, we should also note that some substantial differences can actually be identified across the four worlds of public welfare expenditure constructed here. This echoes the finding that disaggregated OECD social expenditure data actually does correspond largely to the familiar three (four if Southern/Mediterranean Europe is included) worlds of welfare when analyzed with hierarchical cluster analysis (Obinger & Wagschal 2010). In this case, we see how Nordic and Continental Europe are the biggest spenders, the main difference being that the Nordic countries spend less on old-age and unemployment and rather more on the remaining social safety net. As evident from appendix C, this is primarily an issue of the Continental European countries having old-age security systems which are relatively expensive for public budgets. The Anglo-Saxon countries do as expected feature more light-weight welfare states, particularly in the case of the United States. Across all countries, differences are generally small regarding health and education expenditure, while the regime-pattern is better reflected on the other dimensions of spending. The Nordic countries

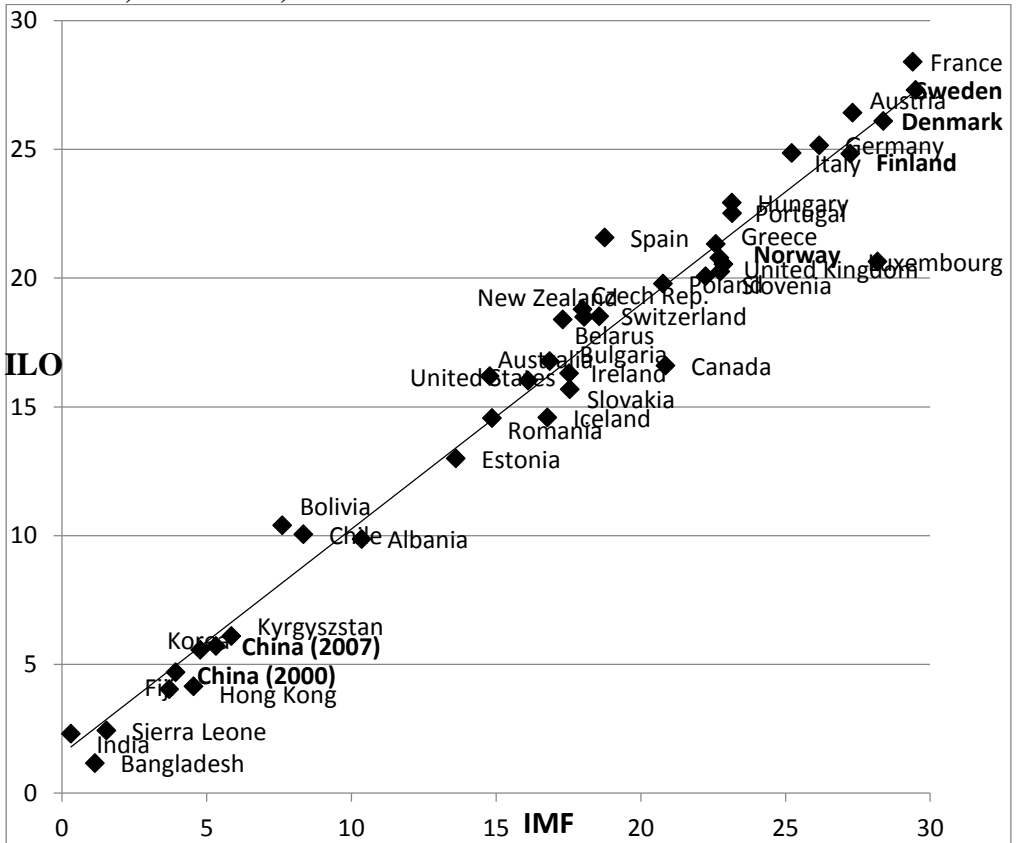
also spend more on education than the other countries in general, however.

While there has been a substantial increase in public social expenditure in most recent years in China, it does perhaps not look like much when compared against the backdrop of Nordic or Continental Europe. It is easier to properly appreciate the significance of the Chinese development when seen from a more global perspective, although here it is not possible to disaggregate expenditure into different branches of welfare.

On a global level, both the IMF and the ILO provide data for a large number of countries, although they do not always cover the same countries. In figure 17, we find data for 42 countries covered by the estimates of both the IMF and the ILO. Both of them are available from the ILO's *Social Security Expenditure Database*. The most recent IMF data are from 2007, but we also use data from 2006 in those cases where data from 2007 are not available from the IMF or ILO. Figure 17 tells us that the data from the IMF and the ILO as expected correlate highly. Social expenditures are generally a little lower in the ILO estimates compared to those from the IMF, usually by less than two percentage points. Very few countries deviate from this, and the most notable cases are Luxembourg, Canada and Spain.

