In late 2008, the Standing Committee of the National People’s Congress (NPC) posted the text of the draft Social Insurance Law (SIL) to its website for public comment. The draft SIL represented a major piece of social legislation aimed at erasing the highly fragmented and inequitable welfare practices in place since the early 1990s, in which rural residents and migrant workers were largely excluded from coverage under healthcare, pensions and other programs that urban residents received. By the end of the 50-day comment period on February 15, 2009, the NPC had received a total of 70,501 responses (yijian 意见) from citizens from all 31 provinces and from social sectors including urbanites, workers, civil servants, students, soldiers, farmers, migrant workers, and retirees.¹

While it is now common practice for the NPC to release draft legislation for public comment, the timing of and response to the SIL was highly significant for two reasons. First, the draft SIL had been held up within the NPC since 1994, in large part because it threatened the interests of multiple bureaucracies and local governments, who benefited from the status quo and stood to lose from provisions that weakened the authority of their agencies to administer health care, pensions, and other programs. Worse yet, the free health care and pensions that government officials had always enjoyed might well come to an end. And under the SIL, like ordinary urban workers they would be required to make payments to receive social insurance coverage. Second, while the SIL appeared to be headed toward passage even before the global economic crisis brought China’s rapid growth to a standstill in late 2008, the comments from the public came during a tense environment of rising unemployment among migrant workers, collapsing exports, and dramatic declines in stock prices and real estate values.

After its likely passage in 2009, the SIL will face the usual obstacles to enforcement that other laws in China encounter, from under-funded agencies to corrupt local officials, but the unlikely emergence of the draft SIL after fifteen years marks an important milestone in the adaptability and responsiveness of the Chinese Communist Party under Hu Jintao’s leadership. The SIL represents a major step in the CCP’s efforts to tackle problems of income inequality and
inadequate welfare with legislation that reflects broad public support for erasing the complex array of welfare programs tied to employment status and place of residence. This chapter will discuss China’s evolution toward equal rights to welfare based on citizenship by examining the most expensive, most fragmented, and most popular welfare program in China: old-age pensions. I first trace the evolution of China’s new welfare regime from its origins in workplace-based provision of measures such as healthcare and pensions to the broader but still fragmented system in which urban governments administer these and other programs. This transition generated important political effects, including a deepening commitment on the part of the Chinese government to spend more on pensions, in spite of Beijing’s professed objective of reducing the state’s pension commitment. I then show how the draft SIL closely reflects public preferences for a national, unified pension system in which the state provides the majority of financing, and eligibility is based on citizenship rather than occupational or residential status, such as employment in state versus non-state enterprises, urban versus rural registration, civil servant versus civilian, and so forth.

The Foundations of China’s New Welfare State
The CCP created new welfare policies based on social insurance in the late 1990s, primarily as a means to provide some cushion for the 30 to 40 million jobless state enterprise workers in cities. Such rudimentary social insurance programs (covering pensions, health care, workplace injury, unemployment, and maternity leave) have grown rapidly, although they remain far short of covering even the “employees of urban enterprises” who are technically eligible for them. The number of workers covered by social insurance has risen from 52 million workers covered by pensions in 1990 to 152 million in 2007. For unemployment insurance the number of covered workers rose from 82.4 million in 1995 to 116 million in 2007; comparable figures for medical insurance rose from 7 million in 1995 to 180 million in 2007. Proponents of the draft SIL claim that it would go far in ensuring the rights of all workers in urban and rural areas. Depending on implementation, the SIL could create as many as 770 million contributors to social insurance funds. The text of the draft law gives local governments considerable leeway to implement various provisions for coverage, and universal coverage for the Chinese workforce will take many years if not decades to achieve. Nonetheless, the institution of social insurance has generated an important political effect by conceiving of workers as “contributors” (gongxianzhe 贡献者) to various funds and therefore possessing rights to the money in them.
Before urban governments began running pensions and other social insurance benefits in the 1990s, welfare delivery was even more de-centralized than it is now. Work units distributed benefits such as pensions, health care, housing, and others to their employees, but enterprise management and supervisors enjoyed considerable latitude over which workers received preferred housing and could also approve or deny retirement applications. Moreover, the bureaucratic rank of an enterprise strongly influenced the scope and levels of welfare benefits for enterprise employees. With the discretion to turn down retirement applications, SOE managers could postpone or avoid making pension payments. By 1978, as many as two million workers and 600,000 officials who had applied to retire with pensions had been turned down by their work units.  

