



**Universiteit Utrecht**

Master Thesis:

**China's Elderly Care: From National  
Welfare Regime to  
Localized Care Provision Structure**

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## 1. Introduction.

China has long familism tradition of elderly care provision. For generations, filial piety, as the compulsory arrangement of the intergenerational relationships in the Confucian ethics, is a cherished tradition of organizing the Chinese society (Hwang, 1999). Emphasizing on the principles of favoring the intimate and respecting superior, Chinese attitudes towards authority are based on family-oriented father-son relationships (Rozman, 2014). Traditional families were structured hierarchically by blood and monitored by a few male chiefs. Younger generations should understand his or her place in the family and assumed the responsibility of elderly care accordingly with no promise of compensation (Liu & Kendig, 2000; Luo, 2014). This family value was promoted and legitimized in the 1980s when the family was supposed to become the major elderly care provider (Leung, 1997; Ringen and Ngok, 2013). In order to maintain the obedience to the superior, “good” or “persuasive” local officials put efforts to educate commoners, such as setting the examples, posting placards with warnings or advice, and elite-commoner interaction, etc. (Rozman, 2014).

However, the elderly care crisis now cannot be swept under the carpet anymore. It is because rapid erosion of family support fails to respond to the alarming demographic situation of aging. In 2014, the number of impaired elderly had reached 40million. According to earlier WHO reports, they have an average unhealthy life expectancy of 6.3 years (WHO, 2004; Wu & Wang., 2015). These people suffering from the chronic disease and declining functional capacities required intensified need for care. However, in the modernized society, because of adverse effects of the one-child policy (Zhang and Goza, 2006), increased geographic mobility, and shrinking family size (Wong and Leung, 2012), traditions of multiple caregivers in each generation has been disrupted, and the number of adults available for the elderly care has dropped (Liu & Kendig, 2000; Zhan et al., 2008). According to recent research in Beijing (Gao et al., 2012), the proportion of empty-nest families has reached 52.3%. This cruel reality is aggravated by de-Confucianization efforts of people’s filial piety values: since 1949, China witnessed firstly a “Communism” wave of Marxist-Leninist-Stalinist-Maoist thought, then modernization values of individualism. Each wave of thought confronted the Confucian heritage as an intellectual adversary (Rozman, 2014). Now, parent-child relationships are becoming more egalitarian (Sheng and Settles\_2006). There has been a shift in attitudes about receiving formal care outside of family from stigma to privilege (Zhan et al., 2008). Filial piety is reinterpreted as the children’s financial capacity to afford high-end elderly institutional care services. Research revealed that most of the senior adults (78.5%) would rather not depend on their adult children for care (12.2%) (Gao et al., 2012).

China lacks resources to respond to the crisis: financial budget, land resources, and professional care workers are marked by acute shortage (Wong and Leung, 2012). As one of the major consequences of the market reform, Danwei (work-unit), as social/economic organizations centered on workplace functioning as mini-city welfare providers in Mao’s era collapsed (Heberer and Göbel, 2011). Elderly care responsibility is forced to be shifted to the immature community, the private sector, and civil society. However, limited resources are not used properly. Now, despite the huge state-driven investment, existing care delivery system has been argued to be highly inefficient. Scholars questioned its sustainability for deficiencies such as: prone to unnecessary provision, poor quality and blurred accountability relationships (Xie, 2008; Fang, 2016). There is an agreement on the desperate need for reform, but relevant research is greatly deficient.

Firstly, though elderly care is not new for the scientific community, what confuse researchers is a seemingly exceptional context- in the word of leadership as one with “Chinese characteristics.” As Tsai (2017) have argued; “it could be said to be a benevolent dictatorship and developmental state like no other” (p.296). Besides, care itself is a vague concept in China. As Wong and Leung (2012) argued in their paper: “Unlike in developed countries, residential care in China is loosely defined. It comprises a variety of settings, ranging from the nursing homes to hostels; providing social care to older people who are either destitute or can pay the market fees” (p.575). Disputes and confusion in basic conceptions hindered scholars to have an in-depth research. On the face of it, China is unique that theory and practice of care provision are not generalizable. However, we argue that its interest units- such as the welfare strategies of authoritative government- are quite familiar to different

places around the world. The key to incorporate China into the comparative political theory is to break it down to several constituent parts and look specifically at the institutional logic of their interactions (Tsai, 2017). For care provision, it is the welfare regime theory that fits in with describing this interaction (Esping-Anderson, 1999).

Secondly, China has a fragmented political landscape. Before the market reform, China is characterized by a hierarchical central-planned economy. However, after the market reform, the totalitarian state had to give material concessions to lower units to overcome the inefficiency of the central-planned economy. This resulted in an irreversible fragmentation of the state organization (Hamrin & Zhao, 1995). In addition, in the field of elderly care delivery, with goals for the improved service quality, cost savings and risk sharing with the private sector, local governments try to contract out elderly services delivery (Lester and Reckhow, 2013). These trends resemble a localized, horizontal state-market coalition of power relationships. Governance literature fit in to analyze the complexity of stakeholders.

