Chinese developmentalism and Nordic universalism - or the other way around? Points of convergence in Sino-Nordic income protection

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Chinese developmentalism and Nordic universalism – or the other way around? Points of convergence in Sino-Nordic income protection

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China is usually placed within the East Asian family of welfare states in the emerging literature in the field, most often denoted by the labels of ‘productivist’, ‘developmental’ or ‘Confucian’ social policy. The Nordic countries are traditionally perceived as welfare states within the universal or Social Democratic family of welfare, supposedly radically different from the East Asian countries. An in-depth conceptualization of universalism and developmentalism reveals how the welfare regime characteristics connected to these concepts are each other’s ideal-typical polar opposites. Yet, taking recent welfare reforms into account, particularly within income protection, the Nordic countries appear to be moving in a more developmental direction, while China is universalizing its welfare schemes to a certain extent. The convergence is in the end quite limited, illustrated here mainly by the fields of unemployment and pensions, but nevertheless interesting in the light of established welfare regime demarcations. A historical appraisal also reveals how the Chinese experience echoes some previous Nordic ones. While the Chinese reform process of course is and will be very different, it is greatly interesting that the Nordic experience can shed new light on current problems faced by contemporary Chinese social policy-making.

Keywords: China; Nordic; welfare regime; income protection

Introduction

It is easy to point to a plethora of social problems facing contemporary China, yet it should not be ignored that China has developed its social policies at a sometimes surprisingly quick pace within several fields of policy-making. This might partly be seen as a necessary response to the earlier market reforms which exposed Chinese society to the social problems facing any market economy, while adding a few distinct characteristics rooted in the historical Chinese experience. Yet, economic development in itself does, of course, not explain why social policies end up looking like they do, and why many developed countries end up with quite different characteristics in their social policies as emphasized in the welfare regime tradition.

China and other East Asian countries are most often denoted by the labels of productivist or developmental welfare (Holliday 2000, Lee and Ku 2007, Choi 2012). Alternatively, the label of a Confucian welfare regime has also been popular (Jones 1993, Walker and Wong 2005), but a host of other more or less obscure or original labels have also been suggested (Abrahamson 2011). The countries usually included here are Japan, Taiwan and South Korea, supplemented by a range of other cases such as China, Hong Kong and Singapore. Interestingly, it has not been a matter of course to include China in...
this regime literature for whatever reason, perhaps due to the fact this ‘case’ is so large and policy-making so decentralized that it is difficult to pigeonhole as one coherent ‘model’ of welfare. Far away from China, in Northern Europe, the Nordic countries (Denmark, Finland, Iceland, Norway and Sweden) are usually understood to be radically different and characterized by universal welfare regimes (Esping-Andersen 1990, Arts and Gelissen 2010). Nordic citizens are usually perceived to be much more independent of their market status regarding livelihood (i.e. perceived to be more decommodified), and societal stratifications and inequalities are also less pronounced.

The aim of this paper is to challenge some of the traditional notions of how radically different China and the Nordic countries are supposed to be in terms of social policy. This choice of comparative framework might seem peculiar, but it rests on three primary motivations. First, as we will proceed to spell out below, a universal welfare regime is the strongest ideal-typical contrast to the East Asian developmental or productivist welfare regime, which will be helpful in making an interesting and perhaps somewhat provocative analysis with the aim of challenging traditional notions of real-world welfare regime differences. Second, the literature on East Asian Welfare states has identified an East Asian welfare expansion since the mid-1990s, which might challenge the ideal-typical regime traits (Hwang 2011, Kuhnle 2011). Some have argued that these trends portend a more inclusive or universal form of welfare in East Asia (Holliday 2000, Kwon 2005). Therefore, it would in itself be interesting to see such corresponding changes as we might find in China and contrast them with the most inclusive and universal welfare regimes to be found. Third, some of the official goals in current Chinese social policy-making include promoting some kind of universal social policy. For example, The Twelfth Five-Year Development Plan (2011–2015) states that China is to establish a social welfare system covering both rural and urban areas by 2015 (CDRF 2012), or what has been dubbed a ‘moderate universal social welfare system’ (China.org.cn 2012). The China Development Research Foundation, a government-sanctioned think tank reporting directly to the State Council, pegs out a pathway to a ‘universal-access developmental social welfare system’ in its report Constructing a Social Welfare System for All (CDRF 2012). The goals in this report include promoting universal coverage, increasing equality and removing existing stratifications in welfare provision such as those stemming from the division of social rights in the hukou household registration system. The goal of building a ‘socialist harmonious society’, aimed at engaging unemployment, social security, income distribution, education, health and more, such as it was adopted by the 16th Party Congress in 2006 (Xu 2012), is also a case in point. As universalism is often very poorly defined, all of the three points above require a much more thorough conceptualization of universalism. Finally, this paper is also motivated by a desire to further the scholarly Nordic–East Asian welfare dialogue, as suggested in this journal by Kuhnle (2011). The same question of convergence was sketched in Kuhnle’s paper, but here we will proceed by following up on this with a more in-depth analysis of China and the Nordic countries in some select fields of income protection.

Spelling out developmentalism and universalism

Before we proceed to the matter of tracking down how China and the Nordic countries have seen some interesting convergences, it will be prudent to give our two main opposing labels some thought. Universalism is chosen as the most often used label to describe Nordic welfare regimes, but, in essence, it pegs out the same main regime characteristics as the social democratic label, with universalism being more
multidimensional due to the historical background of the label. Similarly, developmentalism and productivism, in essence, agree on the most important regime characteristics of the East Asian cases while emphasizing the primacy of economic goals or development. The Confucian label denotes some quite similar regime characteristics, but instead emphasizes how these are an expression of a particular Asian welfare culture (Oorschot et al. 2008, Peng 2008). In short, the universal and social democratic welfare regime labels agree on the main regime characteristics, just as the developmental, productivist or Confucian label do among themselves, but they have different assumptions about what the drivers of welfare state development are as outlined here and in the introduction.

The concept of universalism is quite complex and multidimensional, the main reason for which being that it has a rich historical background not limited to social policy. Universalism can be defined both as an ideal rooted in normative thought, as a set of policy principles and as a particular institutional arrangement describing a welfare regime. Here, we will proceed by describing universalism as a set of principles for policy-making. Policy principles naturally spill over in forming a particular welfare regime, but the regime discussion will come later in a comparison with developmentalism.