When we include the level of social spending in China in 2000, which is around the time when welfare expenditure hit the rock bottom in China (Wang & Long 2013), we can see how China has since then climbed upwards. The China of 2007-2006 is comparable to South Korea at the same point in time, whereas the China of 2000 is comparable to the Hong Kong of 2007-2006, for example. Social expenditure in China was significantly higher than India.

Figure 17: Social expenditures in 42 countries according to IMF and ILO, 2006-2007, % of GDP*



Source: ILO(2014) Social Expenditure Database

* For each country, information from the last available year in 2006-2007 is used from the ILO and IMF.

If we had included the China of 2011 with the aforementioned OECD-estimates (see also chapter 6), it would be closer to the small cluster of 2007-countries consisting of Bolivia, Albania and Chile. Once again, it is apparent that the Sino-Nordic comparative framework of this thesis (all five countries in bold) is very much one of opposites, since the Nordic countries are among the countries with highest levels of social expenditure.

Turning back to the more global perspective, if we use data only from the ILO, data up until 2012 become available (see appendix D). The level of social expenditure in China is comparable to other East Asian countries such as Vietnam, South Korea, and Taiwan, and significantly higher than Singapore and Hong-Kong. This affirms the divide noted in the literature on East Asia between the more archetypal developmental or productivist welfare in the small city states and the gradually more inclusive welfare in Taiwan and South Korea (and China, taking this dissertation into account). It also highlights the limitations of the functionalist account of welfare centered around economic development.

We should also note that the contemporary Chinese level of expenditure is comparable to a number of countries outside East Asia as well. 16 of the 56 non-Western countries had levels of social expenditure between 7-10% of GDP in 2010-2012. However, when the available non-Western countries are sorted according to the changes in social expenditure since 2000, we see that only 9 countries among the 46 countries available in this time period has had higher increases in social expenditure than China (where it has increased by 3.7% of GDP). Among the countries that spent less than 10% of GDP in 2000, there are only six countries which have had higher increases.

If we look at the levels of social expenditure for all 56 non-Western countries since 1990, social spending has on average climbed from 4% to 7.2% in this time period. This emphasizes the general welfare expansion in developing countries which has been heavily emphasized in the literature. This is perhaps one of the explanations why income inequality actually declined from the 1990s until around 2008-2010 in many developing economies, particularly in Africa and South America (Kongshøj 2014c; UNDP 2013).

11.6 CONCLUSIONS

Our aim of investigating social citizenship in China and the Nordic countries has been answered across three main research questions. One is concerned with the normative foundations of welfare, while the two others concern the policy-level of the welfare state itself.

Firstly, while ‘Confucianism’ and ‘egalitarian liberalism’ do constitute nearly ideal opposites in the world of normative citizenship thinking, they are not as entirely different when nuances and inherent ambiguities are discussed. Empirically, Chinese and Nordic citizens do have very different perceptions and normative orientations towards public welfare, but this mostly reflects how China is a strong outlier in some respects (in the ISSP 2009 survey). We have also seen how qualitatively different citizen types emerge within countries. Among the four basic types within each country, one corresponds roughly to ‘egalitarian’ liberalism while the other is more ‘Confucian’. The latter is more dominant in China. This could be interpreted as support for a Confucian social order, in which the public provides a very basic level of welfare, with space left for meritocratic outcomes to unfold and for the family to play an important role in the welfare mix. However, at least one individual level-dynamic questions such an interpretation. In contrast to the Nordic cases, higher incomes and the highly educated generally favor public welfare provision more than others in China. This matches welfare reform as it has actually taken place in China, and it could indicate that the demand for better public welfare will increase in the future (although we should of course be careful with using cross-sectional findings to conclude on attitude change over time). Other possible explanations for our findings have also been discussed.

Secondly, China has taken big steps towards a ‘moderate’ universal welfare state. First and foremost, this has included increasing coverage of existing schemes and enacting new schemes in pensions, health care and social assistance. The *hukou* divide in terms of both coverage and generosity is less pronounced than before. On the other hand, inadequate or declining generosity continues to be a big problem in terms of social rights, as do issues with financing and fragmentation. The issue of fragmentation, however, appears to be the next politically prioritized challenge, and local experiments and recent national goals are promising in this regard.

