

INTERVIEW: Is China's welfare system changing and does it have capacity to care for its rapidly ageing population?

China is home to the largest population of older people in the world. Chinese health authorities say that in less than 15 years (by 2035) 30 percent of the population will be 60 or older, equating to 400-million people.

In the US, which has the third largest population in the world, by 2034, approximately 21.5 percent of the population will be aged over 65, equating to 57 million people. In Japan, one of the oldest nations in the world, in 2034 approximately 32 percent of the population will be over 65, equating to 36 million people.

China is also ageing very quickly, faster than European nations, due to a plunging birth rate and increasing life expectancy, although it's not getting older quite as quickly as some of its smaller Asian neighbours.

How will China deal with these profound changes? What are the implications for social policy and the country's economic growth strategy? Will China abandon its 'people's livelihood policy' approach (an umbrella term for its welfare policy) that it has pursued since 2003 in favour of something more easily classifiable as a welfare state?

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Would you mind starting by painting a picture of China's changing demographics?

China has experienced a significant decline in birth rate from 6.5 births per woman in 1950 to 1.7 births per woman in 2023. This is quite alarming in terms of demographic structural change. The death rate has also fallen from more than 23 deaths per 1,000 people in 1950 to 7.8 deaths per 1,000 people in 2023. Life expectancy has almost reached 80 years in China and is more than 85 years in Hong

Kong due to the improvement of healthcare. It's very encouraging to see more people living longer in China, but it certainly has implications for welfare. China, like other developing countries has become old before it has got very wealthy. Social commentators working on social policy in the West and in Asia point out it's very different from other regions such as Europe, which became affluent before the population became older.

The government has to find ways to support this longevity, which is really challenging. In particular, the Chinese government has to deal with an early retirement age. Normally men in the public sector retire at 60 and women at 55. The private sector might be different because it allows for a different notion of retirement. In Hong Kong the retirement age is often 60 to 65. Many early retirees are still young and energetic, so the government is thinking about policy which can facilitate their inclusion in the labour force.

Can you talk a little more about the birth rate and why it's so low, given the one-child policy was reversed in 2015?

The one-child policy was adopted many years ago and it's been changed to two children and sometimes three children to allow for a bigger young generation. We can criticise the one-child policy for producing a younger generation that is not big enough to support the older generation, but when the policy was introduced China faced a huge population which needed to be controlled.

In the last 10 years the Chinese government has encouraged and provided support in terms of having more babies for a new labour force and also to care for the older generation. But young couples from a one-child family may be reluctant to have babies even if the policy has changed. Each person may have to support two parents and perhaps grandparents as well. So many younger people are not considering having babies because they already have a heavy burden in terms of caring duties. Housing is another factor, and the number of stable jobs. The global economic situation is not good and even though Chinese universities are very successful at producing more than 10 million job-ready graduates there are not many stable jobs in China and they are concentrated in the coastal areas. When that young generation have a university degree they do not want to go to the second- or third tier cities for work.

What's the current policy situation in relation to aged care and welfare in China?

The government in China has introduced long term care support and also medical insurance co-payments between individual and local government. The long term care is a very important policy which encourages workers to contribute to this kind of long term care co-payment method. But regionalism is very significant because the financing of those schemes is supported by local governments. China is a huge country geographically and local governments may not be able to finance all the social policy or social services reforms rolled out by the central government. It's also to do with the political will of local governments and whether they have the will to implement the central government's social governance reforms.

Comparing the situation now to 10 or 20 years ago, older people are better covered due to social insurance schemes such as long term care support and also medical insurance. But the urban and rural divide needs to be addressed. Local governments in the richer coastal areas may be able to generate more income through tax and economic activity and can therefore better support elder social services, but in the rural areas it is difficult. In the last couple of years, I have worked on a related policy whereby the government contracts out social services via Non Government Organisations to provide more choices for those needing welfare, older people and others. I found a lot of variation across different parts of China. This is very much because of financial ability and political will; and also the closer to Hong Kong and the Guangdong area, they more they adopt the Hong Kong model. When I have conducted fieldwork in the Beijing and Shanghai areas, they are a bit different.

We cannot come to a general conclusion that all these measures put in place could satisfy the needs of all the people. I'm sorry to say that because the whole country has been affected by COVID-19, in the last two years some local governments have had difficulty financing projects and even paying the salaries of civil servants. This is a difficult time, but I know that the central and local governments in China are very serious about how to resolve problems for older people. They have the political will, but it very much depends on financial capacity.

Do you think the Chinese leadership will continue to have a level of political legitimacy sufficient to retain power and continue its plans?

According to a recent study conducted by Harvard research team, the Chinese people's trust in the central government remains very high, even during the COVID-19 era. My team have conducted small scale research asking people living in the Greater Bay Area, commenting on the Chinese Communist Party's governance, especially in relation to combating COVID-19, and approval rate is very high. I think

they see that government has the ability to help reform economically and socially. This is important to maintain this so-called 'modernisation with Chinese characteristics'. The central government in Beijing is particularly keen to stabilise society. After COVID-19 was normalised you can see a different form of energy in the local economy with the aim of achieving stable economic growth and I see a steady investment in supportive services and policy.

The government is very keen to improve the livelihood and life quality for people and it has the political will to do so, especially under President Xi Jinping. But the Chinese economy has been affected not only by domestic factors, but also geopolitics, trade and China's troubled relationship with the West. It will be challenging to keep economic growth to a level which can generate support for financing these kind of programs. The last few months seems to be very encouraging because we just had report from the State Council of 4.7 percent GDP growth. Hopefully it can continue.