In the social policy literature on universalism, one can trace a British and a Nordic tradition (Anttonen and Sipilä 2012). The British Beveridge report from 1942, with its reform proposals for British social policy, is widely considered a cornerstone of universalism, mainly because it established that access to welfare should be a right available for all as a guarantee for a minimum standard of living. The writings on social rights by T.H. Marshall (1950), which has been hugely influential in the social citizenship literature, echoed a similar basic sentiment. We could say that this is a very basic or light version of universalism. The Nordic variant of universalism, as it developed subsequently, is perhaps more true to Marshall’s original vision, where social rights transform market-based outcomes into a society of people with more equal status and equal social worth, or secure a high degree of social inclusion, instead of simply just alleviating negative market outcomes. This is reflected in the distinctions between the marginal and institutional welfare models (Korpi 1983) or Liberal and Social Democratic welfare models (Esping-Andersen 1990). Universalism defined as rights- or citizenship-based welfare available for all does, in itself, not distinguish between marginal/Liberal or institutional/Social Democratic welfare. Only if we define universalism as something more than just Beveridgean, minimal-level social rights, do we arrive at a narrower conceptualization of universalism close to the Nordic tradition.

In the Nordic tradition, the distinctions of both Korpi and Esping-Andersen were, to some extent, inspired by Richard Titmuss (1974) and his residual versus institutional redistributive models of welfare. However, residualism also entails something which is clearly not universalism, namely that public or governmental welfare should only come into play when other institutions (for example, the market and the family) fail. This implies means-testing, which is clearly not universal. The same could be said of selectivism, or at least negative selectivism, where welfare is targeted to certain social groups and others excluded (Anttonen and Sipilä 2012). Positive selectivism, on the other hand, does not violate universalism, since no one is excluded from the scheme in question, but the targeted groups may receive higher benefits. This form of selectivism ensures universal and citizenship based access, but adds generosity for specific groups. It is important to emphasize that this does not entail that universalism means that everyone benefits all the time, but only that a certain benefit or service is available to all for whom it may be relevant. Bergh (2004) calls this group-universalism. Even universal unemployment...
benefits, of course, only apply to the group of unemployed. However, the point here is that if the benefit is completely means-tested and/or targeted to distinct groups of unemployed (negatively selective), then it is clearly not universal.

Going beyond Beveridgean universalism, and also what universalism is not, there has been some debate in the Nordic tradition whether universal benefits can only be flat rate at a sufficiently high or adequate level, or whether *earnings-related* benefits can also be included (Goul Andersen 2012). Arguably, the reason why Nordic universalism could form class-coalitions is that there was a historical tendency to include some earnings-related elements, thereby securing the interests of more affluent parts of the citizenry (Esping-Andersen 1990, Stefansson 2012). Earnings-related benefits seem to violate universalism because they include an element of meritocracy, where higher incomes gain higher benefits. The argument in favour of including earnings-related benefits as universal is that adequacy and social protection is a relative question for different status groups, but admittedly some of the Marshallian notions of transforming market outcomes become somewhat diluted with earnings-related benefits.

The discussion on universalism here is perhaps best summarized by Goul Andersen (2012, p. 165) when he defines universalism as follows: (1) eligibility and entitlements are clearly defined rights; (2) rules apply to all citizens who could be relevant beneficiaries; (3) benefits (or services) are financed by taxes, not contributions; (4) benefits are almost the same for all citizens, at least nobody is excluded by means-testing and (5) benefits are adequate. In addition to what has already been covered above, (3) includes financing, which is, of course, important for universal distribution of burdens and (4) is more in favour of (adequate) flat rate benefits. This could perhaps be taken as a summary of universalism in output (policy) terms, but especially the more normative versions of social citizenship, as defined by T.H. Marshall (1950), are also clearly a vision of outcomes, and the distinctiveness of Nordic universalism is often defined in terms of outcomes (particularly economic equality). ‘Outcome universalism’ is something entirely different, and it is not given that output universalism translates into outcome universalism, or that less universalism in outputs harms outcome universalism.

In short, what we have defined here can briefly be described as a distinction between broad and minimal universalism rooted in the British tradition on the one hand, and maximal and narrow universalism following the historical evolvement of Nordic universalism on the other. Universalism has not only been more extensively conceptualized at the policy (output) level, but can also be analysed from the level of outcomes. However, the particular focus in this paper will be policies.

*Developmentalism*, as a label to describe East Asian social policy, is very different from universalism because it refers to economic goals and development as a factor that drives social policy. It is not a set of principles in itself for social policies, in the same way as universalism. However, the common denominator for universalism and developmentalism is that a set of regime characteristics describing a particular welfare model has become attached to them. The fundamental difference between the two labels is that the more normative inspirations for universalism are based on a concern with liberating the individual from the market, while developmentalism emphasizes that the individual becomes embedded in the market. First, the concept will be fleshed out a bit more, but we are in luck in the sense that the label is not nearly as multidimensional as universalism or has the same complex historical background.

The most important feature of both developmentalism and productivism in the literature on East Asian welfare is that social policy is not only intertwined with economic
policy, but also that social policy is subordinate to economic policies and goals. As Holliday (2005, p. 148) states:

In the productivist type, social policy is an extension of economic policy, and is subordinated to and defined by economic objectives. In such a state, in consequence, social policy looks very different from the form it takes in welfare states (…) whereas Esping-Andersen’s three worlds all allow social policy some autonomy and thereby enable it to become one of the shaping forces of the social order, the productivist world does not permit this.

Kwon (2005) largely describes developmentalism in the same terms, but adds that this also adds a certain amorphous quality to the face of welfare in East Asia. The characteristics of such a welfare model are not static, but shift as the face of economic goals changes. For example, a change from high economic growth based on cheap labour to advanced economic competitiveness based on high productivity might demand more extensive social rights. Productivism shares the same fundamentals as developmentalism because it emerged out of the same literature, but adds a more narrow focus whereas developmentalism might be a bit more fuzzy because it could connote all kinds of developmental issues beyond the primacy of economic goals (Choi 2012). Developmentalism also includes a focus on developmental ideology and pressures for development, the capacity of government to promote development and also its capacities for overcoming obstacles to development (Lee and Ku 2007). Developmentalism also entails a somewhat functionalistic perception of policy-making in the sense that economy and government (and social policy), in tandem, can progress to ever higher levels of development with some characteristics defining each ‘level’.

Nevertheless, if both developmentalism and productivism, as they are usually defined, entail a very amorphous welfare regime without any static characteristics, a range of characteristics across the different dimensions of welfare regimes have become very much attached to them in the literature. A survey of the literature on developmentalism or productivism plus the traditional welfare regimes yields an assessment of regime

Table 1. Ideal-typical welfare regime characteristics.

