A Conceptual Framework of Local Government and Third Sector Responses to Labor Migration in the PRC

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Abstract
This paper develops a conceptual framework to guide the comparative inquiry of local government policy responses to labor migration in China drawing on existing literature in Chinese social policy, comparative family policy and regional study of migration and the family. We suggest a framework that situates the productivist welfare regime type, common in East Asian countries, within the unique context of PRC history that combines the strong centralized state economy with an increasingly decentralized municipal and lower administrative level responsibility for social protection and the promotion of social stability.

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INTRODUCTION
Extensive labor migration is an essential component of the 21st century in many developing and emerging economies. It also represents a critical intersection of markets, government, the family and civil society. Much of the existing research on the consequences of labor migration on the family has focused primarily on the economic consequences while the consequences for social protection - including education, health care, child care and care for disabled and elderly adults - have received less attention. This paper uses the case of internal labor migration in the People’s Republic of China (PRC) to develop a conceptual model of collaboration among public, nonprofit and for profit organizations in providing social protection for migrants and for their families left behind.

Labor migration contributes to economic growth in developing economies raising the standard of living for many migrants and, through remittances, for their extended families in hometown locales. Simultaneously migration disrupts traditional family arrangements by separating many working age adults, who migrate to urban centers, from their spouses, children and aging parents. In the PRC, the scale of internal labor mobility is unparalleled with recent estimates from the 2010 Census that over 260 million Chinese people are migrants living in an area that is different from their Hukou registration (Peng, 2011). Migration is one of the important drivers of transformation in economic and social conditions in 21st century China. This transformation has occurred in a relatively short period of time over the past four decades following the loosening of restrictions on mobility, the opening of the economy to private business, rapid economic growth, and rising standards of living.

The intersection of labor migration and social protection are particularly complex for the PRC, given the historical context of centralized economic control, restrictions on development of third sector organizations, and provision of many forms of social protection through employment in government owned companies. The Hukou household registration system, based on place of residence and administered by local municipalities, continues to be the primary mechanism through which people are eligible for government-subsidized social protection programs including housing, health, education and pensions. Decades of widespread migration of working age population to urban centers without access to urban Hukou is disrupting this system. Migration is also disrupting traditional patterns of
multigenerational household formation that traditionally has contributed a significant amount of direct social care for dependents including children, the disabled and aged adults. These changes are occurring against the background of significant demographic changes, including increased life expectancy (from 69.3 and 66.3 in 1982 to 76 and 72 in 2010 for women and men respectively) and below replacement fertility (from 2.6 in 1982 to 1.5 in 2010) (Peng, 2011). Different components of the social protection system are more pronounced depending on the family life course stage, reflecting a synergy and tension between the fulfillment of social reproduction and social protection aspirations and responsibilities (Locke, Nguyen, & Nguyen, Forthcoming).

While some emerging scholarship is highlighting how local governments are responding to social protection needs, systematic examination of the variation in emerging policy responses across the PRC, and perhaps more significantly, the relationship between these emergent policies and population health is lacking. Further research is needed to determine how local government is collaborating and innovating with business and civil society partners to address issues of social protection over the life course.

**ECONOMIC DEVELOPMENT AND RESIDENTIAL PATTERNS**

With the increasing prevalence of marketized economic mechanisms, China is experiencing its own share of positive and negative externalities that generally accompany all market-based economies. While the economic opening up is resulting in impressive rising standards of living and widespread poverty reduction on the one hand, these same transformations are also contributing to sharp economic inequalities and new population sub-groups of disadvantage on the other hand (Aizenman, Lee, & Park, 2012). Indeed, current media coverage with leading economists at Beijing Policy Think Tanks is highlighting these precise issues, with Wang Jun, a senior economist at the China Centre for International Economic Exchanges quoted as saying “…China’s economic slowdown is mainly caused by structural factors,” and Shi Xiaomin, vice head of the China Society of Economic Reform, stating, “China’s economic model has reached a point where it must be overhauled” in a recent news article by Kevin Yao (2013). It would appear that China is reaching another cross-road where significant economic and social conditions, especially sharp in growing regional disparities will take on urgent priority.
Scholarship across the social sciences contributes to our understanding of heterogeneity within residents of urban centers of China, in particular highlighting the relationships between poverty and urban poverty alleviation policy from a geographical and urban planning perspective (Chan, 2010; He, Wu, Webster, & Liu, 2010), analyzing the dynamics of which factors in addition to economics drive the expansion or contraction of existing urban poverty alleviation programs from a sociological perspective (Solinger & Hu, 2012).