The transformation of enterprise-based pensions began in the mid-1980s, when urban governments in some regions began to levy payroll deductions from SOEs for use as local pension funds. Most SOEs were willing to accept this arrangement because of the cost-sharing that came with the pooling of expenses for pensions, healthcare, and other programs. SOEs that would have had to pay pension costs from their operating budgets were now able to ask for pension benefit payments from the new “social pools” (shehui tongchou 社会统筹). Only full-time workers in SOEs and urban collectives enjoyed pension rights, even as the proportion of contract workers employed in these sectors grew rapidly in the 1980s. Regulations in 1986 brought SOE contract workers under pension coverage, but unlike most full-time SOE workers, they had three percent of their wages deducted and contributed to pension pools. Workers outside the state and collective sectors lacked social insurance coverage altogether.  

Pension regulations that the State Council issued in the 1990s contained specifics on basic issues such as eligibility standards, benefits calculations, and local administration of pension funds, but their broader significance was the manner in which successive regulations eroded the employment categories based on enterprise ownership and other traits. The most important pension regulations that came out in 1997 stipulated that all employees of “urban enterprises” (chengshiqiye 城市企业) would have pension rights. No distinctions were made as to whether enterprises were state-owned, foreign-invested, or whether workers were full- or part-time, with or without labor contracts.  

The evolution of welfare policy and politics in China does not fit easily with existing explanations for how welfare states get their start. Most of the assumptions and theoretical perspectives on welfare regimes and the politics of welfare come from the experiences of today’s
advanced welfare states in North America, Western Europe, and Japan. To oversimplify, the scholarship on these regions and countries argues that welfare programs come into being as industrialization, urbanization, and related processes transform predominately rural societies, and that crucial political coalitions between political parties and trade unions must first form in order to create political pressures for the extensive welfare programs that exist in classic cases such as Northern Europe. Such theorizing about welfare development took place with little regard for the narrow but substantial welfare provisions that were the trademark of Communist regimes, as well as the even more exclusive but generous welfare provisions that many non-communist developing countries (such as those in East Asia) accorded to crucial constituencies such as the military, civil servants, and certain core sector employees.

To understand the politics of welfare in China, it is best to conceive of twin pressures that at times work at cross purposes. First, the dismantling of the socialist welfare state during the 1990s, a process that China shared with many of today’s post-socialist economies such as Russia and Poland, led to demands to compensate those left jobless in the process. Second—and in sharp contrast to the East European and Russian cases—the ongoing process of urbanization and industrialization in China has created pressures to expand welfare provision. These twin pressures have led to demands on the Chinese government to compensate the victims of the dismantling of the “micro welfare state” (微型福利国家) found in state-owned enterprises and to generate new social policies for the workers who now participate in a highly uncertain labor market with tremendous heterogeneity in terms of jobs and employers, among much else.

China’s experience demonstrates that welfare retrenchment and welfare expansion can take place at the same time, and in fact, arise from the same causes. As SOE reforms dismantled the enterprise-based welfare state, a new one grew in its place at local levels. China’s new welfare state is designed with many of the programs and policies found in capitalist market economies, such as unemployment insurance and minimum income payments, yet these designs are also constrained by the legacies of the socialist welfare state. We can see this pattern most clearly in the example of pensions, which have rapidly escalated to become the most expensive function of the Chinese government.

China’s new pension policies are often described as “pension reforms” (养老金改革) because of the implicit reduction in the state’s role of providing past levels of pension
benefits. The term “pension reform” usually refers to cuts in public pensions, or to a reduced state role in paying for public pensions, or to outright privatization of pensions. By these standards, however, China has not really undergone pension reform. China’s new pension policies have not led to cuts in pensions, but to rapid increases in pensions and their financing through new channels. The reforms have not made any changes to China’s relatively young retirement ages, which were established in 1951 at age 60 for men and age 50 for women (age 55 for women in clerical occupations). While Beijing policymakers certainly invoked the reforms with the intention of reducing future pension burdens for the Chinese state by establishing mandatory personal retirement accounts, urban governments have undermined Beijing’s objectives by “borrowing” from these personal accounts so that benefits could be paid to current retirees. Far from reducing its role in providing pensions, the Chinese government has taken on a much larger obligation with the shift in administrative responsibilities from SOEs to urban governments.