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Developmental</th>
<th>Residual</th>
<th>Corporatist</th>
<th>Universal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Degree of subordination of social policy to market imperatives</td>
<td>Highest</td>
<td>High</td>
<td>Medium</td>
<td>Lowest</td>
</tr>
<tr>
<td>Social rights</td>
<td>Minimal, linked to productive activity</td>
<td>Minimal, linked to citizenship</td>
<td>Extensive, linked to productive activity</td>
<td>Extensive, linked to citizenship</td>
</tr>
<tr>
<td>Degree of decommodification</td>
<td>Lowest</td>
<td>Low</td>
<td>Medium</td>
<td>Highest</td>
</tr>
<tr>
<td>Degree of welfare stratification</td>
<td>Highest</td>
<td>Medium</td>
<td>High</td>
<td>Lowest</td>
</tr>
<tr>
<td>Welfare mix: Emphasis on:</td>
<td>Weak</td>
<td>Strong</td>
<td>Weak</td>
<td>Strong</td>
</tr>
<tr>
<td>Individual</td>
<td>Strong</td>
<td>Weak</td>
<td>Strong</td>
<td>Weak</td>
</tr>
<tr>
<td>Family</td>
<td>Strong</td>
<td>Strong</td>
<td>Weak</td>
<td>Weak</td>
</tr>
<tr>
<td>Market</td>
<td>Weak</td>
<td>Strong</td>
<td>Weak</td>
<td>Strong</td>
</tr>
<tr>
<td>State</td>
<td>Weak</td>
<td>Weak</td>
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<td>Strong</td>
</tr>
</tbody>
</table>

characteristics as defined in Table 1. The clustering of individual countries in Esping-Andersen’s (1990) regime typology was based on decommodification and welfare stratification, the latter understood as the degree to which the welfare state promotes existing stratifications in society. In addition, as the research tradition moved from describing welfare states to welfare regimes, the welfare mix was increasingly emphasized, meaning the role of the main societal arenas such as state, market or family in the role of welfare provision. Furthermore, added here has also been another dimension describing not only the extent of social rights, but also the main principle on which they are based. This could perhaps be understood as the underlying factor behind decommodification and welfare state stratification. Finally, the degree to which social policy is subordinate to economic goals and market imperatives has been added as something that is heavily emphasized in the literature on developmentalism and productivism.

Table 1 reveals how the developmental welfare regime, when it is described as an ideal type in the literature, is something like a polar opposite on all dimensions to the universal regime. The subordination of social policy to economic goals and the very different principles on which social rights are based, spill over to marked differences in decommodification and stratification. Furthermore, the welfare mix is based on very divergent complementarities in welfare provision, partly because the state conducts very different kinds of social policy.

In short, universalism and developmentalism, defined as a set of welfare regime characteristics, can be argued to be each other’s polar opposites. Table 1 also reveals how the East Asian welfare regime can be understood as somewhat of a hybrid case between the residual and the corporatist regimes, as argued by Esping-Andersen (1999) when he addressed the issue of whether these countries constitute a distinct fourth world of welfare. While it would be wrong to say that the residual and corporatist regimes are exact opposites to the universal, we could say that the developmental hybrid combines characteristics from these two regimes to form something approaching a total opposite of the universal regime.

As noted in the introduction, welfare expansion has taken place in East Asia since the mid-1990s. Choi (2012) asks whether this marks an end to the productivist subordination of social policy. Holliday (2000) proposes to distinguish between a developmental-universalist and developmental-particularist form of welfare. Similarly, Kwon (2005) defines the inclusive developmental welfare state and the selective developmental welfare state. Taiwan, South Korea and Japan are included in the universalist or inclusive form of developmental welfare in the light of these policy trends. We will now proceed to answer the initial question of whether this new East Asian universalism can be identified in a Sino-Nordic perspective when some recent changes in both China and the Nordic countries are taken into account.

**Universalism with Chinese characteristics**

Particularly since the late 1990s, China has been engaged in developing and expanding its welfare system within a range of different policy fields. In this time period, a social insurance-based system of welfare has been emerging within health, unemployment, maternity and work injury, and these five types of insurance were bundled together in the China Social Security Law from 2010, which made it a governmental obligation to secure these schemes (Leung 2005, Duckett and Carrillo 2011, Ye 2011). In addition to these five insurance schemes come other important social policies such as poverty alleviation via the social assistance-like minimum livelihood guarantee (MLG), education
and housing. Yet, this new welfare system still faces some big challenges that we will uncover later.

If we start by the biggest steps towards some form of universalism at the policy level, the rapid increases in coverage of health and pensions deserve attention. Health insurance covered less than 10% of the urban population in 1999, but this increased to 55% in 2006 (CDRF 2012). In 2011, more than 90% of both the urban and rural populations were assessed to be covered following extensive reforms, not least the new Rural Cooperative Medical System (RCMS) gradually implemented from 2003 (Manning 2011, Herd 2013). The urban pension coverage rates have increased slowly from around 45% at the turn of the millennium to around 66% in 2010 (Herd 2013). In absolute numbers, 257 million people were covered in 2010 against 136 million in 2000 (National Bureau of Statistics of China 2013). The coverage rate in rural China had been steady at 11% for some years, but from 2008 to 2010, the new rural pension reform pushed the number of rural participants from 56 million people to 103 million people (Ye 2011, National Bureau of Statistics of China 2013). In 2010, 55% of the Chinese elderly (rural or urban) received some kind of pension (Xu and Zhang 2012).

The present pension system in urban China is a multipillar pension system remarkably similar to modern counterparts in other countries in the sense that it has a basic, defined benefit pillar and a defined contribution (DC) pillar. For example, for urban enterprise workers, the scheme is financed by employers (20% of wage sum) and employees (8% of individual wage) topped by voluntary, private insurance schemes (CDRF 2012, Xu and Zhang 2012). It differs for civil servants (no individual contribution). This system has been complemented by a new rural pension system with adaption from 2009 and a system for unemployed urban workers from 2011. The two latter, new schemes are very similar since they consist of a minimum basic pension and individual, voluntary contributions (Xu and Zhang 2012). We should also note the plight of the rural–urban migrants, who formally have the right to participate in the new rural scheme or participate in special, local schemes for migrant workers, which have evolved in a quite patchy and fragmented manner. The urban employment-based pension system developed incrementally from 1978 from a scheme purely based on the principle of Pay-As-You-Go (PAYG), bifurcated between a scheme for government and public employees and the other for workers in other enterprises. The 1990s saw a series of reforms that both defined the pillars as they are today and increased the scope of the scheme to make it possible for urban citizens beyond employees in government and state-owned enterprises to join (Ye 2011, Xu and Shang 2012).

