

The Chinese Dream of a More Progressive Welfare State: Progress and Challenges

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Abstract “The Chinese Dream” and its ideational precursors in official discourse touch upon issues of social policymaking. More specifically, official China has stated the goal of achieving a “moderate” or “appropriate” universal welfare state in order to mitigate increasing inequality and the individualization of social risk. Consequently, the new millennium witnessed a wave of social reforms in mainland China, the most significant of which were arguably within the policy fields of health insurance, pensions and unemployment protection. This paper reviews reform efforts within these three policy fields and discusses progress and looming challenges with the concept of universalism as the yardstick. From the perspective of universalism, the social right dimensions of coverage (the share of the population included), generosity (benefit levels or adequacy of welfare proved for those included) and financing (such as state, contributions or private) are quintessential. Coverage of social protection has increased significantly with new schemes in all three policy fields. The *hukou* divide in coverage of social insurance is not as pronounced as before, especially in health insurance. However, major challenges still persist. Declining benefit generosity or adequacy has been a tendency in both pensions and unemployment protection. The pension system also faces problems of financial fragmentation and unsustainability. The health insurance system is still inadequate in terms of protection against health risks, particularly serious or chronic illnesses. These issues are more pronounced in schemes catering to rural residents or urban residents outside the labor market. This reflects that schemes for urban workers are still much more generous. In this regard, recent tentative efforts to integrate the divided welfare system should be noted.

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1 Introduction

Despite the ambiguousness of the Chinese Dream, it is clear that it is at least *also* a dream where inequalities are less pronounced and the consequences of social risks such as unemployment, poverty or ill health are alleviated to a greater extent than presently. One could simply look to Xi Jinping's initial elaboration in November 2012 of the Chinese Dream as encompassing “national rejuvenation, improvement of people’s livelihoods, prosperity, construction of a better society and military strengthening” as a dream that also appears to include social welfare.

This social element in the Chinese Dream is not new in official Chinese discourse, however. While more elusive in the Chinese Dream, social policy reform is central in other visions for the future. For example, the goal of constructing a “harmonious” society was adopted by the Party Congress in 2006. Social policy featured heavily as the vision of the harmonious society was elaborated (Ngok 2013). Initially promoted by the Ministry of Civil Affairs, the idea of a “moderate” or “appropriate” universal welfare state has also been incorporated in official discourse (Lei and Walker 2013; China.org.cn 2012). These are some of the most prominent examples of how social policy reforms have been preceded by a new articulation of the need for social reform. A range of other examples could be mentioned, such as notions of “putting people first,” “a service-oriented government,” “equalization of basic public services,” “improving people’s livelihood” or “ensuring all people enjoy their rights to education, employment, medical and old age care and housing” (Ngok 2013).

This discursive turn has come about as the side effects of the preceding decades of market-oriented reform became difficult to ignore. Economic inequality measured by the Gini coefficient is estimated to have increased to 0.47, which is very high in international comparison (significantly higher than the USA, for example, but on the other hand not as high as other major developing economies such as Brazil and India) (Herd 2013). Some income surveys have placed the level of inequality even higher than the estimates used by official statistics and the World Bank (The Economist 2013). The market reforms eroded the foundation of the welfare system of the planned economy as financing from work units and collectives disappeared. By the 1990 s, the burden of social risks such as unemployment, poverty, ill health or old age had been shifted almost entirely to the individual households.

It should not be forgotten that the period of market reform also lifted 500–600 million Chinese out of extreme poverty (measured at the international standard of 1.25 USD per day) (Lu 2012). This is without a doubt one of the most significant advances in human welfare in modern history. The rewards of economic growth by itself have limits, however. For example, reports from the World Bank and the United Nations Development Programme on poverty, health and education revealed that social progress seemed to be stalling (Zhao 2013). Ravallion and Chen (2007: 38), analysts at the World Bank, stated that China could no longer reap the “low-

lying fruits of efficiency enhancing pro-poor reforms.” New and proactive social policies were needed.