While China’s central government spends between 50 and 100 billion yuan in annual subsidies to provincial governments for pension benefits, urban governments spend many times more than that on benefits for about 50 million retired factory workers and 12 million civil servants. In addition to the 404 billion yuan in pension benefits that local governments paid out in 2005, they also spent about 106 billion yuan for civil servant pensions that year. (The 404 billion yuan figure exceeded what urban governments spent on any other expenditure category, including education, urban construction, public security, and public health.) In 2006, urban government spending on social insurance pensions rose nearly 25 percent in one year alone, to 490 billion yuan. While these pension benefits are financed through payroll contributions of about 152 million urban workers with pension coverage, the remainder of China’s workforce, or about 618 million workers, are largely without pension rights because they are not legally eligible, or their employers evade the law. The draft SIL would narrow this gap with its proposals for rural pensions and stronger provisions for enforcing the welfare rights of migrant workers.

The expansion of pensions and other social insurance programs signals an important adaptive response by the CCP to create policies intended to cope with rising income inequalities. As I have shown elsewhere, it is not coincidental that pensions became the dominant form of welfare spending in China. Pensions are as popular in China as they are elsewhere, and they are the least redistributive form of social spending, since they largely transfer wealth from the working age population to the elderly, rather than from rich to poor. China’s increased pension
spending cannot be expected to reduce income inequalities, but pensions have had important political effects.

The rapid increase in pension spending and coverage can be explained in part as a response to protests by workers who had lost jobs during SOE restructuring in the 1990s. These well-documented and often dramatic urban protests posed multiple challenges to the CCP's legitimacy. Most directly, the protests challenged the CCP’s right to rule based on its claims to uphold the interests of the working class. Labor protests in Liaoyang, Chongqing, Baotou, Daqing, and elsewhere in the early 2000s arose after laid-off workers and retirees received inadequate compensation in enterprise bankruptcy proceedings, which also gave by comparison generous benefits to retired enterprise cadres. In response to the protests, the Chinese government took two crucial steps: it permitted local social insurance agencies (SIAs) to use funds from personal retirement accounts of current workers and meant for their eventual retirement. In addition, the central government began in the early 2000s to channel subsidies to provinces and cities that suffered from chronic shortfalls in what was collected in pension revenues and spent on pension benefits. In 2000, the central government began transferring subsidies to provinces that had failed to pay local pensioners on time. With this implicit backing of their pension deficits, urban governments have increased pension benefits. Average pensions reached 9,251 yuan in 2005. By 2007, this figure was at 11,100 yuan. Subsidies and benefits increases appear to have reduced the size and frequency of pension protests, but they have also created long-term pension deficits and undermined the entire thrust of China’s initial pension reforms, which had aimed to encourage less reliance on state support for pensions and greater reliance on individual and market-based sources of pensions.

The aspirations of the CCP to reduce the role of the state in welfare provision have also foundered under accusations that the party has overseen a massive theft of state assets. Why should citizens be asked to save for retirement when as is frequently noted on Internet forums, officials have squandered the accumulated resources of a generation of factory workers? One such popular view is that the CCP has mismanaged, if not outright stolen, the accumulated assets to which SOE workers had contributed under the pre-reform economy. As a blog posting from a retired steelworker on Tianya noted in 2006, his generation had worked for low wages under the rapid industrialization drive of the command economy, and after the state had accumulated trillions of yuan in “public property” (quanmin zichan 全民资产) over 40 years, where were public pensions? “To our great regret, the pensions we entrusted to the state have shockingly turned out
to be an ‘empty account’ . . . So we retired old workers ask: motherland, the mother who raised and educated us, how could you give us an empty account?” After citing a scholar’s estimate of 8 trillion yuan in long-term pension debts that face the younger generation of workers, this commentator concluded, “How strange that, the result of our generation having gone to such risks to make revolution is that, not only is there nothing to show for it, but there’s a lifetime’s debt to the next generation! What kind of absurdity is this? What kind of plight has the state’s chaotic mismanagement put us in?”15 Another blog post from a retired worker reflected a similar argument: “Where did the capital for reform and opening come from? It certainly wasn’t dropped from heaven, nor was it given by foreigners, but it was accumulated from old workers’ blood and sweat over several decades. Without the primitive accumulation of the elderly, who would the state have relied on to do the reforms?”16