Therefore, we argue that a theoretical framework should be established to clarify China. This framework consists of two layers: welfare regime explaining institutional arrangements at the national level with declining authoritative state, localized provision structure explaining how the local government held accountable for care provision. In the next section, I will give a brief review of English literature discussing these two issues. Then, in the empirical studies, I will use this theoretical framework to explain the Chinese situation. In the end, I will conclude and discuss the major findings, and initiate some topics for future research.

## **2. Theoretical Framework.**

### **2.1. Welfare Regime.**

#### **2.1.1. Family and Care at the Intersection of Welfare Regime**

Care itself is a vague concept in China. One of the major difficulties of discussing care is associated with various terminology to describe and categorize different schemes. This paper will find a confined definition of care. Care was originated from feminist economics. They pointed out that implicit unpaid labor for women is enormous and it limits their participation in the formal paid work (Boserup, 1970). Hirway (2005) identified two kinds of traditional unpaid family labor: (1) Family business such as preparation for the meals, cleaning, etc. (2) direct care for the elderly people, children, disabled people and sick people in the household. This paper will not divorce the direct care for elderly from other family business. This is because family business is crucial for elderly people, though it is often done for the entire family. In addition, because of the modernization society, paid care to become an increasingly important economic activity, and care workers in the labor market (either domestic care workers or ones in nursing homes) have become a large expenditure item in the household budget. Therefore, care can be defined as the daily social, psychological, emotional, and physical attention, which consists of daily family business and direct care for impaired or sick people. It can either be paid or unpaid (Knijn and Kremer, 1997).

Despite the significance of care in welfare state analysis, analytic weights it merits need to be discussed based on the career of care concept and its focus historically (Daly and Lewis, 2000). In Esping-Anderson (1990)'s early ideas of welfare regime typology, Cross-national comparisons of institutional logics are based on the nexus of state/ market and the level of "market dependency"- the extent to which standard of living insulated against their position in labor market (Gough, 2001). According to Esping-Anderson (1990), there is three types of welfare regime: (1) Liberal regime embracing the Adam Smith's liberal ideology and the minimalist social policy. (2) Conservative welfare regime favoring status-differentiated benefit structure. (3) Social-Democratic regime supporting the ideal of egalitarianism: state takes direct responsibility for care with generous benefit levels.

However, there is criticism from the family sociologists, as Esping-Anderson (1990) ignored the constituent parts of care and family. For example, Lewis (1992) and Orloff (1993) pointed out that this typology neglected the sexual division of labor and it is a male breadwinner model. Women had a huge amount of domestic work of care. Their claim of market dependency should have a precondition of access to paid work (Hobson, 1990). Esping-Anderson ignored valuing the welfare provider in the family. Anttonen and Sipilä (1996) incorporated

care as social service into welfare debates: Apart from financial transfers such as pension schemes, care shall go beyond gendered character for an inclusive social citizenship. In parallel to market dependency, they refer to care dependency: state provision of care helps to shift the burden from family. (Knijn and Kremer, 1997). Esping-Anderson (1999) agreed on their contributions and theorized care and the family into his welfare state analysis. Therefore, welfare regime was reexamined as “how welfare production is allocated between the state, market, and households” (p.84). In his typology, liberal regime focuses on market, conservative regime stresses on family, and socio-democratic regime focuses on the state.

Tapping care into welfare state analysis invokes new analytical aspects of care. Traditionally, care provision in the household and paid formal care is analyzed separately: family sociologists study the former while welfare state deals with the latter. However, now, care is not only defined as unpaid labor in the family but as social care: infrastructure as the facilities, cash benefits, and services. Following Johnson (1987)’s idea of adding the voluntary sector in welfare pluralism, Razavi (2007) identified four major constituent parts of care which can be placed at the four corners of the “care diamond” “state, market, voluntary sector and the family” (p.21). Welfare regime theory explains how accountability relationships between them in a wider contextualized institutional logic (Daly and Lewis, 2000).

### 2.1.2. Economic State and its Dynamics: Implications for China

There have been numerous attempts for a separate regime of East-Asian countries (Kwon, 1997). This body of literature firstly focus on Japan, South Korea and other four little tigers, later trend tends to include South-East Asian countries and mainland China (Hwang, 2011). One of their major reasons is the Confucian ideology of strong familization: Jones (1990, 1993) firstly argued that in the Confucian societies, it is group rather than individual that matters. Despite dramatic transformation in modern society, this idea of corporatism still existed. Esping-Anderson (1999) declined the attempt to use the unusual familism in Confucian societies to form a uniquely separate regime. He argued that the Confucian teachings are a functional equivalent of the Catholic familism, Japan, as example of East-Asian countries, still belongs to the conservative regime.

But Esping-Anderson failed to respond to another avenue of criticism of the authoritative/developmental state. Kwon (1997) argued that in East-Asian countries, there is an authoritative state intervention that social policy initiatives come from the top rather than the bottom. Thus, corporatist methods of social class politics and the labor movement have little explanation to East-Asian countries. Besides, German, as a conservative regime, social policy shall support the family, but in East Asian countries, there is a considerable low welfare expenditure when compared to the financial expenditure for economic growth: social policies are absent while the family becomes a backup provider. In East-Asian countries, social policies have been stagnant over longer periods; welfare has been promoted in times of the political needs for legitimacy problems (Aspalter, 2006).