The steady supply of low wage rural migrants flooding into the cities is a crucial factor that has fueled the economic growth, and contributed to the rapid urban expansion within China. Another factor contributing to the ‘quality’ of this fuel has been the exclusion of these rural migrants from entitlement to urban social protections which has allowed the wages to remain competitively lower (Davies & Ramia, 2008; P. C. C. Huang, 2010). Standard economic theory would argue that restricting freedom of movement in this way will on balance create negative externalities, for example, in origin locales that are excluded from the benefits of potential financial remittances, or destination locales that are denied the potential benefit of migrants who may contribute to the generation of positive externalities (Glaeser, 2012). The argument can be turned the other way around whereby origin and destination locales are spared negative externalities, highlighting the complex nature of migration studies that by necessity should incorporate a wider geographic analytical frame, but rarely do because of data limitations.

Davis and Ramia (2008) offer some insight into the value of examining both sending and receiving areas, as well as highlighting the challenges confronting issues of equity within social policy reforms related to migrant workers in China. One common factor of convergence is the significant regional economic disparities that are contributing to the pressures and policy practices that are emerging across the PRC (Davies & Ramia, 2008; Shi, 2012a, 2012b; Solinger & Hu, 2012). Many provinces are moving forward with social policy designs, for example in education and pensions, which move closer to harmonizing provincial rural-urban social protection issues. The gains are occurring mainly through the extension of protections to intra-provincial migrant workers and their families, while continuing to enforce barriers to integration for inter-provincial rural migrants with economic constraints as the
primary obstacle. These decentralized policy trends contribute to what Shi (2012a) perceives as a potential stumbling block in the future that will impede national reform on the wider urban-rural harmonization.

Some authors argue that it is not only the migrants who are losing out in this new system, and in fact that it is the laid-off former state- and community-owned enterprise employees who are the most vulnerable to poverty in 21st century urban centers of China (He et al., 2010). This study makes use of household survey data collected in 2007 to examine poverty concentration and determinants in six cities across the PRC. Rather than focusing on city-level differences, they concentrate on examining differential dynamics of poverty in three different types of urban lower-income neighborhoods, older inner-city urban, workers’ village, and urban village, three distinct neighborhood types where the population mix of laid-off former SOE/COE workers, migrants and urban villagers (residents with rural Hukou whose villages have become partially incorporated into the urban environment). The main contribution of this research is to highlight that despite hardships that unincorporated migrant workers face in terms of accessing social protection mechanisms in the urban context, in terms of material poverty they are better off than the former SOE/COE workers who remain unemployed in the new urban labor market.

A number of studies have examined the dynamics of housing in urban areas (Hsu, 2012; Y. Q. Huang, 2012; Jeong, 2011; Y. G. Liu, Yin, & Ma, 2012) illustrating how many ‘urban villagers’ formed informal alliances with rural migrants by filling a housing gap. As municipal areas have expanded, many village areas retained their traditional land rights, allowing them to offer housing affordable opportunities to the incoming migrants who would have been otherwise priced out of the housing market without access to any of the social protection mechanisms that subsidize housing for urban Hukou residents. These alliances also allowed for the urban villagers to bring in income from the growing economy that might have otherwise excluded them because of a skill and educational mismatch. The formation of these informal alliances illustrates not only the housing constraints faced by migrants and the skills mismatch between the urban villagers and the labor market, but further the impact of urban social exclusion on both migrants and villagers. More worrisome are the findings of one study that highlight the formation of high-end alliances between city government and real-
estate developers replacing these earlier low-end alliances (Jeong, 2011) which provides empirical evidence that supports widespread media coverage over the past few years on local government ‘land-grabbing.