Fortunately, all the grand visions mentioned above have amounted to more than just words. Nearly all important policy areas such as unemployment, poverty, health, pensions, education and housing have been the subject of significant reforms in the new millennium (Liu and Kongshøj 2014; Ngok 2013; Zhao 2013; Kongshøj 2013; Chan et al. 2008). In this paper, I will go in-depth with the three policy fields of pensions, health insurance and unemployment (including poverty protection). These three areas have arguably been subject to the most significant social policy reforms in recent decades. New schemes have been enacted and extended to larger shares of the population. At the same time as this will exemplify progress toward the Chinese Dream, it will also reveal that big challenges remain and that social risks for people included in these schemes have not yet been adequately alleviated. The reforms will be analyzed with the concept of universalism in mind, since this is the concept in official discourse which is more specifically attuned toward social policy. This paper is largely based on a literature review based on research into the individual policy schemes, but conclusions will be drawn with social policy universalism as the yardstick. Literature has been included to the extent that it can help us assess coverage, generosity and financing as important dimensions of universalism.

2 From Market Reform to “Moderate Universalism”

The backdrop of the current wave of social policy reform is the dismantlement of the old welfare system from the end of the 1970 s and onwards. This system was significantly more generous for the urban population. The old notion of the “iron rice bowl,” from which all urban workers were fed, referred to the previous urban welfare system. On the other hand, the actual generosity of this system should not be romanticized (Wong 1998). One of the most noticeable consequences of the erosion of the iron rice bowl is the experience of unemployment, which peaked at 10–12 % of the urban population just after the turn of the millennium (Warner and Lee 2007). The experience of unemployment had been almost unheard of in a system with planned employment. The social risks incurred by unemployment or less secure and protective employment are one of the factors behind the increased incidence of social protests, numbering in the thousands and covering millions of people every year (Zhao and Yang 2013).¹ These protests emerge from a wide spectrum of issues. In rural China, one of the most important is the displacement of farmers through public acquisition of rural land. This illustrates why social policy reform became such a pressing issue for Chinese policymakers in the quest for increased political legitimacy. The aforementioned discursive turn among top policymakers with ideas

¹ Various estimates have shown the number of “mass incidents” as increasing to around or just below 100,000 up until 2010, although definitions of protests and “incidents” vary widely and, also in case of official figures, may include minor incidents or grievances (Zhao 2013; Xi 2012; Chan 2010).

such as “the harmonious society” and “moderate universalism” is not synonymous with an exhaustive or well-defined plan, and it is not limited to social policy.

While I will focus on the policy fields of health, unemployment and pensions in the following it should be noted that education and housing policy have also been the subjects of very extensive national-level reform. The Chinese welfare system is not at all extensive in the area of care policies for the young and the elderly. This is typical of all East Asian countries, developed as well as developing economies. However, the current five-year plan (2011–2015) also includes goals of building a more comprehensive system of elder care and local experiments with central government financing are being undertaken (Lei and Walker 2013).

In general, the adaption and extension of new schemes within the last 10–15 years represents the buildup of an insurance-based system of welfare. As we can see in Table 1, the pattern has been that insurance for urban workers has been set up first, with insurance schemes for rural residents and urban Chinese outside the labor market following some years later. In 2011, a new Social Insurance Law was adopted, which in many ways affirmed existing insurance schemes within health, pensions, unemployment, work injury and maternity (Ngok and Huang 2014). As was also the case in the planned economy, the schemes for the urban population are more generous than their urban counterparts. The more than 200 million rural–urban migrants are often caught in a veritable no-man’s land in terms of social rights, and traditionally only a small minority have been covered by social insurance, although this specific issue been an object of attention most recently (Ngok and Huang 2014; Wong 2013).

Since the notion of “moderate universalism” has inspired this paper to use universalism as a yardstick, a few conceptual clarifications will be in order. In social policy research, universalism can be “measured” along several aspects of social rights (Anttonen and Sipilä 2012; Goul Andersen 2012; Kangas and Palme 2005). If we fuse the conceptualizations of Goul Andersen (2012) and Anttonen (2002), for example, we may speak of the dimensions of coverage, generosity, eligibility or financing. From this perspective, universalism becomes a continuum on each of these dimensions where policies are more universal if they have high coverage, high generosity or are at least adequate, eligibility criteria that exclude very few and a

Table 1 National adaption of new schemes in health, pensions, unemployment and poverty alleviation

	Health	Pensions	Unemployment	Social assistance
Urban	Basic medical insurance for urban workers (1998) Urban residents basic medical insurance (2007)	Pension scheme for urban workers (1997) Pension scheme for urban residents (2011)	Unemployment insurance (1999)	Minimum standard of living scheme (1999)
Rural	New cooperative medical scheme (2003)	New rural pension scheme (2009)	–	Minimum standard of living scheme (2006)

high share of tax financing. It should be noted that the dimension concerned with generosity or adequacy has been subject to some debate. Specifically, it can be argued whether cash benefits should be either flat rate (same amount for everyone) or earning related (same relative compensation for everyone). Good arguments can be made for both principles. At least there is consensus that means- or income-tested social policies are less universal (because some segments of the population will be excluded). However, this is also a matter of degree. There is clearly a substantial difference between merely excluding the most well-off or excluding nearly everyone but the very poorest. The latter form of social policy runs a much higher risk of being stigmatizing.