The expanding coverage of health insurance has been marked in recent years, but the health insurance system for urban workers largely started to take its present shape in urban China in 1998. This happened in the wake of a period characterized by increased decentralization and general lack of funding, which led to an ever more privatized scheme (Manning 2011, CDRF 2012). Especially, the former rural system effectively broke down later in the era of market reforms, but a new RCMS was decided upon in 2003 and gradually implemented nationwide. At the same time, a basic medical insurance scheme was added for hitherto uninsured urban residents (such as children, elderly people or long-term unemployed) (Herd 2013). A 2009 health reform supported this with substantial extra funding and set 2020 as an end goal for covering all urban and rural residents (Manning 2011). This has reversed the historic trend of increasing private financing of health care. In urban China, the private share of expenditure dropped from 60% in 2001 to just below 40% in 2011 (Herd 2013). Problems still persist despite the new schemes and rapidly increasing coverage, particularly in the rural scheme and the basic urban resident.
scheme. Funding for these schemes is still quite low, and people often still have to shoulder the vast majority of the expenses in case of serious (and expensive) illnesses (Herd 2013). In addition to this, comes the more fragmented and local schemes for migrant workers, where overall coverage is still low.

Another important issue in terms of universalism is the question of adequacy. For benefits, adequacy is very important when assessing whether a benefit only represents minimal poverty alleviation or can actually be said to be decommodifying. OECD estimates for both pillars in the urban workers’ system arrive at a gross replacement rate of 77.9% and 56.2% for a contribution period of 40 years and 30 years, respectively (OECD 2011). However, replacement rates have been declining. From 2001 to 2009, the average replacement rate dropped from 60% to 50% (Xu and Zhang 2012). This has happened because contributions and subsequent yields are simply not keeping up with the rapidly increasing Chinese wages (Shi and Mok 2012). Most importantly, statutory limits on the investment of pension funds (national banks or government bonds only) mean that interest rates are outstripped by inflation rates. This partly explains the biggest problem currently facing the Chinese pension system, namely that the pension funds are accumulating increasing deficits and that the DC pillar has de facto turned into a PAYG pillar because personal accounts are not accumulating as expected and current contributions are used to pay for current retirees. Based on current projections, and if no reforms are adopted, the replacement rate may drop to 30% in 2050 (Herd 2013). However, Chinese policy-makers are discussing the issue and possible solutions, such as raising the retirement age. In terms of funding, the pension system is far from being universal, not only because it is financed by employers and employees, but also because funds are very local. Around 90% of the pooling takes place at the county level (CDRF 2012). Consequently, risk-pooling is limited, since old-age dependency ratios, of course, vary between localities. This is quite far from the ideal of alleviating inequalities in risks and burdens. Finally, the replacement rates mentioned here apply only to the urban workers’ system. Discounting benefits yielded by contributions for the personal accounts, the basic, flat rate pension for rural citizens and the urban uninsured was at the level of 55 RMB/month in 2011, which represents 7.3% of average disposable income of rural workers in 20111 (or 2.11% of the disposable income of the urban worker) (National Bureau of Statistics of China 2013). In other words, what might be argued to represent an embryonic Chinese citizens’ basic pension only represents something like inadequate handouts, at least at this point in time. It should be noted that such calculations based on official income statistics do not include informal employment, which plays a very significant role in the Chinese economy, usually at much lower wage levels. This makes these replacement rate estimations underestimated.

Some of the same problems that plague the pension system, namely insufficient risk-pooling and declining replacement levels, can also be found in the Chinese unemployment insurance (UI) scheme, which is the last policy Chinese policy area we will consider here. A quick glance at the institutional set-up of unemployment policies might make the Chinese schemes seem remarkably similar to their Nordic and Western counterparts. UI, a social assistance scheme for the insured and even emerging active labour market policies (ALMPs) can be found. UI for urban workers can be traced back to a labour market reform in 1986, which expanded employer autonomy in laying off workers among other things. Simultaneously, a ‘job-waiting’ insurance was set up for a limited group of state-sector employees (Webber and Ying 2007, Vodopivec and Hahn 2008). The UI scheme was not formally named as such before a reform in 1999, which also expanded potential coverage to all urban workers. Social assistance like MLG
developed from the early 1990s in various stages (Solinger 2005, Guan and Xu 2011). It was made a nationwide urban policy in 1999 and then expanded to rural China in 2007. As a consequence, the number of urban MLG recipients rose quickly in the beginning of the millennium, from 3.2 million to 22.5 million in 2003. The rural scheme expanded from covering 16 million in 2006 to 52 million in 2010 (Solinger 2011, National Bureau of Statistics of China 2013). In UI, the coverage varied between 32% and 57% of the registered unemployed during the years from 2000 to 2006 (CDRF 2012). On top of that, one has to take into account that for historical reasons, many cannot register as unemployed, even if they are without a job and looking for one, so real unemployment is actually much higher (Xu 2012).

The average replacement level of UI has been steadily declining. In 2001, the average replacement rate was 33% and by 2011, it had declined to 24% of average net income per worker (National Bureau of Statistics of China 2013), but once again, this replacement rate estimate would probably be higher if informal employment had been fully included. The benefit levels have certainly increased markedly in absolute terms, but have simply not been increased at the same pace as the average wages. The tendency seems to have been curbed in later years, however. Here, one should remember that we are talking about averages for urban China. The level of UI is not defined nationally, except for the stipulation that it must be above the locally defined ‘minimum level of living’, but below the local minimum wage. An important feature of the Chinese scheme is that it is flat rate and not earnings-related, as you would typically expect of UI. However, schemes that are earnings-related, in principle, can also become more or less flat rate. The Danish UI is a case in point; the ceiling for the maximum level of the benefit has de facto been lowered due to insufficient indexation, which has turned it into a flat rate benefit for nearly all wage groups (Goul Andersen 2011a). Just as the Chinese UI, the MLG also seemed to experience declining replacement levels earlier in this millennium. The average urban MLG threshold (set at the local minimum level of living) has dropped from 31% to 15% of the average disposable income from 1999 to 2010 (Lei 2012, Ministry of Civil Affairs of the People’s Republic of China 2013, National Bureau of Statistics of China 2013). Regarding the rural MLG, the threshold here in 2007–2008 amounted to 20–21% of average rural disposable income in 2007–2008 (OECD 2010). In 2011, the central government raised the official rural poverty line to 2300 yuan/year (or about 1 USD per day at the time), which equals a 92% raise compared to the 2009 poverty line (Wall Street Journal 2011). However, the question of course is whether and to what extent that has actually been followed by local governments in the MLG scheme. Furthermore, since the MLG is strictly income-tested at the household level, a recipient of MLG does not get an amount equal to the MLG line, but the difference between average income in the household and the MLG line. It should be added here that the cash benefit is only part of the overall benefit package for MLG recipients. A number of preferential policies have been added to the benefit, such as assistance for medical care, housing, education and other forms of support, to deal with the multidimensional face of poverty risks. Once again, these added forms of support are subject to a high degree of local variation. Using Guangzhou in 2010 as an example (widely recognized as one of the forerunners of social policy development), recipients were entitled to significant benefit increases in the forms of an extra education subsidy, elderly couple subsidy, subsidy for people without any other means of support and health subsidy. Other available and more specific forms of support were, for example, housing subsidies, complete exemption from education costs, free access to medical insurance, vouchers for daily necessities and more (Lei 2012). It is a general truism that the basic cash assistance is only part of the benefit
package for social assistance recipients, but it seems to be particularly true of the Chinese case.