This paper refers this state as the “economic state.” It is because of the economic state that contributes a “fourth-world” of “productivist welfare regime.” This productivist stance is constituted by the “conservative” political systems and the dominance of authoritative political elites (Aspalter, 2001). This productivist welfare regime cut across Esping-Anderson’s typology: Firstly, there is a liberal world prioritizing market for economic growth; secondly, there is a conservative world defined by Confucian ideology of the familism; thirdly, there is a social democratic world because people have a heavy reliance on state for universal welfare programs. Adding the productivist world, Aspalter (2006) argued a fourth “ideal-typical” typology of welfare regime. “ideal-typical” means that variations within the productivist world do not hinder an intact greater picture.

	Social Democratic welfare regime	Corporatist/Christian welfare regime	Liberal welfare regime	Productivist welfare regime
The underlying logic of welfare provision	Social rights based on citizenship	A right to social insurance, plus charity welfare provision	A limited right to welfare provision and social insurance	public investment in economic development, a moderate right to

				welfare provision
<b>Leading instruments in social welfare policy</b>	Universal security systems	<ul style="list-style-type: none"> <li>• Occupational welfare</li> <li>• Preferential treatment of special interest groups</li> <li>• Corporatism in social service provision (NGOs)</li> </ul>	<ul style="list-style-type: none"> <li>• Means-tested benefits</li> <li>• Private savings</li> </ul>	<ul style="list-style-type: none"> <li>• Preferential treatment of special interest groups</li> <li>• Occupational welfare (monitored by a strong economic state)</li> </ul>
<b>Examples of the ideal-typical regime type</b>	Sweden, Norway, etc.	Germany, Austria, France, Belgium etc.	US, Canada, Australia, New Zealand, etc.	Japan, South Korea, China, Hong Kong, Taiwan, etc.

Table 1. Overview of ideal-typical welfare regimes.

This thesis will focus on the behavior of this economic state; it is because, from this perspective, China is quite similar to many other countries in the world (especially East-Asian countries). Since market reform, China represented a break from strong politicization of daily life and transformed its focus on economic pragmatism. The ruling party not only acted as passive agent but showed the immense flexibility with continuous modest reforms (Tubilewicz, 2017). In this case, it would be interesting to discuss how the transitional authoritative state has shaped the care arrangements at the national level.

In order to explain the geographical variations within productivist world; Holliday (2000) identified different stratification levels of economic state. They have the different institutional logic for defining the accountability relationships of welfare provision. Holliday (2000) name it as the developmental-particularist, developmental-universalist, and facilitative regime. For developmental-particularist regime, there is an extensive stratification effect and the minimal social rights: social policy aims at prioritizing productive elements in the society. For the developmental-universalist regime, it is an extension of social rights; state directs the market and family with universal programs; for the facilitative regime, stratification effects are limited; market is prioritized. We argue that it can be perfectly applied to the Chinese case to analyze its historical dynamics.

	<b>Economic State</b>	<b>Social Rights</b>	<b>Stratification effects</b>	<b>Care Provision Structure</b>
Developmental-Particularist	Extensive	Minimal, forced individual provision linked to productive activity	Reinforcement of the position of productive elements	State directs care activities of families
Developmental-Universalist	Medium	Limited; Extensions linked to productive activity	Reinforcement of the position of productive elements	State underpins market and family with universal programs
Facilitative	Weak	Limited	Limited	Market Prioritized

Table 2. Three Strands of Economic State. Sources: Holliday (2000)

How can the future dynamics of the economic state affect the care provision structure? Kwon & Holliday (2007) predicted that in the 21st century, although the economic state will be forced to extend their reach, it is unlikely that East-Asian countries will move beyond productivist welfare regime. However, Gough and Wood (2004) came into an opposite direction. They pointed out that in history, the privatized market welfare provision was large, and upper- and middle-class families were used to use privatized health insurance and facilities. The declining family capacity plus the weakening political pressures will also force the economic state to liberalize the economy. Gough and Wood (2004) also predicted another rival trajectory for productivist welfare regime.

Policy initiatives of productivist countries were intended to secure the political legitimization (Choi, 2012), which pushes East-Asian clusters to the universal social insurance programs.

In conclusion, for countries like China, accountability relationships within care is largely determined by this economic state behavior: the level of stratification effects that they pose on society, and different ways that they stress economic priorities. That lead to the first research question of this thesis:

**Research Question on the Welfare Regime:**

How does the Chinese context: an authoritative state in transition affect the dynamics of care arrangements?

**2.2. Accountability Relationships within the Localized Provision Structure.**

**2.2.1. “Long route of Accountability” within Care Provision Structure.**

Within productivist world, previously, Chinese elderly care responsibility was left predominately to the family (Leung, 2003). Facing the care crisis, private sector’s short-term return-on-investment orientation(economic sustainability) is not in line with the long-term social development. Instead, government should regulate urban infrastructure of care (Koppenjan and Enserink, 2009). Another reason also require the elderly care to become government’s responsibility: the original social contract urges the Communist Party to provide universal, cradle-to-grave safety net with generous welfare benefits. Now, aging has risen to become a national strategy. The most “authoritative” explanation comes from the political rhetoric of “establishing a socialized elderly support system” (also known as “socialized elderly service system”). This rhetoric has recently become a buzzword in literature, newspapers, and reports. Thus, as opposed to “short route of accountability” between providers and clients, China has a “long route of accountability” (Ahmad et al., 2005) among policy-makers, service providers and clients.