People question the Chinese regime and the political system, but this system works for Chinese society for the time being. It's just so difficult to integrate every part of China together, but with a strong government in power, with a political will to drive reform not only economically but also socially, helps people believe there's a future. You can imagine it's not only the older people we are talking about, we are also talking about the younger generation. If they lose hope, that would be a tremendous challenge for any government or any ruling party trying to drive the engine forward.

Since 2003, China has increased expenditure on social policy, which you've described as 'paternalistic welfare pragmatism'. What do you mean by that?

In Jiang Zemin's regime, everything was marketised. Since the eras of Hu Jintao and Wen Jiabao the Chinese governance has begun to invest more in socialising welfare. This is sustainable development in a Chinese context. The government is very keen to invest more and inject more resources into supporting social services—for elders and also other forms of welfare—as a result of people's complaints and criticism about over the marketisation of social policy and social services.

Recently President Xi talked about how China's modernisation is very unlike the Western model because China is trying to balance the need to generate economic growth and also help those who are less fortunate. With these two hands, if you like, balancing rapid economic growth the government will introduce social reform, governance reform in welfare. This is the central spirit of Chinese modernisation,

the Chinese characteristics. Whether you can deliver it depends on the level of economic growth happening in China.

Could you talk a bit more about how China's aged care and welfare policy compares with productivist systems in East Asia and other systems in Europe?

The welfare model in Europe does not entirely apply to China. Even though we have witnessed the continuous investment from state and local government in supporting welfare and social services in China, I don't want to jump to the conclusion that China has gone to welfare universalism like Europe. This is because if you ask Chinese people they still very much believe in self-reliance, saving for themselves and intergenerational support. This is a deep cultural value. If you ask Chinese citizens, older and younger people, whether they would like to pay tax up to a level in Europe or Canada, which could possibly support a welfare regime similar to Europe or Canada, most would not think in this way. Intergenerational support is preferred to institutional care. Most Chinese people want to age in place, so if the government can mobilise a labour force which can offer care this would be welcomed by older people. It's a Chinese way—we don't want to open the family to other people—but if they have trusted support in the neighbourhood organised by the government at the local level this would be helpful.

Chinese people don't want to pay high taxes, that's the first thing, and they want to be active and independent even after retirement when many enter the private sector for work or other activity because working keeps them positive and active in the labour force and socially. That sort of lifestyle preference or philosophy makes the Chinese welfare regime a bit different from other parts of the world. Having said that, China is so big there will be some cities which are financially able and have the political will to offer quite a comprehensive welfare support to older people. There are multiple welfare models happening in China. Chinese welfare though, I would argue, is still a productivist model rather than a welfare universalism model through the egalitarian distribution of welfare.

Are there major differences in how the policy is being applied in places such as Hong Kong and Macau?

I'm not very familiar with Macau, but I can comment on Hong Kong. Hong Kong is not a welfare state or welfare society, but the Hong Kong government has provided very good welfare and social policy support. For those who find it difficult to support themselves, they can get means-tested comprehensive social security. More than

half the population in Hong Kong are in housing that has been heavily subsidised by the government. Education and healthcare in Hong Kong is free and there is labour support. So even though it is not a welfare state like Europe (and the UK has less welfare and is more market driven) welfare support in Hong Kong in a broad sense is not too bad. During the last few decades China has adopted some Hong Kong practices in order to transform welfare support. From my recent research on the contracting out of social services, you can see that they learned from Hong Kong, but they have adapted to the local context.

What social policy innovations do you think are needed to address the challenges posed by the aging population?

We need to be sensitive to the culture, the history and the capacity for managing new models. Creatively making use of the local community to provide care services to older people is important. I got back from Taiwan recently where I visited some Taiwanese universities, one of whom took me to a local NGO which offers a very interesting service, not only to older people, but also to carers. Taking care of older people is very tiring, so they set up an NGO with volunteers who offer different services like massage to older carers. Mostly the carers are older than 60 and they are taking care of people in their 80s and 90s. This is quite common in Taiwan and also more generally in Asia, and they are usually the children of the people in their 80s and 90s or other relatives. The idea of this NGO program is to support carers to be relaxed and healthy so they can continue serving the older people. I think it's a great idea from Taiwan and Hong Kong should do something along those lines. If we can introduce more support from the local community, we can help create an ecosystem for the oldest generation. Community support is very important, as is primary care, such as easy one-stop services that provide medical check-ups at the local level and encourage older people to exercise: services that are preventive rather than targeted at those already in failing health. Community support, mobilised through civil society, is the way forward for innovation in social policy.

Do you think there will be a fundamental paradigm shift in welfare regimes in China in coming years?

It is very difficult to give a definite answer because judging from the transformation taking place in social welfare reform anything is possible. When I look at welfare reform and regime transformation in the last four decades, I can see it's a gradual approach, but it depends on the political attitudes of the government and more importantly its capacity for implementation. If finances are sufficient and there is

strong political determination for implementing a Chinese model, I think comprehensive welfare support will be extended. But it won't be like the European model because we must be mindful of the tax regime in China. Chinese citizens will not be able to pay levels of tax high enough that they can enjoy the welfare society that we commonly talk about in Europe. Having said that, some countries in Europe are also thinking about whether current levels of welfare support are sustainable.

Image: Elderly people on a street in China. Credit: Caleb and Tara VinCross.