Besides such general musings about where the forced savings of the command economy have gone, Chinese workers and pensioners can point to a more direct form of theft: the chronic misuse of pension funds by local governments. The most notorious case of pension fund abuse emerged in 2006 when CCP authorities revealed that Shanghai’s SIA had illegally diverted as loans and other investments a total of 32.9 billion yuan (US$4.2 billion). Shanghai’s pension fund had financed many of the city’s landmark real estate developments and commercial plazas.17 The Shanghai pension scandal also brought down Chen Liangyu (陈良宇), who at the time was both the Party Secretary of Shanghai and a member of the Politburo. In addition, dozens of the city’s leading politicians and executives of its leading SOEs and private businesses were implicated in the case. While the Shanghai pension scandal must also be explained in terms of factional politics—it represented Hu Jintao’s move against the rival “Shanghai faction” (Shanghaipai 上海派) presided over by Hu’s predecessor Jiang Zemin—the scandal also revealed a major problem in the decentralized administration of social insurance programs whose funds had become a potential and inviting source of extra-budgetary revenue for local officials.

Shanghai was hardly an exceptional case in using its pension funds for questionable purposes. A subsequent investigation by the National Audit Office (NAO) found that in Guangzhou, two officials diverted 600 million yuan in pension funds. In Hunan 71 million yuan was diverted, in Liaoning 11.5 million yuan, and in Zhejiang “hundreds of million yuan.” The general pattern was similar to that found in Shanghai.18 Local SIA officials turned pension funds over as loans to local firms, in exchange for the promise of better rates of return on pension funds than what could be achieved under investment restrictions for pension funds. A former
SIA official in Guangzhou faced charges of losing 520 million yuan in pension funds when he loaned out 750 million yuan during the 1990s. According to a 2007 report, prosecutors had undertaken this and another 17 criminal cases related to the diversion of pension funds in Guangzhou.\textsuperscript{19} The NAO estimated that local governments in China—excluding Shanghai—had made over 7.1 billion yuan ($857 million) in loans using pension, medical, and unemployment insurance funds.\textsuperscript{20}

The draft of the SIL thus emerged in a context in which the transition from enterprise-based welfare to urban government-centered welfare provision had created more problems than they had resolved: about half of the urban workforce lacked any social insurance coverage, pension debt was rising even as many pensioners failed to receive benefits on time, and local government corruption eroded both tangible assets in pension funds and the overall legitimacy of the CCP.

**Social Insurance Law**

For over a decade since its first draft in 1994, the SIL was held up by bureaucratic rivalries over regulatory control and over the right to manage sizeable pension, healthcare, and other social insurance funds. The Ministry of Labor and Social Security (MOLSS, renamed in 2008 as the Ministry of Human Resources and Social Security or MOHRSS), the Ministry of Personnel, and the Ministry of Civil Affairs (MCA) each sought to defend or expand pension programs for various sectors of the population. For example, the Ministry of Personnel was in charge of distributing relatively generous pensions to retired civil servants and employees of public sector units (*shiye danwei*事业单位). The old (pre-1998) Ministry of Labor managed pensions for state enterprise employees. MCA provided pensions to eligible military veterans, and to peasants in counties that had voluntarily set up pension funds.\textsuperscript{21} When the Ministry of Finance, with the strong support of Premier Zhu Rongji, tried to push through pension reforms in the late 1990s that would consolidate various pension programs, bureaucratic conflict naturally ensued. For example, as the State Council’s 1997 regulations on pensions were being drafted, the MCA tried but failed to defend its control over rural pensions, which were transferred to MOLSS.\textsuperscript{22} After being transferred to MOLSS, the rural pension program stagnated.\textsuperscript{23} Although there were a reported 3.9 million rural residents receiving pensions in 2007, coverage had fallen drastically from 82.8 million in 1997 to 51.7 million that year.\textsuperscript{24} In addition to pensions, the issue of health insurance engaged an even more complex set of bureaucratic interests. The Ministry of Health no
doubt had a strong interest in wresting authority over health insurance funds from the SIAs belonging to the MOLSS and its successor, the MOHRSS. As with pensions, MCA had legitimate claims to regulate rural health insurance, and it already had responsibility for administering rural and urban minimum income support, or *dibao* (低保, a separate program from social insurance discussed in Dorothy Solinger’s chapter in this volume). These bureaucratic rivalries over the draft SIL meant that even the text of the legislation was a tightly held secret.