China has a fragmented state organization (Hamrin & Zhao, 1995). Besides, government of limited capacities can no longer hold the care delivery to account for its performance. In practice, China has introduced public-private partnerships to combine advantages of the market- professional techniques, and entrepreneurial spirit into public service delivery (Koppenjan and Enserink, 2009). Scholars referred to this innovative strategy as the “local corporatism” (Oi, 1995). Fierce competition between local authorities contributes A lot to the rapid economic growth of China in the past 40 years. Driven by the GDP growth targets, local governments acted as active economic actors and tried every means they could to promote the economic growth. To come up with innovative policies, market has been prioritized as a powerful weapon. They provided not only the financial resources, but also the expertise for policy implementation.

Thus, we argue that there are three links along this “long” accountability route (Figure 1). (1) Government link: it is about interactions between different levels of government. (2) Governance link: it is about interactions between the public and the private sector. (3) participation link: it is about elderly clients’ involvement in policy implementation process. Weaknesses in service-delivery outcomes can be attributed to the breakdown in one or both of the links along the route of accountability (Ahmad et al., 2005; p3).

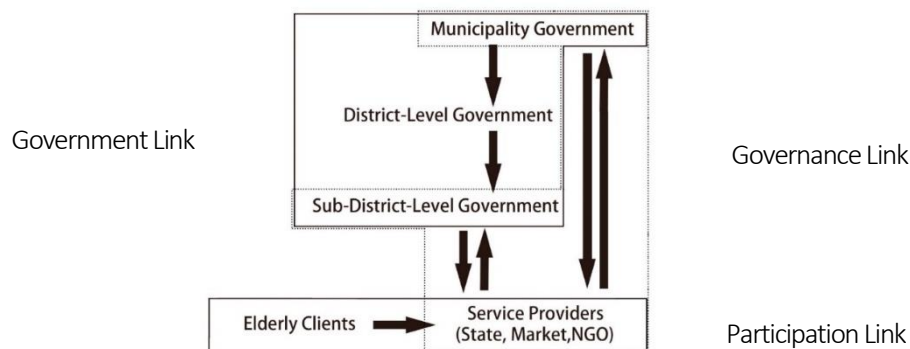


Figure 1. “Long route of accountability” within Chinese Care Provision Structure.



I argue that in the “long route of accountability,” the policy target is very vague because of two major reasons:

Firstly, there is not a clear positioning for policy target (What? and Where?). Now in China, western concept of “aging in place” was introduced. Most researchers agreed that the home-based support should remain dominate (Yang et al., 2012; Xie and Zhou, 2013) and that the community can provide additional supportive environments (Yang et al., 2015). Therefore, in the 13th Five-year plan (2016-2020), pluralist nature of elderly support system is explained via a tribalistic classification: “home-based elderly support as a basis, community-based elderly support as a foundation, elderly institutional support as a support.” In local practice, this vague policy direction has been elaborated to a specific “9064” plan (Beijing) or “9073” plan (Shanghai), which means 90%, 6% (7%), 4% (3%) of elderly people should enjoy three “modes of elderly support” respectively. However, there is not even a clear conception of “elderly support.” In Chinese literature, some include medical, education, law, even re-employment service, while others include endowment insurance system as the financial support (Dong, 2012).

Secondly, there is not a very clear definition of accountability relationships between actors (Who?). National and local political discourse referred to a “various actors involved” service system. Based on this policy direction, Chinese scholars embraces welfare pluralism and state retrenchment policies. “Modes of elderly support,” as a metaphor of how welfare pluralism can be organized, has attracted the attention of a substantial body of Chinese literature (Song et al., 2015). However, definitions of “modes of elderly support” vary. In the national comparison studies, this expression of pluralism is close to the idea of welfare regime. In urban planning studies, however, this expression of pluralism refers to the advanced experiences of local governance practice: how public/private sector collaborate to organize services. Now, without considering the specifics of the Chinese national context; and without identifying resources and perceptions, hollow arguments of welfare pluralism could mean anything but refers to nothing.

How can we evaluate the outcomes? Since the 1980s, “sustainability” received considerable attention when the developing economies are searching for market reforms to enhance health service delivery and make them “sustainable” (Olsen, 1998). At first, World Bank (1987) adopted a rather confined definition which focuses on financial self-sufficiency. In subsequent literature, “sustainability” put less emphasis on the donors and more on the institutional capacity of the national health care system (Olsen, 1998). In the UNICEF document (from UNICEF 1992, cited in Olsen, 1998), the definition of care sustainability is described as a dialectic of sustainability of users and actors: “ability to produce benefits valued sufficiently by the users and stakeholders to ensure enough resources to continue activities with long-term benefits.” In this master thesis, this dialectic is developed into a social sustainability V.S. financial sustainability regarding elderly care.