In the Chinese case, the only clear goal in the notion of moderate or appropriate universalism seems to be the ambition of increasing coverage of social insurance schemes and bringing down the number of Chinese not included in the these schemes. Recent five-year plans have repeatedly affirmed this (Ngok and Huang 2014). Whether it also means significantly increased public financing or more adequate benefit levels can be discussed. However, any thorough assessment from the perspective of universalism (as we seek to provide here) cannot really ignore the important dimensions of generosity/adequacy and financing. Therefore, attention will be paid to coverage, adequacy and financing in this paper.

2.1 Health Insurance

In health insurance, coverage had declined to 10–15 % of the total population by the end of the 1990 s. The public healthcare system had lost most of its financing from the government and the work units of the planned economy (Barber and Yao 2011; Chan et al. 2008).

Subsequently, public providers had become predominantly reliant on individual out-of-pocket payments and the sales of medical drugs. Most Chinese could not afford specialized treatment. In 2000, the World Health Organization (WHO) ranked the Chinese health system as 144 out of 191. In the light of these problems a new health insurance scheme for urban workers was adopted in 1998. From 2003, a new scheme for rural citizens was gradually extended, and from 2007 a counterpart for urban citizens outside the labor market was adopted (nationally implemented by 2010). In short, there are three main types of health insurance in place today (Nundy 2014; Gao and Meng 2013; Meng et al. 2012; Barber and Yao 2011). By 2011, almost 95 % of the population was covered by one of these schemes. As was also the case in the old welfare system, the scheme for urban workers is most generous.²

² The scheme for the urban employed is financed by a contribution of 2–3 % of the wage from employees and 6–8 % of the wage sum from employers. The other two schemes are financed by nominally fixed individual contributions (varying between provinces) as well as government financing shared by local- and central-level government. The total government contribution in the two schemes has increased markedly (from 20 RMB I 2003 to 300 RMB in 2011), while the individual contribution has stayed at a low level of 20–50 RMB depending on the province. Generally, individual contributions are deposited in an individual account, while contributions from employers and the government are socially pooled. However, there are different local models of financing across the three national-level schemes. Total reimbursement is subject to a ceiling of six times the local average wage (urban workers) or six times the local disposable per capita income (rural citizens and urban citizens outside the labor market).

2.2 Pension Insurance

In the field of pensions, the same tripartite setup of schemes can be observed with one main scheme for urban workers and two other schemes for urban and rural citizens. The temporal sequencing of these new schemes has also been much the same, with a reform of the existing scheme for urban workers taking place in 1997, while a new scheme for rural citizens was enacted in 2009 and finally an urban citizens' scheme followed from 2011 (Wang et al. 2014a, b; Herd 2013; Xu and Zhang 2012; Chan et al. 2008). Once again, the urban employees' pension system is more adequate and better financed.³ Separate schemes for civil servants and public employees could also be singled out from the urban workers' scheme since these pensions are even more generous and, in the case of civil servants, do not require personal contributions (Wang et al. 2014a, b). However, these schemes are becoming more integrated with the urban workers scheme. Coverage has not increased quite as rapidly in this policy field. In 2011, only 60 % of the urban employed and 49 % of rural citizens were covered and contributing to these schemes (Wang et al. 2014b). By the end of 2014, however, Vice Premier Ma Kai delivered a report to the National People Congress which stated that coverage stood at 80 % of all workers and retirees according to official statistics (China Daily 2014).