What is clear from the current literature is that conditions related to rebalancing economic and social development are taking on increasing prominence. What is less clear is the way forward. In response to central mandates to address issues of poverty and economic exclusion and growing tensions at the local level, local governments are experimenting with different social policy responses to address social protection issues for urban and rural residents as well as migrant workers to differing degrees.

**LOCAL GOVERNMENT AND SOCIAL PROTECTION IN CHINA**

The responsibility of local government for social protection is not a new phenomenon in modern China, and has fallen under local jurisdiction since the early days of the PRC. Indeed, one of the contributing factors to the institutionalization of the Hukou system follows the logic of localized and segmented social protection systems. It was not until after 1978 that the scale of the social protection responsibilities began a period of significant transformation, largely in step with the wider structural changes in the economy and decreased provision of social protection services through work units.

One significant catalyst for the rise to prominence of local variation in social policy is linked with the one of the major externalities related to the initial market transformations in China, the reform of pre-existing institutional structures: state- (and community-) owned enterprises (SOE and COE). The reform resulted in significant lay-offs and loss of employer-linked social protection packages. The government was committed to alleviating vulnerability associated with this transition, and maintaining support of this key interest group was also critical. After a period of urban experimentation in design and implementation Minimum Living Standard Schemes (MLSS) starting in 1993, the best practices from different localities resulted in the enactment of national legislation in 1999 ordering all cities to establish MLSS programs to provide minimal means-tested support to the neediest (Shi, 2012a; Solinger & Hu, 2012). Target group social constructionism (Schneider & Ingram, 1993) offers a helpful framework for understanding how addressing this newer group facing social and economic
exclusion (i.e., the laid-off former government workers) took on a more prominent role than addressing more long-standing issues of social and economic exclusion (i.e., rural residents and rural migrant workers).

In recent years, however, there is growing experimentation at the municipal level in beginning to incorporate rural migrants into various basic social protection programs including healthcare, pension, unemployment insurance, occupational injury insurance and maternity benefit in response to central government mandates (Gao, Yang, & Li, 2012; Xu, Guan, & Yao, 2011). There is a nascent body of literature that examines participation in social protection programs by migrants (Gao et al., 2012; Xu et al., 2011) as well as the poverty alleviation effectiveness and household expenditures of the MLSS (Gao, Garfinkel, & Zhai, 2009; Gao, Zhai, & Garfinkel, 2010; Y. Liu & Wu, 2006). Using micro data from households, these studies highlight, in general, the limited effectiveness of the MLSS in poverty alleviation among low-income urban populations and low participation by migrants in social protection programs. Evidence about the household patterns of expenditures among MLSS participants indicate that a significant amount of expenditures are used for health and education, a finding that underscores the interconnectedness of different aspects of social protection programs, especially among the most vulnerable populations. While these studies recognize there are regional (in most cases defined by cities) differences, none of them include any further examination of what aspects other than speculation may be significant contributors to these differences at the city level, although they do include city-level dummy variables or fixed effects.

Despite more than two decades of social policy experimentation at the local level in the PRC, Shi (2012b) rightly points out the remarkable research gap in regional comparative social policy in existing Chinese scholarship, a gap that exists in spite of earlier recognition in comparative economic policy scholarship (e.g., Heilmann, 2008). This research further provides important insight into the emergence of uneven development in social protection policy regionally that presents a new, and potentially significant, driver of social inequality in addition to the longstanding urban-rural inequalities. Not surprisingly this regional variation has roots to the economic reform as well as subsidies from the central government to poorer provinces have decreased as the economic fortunes of China have grown.
THE EAST ASIAN WELFARE STATE

What can be learned from other East Asian welfare states? Within the greater East Asian region, attention has focused on the ‘traditional’ role that family has played in filling social protection gaps (Ofstedal, Reidy, & Knodel, 2004; Saunders & Lujun, 2006), and also debated whether a unique welfare regime model in the tradition of Esping-Anderson (Esping-Andersen, 1990, 1997) exists. Across the East Asian region, there are notable differences in the social policy responses including the ways in which intergenerational participation in social protection are incentivized, with the Singapore example of tax incentives for intergenerational households as a good example of the institutionalization of ‘traditional’ East Asian social protection patterns (Ofstedal et al., 2004).