However, minding the declining replacement levels of the cash benefits for unemployment (both UI and MLG), these two benefits could be argued to have become less universal, and then they were hardly adequate to begin with. Especially the MLG recipients are very much dependent on other means of living and sources of help, depending on the degree to which they qualify for the additional forms of support (Solinger 2011). Even if many of the specialized needs such as health, housing and education can be covered for some of the MLG beneficiaries, more than anything, it signifies a ‘poverty trap’, since any additional support is lost if one loses the entitlement to the MLG. This is a textbook example of how very means-tested and non-universal benefits can create poverty traps and perverted economic incentives. In addition, one should remember that we speak of an insurance scheme and a strictly income-tested social assistance scheme. Important in terms of universalism is also eligibility, and here the MLG cannot be said to live up to the criterion of relatively easy and rights-based access. Once again, eligibility is a local matter. If everyone below the local MLG thresholds was included, there would quite simply be no Chinese below these poverty lines. However, Wang (2007) concluded that 12.1% of urban households were below the local thresholds for the minimum standard of living. The pre-transfer figure was 13.6% of all households, which points to a very limited coverage of the scheme at the time (based on a 2004-survey covering 6700 households in 14 cities). As mentioned above, the number of urban recipients has not increased since then. As an example, Solinger (2011) reviews the great variation in this regard. One community in Wuhan, Hubei province, had 18 criteria that barred people from access to the MLG, such as owning a refrigerator, motorized vehicle or being able to spend certain amounts on utility bills. On the other hand, Lanzhou city in 2001 only had three fairly lenient practices, such as barring those with work ability who were not actively looking for a job. In addition, the MLG recipients often face very stigmatizing and moralizing check-ups by local officials. Local governments publish details on recipients in public notices, and neighbours are also interviewed (Chan 2012). All of this makes the MLG highly stigmatizing and designed to be very undesirable, very far from universalism and certainly any ideals of social citizenship.

In conclusion of the Chinese case, there are not really any traits of emerging universalism when we stick to our narrow definition outlined earlier. The expansion of pension and health coverage is the most prominent example of Chinese welfare expansion, but these schemes are based on insurance as the basic principle and not citizenship. These schemes might perhaps be on a path towards universal availability, but they are still dependent upon insurance participation and the payment of premiums. It could be argued that the new rural pension scheme and the urban pension scheme for the unemployed de facto guarantee a citizen’s basic pension, albeit at a very low and inadequate level. However, if we view universalism as a continuum, and not as a question of universalism or not, then you could argue that these schemes are more universal than they were before because of increasing coverage. The increasing tax-financing within areas such as health and education should also be taken into account. It is when we take a closer look at the institutional set-up of these schemes, and when we define the concept more exclusively as in the Nordic tradition that universalism fades. First of all, these are all insurance schemes except the MLG. Second, these insurance schemes are mired by extremely limited risk-pooling. Third, they are often highly inadequate and replacement rates have been declining in the wake of the increasing Chinese wages. Fourth, the MLG is both highly stigmatizing and strictly residual or income-tested. Additional forms of support for the
MLG beneficiaries should be noted, but they, more than anything else, can create poverty traps and perverted economic incentives while also serving to emphasize how non-universal the benefit is. Finally, the hukou system still enforces a strict division of citizenship and a form of selectivity in all schemes in the sense that the schemes are dualized according to whether one has rural or urban hukou. The increasing recognition of the rights deficit of rural migrants in urban China might portend the end of this division of the citizenry. In some fields, such as pensions and MLG, social rights for rural and urban citizens are at least becoming more similar. It is here, as well as in the increasing coverage of existing schemes, that we might identify certain moves towards universalism if we define universalism as a broad continuum. Finally, we should, of course as always, remember that the high degree of policy devolution in China means that some of the ‘averages’ mentioned and conclusions drawn here concern China in general, and that this masks extremely significant variations within China. Therefore, the internal variations regarding the extent of universalism are also very significant. Especially, the poorer Western provinces often have problems in complying with national policy guidelines.

A changing Nordic model

Universalism, as it has been defined here, is usually understood to be embodied by the Nordic countries, or at least they are commonly understood to be closest to these policy principles relative to other countries. On the other hand, it is easy to point to intra-Nordic differences in social policy schemes (Kautto et al. 2001), and sometimes the established demarcations between countries in welfare typologies could be potentially blinding to the important intra-Nordic disparities that actually do exist. One could perhaps say that while the Nordic countries are sometimes quite different in their policy configurations, they achieve quite similar outcomes (Kautto and Kvist 2002). These outcomes are most notably high equality, namely (but not only) income equality, and low poverty rates. Other outcomes have also became attached to the ‘Nordic model’ such as high levels of trust (both social and political), social capital and economic competitiveness (Kvist et al. 2012). These outcome characteristics, in many ways, became an international brand for the Nordic countries after the Second World War (Petersen 2011).

Yet, this Nordic model is not sailing steadily and smoothly on calm waters as one might then be led to believe. The Nordic countries seem to have become less distinct on the core outcomes of equality and poverty (Fritzell et al. 2012). For example, in 1995–2008, the Gini coefficients rose by 24%, 29%, 40% and 29% in Denmark, Finland, Iceland and Sweden, respectively. In Norway, it was a more modest 5%. The coefficients are still relatively low, around 0.24–0.26, but the increase mentioned here is quite significant. Income protection schemes are also not as universal as they used to be. Adequacy or generosity of benefits has been lagging behind or even cut to some extent (Hussain et al. 2012, Kuivalainen and Nelson 2012).

