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Troubled Transitions: The Politics of Social Harmony in China

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Abstract

China is today riding the tiger of complex transitions in its society as new faultlines emerge and old ones get reinforced. This constitutes China's 'Glass Curtain- the visible divide between the rural and the urban; coastal and the inland; the wealthy and the vulnerable. Many of these faultlines run along social, economic and gender dimensions with distinct spatial patterns. While China is clearly unwilling to sacrifice growth, there is a growing consciousness to reorient socio-economic priorities towards a more sustainable growth paradigm. The paper argues that the critical question China needs to debate is whether it can get the politics of social harmony right. It proposes a set of evaluative criteria against which China's responsiveness to mounting social pressures can be judged.

Prosperity and Protests

As its economy scales new highs, China is also seeing a rising graph of social unrest with several public expressions of anger in the form of protests, riots and strikes. Referred to as “public order disturbances” or “mass group incidents” Chinese official figures estimate that there were as many as 87,000 such protests in 2005. (*Xinhua* 2006). These numbers can no longer be dismissed as localised sporadic incidents but speak of widespread societal angst over pervasive corruption, layoffs, predatory taxation, a dramatic rise in inequality, environmental degradation and a crumbling social security system.

Healthy, Wealthy and Wise?

The 2007 edition of the *Blue Book of Chinese Society*, an annual assessment of social problems and development trends in the country

Published by the Chinese Academy of Social Sciences (CASS) identifies issues such as access to medical care, unemployment and “an excessive income disparity and the gap between the rich and the poor” as key social problems. Lu Xueyi, the co-author of the *Blue Book* cautions that the rural-urban economic divide is also developing into a knowledge and skills divide that will result in structural problems for China's economy. The survey has over the years also reflected a growing concern with quality of life indicators such as access to vital social services, security and safety. Many of these faultlines run along social, economic and gender dimensions with distinct spatial patterns.

Health

There is an increasingly felt need to expedite health care reform, driven by concerns over rapidly rising healthcare costs, poor quality of services and the considerable spatial variations in distribution of access. Out-of-pocket medical expenses borne by individuals have raised steeply from 16 per cent in 1980 to 61 per cent in 2001. (*Zhang and Kanbur 2003*). China has recently launched a basic medical insurance network to cover the entire urban population by 2010. The insurance plan already covers workers in cities and the bulk of farmers in the countryside and will be extended to cover approximately 240 million non-working urban residents (*China Daily, 2007*). To be subsidised by both the central and local governments, the plan is aimed at meeting at least half the total costs incurred by the insured.

Education

The quality of education also has varied widely across China, captive to the levels of economic development of sub-provincial governments. Local governments have increasingly resorted to an array of unofficial levies and charges to finance growing shortfalls in education funding. To arrest the spatial inequalities in education,

China revised the Compulsory Education Law in 2006 to provide equal access to compulsory education to children in cities and in the countryside. Under the revised law, 150 million rural students in China will be exempted from paying tuition and incidental fees for their nine-year compulsory education. (*China Daily* 2006). China is also taking measures to provide the children of registered migrant workers access to the public school system.

Gender

Gender inequality in the labour market and discrimination in education has meant that female work participation has remained limited to low-wage employment. Female literacy has been the direct casualty of the rising education burden on families with an estimated 80 per cent of China's new illiterates being girls. The fact that of the 2 million of children who drop out of school each year, 1.4 million turn out to be girls conveys a troubling story of social exclusion. What is also disturbing is that China's high suicide rates also reinforce many of these entrenched faultlines that run along rural and gender lines. Not only does 75 per cent of the deaths caused by suicide take place in the countryside but China also has a higher suicide rate among women, a statistics that disturbingly sets it apart from international trends.