Thirdly, some historical mechanisms of ‘universalization’ and recent contemporary reform trends are shared between China and the Nordic countries. There are important intra-Nordic differences across all

policy fields at any point in time, but they will not be repeated here. The points of departure are very different, but the Nordic pension systems have also been adapted to become mixed multipillar or multitier systems, just as some retrenchment has taken place in unemployment protection. The Nordic pension systems, however, do not share the fundamental inadequacies, funding and financing issues or sustainability problems of the Chinese counterpart, just as Nordic unemployment protection is of course much more ‘universal’ than in China. The field of health care is where contemporary Sino-Nordic differences are most pronounced. However, historical similarities in mechanisms of ‘universalization’ can be found across all three policy fields if we compare China with the Nordic cases when the foundations for the modern, Nordic welfare states were laid. Where we can find some similarities, the comparable timescale is often relatively ‘compressed’ in China, and China is arguably battling welfare state expansion and restructuring at the same time. It has also been stressed, however, that some of the most general trends, whether historical or contemporary, are not exclusive to our five countries.

It may be surprising to some that there are any similarities at all between China and the Nordic countries. Due to the questions posed initially, this dissertation has looked at broad historical trends and focused on policy changes while noting the differences and discussing the similarities more extensively. This makes it easy to adopt a latent functionalist view (as discussed in chapter 1) which undoubtedly has a lot of merit when including such diverse country contexts. However, as we also discussed early on when I delimited the dissertation from thorough explanatory analyses, it is of course not the whole story.

This note is especially important as we look to the future. Most important are the political underpinnings of social citizenship, whether in terms of the welfare state or broader citizenship practices. We cannot discuss the future (or explain the past) without taking this into account.

In the Nordic countries, the most popular explanations pertaining to the emergence of universal welfare regimes are class-coalitions or the

strength of the political left and labor unions (the latter also known as the ‘power resources theory’) (Manow 2009; Korpi 2006; Esping-Andersen 1990). In chapter 10, I deliberately sorted out many examples (some are included in Kongshøj (2014b), however) of how the most important social reforms in the Nordic countries were made possible through broad political coalitions rooted in the industrial class structure, while others perhaps reflected the sheer strength of ‘power resources’. These political dynamics were simply not part of our research questions.

Still, the politics of social citizenship is important to consider if we want to discuss the future and assess exactly how far China will go in its pursuit of ‘moderate’ universalism or a more ‘harmonious’ society. In the Chinese case, it is difficult to see how class-coalitions and especially ‘power resources’ could be either significant or, if in place, actually push Chinese social policy to a more progressive future. The party-state and the internal deliberations of the CCP are of course most important.

Recent research has elaborated how elite interests have driven increased economic inequality in the West, particularly in the United States (Giles & Page 2014; Hacker & Pierson 2010). In the Chinese case, the China-based Hurun Global Rich-list estimated in 2013 that about 31 dollar billionaires are represented in the National People’s Congress, while the American Congress (Senate and House of Representatives) cannot produce a single billionaire (Financial Times 2013). The 83 wealthiest CPCC and NPC delegates have an estimated fortune of on average 3.35 billion USD, compared with an average of 56.4 million USD for the 83 wealthiest American Congress members. The NPC and the American Congress cannot be compared in terms of decision-making power, but it illustrates the relative position of Chinese policymakers. This applies to the very top of the CCP, the Politburo, as well. Furthermore, revolving-door job changes between top positions in both politics and business (in strategic SOEs) are formalized in the ‘nomenklatura’ system of the CCP (Brødsgaard 2012).

Any ‘Chinese Dream’ of a more progressive welfare state looks bleak and distant with this outlook. Yet, the very important reform impetus of the past 10-15 years has taken place within this context. From a more functionalist perspective, we might say that the political contestations that have been so visible and manifest in Western welfare history are to some extent just taking place within the Party since it harbors several ideological divides (Christensen 2010).

Sinologists have emphasized the relative ‘resilience’ of the CCP in terms of adapting and staying in power, but the political strength of the central state should certainly not be overplayed either (Pei 2014; Li 2012). We might say that those who expected the CCP to head straight off into the abyss have been proven wrong, but also that the CCP has never been on entirely safe and firm ground either. Rather, it has been a long balancing act.