“Financial sustainability refers to possibilities of (local) authorities to live up to the financial obligations that result from investments in infrastructures, both in the short and in the long run.” “Social sustainability refers to the impacts of urban infrastructure on the affordability of and access to the public service delivery by poorer groups within the urban society.” (Koppenjan and Enserink, 2009. p284).

In the following argument, I will theorize perceptions, resources, and interactions within the “long-route of accountability,” to analyze how the vague policy targets affect sustainability dialectics of governance outcome.

### **2.2.2. Government link: Accountability Relationships between Different levels of Government**

On the face of it, China is characterized by a strict hierarchy political system: ranging from higher levels of government, municipality government, district government to sub-district government. Politics of coordinating conflicts of interests groups is carried out within the party-dominated hierarchy (Hamrin & Zhao, 1995). Wu (1995)’s paper referred to this authoritative governmental process as the “documentary politics”: document-making is the “nervous system” when a group of central/local leaders built consensus via numerous bargaining, compromise, and transactions and then gained ideological legitimacy (Hamrin & Zhao, 1995). Though what the top leader said is crucial as “head-scratching” initiation, it can only stay within the “speech space.” His/her views had to be shaped into authoritative formal approval through political documents formulation (Hamrin & Zhao, 1995). Also, legitimacy sources of Community which springs from policies from at least one (districts) or two

(municipality) higher matter. These policies are not only sources of lower local state's authority (Hamrin & Zhao, 1995) but also the actual benefits related to such preferential instruments as intergovernmental grants (Oates, 1999).

However, China is more than an authoritative state. The authoritarian rule still creates limited space in which the autonomy of the local government is allowed and even desired. It is the local municipality, rather than national government, who has autonomy to decide on social programs, as well as accountability relationships within care provision structure. There is high document density that revolves around institutional arrangements of accountability relations of "practical work." Li (2013) argued that the efficiency-oriented documents serve as communications between various levels of government, scheduling task and monitoring progress, regulating guidelines for implementing policies, etc. Therefore, there be a paradox for local authorities: Legitimacy V.S. Efficiency. Firstly, the local government is allowed to have its autonomy to develop something where it can extract benefits. Secondly, given limited resources, lower levels of government still had to show bureaucratic ethos of "follow the leader" and meet the growth targets set by them, because these are the sources of their legitimacy.

In the field of elderly care, decentralization of the care practice goes down to the level of service providers of institutional care and community. It is worthwhile to notice that the meaning of "community" is more than the social units of "common identification and shared interests of residents." The historical predecessor of the Community is the Jieju system in Mao's era. It consists of the street offices and Neighborhood Committees. In official documents, Directors of street offices is regarded as state-commissioned dispatch agency, or the lowest rung in China's urban administrative hierarchy (Heberer and Göbel, 2011). Neighborhood committee should be a voluntary sector of "self-governing organizations." However, in practice, the fiscal budget and election process of neighborhood committee are relying on the state. Thus, community is an administrative sub-unit (Neighborhood Committee) created in a "top-down" fashion serving the aim of ruling Party in China. There are two original aims of Jieju system in Mao's era: (1) societal control: take advantage of certain technologies (such as the "hukou"--city registration system) to constrict the individual freedoms of mobility. (2) A supplementary role of the welfare provision for the disadvantaged people outside of the "Danwei" system. However, after the market reform, there is a retreatment of politicization of people's daily life, the vacuum of welfare provision left by the collapse of work unit have to be replaced by the Jieju system. Declining economic state no longer has controlling power to demand; they only have "steering capacity" by persuasion, seduction, and inducements (Healey, 2007). This means that each neighborhood has to rely on its efforts to develop welfare services. Since there is a social fragmentation of the post-danwei neighborhood (Heberer and Göbel, 2011), perception and resources vary substantially from neighborhood to neighborhood.

The vague policy target provides the lower-tier government much more rent-seeking space. As Zhou(2008) pointed out, the hidden rule of collision become common among lower-tier government. They even formulate the alliances, so that the original intentions from higher levels of government have to be compromised. The rent-seeking behavior can not merely be attributed to inner factors, but the external factors of vague policy target are important.

(1) In the hierarchy political system, the one-size-fits-all solution fails to consider diversified regional differences. Sometimes, the promising scenario depicted in the political documents is not economically or socially viable.

(2) The lower-tier government is tired of endless executive orders from higher levels of government. There are endless meetings to understand the "spirits" of executive orders, endless coordination work between different administrative departments to implement these policies, and endless annual/monthly work records/reports to deal with the policy evaluation.

### **2.2.3. Governance link: Accountability Relationships within the Public-Private Partnership.**

With goals for the improved service quality, cost savings and risk sharing with the private sector, local governments contract out elderly services delivery (Lester and Reckhow, 2013). Now, a government with

limited capacities no longer holds network to account for its performance. Interdependencies exist between actors because the resources are scattered. (Klijn & Koppenjan, 2015).