UI is a case in point of these trends. Once again, an insurance scheme is almost, as per definition, not universal, but on the other hand, if one views universalism as a continuum, such an insurance scheme can become both more and less universal over time (Goul Andersen 2012). The Nordic countries all introduced the so-called Ghent model, where voluntary UI is linked to the trade unions, and the financing of UI funds receives public support. The Ghent model is one important reason why trade unions remained strong and unionization levels were high in these countries and the subsequent weakening of the Ghent model in later decades also partially explains the subsequent erosion of unionization rates (Rie et al. 2011). This is also one reason why the Ghent model was adopted
so strongly by Social Democrats even if voluntary insurance, at its core, is a liberal idea. Norway and Denmark were the first to introduce the Ghent model in 1906 and 1907, and Finland and Sweden followed suit in 1917 and 1934, respectively (Edling 2006). Norway switched to compulsory insurance in 1938, mainly because the Social Democrats, as opposed to their other Nordic counterparts, changed their views on a compulsory scheme, and partly because unemployment was high, coverage was low and the funds were running empty. The history of later decades is very much one of how the remaining Ghent systems were universalized. Most important is how the state assumed financial responsibility and consequently universalized risk-sharing and financial burdens. In Denmark, a reform in 1958 tied state reimbursements to unemployment levels, thereby eliminating great divides in membership contributions across a range of small and fragmented funds. Finally, in 1967, the state assumed full financial responsibility and all unemployed now paid the same, fixed contribution (Jørgensen 2007). The same developments are visible in the other Nordic countries. Only Finland kept a significant member financing at 47% in the early 1990s.

The story since then is perhaps very much one of de-universalization of the same schemes (Goul Andersen 2012). For example, in both Denmark and Sweden, the level of UI was set at 90% of previous wages up to a certain maximum. In Denmark, indexation of this benefit level was frozen between 1982 and 1985, and furthermore, indexation of the maximum is not entirely tied to wage developments due to a technical under-compensation in the calculation of the index. From 1982 to 2004, the replacement rate for an average union worker dropped from 77% to 55% (LO 2012). While the formal replacement rate has been kept at 90% in Denmark, Sweden lowered it to 80% in 1993 and then to 70% in 2007 (and 65% after 300 days of unemployment). Furthermore, Sweden completely abolished automatic indexation in 1993, and the ceiling has only been adjusted upwards two times since then (Goul Andersen 2012). This development might be one reason why Sweden has seen a dramatic crowding-in of complementary, non-public UI. In 2009, 70% of Swedish union members were included in supplementary UI schemes (Sjögren and Wadensjö 2011) Finland also reduced adequacy quite drastically in the 1990s. The indexation of benefits was suspended in 1992–2002, and outright cuts were made several times in those years as well (Ervasti 2002). In Finland, using 1992 as the index year, the level of UI benefits fell to an index value of nearly 90 in 1999, while wages rose to an index value of nearly 125, widening the disparity between the unemployed and the employed considerably (Lehtonen et al. 2001).

Much of the Finnish development in the 1990s owes to a dramatic economic crash in 1991–1994, where GDP in Finland fell by 14% and unemployment went up from 3% to nearly 18%, an economic crisis worse than any other previously experienced by Finland (Heikkinen and Kuusterä 2001). The crisis was mainly triggered by an implosive cocktail of financial deregulation, high-risk behaviour and high indebtedness, but the dissolution of the USSR was not very helpful either (Honkapohja and Koskela 2001). Sweden also experienced a less severe crisis around the same time. Yet, an economic crisis in itself does, of course, not automatically lead to benefit retrenchment, but is mediated by politics and political perceptions of the nature of the crisis and what remedies to pursue. The different trajectories of Denmark and Finland in recent years are good examples, particularly in the light of the current economic crisis faced by the Western countries since 2008. In the beginning of 2012 in Finland, the basic level for both UI and the means-tested labour market support was raised by some 22%, thereby benefiting both the insured and the uninsured. In 2005, the so-called transition assistance was introduced, meaning that an unemployed participating in ALMP measures gets significantly higher benefits (Ministry
of Employment and the Economy 2012). An increase in UI for the first 150 days of unemployment was also introduced in 2003 (Uusitalo and Verho 2010). In 2010, the work requirement giving access to UI was reduced from 43 weeks to 34 weeks of part-time work within the previous 28 months. In contrast, in Denmark, a 2010 reform introduced to counter the economic crisis doubled the work requirement from 26 weeks to 52 weeks of full-time work within the previous 36 months and reduced the duration period of UI benefit from 4 years to 2 years. As part of a new tax reform in 2012, the new centre–left government, together with opposition parties, decided to reduce indexation of income transfers in 2016–2023, which, in combination with the other elements of the reform, will have the effect that the replacement rate of UI benefits will drop by some 4–5% (Information 2012, Ministry of Taxation 2012).

The above was a more detailed account of the downward trends in generosity or adequacy. Other trends could also have deserved more attention as possible forms of de-universalization. For example, within unemployment benefits (including the various Nordic equivalents of residual social assistance-like schemes), the overarching trend has been to tighten eligibility criteria and duration of transfer payments, as well as introducing much stronger elements of conditionality and obligations (Hvinden et al. 2001, Clasen and Oorschot 2002, Goul Andersen 2011a). The various Nordic minimum income or social assistance schemes that apply to the uninsured unemployed have also witnessed a marked reduction of adequacy. From the mid-1990s to 2008, the equivalized disposable income of recipients in these schemes relative to the equivalized, disposable median income dropped from 57% to 48% in Denmark, from 62% to 50% in Finland and from 65% to 44% in Sweden. The Norwegian benefit has been stable around 45% (Fritzell et al. 2012).

Another area which might signify marked Nordic departures from universalism is within pensions. Therefore, this is the final area we will consider in the Nordic context. The Nordic countries all arrived at universal pension systems after the Second World War, but from different starting points (Esping-Andersen and Korpi 1986). The three Scandinavian countries, particularly Denmark, might be said to arrive at pension universalism from a liberal starting point, while Finland departed from a more ‘Bismarckian’ or corporatist system. In 1891, Denmark reformed or expanded its existing form of poor relief to include some means-tested aid to the old (Esping-Andersen and Korpi 1986). In 1913, Sweden adopted a contributory, flat rate old-age assistance, but since it guaranteed a minimum regardless of previous contributions or employment, Esping-Andersen and Korpi (1986) argue that it was the first piece of social legislation based on universalism. In a way, this form of contributory scheme that nevertheless tries to guarantee a certain minimum has some interesting similarities to the Chinese pension reforms from 2009 and 2011. In 1936, Norway introduced a contributory scheme very similar to the Swedish counterpart, while Finland introduced a more Bismarckian or corporatist scheme in 1937. Both the Finnish and Norwegain schemes were compulsory. The insurance-based funds in Finland were very horizontally divided, and because the contributory scheme took several years to mature, no payments were made until 1949 (Esping-Andersen and Korpi 1986, Kautto 2012). Yet, the scheme also included a means-tested supplement based on the same means tests and targeting principles of the old poor laws (Kautto 2012). In 1948, Sweden introduced a purely universal, non-contributory flat-rate pension benefit. All previous, means-tested eligibility criteria were removed. The three other major Nordic countries all introduced the same kind of universal, flat rate benefits in 1956 and 1957. From a historical viewpoint, mature pension systems in the West seem to have emerged as either basic universal Beveridge systems, or as
insurance-based Bismarckian systems, and the Nordic countries all chose the Beveridge path (Ebbinghaus and Gronwald 2011).