Exactly in which direction the CCP will be pushed depends not only on the internal deliberations of the CCP, but also on the efforts to increase social legitimacy as described in chapter 1. If these efforts manage to meet some of the attitudes and expectations uncovered in chapter 5, the policy path of increasing ‘moderate’ universalism (chapters 7-10) is locked in for a while yet. It is up for discussion whether it in the long run will amount to more than just a slightly more inclusive policy ensemble where the ethic of Confucian benevolence (chapter 4) is a little more pronounced than before. On the other hand, welfare history has seen before how quite encompassing social policies can develop from the initially limited ambitions among policymakers.

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Appendix A. Publications based on the PhD-project

Kongshøj, K. (2013). Chinese Developmentalism and Nordic Universalism – or the other Way around? Points of Convergence in Sino-Nordic Income Protection. *Journal of Asian Public Policy*, 6 (3), 292-312

Kongshøj, K. & Liu, Hong (2014). China's Welfare Reform. An Ambiguous Road towards a Social Protection Floor. *Global Social Policy*, 14(3), 352-368

Kongshøj, K. (2014). The Nordic Model? Intra-Nordic Diversities and Policy Change in Pensions, Unemployment Protection and Health care. *CCWS Working Paper No. 87-2014*

Kongshøj, K. (2014). The Undeserving Poor in China: The Institutional Melting Pot of the Hukou System and the Minimum Standard of Living Scheme (paper in review)

Kongshøj, K. (2014). The Nordic Welfare Model: Pathways to and from Universalism in Denmark, Finland, Norway and Sweden (paper in review)

Kongshøj, K. (2015). Moderate Universalism in China and the Nordic Countries: Reviewing the Major Challenges in Unemployment Protection. *Nordic Journal of Social Research* (in press)

Kongshøj, K. (2015). Universalisme på kinesisk. In J.Goul Andersen & C. A. Larsen (eds.), *Den universelle velfærdsstat. Fortid, nutid og fremtid* (in press)

Kongshøj, K. (2015). Den nordiske velfærdsmodel. Veje til og fra universalisme i Danmark, Finland, Norge og Sverige. In J. Goul Andersen & C. A. Larsen (eds.), *Den universelle velfærdsstat. Fortid, nutid og fremtid* (in press)

Kongshøj, K. (2015). The Chinese Dream of a More Progressive Welfare State: Progress and Challenges (in review, special issue of *Fudan Journal of Humanities and Social Sciences*)

Public dissemination:

Kongshøj, K. (2012). Velfærdsstat på kinesisk. *Information*, (November 13, 2012)

Kongshøj, K. (2013). Social ulighed i Kina: En velfærdsstat opbygges <http://videnskab.dk/kultur-samfund/social-ulighed-i-kina-en-velfaerdsstat-opbygges> (October 29, 2013)

Kongshøj, K. (2013). Social ulighed i Kina: Truslen fra den sociale vulkan. <http://videnskab.dk/kultur-samfund/social-ulighed-i-kina-truslen-fra-den-sociale-vulkan> (November 9, 2013)

Kongshøj, K. (2014). Nuancer. Stigende ulighed er ikke naturlov. *Politiken* (December 12, 2014)

Appendix B. Sino-Nordic perceptions and normative orientations (index score)

Variable	Country								Country averag. ¹
	CN	DK	FI	NO	SE	DE	JP	KR	
Index measure 0-100 ²									
Survey: ISSP 2009									
Inequality too high	82	65	72	63	73	84	78	83	80
Ineq. govt. responsib.	76	57	73	58	64	67	64	73	71
Unemp. govt. res.	78	82	76	71	75	65	72	77	72
Poor less benefits	56	20	25	26	28	27	26	23	31
Progress. Taxes ³	73	69	78	68	72	78	80	85	75
High taxes on rich ⁴	40	50	35	46	43	38	36	28	41
Just: Rich buy heal. ⁵	65	32	36	33	27	28	42	37	36
Just: Rich buy edu. ⁵	68	26	31	31	26	26	46	46	38
Conflict poor/rich ⁶	60	31	46	37	46	56	42	74	48
Conflict work/mid ⁶	46	22	33	28	34	37	-	57	35
Ideal society ⁷	74	80	76	77	78	67	70	75	74
Perceived society ⁷	30	63	50	64	51	39	42	38	34
Survey: WVS 2005-2009									
Benefits humiliate	68	-	53	59	47	54	59	66	64
No work lazy	74	-	64	59	49	58	72	84	72
Demo. tax rich ⁸	73	-	66	62	60	69	63	72	62
Demo. unemp. ⁸	82	-	74	69	68	79	66	66	70

¹ Country-level average of all countries in the survey (ISSP = 37-38 countries, WVS = 48-53 countries)

² This index score is based on the values assigned to individual responses and then transformed to a score ranging from 0 to 100. For example, if a variable has four response categories (1-4) and the mean of the responses from the sample population of a country is 2.5, then the index score will be 50 (as a mean of 3 on a 1-5 item would also be).