Contrary to what has been suggested in the western literature, voluntary sector played a marginal role in governance link. Wong & Joe Leung (2012) argued in 1998; government enacted an executive order to allow society-run nonenterprise units (minbian fei qiye). This resembled emerging tendency of the voluntary sector. However, this is not the case. Theoretically, similar to the social enterprises in the western context, these firms are private-owned, non-profitable organizations. Investors cannot share out bonus and set up the branches. However, in practice, market providers adopt the cherry-picking strategy. Since society-run nonenterprise units can get more subsidies from the state than for-profit companies, market providers register their companies in the name of society-run nonenterprise units, and share out the bonus in the form of “company expenditure.” Therefore, this thesis will not differentiate between society-run nonenterprise units and market providers.

I argue that the interactions between different levels of government and service providers give rise to the hybridity of the public-private partnership. As the political discourse “public construction-private operation” indicates—China adopted the “franchising” method (Ferlie et al., 2005): Government concentrates on the hardware: up-front construction fees. They try to define the standard of services and contracts out to the private sector.

Public involvement will contribute a lot to the sustainability of governance outcomes. Because there is a market failure of both the economic and the social sustainability:

Care has its labor-intensive nature. Any efforts to improve the productivity will cut into the quality; it will be extremely expensive for most people to afford. Feminist economists (Razavi, 2007) pointed out “Cost disease” to explain problems concerning the paid care sector:

“Because productivity improvements are very difficult for most services, their cost can be expected to rise faster, year in, year out, than the cost of manufactured goods. Over a period of several decades, this difference in the growth rate in costs of two sectors can add up, making services enormously more expensive compared with manufactured good (Baumol and Blinder 1985:546, cited in Razavi, 2007). “

However, public involvement itself does not safeguard a sustainable governance outcome. Poor arrangements of accountability relationships within public-private partnership will lead to opportunistic behavior on the both sides of the public and private parties; outcomes may become an unwanted sustainability:

1. The public-private partnership will create monopolistic service provision of market providers.
2. There is a misallocation of resources that results in underprovision of basic needs of social sustainability (Koppenjan and Enserink, 2009)

According to what Koppenjan and Enserink have (2009) argued, unclear policy target will create some challenges during the public-private partnership.

- (1) Unclear policy target fails to identify the potential risks perceived by the private sector. The private sector will, therefore, shift the risk to government and elderly clients.
- (2) Unclear Policy target fails to identify projects that have the potential profit. This means that government fails to understand the willingness and capacity of elderly clients to pay for these facilities (Koppenjan and Enserink, 2009).
- (3) Unclear Policy target fails to manage the scope and externalities of contract. Choosing the right scope can prevent the cherry-picking. This cherry-picking strategy can be about the business field: the private parties restrict their investments to profitable parts of the project to pursue economic sustainability (Koppenjan and Enserink, 2009). This cherry-picking strategy can also be spatial coverage because the private parties will want to restrict investments to parts of the city where customers live who are able to pay.

Key Issues	Good Practices	Bad Practices
Managing risks perceived by private parties	Involving professional parties preventing transfer of financial risks to government	Private parties shift risks and costs to government, taxpayers, and users
Creating prospects for return on investments	<ol style="list-style-type: none"> <li>Balancing profits and sustainability</li> <li>Identify projects with cash flow potential</li> </ol>	Little attention to affordability and efficient use of resources, resulting in inefficient use of resources
Managing scope of project and externalities	Cross-subsidizing both the profitable and unprofitable parts, and Internalizing positive externalities and package deals	<p>lack of scope management and a clear vision of reliable partners</p> <p>Failing in preventing cherry picking</p>

Table 3. Good and Bad Practices of Public-Private Partnership. Sources: Koppenjan and Enserink (2009)

#### 2.2.4. Participation link: Consultative Authoritarianism and Its Limits

“Consultative authoritarianism” is used to describe an authoritarian system that citizens can partially voice their opinions. Chinese citizens do not vote for the Communist Party leadership. However, certainly, Beijing does not want the impression of an uncivilized and brutal authoritarianism (He & Thøgersen, 2010). To increase the voice of civil society, this regime introduced many “input institutions.” For example, all levels of bureaucracy require the public opinion polls, legislative hearings or other policy debates to offer feedback (Truex, 2017). However, this consultative authoritarianism has heterogeneous effects on the population: uneducated citizen are often excluded from this process.

Truex(2017) argued a theoretical framework for describing the elderly people’s reflection on government:

$$SAT_{ij} = OUT_{ij} - CL_{ij}$$

As Truex(2017) have pointed out, the term  $Out_{ij}$  is determined by the benefits that an individual can get.  $CL_{ij}$  described the individual’s expectations of what he or she can receive. If the  $SAT_{ij}$  level (the outcome compared with the comparison level)  $< 0$ , the elderly people may choose to terminate relationships with government.

Based on the interactions of “long-route of accountability”, the second research question of this master thesis can be summarized.

#### Research Question on Localized Provision Structure:

How does the unclear policy target affect the rules and trust within the interactions of the “long-route of accountability,” and in the end affect the sustainability dialectics of governance outcome?

### 3. Methodology.

#### 3.1. The methodology of Welfare Regime.

Analysis of policy paradigms enables me to reflect on the normative direction of authoritative state behavior. Policy paradigms, as “interpretative” knowledge and ideas, are constructed by intellectuals and interest group leaders and disseminated through the media and policy campaigns (Wilson, 2000). Evaluating the dynamics of policy paradigm itself is quite difficult, but we can access its “material dimension” (Hogan and Howlett, 2015)—political documents.