When it was finally issued in late 2008, the draft SIL ambitiously but vaguely proposed to address the problem of fragmentation by calling for the introduction of a national pension fund after first completing the steps toward provincial-level pooling. For other forms of social insurance, the State Council was to issue further regulations on pooling at provincial levels. The evasion of explicit measures to centralize pensions and other forms of social insurance reflects the ongoing rivalries both among bureaucracies and the various levels of sub-national governments that stand to benefit or lose from changes to the status quo of municipal and county pooling. The draft SIL also contained much more explicit provisions that delineated social insurance coverage for migrant workers and dealt with the problem of their losing pension rights when switching jobs by making pensions portable across regions. It also explicitly gave pension and health insurance rights to peasants whose land had been requisitioned, and gave subsidies for health insurance coverage to those receiving *dibao*, to those with disabilities, and to anyone over age 60 from a low-income family.

Regardless of how well such provisions can be implemented, the timing of the release of the draft SIL is significant. One explanation for its release is the rise in the number of labor disputes over social insurance questions, usually having to do with coverage (or lack thereof) provided by employers. In 2004, disputes with employers over rights to social insurance coverage became the leading cause of labor disputes, exceeding disputes over wages and labor contracts. In 2000, national labor dispute statistics classified 31,350 labor disputes in 2000 as arising over “social insurance and welfare” issues. This made up just over 25 percent of the total number of cases for that year. By 2004, the number of labor disputes said to involve social insurance and welfare issues had risen to 88,119, amounting to 33.8 percent of total labor disputes.

In addition, the draft SIL’s release came as social security issues loomed large in the minds of the public, according to social surveys. In the run up to the National People’s Congress session in 2009, an on-line survey administered by the Sociology Institute of the Chinese Academy of Social Sciences and *Guangming Daily* (光明日报) received nearly 400,000 responses.
When given the choice of 15 social problems and asked to rank the three to which they paid the most attention, social security (58.1 percent) was second behind corruption (66.8 percent) and ahead of income inequality (57.7 percent) and health care reform (56.9 percent), and even ahead of employment (43.9 percent). Among the most important problems with social security, 74.7 percent of respondents named health care, with pensions second at 61.8 percent. Unemployment, social security for migrants and for farmers, and minimum income payments were named by between 38 and 30 percent of the respondents as the most important social security issues. The NPC did not make available the full record of public responses to the draft SIL, but the summaries published in NPC documents as well as in official and commercial media suggest that one of the most common views voiced was the pressing need to eliminate the employment- and residential-based distinctions by which social benefits were calculated and distributed. One summary of the public comments that had been received by January 12, 2009 listed first among nine categories of comments the demand for universal welfare coverage for all citizens. “The state should implement universal compulsory social insurance coverage, without distinctions among civil servants, public sector employees, enterprise employees, farmers and self-employed workers. As long as a citizen is over age 18, regardless of occupation, he or she must contribute to all forms of social insurance.”

With 1.3 billion people, and putting aside about 400 million who are not yet adults and are taken care of by their families, 900 million urban and rural residents need social insurance coverage. However, at present there are only over 200 million people who are covered by social insurance (not including civil servants). Under the present social insurance pooling system, vast numbers of farmers and unemployed, and those without steady work have difficulty receiving social insurance. The promise of social insurance coverage for every citizen is a lie!”

Public comments on the draft SIL also endorsed the centralization of the locally-managed social insurance funds that urban governments now administer, and the provisions to give migrant workers some means to retain benefits eligibility (and accumulated personal retirement funds) wherever they moved to seek employment.

While it is difficult to determine the attitudes of migrant workers from social surveys (which are largely biased toward the urban registered population), coverage for migrant workers
has increased. A Xinhua report in 2006 quoted surveys showing that over 90 percent of migrants did not have pension coverage, and nearly the same proportion, or about 83 percent, were unwilling to buy pension insurance. Their reluctance was for good reason. With the average tenure in factories and restaurants estimated at between four and six years, and the average tenure in construction and other manual labor jobs even shorter at between two and three years, there was little chance that a migrant worker would fulfill the 15-year eligibility requirement for pensions within the same city.\textsuperscript{31} When a migrant switched jobs, for all practical purposes she would lose her pension eligibility, along with whatever funds her employer would have deducted in pension and other social insurance contributions. The study’s authors called for national pension pools for migrant workers, as well as social relief programs for migrants, who lacked access to support networks and resources in the cities where they worked.