While some consensus was reached on an East Asian productivist welfare regime initially proposed by Holliday (2000), Kim (2008) provides a significant body of evidence to illustrate the more recent divergence of South Korea from the productivist model. Kim does concede that the emergent welfare regime of South Korea may be best described as a mix of productive and protective elements, providing some evidence of the usefulness of the productivist framework for understanding the trajectories of developmental states in the East Asia region. South Korea is an interesting case within the East Asian region given its relatively recent entry into the OECD which may provide some clues to other rising ‘tiger’ economies. A significant feature with particular relevance to our argument here in consideration of the Chinese context is the role of civil society in contributing to the “disappearing of productivist elements and the rapid rising of the universal features of a modern welfare state… [with] … civil society emerg[ing] as a strong competitor to the state in determining the path of welfare reform” (author emphasis added) (Kim, 2008:120). Given the historical restrictions on civil society formalization in the PRC, and recent evidence that suggests civil society is amalgamating into more formalized, albeit precarious, structures (Spires, 2011), this point is an important one to consider, both empirically and practically. A further concluding point in Kim’s argument highlights how the mixing of productive and protective measures in a welfare regime is, in truth, an element of most, if not all, modern welfare states. It is possible to view the productivist regime type then as a stage which is not only characterized by the subordination of the social to economic policy, but further, one that...
is dependent on sustained economic growth. Taken together, these characteristics, late productivist welfare regime characteristics including changing economic conditions and nascent civil society organization have potential relevance to the PRC.

CONCEPTUALIZING A FRAMEWORK FOR SOCIAL PROTECTION
We draw here conceptually on prior work of comparative social policy in the United States (in particular Meyers, Gornick, & Peck, 2002) to build a conceptual framework. The usefulness of this framework for the analysis of the developing social policy arena in China lies in the articulated concepts of policy adequacy, policy inclusion and policy commitment as well as the overarching conceptualization of policy packages of support. Social policies rarely operate in an isolated fashion, instead multiple programs target different aspects of social protection as we have discussed above, including such aspects as housing, health insurance, education, and old age support. Few would argue that the actual world of policy making rarely reflects a rationale coordinated response among diverse stakeholders, although the output in terms of service availability is a ‘portfolio of programs’ that combines universal and means-tested social assistance across different domains. This situation holds true in the Chinese context as well the U.S. context providing the impetus for drawing on this prior framework. Briefly, in the previous research, adequacy refers to the generosity of benefits received by program participants, and is generally measured by total annual program expenditures (combining federal and state when applicable) by the average or total program caseload. Inclusion measures the extent to which benefits reach the target population, and in most cases is captured by a ratio of actual recipients divided by eligible population (based on pre-transfer incomes below the federal poverty line estimated by the Current Population Survey (CPS)). Finally, commitment captures more qualitative aspects of policy including topics such as the availability, accessibility, eligibility criteria (Meyers et al., 2002:96-97). The policy domains studies include: cash assistance, food assistance, disability assistance, unemployment insurance, and tax policy.

How does this apply to the Chinese context? As reviewed previously there are scholars who are examining different pieces of the puzzle that, taken together, can contribute to a preliminary framework. In particular, the recent analyses with household micro-data provide some indication about program participation by migrants (Gao et al., 2012; Xu et al., 2011) as
well as rationales for regional variation, primarily based on regional economic development (Shi, 2012a, 2012b; Solinger & Hu, 2012).

Holzman and Pouget (2012) offer the following guidance on key considerations for developing social protection frameworks: (1) reduce the vulnerability of migrants and families at all stages of migration cycle; (2) first best considerations would extend equal rights to migrants and residents in the destination; (3) second best considerations would consider preferences of migrants and circumstances of origin and destination; (4) differentiation by type of contract with extension of more types of protection to longer and/or probationary contracts; (5) revised social benefit package would include minimum mandatory benefits linked to labor-related short-term risks in destination and minimum mandatory plus voluntary benefits related to long-term risks in the origin. This framework is developed with a focus on international migration, but the current conditions regarding the incomplete freedom of settlement and change of residency within the PRC make many of the assumptions comparable.