³ “Much larger” and “larger” share reported

⁴ “Much too high” and “Too high” reported

⁵ “Very just, definitely right” and “Somewhat just, right” reported

⁶ “Very strong conflicts” and “strong conflicts” reported

⁷ “Type D: A society with most people in the middle” and “Type E: Many people near the top, and only a few near the bottom” reported

⁸ “responses 6-10 on a 0-10 scale reported

Appendix C. Disaggregated social expenditures in 33 OECD countries, 2008-2009

Country	Old age	Survivors	Incapacity	Health	Family	Active labor market	Unemployment	Housing	Other	Total
Australia	4.9	0.2	2.3	6.2	2.8	0.3	0.5	0.3	0.2	17.8
Austria	12	2	2.5	7.3	2.9	0.8	1.1	0.1	0.3	29.1
Belgium	8.1	2.1	2.5	8.1	2.8	1.4	3.7	0.2	0.8	29.7
Canada	4.1	0.4	0.9	8	1.1	0.3	1	0.4	2.9	19.2
Chile	2.8	0.8	0.9	3.7	1.5	0.2	0.1	1	0.3	11.3
Czech	7.8	0.7	2.2	6.7	1.8	0.2	1	0.1	0.1	20.7
Denmark	8.2	0	4.9	7.7	3.9	1.6	2.3	0.7	0.9	30.2
Estonia	7.9	0.1	2.7	5.2	2.6	0.2	1.1	0	0.1	20
Finland	10.2	0.9	4.1	6.8	3.3	0.9	2	0.5	0.7	29.4
France	12.3	1.8	2	9	3.2	1	1.5	0.8	0.4	32.1
Germany	9.1	2.2	2.3	8.6	2.1	1	1.7	0.6	0.2	27.8
Greece	10.9	2.2	1	6.5	1.4	0.2	0.7	0.5	0.4	23.9
Hungary	9.1	1.4	2.7	5.1	3.6	0.5	0.9	0.6	0.1	23.9
Iceland	2.2	0	2.7	6.2	4	0	1.7	1	0.7	18.5
Ireland	4.5	1.1	2.4	7.1	4.1	0.9	2.6	0.3	0.6	23.6
Italy	13	2.6	1.9	7.4	1.6	0.4	0.8	0	0	27.8
Japan	10.4	1.4	1	7.2	1	0.4	0.4	0.2	0.3	22.2
Korea	2.1	0.3	0.6	4	0.8	0.6	0.4		0.8	9.6
Luxembourg	5.8	1.9	2.7	6.6	4	0.5	1.2	0.3	0.5	23.6
Mexico	1.4	0.3	0.1	3.1	1.1	0	..	1.3	0.9	8.2
Netherlands	5.8	0.2	3.1	7.9	1.7	1.2	1.4	0.4	1.4	23.2

APPENDIX C. DISAGGREGATED SOCIAL EXPENDITURES IN 33 OECD COUNTRIES, 2008-2009

New Zealand	4.5	0.2	2.8	8.3	3.5	0.3	0.5	0.9	0.2	21.2
Norway	7.1	0.3	4.7	6.2	3.2	0.5	0.4	0.2	0.7	23.3
Poland	9.8	2	2.3	5.2	1.1	0.6	0.3	0.1	0.2	21.5
Portugal	10.6	1.8	2.1	7.2	1.5	0.8	1.2	0	0.3	25.6
Slovakia	6.4	0.9	2	6	2	0.2	0.7	0	0.4	18.7
Slovenia	9.2	1.7	2.2	6.8	1.3	0.3	0.5	0	0.5	22.6
Spain	7.7	2.2	2.7	7	1.5	0.9	3.5	0.2	0.3	26
Sweden	10.2	0.5	5	7.3	3.7	1.1	0.7	0.5	0.7	29.8
Switzerland	6.2	0.3	2.9	6	1.4	0.3	0.5	0.1	0.6	18.5
Turkey	5.8	1.1	0.4	5.4	0	0	0.1	12.8
United Kingdom	6.7	0.1	2.9	8.1	3.8	0.3	0.5	1.5	0.2	24.1
USA	6.1	0.8	1.5	8.3	0.7	0.2	0.9	..	0.7	19.2
OECD total	7.3	1	2.4	6.6	2.3	0.5	1.1	0.7	0.8	22.1