By the end of the 2000s, the avoidance and evasion of social insurance on the part of migrants and their employers appeared to be receding. A \textit{Caijing} article from December 2008 noted that since 2006, SIA offices in the Pearl River Delta had aggressively expanded their coverage of migrant workers. A Zhongshan University (\textit{中山大学}) survey of migrant workers discovered that 32 percent of more than 2,500 workers in the sample were covered by pensions, 44 percent had medical insurance, and 51 percent had workplace injury insurance. The same research team in 2006 had found that only 8 to 9 percent of migrants had these forms of social insurance coverage.\textsuperscript{32}

If ex-SOE workers in the 1990s demanded pensions from a state that had broken its promises and used the collective frame of subsistence rights to voice their grievances, migrant workers a decade later in the high-growth regions had a very different view of pension rights. For migrants, pensions were not an abstract promise by the state, but personal funds held as wage deductions by government agencies. When it was time to switch jobs, migrants lined up at SIAs to “cash out” (\textit{tuibao}退保) or withdraw their pension savings. In 2007, reports from China’s southern boomtowns such as Shenzhen and Dongguan stated that thousands of migrant workers were standing in lines for hours, even days, at the offices of local social insurance agencies to remove themselves from pension coverage and to withdraw their accumulated savings from personal retirement accounts. Press reports explained that migrants were “cashing out” because they suspected that local SIAs would not transfer funds in their personal retirement accounts to their next place of work or residence. One report estimated that as many as 600,000 workers in Dongguan in 2007 had withdrawn from the local pension fund by “cashing out.”\textsuperscript{33}
The contrasts in how older and newer segments of the Chinese workforce view pension rights are in part a story of generational change. However, they also demonstrate how institutional change, in this case the introduction of social insurance, alters the nature of demands that workers make of the state. As ever larger segments of China’s urban workforce receive social insurance coverage, the nature of state-labor relations will also change in important ways. Workers who a generation ago were expected to be loyal subjects who received welfare benefits from a benevolent state are becoming “contributors” or “taxpayers” (nashuiren 纳税人) who will demand social services and accountability for the operation of pension and other social insurance funds.

Public Perceptions of China’s New Welfare State
More specific evidence on popular attitudes toward pension rights and the expectations on the Chinese state to provide them can be found in survey results drawn from the Beijing Area Study (BAS), which the Research Center for Contemporary China at Beijing University has conducted on an annual basis since 1995. The 2004 BAS (held in March 2005) included a special section on pensions, and the results presented here offer a look at attitudes toward pensions among a random sample of 617 Beijing residents as of the middle 2000s. The discussion also includes results from a survey of 540 Shanghai residents, who were administered the same set of questions on pensions in March-April 2005, using different sampling procedures. In neither case was the survey sampling method able to include migrant workers, and this fact is important to keep in mind in the results discussed below.

One of the items in the 2004 BAS included a statement regarding the role of the state in welfare provision: “Who do you think should be the main provider of pensions?” The three response choices were “Mainly the state;” “Mainly contributions by workers and their units;” and “Mainly by commercial insurance purchased by individuals.” A total of 60.5 percent of the BAS respondents said the state should be the primary provider of pensions, while 34.2 percent indicated that employers and employee contributions should form the main source of pension provision. Only 1.5 percent favored commercial pensions as the primary source of old-age income. In the Shanghai sample, albeit with different sampling methods from those used in the BAS, only 49.8 percent of Shanghai respondents identified the state as the primary provider of pensions, and 49.1 percent favored employer-based pensions. Respondents in the BAS also elicited strong support for the state’s role in social security (referring not just to pensions but to
employment and other social protections). A majority of BAS respondents strongly agreed (26.9 percent) or agreed (42.3 percent) with the statement that “China is a socialist country; the state should have full responsibility for providing social security.” A total of 28.3 percent of respondents disagreed or strongly disagreed with this statement. The Shanghai respondents offered a stronger endorsement of this view, with nearly four-fifths agreeing (24.6 percent) or strongly agreeing (54.6 percent) with the statement. Only 18.2 percent disagreed or strongly disagreed. This support for a strong state role in the provision of pensions is consistent with the support for and trust in state largesse found among urban recipients of minimum income payments in Dorothy Solinger’s chapter.

A second important point about urban attitudes as measured in these two surveys is that they elicited very strong support for pension rights. The 2004 BAS respondents strongly endorsed the statement that “Receiving pensions is a basic right of citizens” (lengqu yanglaojin shi gongmin de yixiang jiben quanli 领取养老金是公民的一项基本权利) A majority of 58.5 percent of respondents strongly agreed with the statement, and 39.2 percent agreed, with only 1.6 percent disagreeing. A similar result was found in the Shanghai sample, in which 75.0 percent strongly agreed, 19.8 percent agreed, and 4.7 percent disagreed or strongly disagreed. When asked about specific groups and rights to pensions, the respondents in both surveys backed up their endorsement of pension rights.