2.3 Unemployment Insurance and Social Assistance

Finally, I will outline the national schemes directed at unemployment protection and poverty alleviation assistance. The Minimum Standard of Living Scheme (MSLS) was adopted as a new social assistance for urban citizens at the national level in 1999 following local experimentation beginning in Shanghai since 1993. The MSLS was adopted as national-level policy for rural Chinese in 2006 (Gao 2013; Zhang 2012). This means that all Chinese below locally defined minimum income thresholds at the household level are formally entitled to receive a social assistance benefit equal to the difference between own income and the local benefit threshold. In addition to this there are supplementary subsidies for health, education, housing, etc., depending on the needs of the household, but here local policy variations are substantial. Between 1999 and 2002, the number of recipients of urban social assistance increased from a few million to more than 20 million, where it has since remained stable (Zhang 2012). One important factor behind this development was that the central government from 1999 stepped in and financed an increasing share of expenditures (from 5 to 50 %). In 2004–2010, the number of rural recipients

³ The contribution rate for urban employees is up to 8 % of the wage, while employers contribute up to 20 % of the wage sum. In the two other schemes, the individual can choose a personal contribution sum among a range of possible contribution sums. In terms of benefits, these pension schemes are all determined by the total accumulated value of an individual account plus a pre-defined amount (in other words, a combination of the principles of *defined contribution* and *defined benefit*). The defined benefit is financed by employer contributions (urban workers) or the government (urban and rural citizens). In addition to the public pension pillar, the government has also tried to further the development of occupational pensions with tax deductions (Shi and Mok 2012). By the end of 2010, about 55 million Chinese were workers were assessed to be covered by separate occupational pensions.

increased from 5 to 53 million, once again after the central government stepped in and started co-financing expenditures.

Unemployment insurance was reformed in 1999 to formally increase eligibility to all urban workers, but the scheme had had a precursor since 1986 in the form of *job waiting* insurance for employed in state-owned enterprises (CDRF 2012; Duckett and Hussain 2008). Coverage has fluctuated around 40–50 % of the registered urban employed. In this regard it should be remembered that the number of actual unemployed is far greater than the number of registered unemployed and that those not registered cannot receive the benefit.⁴ In addition, there is no scheme for rural citizens since unemployment is not officially recognized in rural China since rural citizens formally still have access to their own plots of land for subsistence (Murphy and Tao 2007). In other words, hidden unemployment is a big issue here. In the 1990 s, most estimates suggested that hidden unemployment affected somewhere between 100 million and 200 million rural Chinese (Chan et al. 2008). In urban China, registered unemployment constantly hovers around 4 %, but unemployment according to international ILO standards (not in employment but looking for a job) peaked at 10–11 % just after the turn of the millennium and then declined to around 9 % in 2008 (Wang and Sun 2014; Han and Zhang 2010; Solinger 2001).

3 Reviewing the Major Challenges

In short, marked progress can be seen in terms of achieving a relatively more universal welfare system by increasing coverage of new and existing schemes across the policy fields investigated above. This section will elaborate, however, problems surface if we turn our attention to the policy dimensions of adequacy or generosity, which partly reflect financing issues.

3.1 Health Insurance

Increased coverage is first and foremost evident in health insurance, where almost the entire population is now covered by some form of insurance. In health insurance, previous inequalities in terms of coverage across the divides of poor–rich and rural–urban are now nearly eliminated (Meng et al. 2012). For the migrant workers, however, getting reimbursements may be a problem if they are covered because health insurance funds are pooled at the local level. Migrant workers may be

⁴ That actual unemployment according to the standard ILO definition (not employed, but looking for a job) is higher than registered unemployment is a well-known issue in many countries, but circumstances very specific to China makes the phenomenon more pronounced. One group of unemployed, who formerly could not register as such, is the big group of rural–urban migrants. Another was the millions of urban workers who were ‘laid-off’ (*xiagang*) during the 1990 s, but not considered unemployed since they formally still retained the connection to their work place and for a brief period were eligible for a separate benefit while being laid-off. Both groups are now eligible to register as unemployed, but many have big problems doing so. For example, while migrant workers are formally entitled to a work contract (since the Labor Contract Law from 2005), not all employers comply with this legislation. This makes it difficult for them to prove their work history and register as unemployed. Most surveys in the new millennium consistently placed coverage of contracts among migrant workers below 50 % (Wong 2013).

enrolled in both the urban and rural citizens' schemes or separate schemes for migrants (but not the urban workers' scheme), and problems arise if they need treatment outside the reach of the local funds. Some efforts to shift risk pooling to the provincial level are being made, on the other hand (the city provinces of Shanghai and Beijing are prominent examples), and some provinces are also trying to integrate the two schemes for rural and urban citizens into one scheme (Huang 2013).