In response to the growing complexity of society, China has created a delicate hierarchical order of political documents responding to different situations. Based on a substantive library-based work, national documents related to aging topic can be classified into three kinds:

(1) Formal law, one authoritative Law directly relevant: The Law on the Protection of the Rights and Interests of Older People, and others such as Criminal Law having indirect effects.

(2) Regulations, this includes various technical standards and five-year plans. The five-year plan is the political legacy of centrally planned economy borrowed from the Soviet Union, which has huge implications for the national social and economic development trajectories.

(3) Executive Orders, among the 15 different kinds, three kinds of orders are commonly seen in the discussion of the aging topic:

1. Decision: this is about defining crucial problems and raising awareness of the whole Chinese society.
2. Opinion: it is about the ideological guidance or practical solutions related to a specific policy.
3. Notice: this is about issuing or transmitting the public affairs, to let government agencies at lower levels to execute.

Based on the typology of political documents, related laws, regulations, and executive orders from 1949-2017 was picked out (See Appendix). Political documents alone is not enough. Firstly, it was not until the 1990s that aging become a problem for policy-makers, but both socialist revolution legacy (1949-1978) and market reform later on (1978-) cast a long shadow in shaping values and institutional practices. Therefore, we also have to analyze what has happened before the 1990s. Secondly, it is a tremendous distance from what has been written in political documents and what is happening on the ground. National government only provides general directions, but lower-tier government responds passively to unfunded or unscheduled mandates (Zhou & Ronald, 2017). Thus, relevant literature has also been referred to additional evidence.

## 3.2. The methodology of Localized Care Provision Structure.

### 3.2.1. Justifying the Case Selection and Methodology

This paper chose Beijing as the case study. Beijing is the capital of China, and it has become one of the most developed regions. In addition, Beijing had the elderly population of 3.13 million, accounting for 23.4% of its population. This is significantly higher than the national average proportion. In addition, blessed with political priorities and solid economic foundation, Beijing has become one of the major pioneers to consider care as the public good. Local policy documents will reflect on the accountability relationships between different levels of government, and the policy target they have in mind. A substantive library-based work is thus required.

Now, governance practice has been decentralized to the level of community and service providers. Thus, This master thesis has sampled diverse community contexts and institutions in Beijing. Firstly, to cover the maximum diversity of how public-private partnership can be organized, a city-wide pilot study of qualitative observation was conducted. This field work mainly focused on the locality factors, types of services are included, the service quality, the socio-economic background of elderly people using these services, the prices they need to pay, in order to have a basic understanding through intuitive feelings. Additional review of news reports and literature was taken to determine case selection principle and make sure that the samples were representative.

Based on these case selections of communities and institutional care, this paper adopted the semi-structured interviews, to identify perceptions and resources of stakeholders in the “long route of accountability”.

### 3.2.2. Defining the Study Population

To reflect on the three major links in the “long-route of accountability,” this paper should analyze three major kinds of stakeholders involved. These stakeholders include various levels of government officials; service providers and elderly clients. The following table provides an item list of the interviewee that is helpful for building up my argumentation:

Case Selection	Interviewee
Institution A	Manager A
Institution B	Manager B
Institution C	Sales Assistant C, Elderly People C

<b>Community D</b>	Elderly People D1,D2,D3 Government Official D; Manager D Adult Children D
<b>Community E</b>	Manager E, Government Official E
<b>Institution F</b>	Elderly People F, Scholar F; Government Official F
<b>Community G</b>	Scholar G; Market provider G1, G2; Government Official G Elderly People H1, H2, H3, H4, H5

Table 4. The item list of the interviewee.

### 3.2.3. Participant recruitment

#### (1) Gatekeepers

In this paper, I sought the assistance from the gatekeeper. Firstly, most of the elderly institutions in China were not open to the people not living here. Without seeking the endorsement of the local gatekeeper, it would be not appropriate to access the members. Secondly, the gatekeeper themselves can provide detailed information about context, and they were also very important interviewees. However, instead of working together with the gatekeeper, we recruited members by ourselves, in order to avoid the drawbacks of selection bias created by the gatekeeper.

#### (2) Formal Networks

I participated in some professional associations related to the topic of elderly-care. By taking advantage of the regular schedule of formal network, I was able to recruit the potential participants and conduct interviews more easily.

#### (3) Snowball

This study is highly explorative. I never knew the “hidden” service provider in the provision structure in China. Therefore, I often asked key informants whether they knew anyone else who met the study criteria. In addition, I tried to tap into several different social networks to avoid the drawback of recruiting participants within one social network

### 3.2.4. Data Collection

Considering the social context that most participants are not familiar with the thesis topic (E.g. what is care?), I am required to have an open mind of people’s perspectives, and allowed their random conversations during interviews, in order to establish enough rapport with interviewee. Special emphasis of questions was placed on identifying and comparing varieties of representation of interests and the mechanisms of interactions.