Source: OECD (2014d)

Appendix D. Social expenditure in 56 non-Western countries, 1990-2012

Country	1990	2000	2010-2012 (latest year)	Change, 2000 – 2010- 2012
Russia	12.0	10.1	17.8	7.7
Japan	11.1	16.3	23.6	7.3
Kyrgyzstan	8.6	3.7	9.6	5.9
Armenia	4.3	3.1	8.8	5.8
Rwanda	1.9	2.2	7.3	5.2
Brazil	13.7	16.3	21.3	5.0
Egypt	4.4	8.6	13.2	4.6
Korea	2.8	4.8	9.1	4.3
Jordan	7.1	8.4	12.1	3.7
China	5.2	4.7	8.4	3.7
Ecuador	1.4	1.1	4.4	3.3
Georgia	5.0	5.1	8.2	3.1
South Africa	6.0	6.9	9.8	2.9
Burkina Faso		3.5	6.3	2.8
Ghana	2.2	3.1	5.4	2.3
Viet Nam	2.5	4.1	6.3	2.2
Senegal	4.3	3.4	5.3	1.9
Argentina	15.1	16.5	18.1	1.7
Burundi	1.7	3.7	5.3	1.6
Bangladesh	0.7	1.1	2.7	1.6
Kiribati		8.5	10.1	1.6
Zambia	2.3	3.9	5.5	1.6
Panama	3.4	5.1	6.6	1.5
Saint Lucia		4.5	6.0	1.5
Pakistan	1.5	0.3	1.7	1.4

APPENDIX D. SOCIAL EXPENDITURE IN 56 NON-WESTERN COUNTRIES, 1990-2012

Paraguay	1.6	5.0	6.4	1.3
Honduras	2.9	3.1	4.4	1.3
Singapore	1.4	1.6	2.8	1.2
Peru	2.3	5.7	6.9	1.1
Kenya	1.5	1.5	2.6	1.1
Saint Vincent and the Grenadines	5.8	7.2	8.2	1.1
India	1.7	1.6	2.6	0.9
Venezuela	4.5	6.1	6.9	0.8
Jamaica	4.5	3.6	4.4	0.8
Hong Kong	2.4	4.5	5.2	0.6
Guatemala	2.0	3.8	4.4	0.6
Philippines	1.1	1.1	1.5	0.5
Nepal	2.0	1.7	2.2	0.5
Zimbabwe	3.3	5.6	5.6	0.0
Saint Kitts and Nevis	5.0	5.6	5.6	0.0
Guyana	4.6	8.2	8.2	-0.1
Grenada		4.7	4.3	-0.4
Papua New Guinea	3.3	3.8	3.2	-0.6
Sri Lanka	5.3	4.4	3.0	-1.4
Chile	9.9	12.8	11.3	-1.6
Kazakhstan	7.5	8.7	6.4	-2.3
Iran	4.7		12.5	
Thailand	1.5		7.2	
Tanzania	1.9		6.8	
Mexico	3.3		7.5	
Taiwan	8.0		9.7	
Ethiopia	1.5		3.2	
Sudan	1.1		2.3	
Madagascar	1.4		2.4	
Algeria	7.6		8.5	
Malaysia	2.7		3.0	

Average	4.0	5.4	7.2	1.8
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Source: ILO (2014)

SUMMARY

In tandem with official goals of building a ‘moderate’ universal welfare state, social policy in China has witnessed a transformative turn in the new millennium. In Northern Europe, the Nordic countries have long been perceived to be the hallmark of relatively universal welfare states. However, the ‘Nordic model’ is also subject to restructuring and significant intra-Nordic diversity. Considering both contemporary and historical policy reform trajectories, some similarities emerge between China and the Nordic countries, even if China is closest to other East Asian welfare systems. We also see how China is still facing big challenges in terms of securing adequate and sustainable social protection within the multitude of new policy schemes. As we leap back and forth between these two very different corners of the world, it becomes apparent that the normative foundations of welfare certainly are different, both from the normative-theoretical and the empirical perspective. However, a shared trait is the belief in active social policymaking as conducive to social cohesion.

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