In terms of financing, the health insurance system has also become more universal. Tax-based government funding from central and local governments increased from 15 to 29 % of total health expenditures in 2000–2010, while individual out-of-pocket financing dropped from 59 to 35 % (Li et al. 2012). The remaining health expenditures are financed by contributions from citizens, workers and employers. Hospital patients on average received reimbursements of 47 % of their expenses in 2011, and rural–urban inequalities have also decreased significantly in this regard even if they are still pronounced (Meng et al. 2012). However, the declining difference between rural and urban reimbursement disguises the differences in quality of health care. This paper does not evaluate the delivery of health care, but we should remember that the differences in financing of health insurance are indeed still very distinct (see Sect. 2.1). This by itself is an indicator that hospital treatment is indeed much cheaper since differences in reimbursement rates are less pronounced. Furthermore, due to the reimbursement ceilings (applying to both rural and urban schemes and described in previous footnotes), Chinese citizens inflicted with serious or chronic illness still face big economic hurdles. In 2011, about 13 % of Chinese households experienced “catastrophic health expenses,” which means they have problems meeting other basic material needs because of health expenses. This figure had not changed significantly compared to previous years. On the other hand, in 2011 some local experiments with supplemental subsidies above reimbursement were begun. Finally, it should be noted again that I have not addressed public health provision in-depth besides health insurance. Public health provision experienced a major reform in 2009 (Li et al. 2012). The reform was part of a health package with about 850 billion RMB in additional funds, about half of which was reserved for increasing government contributions toward insurance (as noted above), while the other half was dedicated to increasing quality of public health services.⁵

3.2 Pension Insurance

As regards the pension system, the new pension schemes for rural and urban citizens from 2009 to 2011 are important steps toward universalizing coverage as noted previously, even if the pace has been less rapid than health insurance. The biggest challenge in the pension system, however, is declining benefit adequacy or declining

⁵ Among other things, the efforts included raising qualifications among health personnel, management reform, the construction of new hospitals and the introduction of a ‘Essential Medicines Catalog.’ The latter is a list of drugs and medicines that hospitals are not allowed to charge extra markups for and which are to be sold only at market price. Implementation has only been partially successful, however, and in 2010 about 62 % of hospital revenue was still generated by drug prescriptions.

replacement rates. For urban workers, the average replacement rate of pensions dropped from 75 to 45 % in 2011 (Wang et al. 2014a; Herd 2013). This is first and foremost a story of rapidly increasing Chinese wages, which makes it difficult for accumulated contributions to keep up, and additionally the returns of pension investments are low since regulations on potential investment objects are strict for the public pension funds (Shi and Mok 2012). Civil servants' pensions have not seen the same decline, since they have been tied to wage and position and not contributions. The financing issues are exacerbated by a very fragmented system of local pension funds. In the middle of the 1990 s there were more than 5.000 local pension funds. Since then goals of achieving provincial-level fund pooling have been adopted, and furthermore the National Social Security Fund (NSSF) was adopted in 2000 with some limited public funds meant to serve as a backup for local pension funds. Intra-provincial fund fragmentation is still widespread with several thousand local pension funds, however, and the NSSF is not at all sufficient to alleviate funding problems (Shi and Mok 2012). The funding shortfall will increase without reform. Wang et al. (2014b) estimate that the funding gap will increase from 135 billion yuan/year in 2013 to 444 billion in 2020. Up until 2050, Wang et al. (2014b) estimate that the funding gap can be offset by an annual increase in government financing of 6.2 %, which would certainly be a very big feat. These issues will be all the more pressing as the elderly population is projected to increase from 11 % of the working population in 2009 to 50 % in 2038 (Hu and Yang 2012). The pension age at 60 years for men and 55 for women (in some instances 50) has not changed since the 1950 s, but is currently the center of discussion as a potential reform object.