Employment

Employment generation is emerging as a priority area and there is mounting concern that the employment outlook is expected to remain bleak for "a considerably long term" according to a recent report by China's Ministry of Labour and Social Securities. The report notes that of the 24 million that will be added to the workforce each year, as many as 12 million could struggle to find a job. There has been a steady expansion of social security schemes aimed at guaranteeing a minimum income support for urban residents. Ensuring access to unemployment insurance for migrant workers however is proving to be a challenge, with only 443,000 migrant workers receiving unemployment allowances in 2004 out of an estimated total of 120 million. (*China Daily* 2006).

Politics of Social Harmony

A governance crisis spells nothing short of a legitimacy crisis for the governing class and the reasons for anxiety are obvious. The ability to maintain and deliver economic growth and to successfully deal with the crisis of rising expectations that it generates has been and will be critical for the Party's continued viability. That the Chinese leadership takes this challenge very

seriously is also clear. Hu Jintao's concept of a "harmonious society" now stands elevated to the highest rhetorical levels of importance in state policy. The Sixth Plenum of the 16th Central Committee of the Communist Party of China held in 2006 drew a direct correlation between continued prosperity and the need for social equity and justice. The following section will look at a set of evaluative criteria against which China's responsiveness to mounting social pressures can be judged.

1. Negotiating Social Space

The critical question that China needs to ask is whether it can get the politics of social harmony right. This will essentially turn on whether the Communist Party is willing to be a force for change and address the tensions within state-society relations. This is not to assume that state-society relations in China are a perpetual conflict arena as they are often typecast to be. Far from being zero-sum or uni-directional as state-dominant theories would have us believe, their interface has proved to be a symbiotic and interactive one. The post-reform decades have seen a truly dramatic expansion of social organisations in China with their ingenious ways of creating an impressive organisational space to perform an array of vital social welfare functions. China's vibrant environmental activism is a case in point with an estimated 2000 officially registered NGOs including *Friends of Nature* which have been relatively successful in engaging the state on the issue of environmental protection.

Another interesting trend in recent years is the growing rights consciousness in society. There is a growing willingness by ordinary citizens to fight for their rights and raise grievances such as unpaid wages, land requisition and compensation issues. Courts in China today are handling a virtual avalanche of labour disputes cases with 3,14,000 labour disputes submitted in 2005, a ten-fold increase since 1995. Wu Heping, spokesman for the Ministry of Public Security expressed the hope that public expressions of resistance would be mindful of 'public order' and that the masses would 'resolve problems in a harmonious and an orderly way.' There is no denying that the social space that has been opened up is a carefully managed one, subject to numerous direct and indirect means of state control. The problem with such a controlled experiment in ordering social space is of course the contradictions it generates in the long run. The point however is are harmonious protests feasible?

2. Politics of Information Access

Another notable trend in recent years is the growing level of openness and transparency on the part of the

government on many of these sensitive issues. There is a greater willingness to share information, in marked contrast to the past, on the substantial social costs that the growth strategy has been notching up. A look at recent literature in China shows that the issue is being intensely debated in the media, academia and policy circles. The broadening of this public debate is refreshing as well as intriguing both for its high symbolic content as well as the political signals it sends out. It is at one level an acknowledgement by the state of serious social schisms while at another level, is an indicator that the government is earnest in its attempts to alleviate the crisis. The public perception of being seen trying to do its best and the importance this holds for the Party's legitimacy cannot be overstated. In this context, China's first Open Government Information Regulations (OGI) promulgated in April 2007 marks a significant development. It represents an attempt to institutionalise a commitment by government agencies to disclose information relating to a range of public services such as raising public awareness on government social programmes, data on land acquisitions, compensation details etc. What is also significant is that this obligation applies to all levels of China's vast bureaucratic apparatus and notably also provides a reasonable scope for local versions of the information access regimes to differ from that of the centre. Announcing the OGI, the Vice-Minister Zhang Qiong of the State Council's Office of Legislative Affairs defined it as facilitating "the public's right to know". It will be interesting to watch this space for its promise of an expanding sphere of public action and greater transparency in the decision making process.