While the above illustrates the first critical juncture of mature pension systems, where the Nordic countries all ended up on the Beveridge path, the second critical juncture in historical retrospect is whether an adequate earnings-related tier is added in order to secure larger parts of the citizenry (Ebbinghaus and Gronwald 2011). Here, the Nordic countries diverged because Denmark failed to introduce an adequate second tier because the Danish labour movement was divided on the issue. Denmark illustrates how private solutions crowd-in in the absence of an adequate public scheme (Goul Andersen 2011b). First, Sweden from 1960, and then Finland and Norway a few years later, all introduced a supplementary, earnings-related component. Some historical path dependencies from the horizontally divided and more Bismarckian legacy in Finland were evident. There were several different schemes with different contributions for different sectors, and coverage was only limited to begin with. Subsequent decades harmonized and universalized these differences, however (Kautto 2012). Denmark actually did manage to introduce a second component in 1964, which even bore the same name as its Swedish counterpart (ATP), but the difference was that contributions (and subsequently benefits) were too low to make much of a difference. Denmark subsequently evolved into a mixed multipillar system, where labour market pensions negotiated through collective agreements between employers and employees evolved to become the most important pillar for most of the workforce, particularly from the 1980s and onwards (Goul Andersen 2011b). This happened without any reform in the traditional parliamentary decision-making process, but emerged as a solution among the labour market partners.

Today, all the Nordic countries have, in different ways, become multipillar systems consisting of state pensions, labour market pensions and finally, individual pensions (Goul Andersen and Hatland 2012). The difference is that formally, the Danish labour market pensions are entirely private as a consequence of the developments outlined above. However, as in general on the Danish, highly corporatist and unionized labour market, where collective agreements usually have the same impact as formal legislation, these pensions are quote-collective and quasi-public. Collectively agreed labour market pensions have also emerged in Sweden, but it is so far much more limited in the sense that contributions are much lower than in Denmark, where people usually contribute between 12% and 18% of their wages. The crowding-in of contributory, earnings-related benefits have also had the effect that the rationale for making the old universal pension pillar more means-tested has become stronger, which therefore means targeting this scheme more towards those with limited income from labour market or individual pensions. For example, already in Denmark, in 1964, a small means-tested supplement to the basic pension was introduced (Goul Andersen 2011b). Since then, the two components (basic and means-tested) of the first, national pension pillar have become of nearly equal amounts. Furthermore, the basic amount itself has also become means-tested, first in 1984 and then again in 1994. Finally, in 2003, another means-tested supplementary pension benefit to complement the basic pension was added, and this was later raised. Supplementary housing benefits should also be added, and can play an important role for income protection in Denmark, Sweden and Finland.

In short, the transformation away from universalism seems to be quite dramatic when we consider the current institutional set-up of the Nordic pension schemes. There has been a definite trend towards employment-based, income-related security in a Bismarckian sense, and the means-tested elements of the universal pensions have become much stronger. Whether one defines the new system as more residual or corporatist is very
much an issue of how voluntary the second pillar is perceived to be. As mentioned, even in Denmark, it is quasi-public. However, since everyone is still guaranteed the basic amount in Denmark (not all of it is means-tested), the people’s pension is still a universal benefit, but one where the element of positive selectivism has been strengthened considerably. In the other countries, one is also guaranteed a minimum benefit, but this is completely means-tested, or negative-selective, and therefore the benefits here have become residual. For instance, the Finnish basic pension became completely means-tested in 1995, and the same applies to the Swedish pension reform implemented in 1999–2003 which introduced the means-tested ‘guarantee pension’ (Sjögren and Wadensjö 2006, Kauto 2012).

Finally, there is the question of outcomes, where transformations are perhaps much less radical, at least in terms of equality. If we include housing supplements, the guaranteed minimum pension benefit in each country in 2007 corresponded to a net replacement rate of 56%, 38%, 46% and 52% in Denmark, Finland, Sweden and Norway (Nososco 2009). In Denmark, because labour market pensions are still maturing, inequality among pensioners is expected to rise modestly and then decline again to actually be lower than among the population in general (Goul Andersen 2011b). Finally, the Nordic pension systems seem much more sustainable than those elsewhere, partly because old-age dependency ratios are expected to rise less than in other countries, but also because this particular mix with its increasing emphasis on contributory funding is very sustainable financially (Goul Andersen and Hatland 2012). The Danish pension funds corresponded to 190% of the GDP in 2011, which is extreme compared to any other country in the world. For these reasons, the Danish pension system is ranked as number 1 in the Melbourne Mercer Global Pension Index, which covers 18 countries (Australian Centre for Financial Studies 2012). While Sweden is number 4 behind Australia and the Netherlands, the other Nordic countries have not been included here. Yet, despite all these very convincing arguments for the Nordic pension systems having found a very desirable configuration of institutional complementarity between public and private pensions, something that happened very much by accident, there is no doubt that there has been a departure away from universal social policy principles in all countries.

**Conclusion: limited Sino-Nordic convergence?**

The in-depth conceptualization of universalism and developmentalism reveals how the welfare regime characteristics that have become attached to these concepts are polar opposites on all dimensions of welfare regime characteristics. The contemporary Chinese welfare expansion and the seeming welfare retrenchment in the Nordic countries within some particular policy fields led this paper to ask the very provocative question of whether China is becoming more universal and the Nordic countries more developmental.