The major policy domains to consideration for inclusion are health, housing, unemployment, education, pension. These areas reflect the range of social protection policy that is covers the family lifecycle, educating the children and support for the elderly, housing the family, ensuring health, and smoothing over temporary spells of unemployment. It does not include policies that are more gender specific such as maternity and dependent care support, nor does it include occupational insurance. In principle most of these policy domains are under consideration given recent mandates from the central government aimed at decreasing disparities between rural migrants and urban resident. However, research indicates that in practice there is significant variability, especially in the area of differential eligibility and entitlement. These aspects map onto the conceptual category of policy commitment.

Getting at policy adequacy and inclusion is a bit more challenging. First of all, the very nature of the decentralized authority means that local government units are responsible for the local policy and programs and the information about program participation and expenditures is kept at the local level. Further, local government officials operate in an environment that may produce (dis)incentives to report and make freely available information.
that could negatively influence government officials’ career trajectories (Chan, 2010; Gong & Wu, 2012; P. C. C. Huang, 2010). There is additionally a lack of repeated-measures national sample data with detailed information about household incomes, although again, data quality and coverage is accelerating, and there are newer sources of data that can be explored. However, despite these impediments, the basic components of working-age population, household composition, residential and migration status, can be examined with the Census 2010 data as the building blocks for developing a framework for target populations of the universal social protection programs, while the means-tested programs will need to rely on existing or future household samples that include minimum information about income and/or ideally expenditures.

Variations in policy adequacy and inclusion across the policy domains are partially an artifact of local implementation. Broadly speaking, we are proposing that different key stakeholder groups will contribute to understanding why different stages as well as strategies of implementation are observed across the PRC. In particular, the relationships among the local government, industry, and civil society organization are likely to contribute to local policy adequacy and inclusion. As Spires (2011) points out, what are considered critical social issues varies locally, so that in some regions labor practices will be deemed sensitive dominate while in others environmental or health issues will dominate. Recent evidence suggests that within the non-profit-organizational (NPO) sector, the government may be taking steps to rein in more the sector within the social services arena more by enhancing monitoring mechanisms (Fengshi & Kin-man, 2012). As such, it is quite likely that civil society organization may vary within different domains and regions, e.g., depending on target population, substantive focus and level of sensitivity. It is likely that a more tightly coupled relationship between NPO sector and government would vary from a more decoupled government-NPO sector alliance, and similarly variability in alliances between industry and government, all will influence social policy designs.

Finally, a number of other general economic and social conditions within different municipal areas are critical for understanding regional variation in policy commitment as well as policy implementation. In particular, information of provincial urban-rural harmonization, poverty
threshold, variation in local taxation, intra- and inter-provincial migration, level of industrialization

CONCLUSIONS
The present moment in social policy of China offers both risk and opportunity, a familiar symbol to China scholars (或 or wei ji). With growing recognition of regional inequalities and local government fiscal burdens, scholarship and journalism is drawing attention to the need for a reassessment of social protection policy. This paper describes current state of knowledge with a particular focus on the intersection of rural-to-urban migration, regionalism and the transitioning welfare state. If the characteristics of promoting economic versus social development priorities encapsulated in the East Asian productivism welfare state hold value for the Chinese context, the rising economic status of the PRC may signal a turning point towards social development. On the other hand, pressures to maintain, or perhaps gain, social stability may result in the subjugation of less advantaged target population groups to interest groups that are deemed more critical towards stability maintenance. It is thus a time of uncertainty as well. The outcomes remain to be seen.
Regional characteristics, e.g., urban-rural harmonization, poverty threshold, variation in local taxation, intra- and inter-provincial migration, level of industrialization

Civil Society/NGOs

Municipal Government

Industry/Employers

Type of industry, domestic, foreign investment SO/COE

Population characteristics, e.g., migrant, low-income, age distribution, levels of inequality

Civil Society/NGOs

Commitment

Adequacy

Inclusion

Figure 1: Conceptual Framework
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