3.3 Unemployment Insurance and Social Assistance

Unemployment insurance and the new MSLS have also been plagued by declining replacement rates in the wake of the increasing Chinese wages. In urban China, the average benefit threshold (which as noted previously determine the benefit amount in the individual cases) declined from 31 to 15 % of local disposable per capita income in 1999–2010 (Liu and Kongshøj 2014; Lei 2012). In rural China, it has been more stable around 24–26 % on average in the same period (Umaphathi et al. 2013). The net replacement rate of unemployment insurance has declined from 35 to 25 % of the average urban wage. I have already noted how coverage of unemployment insurance has hovered around 40–50 % of the registered unemployed, but actually would be much lower if the non-registered unemployed were taken into account. In the cases of the MSLS, it is well-described how coverage is far below the number of formally eligible below local benefit thresholds. Various surveys have uncovered how somewhere between a third and half of those formally eligible do not receive any benefits, and furthermore those actually covered also experience “benefit gaps” of around a fourth of the entitled amount (Wu and Ramesh 2014; Gao 2013). The high degree of exclusion from this benefit is a result of very stigmatizing eligibility criteria (for example that information on applicants should be made publically available on local notice boards or the like). This is often exacerbated by informal eligibility criteria in local implementation which can be

quite harsh (such as ownership of various electrical appliances being seen as “luxury” goods and that people are already capable of providing for themselves), but local variations in this regard are of course substantial (Yan 2014; Lei 2012).

4 Conclusion: Challenges for the Chinese Dream of a More Progressive Welfare State

The Chinese Dream has clear allusions to the goal of building a more progressive welfare system. The discursive reorientation of the Chinese leadership after the turn of the millennium and the corresponding new wave of social reform have many traits in common with changes in other developing economies, namely the attempts at increasing coverage of social assistance and health insurance as well as the adaptation of “multi-pillar” pension systems (Orenstein and Deacon 2014; Surender 2013; Mares and Carnes 2009). As in many other developing economies, the present welfare system did not evolve from a residual welfare state directed at the poorest, but from a system which primarily (but ever more inadequately) was supposed to secure the urban labor force. In the last 10–15 years, however, new insurance schemes in health and pensions have been adopted for rural and urban residents outside the urban labor market, and social assistance has been extended as well. The goal of achieving “moderate” or “appropriate” universal welfare has been aimed at increasing coverage of schemes within a welfare system based on social insurance.

To some extent, this goal has been fulfilled. Pension and particularly health insurance now cover a much larger share of the population. The tripartition of social rights (urban workers, urban residents and rural residents) has been maintained, but inequalities in terms of access to social protection are much less pronounced. Still, the insurance schemes for urban workers continue to be the much more generous. Government financing of health expenditure has increased significantly since the low point in the middle of the 1990 s. Social assistance in the form of the MSLS has been adopted as national policy in both rural and urban China, and is completely publicly financed. Otherwise, the insurance schemes are primarily financed by contributions from employers and employees, and although public social expenditure amounted to 9 % of GDP in 2011 it is still relatively low. On the other hand, low levels of governmental expenditure on social protection is quite typical of East Asian countries, both developing and developed economies (except for Japan, where the level is closer to the OECD average of just below 20 %) (Choi 2013).

Despite significant progress, there are still big challenges for this new “moderate” universal welfare state. Social benefits for both the elderly and the working age population have not kept the pace with the general increase in incomes, which means that people on these benefits are increasingly relatively poor. The MSLS allowance is in some ways more comparable to the stigmatizing “Poor Laws” of the nineteenth and early twentieth century in the Western world than a modern social assistance scheme. The health insurance schemes are not equipped to meet actual needs, particularly in case of expensive chronic or serious illnesses. The pension system is facing some big problems and is already marked by funding problems which threaten to erode the system of personal accounts based on

individual contributions. This means that people facing old age, ill health or poverty are still very much reliant on “informal” welfare provision through family, other social contacts or own personal resources.

Still, apart from the low (and in some cases still deteriorating) adequacy of social protection, the Chinese welfare system is more universal than before. Inequalities in terms of social rights are not as pronounced as before, coverage has increased and public financing plays a larger role. The Third Plenary Meeting of the 18th Central Committee in the fall of 2013 adopted goals of integrating the insurance schemes of rural and urban citizens, which have also been spelt out as goals of further integrating the divided health and pension insurance schemes. Local experiments in this regard are even more promising. For instance, in at least five provinces and a number of cities measures are being taken to integrate health insurance for urban and rural citizens (Lei and Walker 2013). In some cases, local experiments with formal unification of *hukou* status have been undertaken, although divides in social rights (such as for example contributions and government financing) may sometimes be retained (Ngok and Huang 2014; Shi 2012). As seen so often before in Chinese history, local experiments often point to future national-level policies.

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