The Chinese developments outlined here are also reflected in social expenditure. All forms of social expenditure together amounted to 9.56% of GDP in 2009, a marked increase from 2.82% in 1996 in a time period where GDP itself has also grown explosively (Wang and Long 2011). Yet, welfare expansion and rising social expenditure do not equal universalism, particularly not when we try to conceptualize the seldom defined concept more narrowly as a set of policy principles. However, even in the Nordic countries commonly associated with universalism, one would be hard-pressed to find a scheme able to live up to all the universal policy principles. However, even such a seemingly liberal concept of voluntary insurance can be reformed to be more or less universal, depending on how the scheme fares on universal principles such as
tax-financing, access, coverage and adequacy. It is when we view universalism as such a continuum that we can identify some limited Chinese universalism. Coverage is being expanded of health and pension insurance, but the schemes are still far away from universalism on other dimensions of the concept. In addition, the share of tax-financing is increasing within education and health. The *hukou* system still divides social rights among the citizenry, yet these social rights are becoming *more* similar (but still far from actually *being* similar) in some cases such as health, pensions and the MLG. Another major issue in terms of universalism is the very fragmented and local insurance funds, consequently leading to inadequate risk-pooling, within pensions and unemployment. Finally, one could also point to the declining and/or inadequate replacement levels within pensions, UI and the MLG. The overall problem of inequality is certainly not solved yet. The Chinese Gini coefficient still seems to be rising: from around 0.45 according to the World Bank (2012), while official Chinese data from the National Bureau of Statistics placed it at 0.47 in 2012 (China Daily 2013). Much, of course, depends on the surveys in use; The China Household Finance Survey places the coefficient at a daunting 0.61 (The Economist 2012). In any case, this underlines how one should not exaggerate the progress of the social reforms, but policy trends such as those uncovered here should not be ignored either. However, once again, we should remember the decentralized nature of social policies in China, which masks big differences and geographical variations regarding the extent of universalism. The policies in Eastern China can be expected to fare better in terms of coverage and adequacy, not only because of the *hukou* system. Incidentally, inequalities in China are also significantly lower if rural and urban China are analysed separately, for example if measured by the Gini coefficient (Herd 2013).

At the same time the Nordic welfare regimes are arguably becoming less universal, both in terms of universal policy principles and in also in terms of the distinct outcomes usually associated with universalism. It should be mentioned that this paper quite deliberately has chosen some best cases for this argument, namely the fields of unemployment and pensions. In these two policy fields we have tracked down declining benefit generosity, stricter eligibility, crowding-in of non-public alternatives and increasing importance of non-public funding. Altogether, this signifies a significant individualization of social risk. The Nordic countries are, in general, becoming less distinct regarding income protection.

This Sino-Nordic convergence would probably be much smaller in other policy fields. Arguably, what is most distinct about the Nordic welfare states is not so much income protection as much as extensive and universal public services and care (Kvist et al. 2012). For example, within the range of care policies China has not yet witnessed comprehensive reforms, yet particularly the need for elderly care is becoming ever more pressing. It is nevertheless interesting that the Nordic countries are arguably dismantling universalism within income protection on one hand, while services are protected or even expanded on the other. Some would see this as a trend across welfare regimes of an emerging *social investment* state (Morel et al. 2012), where focus is kept on the perceivably more productive elements of social policy. From a more pessimistic viewpoint one would characterize this as the *dualization* of social policy (Emmenegger et al. 2012), where insider–outsider issues in the labour market spill over into politics and the weak are left behind, while more ‘productive’ citizens are protected and invested in. It is exactly in these possible tendencies that one finds the best argument of Nordic developmentalism or productivism, meaning the subordination of social policy to economic goals as outlined before. This point is highly speculative. Yet, associated with developmentalism, one would expect a move away from universalism to this peculiar residual/corporatist hybrid,
where social rights are more minimal and linked to productive activity, and some of the best cases for this have been presented here. On the other hand, it should also be remembered that Scandinavian welfare states have always been about finding another way of making politics for markets, or as even Esping-Andersen (1999, p. 80) noted: ‘Scandinavian welfare and employment policy has always been couched in terms of “productivism”, that is maximizing the productive potential of the citizenry’. From this point of view, it could be discussed whether and to what extent the Nordic countries are leaving the formula that made them economically successful in the past.

Reverting to the issues facing Chinese social policy, an interesting point is that some of these issues were also evident in the Nordic countries in their welfare infancies. It has, for example, already been mentioned how limited risk-pooling and geographically or horizontally divided insurance funds were also a trait of the Nordic unemployment insurance schemes just a few decades ago. The similarity of the Chinese pension reforms since 2009 to the Swedish 1913 pension reform, an important example of embryonic universalism according to some, has also been remarked. One could also add that the still-limited coverage of UI (about half of the registered unemployed) looks very much like coverage of the Danish and Swedish counterparts in the 1960s (Edling 2006, CDRF 2012). It should of course be taken into account that important groups of unemployed in China such as rural migrant workers or previously laid-off (xiagang) workers either cannot register as unemployed or have big problems doing so. Low replacement rates is not only a Chinese experience either; For example, a reform in 1960 in Finland put the ceiling of UI around 20% of the average disposable wage, not that far from the current Chinese scheme.

The list of historical fun facts could probably go on, yet it makes an interesting point. One should of course not commit the fallacy of concluding that China or other countries expanding certain schemes is on any path towards a universal welfare regime as such. At this point in time, China might just seem to become a more mature or inclusive type of developmental welfare regime, yet also one with big geographical variations owing to the decentralized nature of Chinese social policy. The history of any modern welfare regime is riddled with historical issues similar to those above, and politics and decision-making is of course, in the end, what will determine the Chinese path. International policy-learning has become quite institutionalized in modern China, and often a big range of countries is reviewed in the process (Leung 2005). The grand question is, of course, whether the seemingly desirable outcomes associated with the Nordic welfare regimes offer something for the future Chinese development. This question will remain open here; Nordic scholars themselves still puzzle over whether and how outcomes such as social and political trust, economic competitiveness, equality in all its forms and social capital are facilitated by universalism in itself (Kvist et al. 2012). In addition to politics and ideas, differences between countries in terms of historical trajectories or pressures for change, both internal and external, are of course very significant between China and the Nordic countries. There are too many to mention (see, for example, Gough and Therborn (2010) for a summary of contextual differences between established welfare states in the West and emerging welfare states). Some common drivers of convergence might to some extent be economic globalization and ageing. On the other hand, the policy response to these common issues are very much subject to differences in not only the specific nature of the problem but also how available policy solutions are perceived by policymakers.

In this article it has been identified how China in some respects has moved closer to universalism (closer to the classic British tradition of universalism concerned with coverage and minimum benefits and much so less the more comprehensive Nordic tradition as
described previously). At the same time, the Nordic countries are certainly not quite as ‘Nordic’ as they used to be, particularly within income protection. China and the Nordic countries are certainly still far apart, so the question posed in the title of this paper might seem a bit ludicrous. Yet, the distance is narrowing, and the Nordic countries are not as universal and China not as developmental as they are oftentimes perceived to be.

Note
1. Estimation based on a re-calculation of average per capita disposable income (excluding transfers) to cover only wage earners (multiplying per capita disposable income by average number of dependents in each household). The numerator in this replacement rate is, of course, the flat-rate benefit of 55 RMB/month (660/year).

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Skatteaftalen truer den danske model

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