3. Decentralisation and its Discontents

Spatial inequality needs to be seen as the direct consequence of a costly mismatch between a 'decentralisation of responsibilities' and a centralisation of revenues. (Lin et al 2006) The vertical movement of responsibilities to the township level meant that the sub-provincial levels were left with the responsibility to finance an increasing array of welfare services. It is little wonder that horizontal ripple effects have been anything but uniform with regional variations in performance indicators of health, education, housing, and infrastructure showing huge differentials across China. Unlike their counterparts in rich provinces, agrarian based inland provinces have seen a marked fall in the quality of service provision since they have no comparable claims to lucrative incomes such as a higher tax revenue base to draw upon. These have directly translated into a scaling back of social development spending and passing on the burden for the individual to bear. While central grants and flows to backward

areas have expanded, this has also brought new costs in terms of bureaucratic expansion to oversee and provide these services. What China requires is to evolve a stable and institutionalised fiscal distribution arrangement that is aimed at a graduated reduction of regional gaps in public finance. At present, China lacks a robust transfer payment system along each of its five bureaucratic levels of government.

4. Local Accountability Deficits

Governance deficits in turn are organically linked to local accountability deficits. The delegation of service delivery responsibilities to the local level without commensurate revenues has turned the original logic of creating incentives for local autonomy and accountability on its head. It has in fact led to regressive practices such as predatory taxation as well as given a fillip to corruption as decentralisation has created a permissive climate with minimum accountability on the part of local officials. These anomalies have been compounded by political centralisation which has tied the fortunes of the lower levels even more tightly to higher levels of jurisdiction. This double burden has ensured that the local level has lacked both the incentive as well as the finance to develop credible stakes in social stability.

There are conscious moves to institutionalise bureaucratic accountability by formulating a more progressive set of criteria for judging the performance of local officials. The National Development and Reform Commission (NDRC) is drawing up specific targets to be followed by provinces as a benchmark index. Among the measures being seriously considered is a plan to hold officials responsible for environmental protection. Tragedies like the Harbin toxic spill in 2005, the lead poisoning incident in Gansu in 2006 and arsenic poisoning in Hunan in 2006 have been in the making for several years, given the part played by local governments in covering up chronic pollution.

5. Mainstreaming Margins

The ultimate benchmark will without doubt be determined by its success in mainstreaming margins through a series of targeted interventions aimed at reducing spatial inequalities. This will depend critically on the choice of policy instruments selected to improve the welfare of disadvantaged groups who lack the capacity to absorb the costs of failure and livelihood setbacks. Measures for social protection for instance must be designed to target vulnerable groups such as agrarian, informal workers in remote regions. It is these pockets of poverty with their accompanying low levels of income, health and education that

constitute a social exclusion challenge for China. Redistributing access to sources of growth could be an effective way of enabling productivity growth in remote, largely agrarian households. (Lipton and Zhang 2007) Targeted measures such as public investments in agricultural infrastructure, rural financial services, and investments in education and health in these pockets would enable poor provinces also to be stakeholders in the growth experience. These would help further build on the impressive record that China has scored in lifting millions out of poverty. These also hold potential spin-off benefits such as raising local growth, reducing rural-urban income differentials and easing the pressures off cities, thereby managing urbanisation and migration flows more effectively. Pro-poor interventions such as these constitute the route to operationalising the powerful emancipatory potential that the concept of social harmony promises.

Riding the Tiger

China is today riding the tiger of complex transitions and facing the challenge of not being able to dismount. While China is clearly unwilling to sacrifice growth, there is a growing consciousness to reorient socio-economic priorities towards a more sustainable growth paradigm. The marginalised and the dispossessed are today rightly emerging as China's topmost policy concern. The fact that these questions are being asked and debated openly offers room for cautious optimism. In the proverbial journey of a thousand miles, China's political leadership has indeed taken the first step forward.

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