



## **Understanding the Triangle: State, Labour and Welfare in China since 1990s**

**Chair:** M V Rappai

**Speaker:** P K Anand

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### **ICS Seminar Room**

In his presentation speaker made an attempt to answer few research questions – how has state and welfare changed in China since the commencement of reforms? How has market reforms impacted welfare? And what are the conditions of the working class under market reforms? The presentation consisted of three key arguments: one, the nature of the welfare system is primarily shaped and determined by state objectives in the context of market reforms; two, institutional responses to welfare in China since the late 1980s have been underpinned by the aspect of stability rather than any fundamental social transformation; and three, the Post Tiananmen welfare system is not driven by the objective of ensuring primacy of the working class.

Speaker laid out historical background and foundations of welfare during Mao period where he pointed out Mao's principals on governance – Proletarian Work Ethics, Self-reliance and collective spirit. During Mao era, the welfare system was centered on employment converting work units in enterprises (*Danwei*) in 'Mini Welfare State' due to its focus on guaranteed employment. Great Leap Forward and Cultural Revolution had severe impact on welfare system as institutions that imparted welfare came under attack, especially from the 'Gang of Four' terming it as sugar coated bullet rallied in front of working class, with revolutionary or ad-hoc committees replacing these welfare institutions. There was also an aspect of community-based urban welfare in the form of target groups such as street associations and so on. Going further speaker discussed Post-Mao period welfare system when Deng Xiaoping became the President of PRC and implemented market reforms in 1990s which had impact on welfare system. With market reforms in place, the welfare system in China underwent some significant changes as it put an end to guaranteed jobs, loosened central control, diversified welfare funds, enterprise autonomy came into focus, dedicated Labour Ministry to improve social security administration, and various insurance models or schemes came into effect for state sector employees.

In terms of institutional responses of the state, speaker said, after the market reforms in 1990s, the diversification of industrial production has taken place with the emergence of Non-state Enterprises, while more powers were given to Managers/Management. Another aspect was the loosening of labour mobility due to contract-based 'hire & fire' policies and flexibility with respect to working hours, hiring and wages, in the enterprises. The significant portion of the workers is, migrant workers coming from rural areas. There is a Ministry of Human Resources & Social Security, an institution which has been given importance after the reforms, to implement and supervise welfare programmes with the help of departments on provisional and sub-provisional levels, under the Ministry. The significant role is also played by primary trade union (ACFTU) and Women's Federation (ACWF) regarding supervision of welfare programmes in the country. Speaker also mentions legislations brought about in the form of Labour Law (1996) and Social Insurance Law (2010) and Labour Contract Law (2008). There are five pillars as far as social security in China is concerned – Pension, Health, Work-Injury, unemployment and maternity with specific rules, directives and guidelines to govern each of the five pillars of social security. Speaker also referred to something called 'Flexicurity', a concept derived from European model seeks to combine security and flexibility, which aims to ensure minimum social safety net for workers and leads to social coalition and stability. This Flexicurity model is gaining much importance in the implementation of social welfare reforms in China.

Speaker then touched upon how welfare operated in conjunction with trade unions and how it affects labour relations. This brings us to the era of Hu Jintao-Wen Jiabao when the concept of 'Harmonious Society' and 'Social Management' were emphasized for managing governance in terms of de-politicization of governance, putting up mechanisms or administrative structures so that welfare gets a rule-based approach. The primary example of such rule-based approach is Labour Contract Law (2008) which intended to correct existing gaps in previous Labour Law (1994) in terms of working arrangements, wages, and contract system. Speaker argues that such mechanism of social security is a part of collaborative strategy of the state to deal with labour conflicts and individualize labour protests. While speaking on role of primary trade union, speaker highlighted the 'double identity dilemma' of the trade unions in terms of representing the workers' interests on the one hand and ensuring smooth production without any disruptions on the other hand. This double identity dilemma has caused the marginalization of primary trade union, as many workers remain outside denying any support to it and most of the labour actions take place without the presence of primary trade union, resulting in the emergence of Labour Non-governmental Organizations in the country, especially in the coastal regions of China. Thus, welfare has become a residual priority with inadequate financial allocations & resources, inefficient delivery, poorly trained staff and improper information. In this scenario, a worker is either aligned with the pace of market reforms or gets subordinated to it. In his study, speaker found that social security laws remain on paper and enforcement of such laws is flexible, with no uniform standards in the disbursement of social security in the country and variations prevalent in terms of social security entitlements across cities/regions.

To conclude, speaker put forth some key arguments – one, social base of the party-state is shifting from worker's state to representing upwardly consumerist middle class; two, state has become a managerial entity rather than being an instrument of change stressing on skillful management of labour conflicts; three, there is a balancing approach regarding welfare measures for workers and their repression, which reflect 'Left' and 'Right' hands of the state; fourth, China favors 'Productivist Welfare' approach aligned with or subordinated to economic growth as opposed to rights-based approach of 'Welfare as Rights'; fifth, there is an automation of industrial production due to rising labor costs; and finally state is encouraging workers for opting rightful resistance to resolve labour issues.

*Report prepared by Chetan Patil, Research Intern, Institute of Chinese Studies, New Delhi*

#### About the Speaker

Dr. P.K.Anand is a Research Associate at the Institute of Chinese Studies. He holds a PhD in Chinese Politics from the Centre for East Asian Studies at the Jawaharlal Nehru University, New Delhi. Awarded in June 2017, his doctoral thesis is titled 'Market Dynamics and State Responses in China: Social Welfare and Industrial Workers, 1987-2008'. He also completed his M.Phil from the same centre in 2008. He has majored in Politics (with specialization in International Relations) from the School of International Studies, Jawaharlal Nehru University in 2006. He completed a two-year India-China comparative project on funded by ICSSR on Labour Relations and Welfare in Small and Medium Enterprises in Mumbai and Wenzhou. He was also a Visiting Fellow at the Harvard-Yenching Institute, Cambridge, Massachusetts, USA with a ten month research stint from August 2016-May 2017.

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