The BAS respondents were asked what level of pension benefits migrant workers should receive in relation to urban workers. The five response categories were: more, the same, less, no benefits, or don’t know). A total of 62.2 percent of the respondents said that migrants should receive the same benefits, and only 24.0 percent said that migrants should receive fewer pension benefits. (A very small portion of 1.3 percent said that migrants should not receive pensions at all). About 8.3 percent of the BAS respondents claimed that migrants should receive higher pension benefits than those enjoyed by urban residents. The contrast with the results of the Shanghai survey sheds light on probable regional variation in attitudes toward migrants: A much greater share in Shanghai (9.3 percent) said that migrants had no pension rights, and only 41.7 percent said that migrants should receive the same level of pension benefits as urbanites. A total of 41.1 percent of the Shanghai respondents (compared with 24.0 percent in the Beijing sample) said that migrants should receive less in pension benefits.

When it came to farmers, Beijing respondents were nearly as supportive of pension rights as they were for migrants. In the 2004 BAS, 57.1 percent said farmers should receive the same
level of pension benefits, and 26.6 percent said farmers should receive smaller levels of pension benefits. Only 0.5 percent said that farmers should not be eligible for pensions. In the Shanghai sample, the contrast was again evident as only 33.1 percent said that farmers should receive the same level of pension benefits as urban residents, and 43.0 percent said they should receive less. A total of 13.1 percent of the Shanghai sample said that farmers should not have pension benefits.

In both the Beijing and the Shanghai samples, respondents offered more sympathetic views of pension support for veterans and for retired military personnel (tuiwu junren 退伍军人) and retired cadres (lixin ganbu 离休干部). In the BAS, a majority of respondents said that retired military personnel (54.6 percent) and retired cadres (54.0 percent) should receive greater pension benefits than those enjoyed by urban residents. Those favoring the same level of pension benefits amounted to 37.4 percent for both retired military and retired cadres. A small share of respondents (5.8 percent for retired cadres, 3.4 percent for retired military) said these groups should receive less in pension benefits. In the Shanghai sample, a plurality of respondents favored the same level of pension benefits for retired cadres (53.5 percent) and military service personnel (49.3 percent). Less than half of those in the Shanghai sample favored providing retired cadres (42.0 percent) and retired military service personnel (46.3 percent) the same level of pension benefits as those received by urban residents.

One important issue that the drafters of the SIL completely avoided but which the CCP will eventually have to address is the question of increasing the retirement age. As noted above, the legal ages of retirement (separate for men and women) were set in 1951 and have remained unchanged despite the increase in life expectancy over the last 60 years. The reason that the draft SIL eschewed the issue of adjusting retirement ages is because they are so controversial. As is the case in countries with well-entrenched public pensions, raising retirement ages often results in public protests by those potentially affected by the changes (usually those near retirement). Chinese public attitudes toward retirement age increases are no different. In the 2004 BAS sample, 71.2 percent of respondents disagreed or strongly disagreed with the statement that the government should gradually increase the retirement age. In Shanghai, an even larger proportion of respondents (78.7 percent) disagreed with the idea of raising retirement ages. Moreover, a nearly two-thirds majority of 2004 BAS respondents (65.0 percent) disagreed or strongly disagreed with a statement proposing to equalize the retirement ages between men and women. In Shanghai, 64.2 percent of respondents disagreed or strongly disagreed. This opposition to equalizing retirement ages found the same levels of support among men and women.
The attitudes toward social welfare found among urban residents might be interpreted in part as a legacy of state socialism, but they also stem from workers’ experience in a highly competitive and uncertain market environment. Not surprisingly, urban residents want their government to provide a greater assurance that the risks they now face in the labor market can be cushioned in some way by payments from the government and their employers. Marc Blecher has shown that urban workers seem to accept the principles of market allocation of labor.36 If such “market hegemony” (shibang baquan 市场霸权) is met with little worker resistance, it is less likely that the unfettered operation of labor markets in the absence of social safety nets would be met with equal acceptance. Consistent with Karl Polanyi’s central thesis from the first epoch of industrialization, the commodification of labor in China has created demands for state protection from the unfettered operations of the labor market.37

Conclusion
China’s new welfare state, to be sure, reflects its Maoist legacies and the ruling strategies of an authoritarian regime. Just as capitalism and its varieties produced different configurations of welfare states, different post-socialist trajectories also generate different forms of welfare policies. Pensions have risen to a position of pre-eminence in China’s welfare state not because of population aging—which will really begin to be felt first in 2015—but because of localized but potent popular pressures to compensate the jobless. Pensions and other forms of social insurance have expanded rapidly since the 1990s in part because local governments have strong pecuniary incentives to collect the extra revenues for social insurance, and in part because of the obvious need to cushion the risks of the market that China’s workforce now faces.

Rising inequalities, especially in the gaps between rural and urban living standards, have propelled social welfare to the top of the political agenda, as Hu Jintao has strived to create a “harmonious society” (hexie shehui 和谐社会) amidst a polity that at times seems to be growing more polarized than harmonized. The adaptive, illiberal responses that Bruce Dickson in this volume and other scholars elsewhere have written about entail the creation of new institutions, including welfare and social insurance programs as described above. Yet in fostering such institutions, analysts often suggest that the regime itself remains unchanged in its character—or at least that it retains the core of its non-democratic or authoritarian identity. While this is no doubt true, we should not overlook the fact that subtle policy changes such as those noted above for pensions in the 1990s can generate their own political momentum as new groups gain...
incorporation into existing welfare programs and policies. The political significance of this expansion in rights should not be underestimated.

In her description of welfare policy in the late 1990s, Elisabeth Croll identified a dilemma that the Chinese Communist Party faced as it attempted to deal with the highly fragmented, inconsistent set of policies for welfare that the CCP had overseen since the reforms. The dilemma, as Croll put it, was that “if [the state] attempts to impose and fund a new nation-wide system of social welfare it requires both resources and political authority which it now lacks; yet if it withdraws from welfare provisioning it negates the social contract and risks losing popular support and political authority.”38 Croll identified the basis of a “new and explicit social contract” between citizens and the CCP as an exchange of “support for its legitimacy or mandate to rule in return for social security, welfare, and services.”39 A decade later, the terms of this social contract remained intact, but the CCP had created the impression at least that it was prepared to expend greater resources and effort to establish a welfare state in which citizenship rather than status was the main criterion for eligibility. The passage of the SIL and the fate of its eventual implementation will say much about the Hu administration’s legacy and the CCP’s ability to lay the legislative foundations for a “harmonious society.”
Notes

4 Xie Jianhua and Ba Feng, Shehui baoxian faxue (Social Insurance Legal Studies) (Beijing: Beijing daxue chubanshe, 1999), p. 123.
6 Xie and Ba, Shehui baoxian, 126.
9 MOHRSS, “2007nian tongji gongbao.”
13 MOHRSS, “2007nian tongji gongbao.”
14 The term “implicit pension debt” (IPD) refers to the present value of the money that a government owes to future generations of the expected eligible number of retirees in a given year. Measures of IPD vary based on the assumptions that are used for life expectancy, retirement age, average benefits, and several other variables. China’s implicit pension debt has been estimated in a World Bank study to be at 141 percent of GDP for 2001, or 13.23 trillion yuan ($1.6 trillion) in future obligations to pensioners, and will stay above 100 percent of GDP for most of the 21st century (Sin 2005: 30-31). The World Bank study did not include pension costs for civil servants or for rural pensions. Under the SIL, expansion in coverage for migrant workers and peasants will make China’s IPD rise rapidly.
15 Xinhuawang (Xinhuanet): bbs.city.tianya.cn/new/TianyCity/content (Accessed October 2, 2007).


20NAO, “Qiye zhigong jiben yanglao baoxian.”


23Ibid., pp. 24-26.

24Ibid., p. 18; MOHRSS, “2007nian tongji gongbao.”


27Ibid., pp. 525-526.


The BAS target group is the registered urban population of residents 18 to 65 years old, randomly drawn from 50 communities (shequ, juweihui) in 8 urban districts. The BAS uses the “probabilities proportional to size” (PPS) sampling method. For the 2004 BAS, 1,099 individuals were contacted, and 618 surveys were completed—a response rate of 56.1 percent.

The Shanghai survey was administered by a local scholar from the Shanghai Academy of Social Sciences and was a stratified sample using 9 communities within 3 urban neighborhoods of 3 urban districts. The 3 urban neighborhoods were selected on the basis of their having low, medium, and high levels of income.


Ibid., p. 685.