### 3.2.5. Data Treatment, Analysis and a reflection on Ethical issues

As an initial preparation for the analysis, the recorded interviews and observations, political documents were transcribed. All data sources were treated as text, and key points were marked by hand with series of codes which were extracted from the text. Then, the codes were grouped into similar concepts. From these concepts, thematic categories were formed and were the basis for the creation of the theory.

To ensure validity within ethical bounds, I obtained verbal consent from participants in colloquial language. The anonymity of participants was ensured to prevent any personal information being leaked out from interviews. Furthermore, all participants were adequately informed about the study and not coerced into participating, thus holding their agency in a higher position than scientific interests (Hennink et al. 2011). In the coding process, I decide to undertake the manual process of code development, because auto coding leads to poor representations of the life-worlds of participants.

## 4. Empirical Studies.

### 4.1. Empirical Studies of Welfare Regime

Four major stages of the Chinese welfare regime evolution have been identified. Although China stays within productivist world, each developmental stage had different ways of addressing economic growth orientation. The emergence, development, and change of political rhetoric with variations in meaning provide structured information of shifting boundaries of responsibilities between actors in the care diamond. Table 4 provides a general summary.

Division of Period	Welfare Regime Dynamics	Normative Political Rhetoric	Division of Responsibilities
1949-Mid 1980s	Developmental-Particularist Regime	“Communist” Ideological Basis	State + Family
Mid1980s-Mid 1990s	The Interim Period	“Socialized Welfare” and Early Exploration of Aging Topics	Declining State+ Family Emerging Community
The mid-1990s - 2013	Developmental Universalist Welfare Regime	From “Socialized Welfare” to “Socialized elderly Service System.”	State Dominance, Emerging Market, Declining Family
2013- Now	Towards Facilitative Welfare Regime	“Elderly service system.” Getting off the ground	Market Prioritized, Emerging NGOs, Declining state+ Family

Table 5. Overview of four periods of welfare regime and care provision structure dynamics.

#### 4.1.1. The Pre-Reform Period (1949- Mid 1980s): The “Communist” Legacy of Economic State

After the Civil War in 1949, the Chinese Communist Party went on stage in Mao’s leadership. The first task for the new-born China is to start politicization of people’s daily life: “transform” “old” welfare associations in civil society and ascribe them to the state leadership. On the face of it, rooted in “Communist” ideological basis of bringing utopian to the real world, Chinese welfare regime resembled characteristics of state interference and cradle-to-grave safety net. It seemed to be significantly different from its East-Asian capitalist neighbors. However, these differences still did not cover up the essence of the economic state. In fact, satisfactory levels of welfare provision are, in fact, not determined by the state, but by productive elements in society-- localized work units where people with the residence registration (Hukou) work. Throughout the pre-reform period, work-units were forced to subordinate to state’s central planned economy. This planned-economy did not seek for universal benefits but subordinated to a high level of resources accumulation for industrialization. “Sacrifice the individual’s happiness for a prosperous and strive nation” became the political correctness at that time. This “Communist” ideology was reinforced through the continuous brainwashing and violence performed by political movements. There was a standardized virtue of thrifty and people were taught to be ashamed of “capitalist” life attitudes of pursuing material possessions (Wang et al., 2002).

Therefore, people’s expectation of “elderly support” from the work-units, for a long time, was limited to the basic workfare understanding. This includes basic living benefits (including housing), collective amusement activities, material/mental comfort performed by government officials during traditional festivals, medical cure and pension allowance. Outside of those “productive” welfare expenditures, such as the elderly care, were implicit in policy agenda and were left predominately to the family. In fact, China lacked even a rudimentary level of elderly care awareness.

Elderly people in “Three-Nos” status (No children, No Income, and No Relatives) can enter into institutional care (public welfare houses). It is another residual welfare system organized by the Ministry of Internal Affairs (forerunner of the Ministry of Civil Affairs, a department for welfare administration). However, in public welfare houses, Elderly people had to show gratitude towards “socialist superiority of providing them with the shelter

and food,” but they had to bear the abuse of violence by service workers and the social stigma of “being abandoned.” Moreover, even within this residual welfare system, the economic state can still be identified. For those severely disabled who still had some ability to work, this system prepared welfare-production factories. For them In a collective meeting held by State Council in April 1961, the state leaders agreed on authoritative explanations of “welfare production”: (1) State’s leadership— “Insisting on the Communist Party’s leadership.” (2) Varnish over growth objectives facts— “The aim of productive activities is to enrich elderly people’s lives, teach orphans about hard lives and improve the convalescent effect of the mentally ill people” (Wang et al., 2002). In fact, in 1959, welfare-production factories were even calculated into the Five-year economic plans with economic growth objectives (Wang et al., 2002).

It is worthwhile to note that community was also involved in welfare provision for the marginal groups (Wong, 2005). In this period, their effects were minimal.

In conclusion, after 1949, this new-born Communist China initiated a “socialist” revolution with “Communist” ideological Basis. However, we can identify a strong economic state characterized by the high stratification effects. Individual’s welfare is directed towards productive elements. This is in line with the Holliday (2000)’s classification of developmental-particularist regime: strong economic state directed care activities of families.

#### **4.1.2. The Interim Period (The Mid 1980s – Mid 1990s): Introducing the Market**

After the 1978 market reform, China broke away from the steep politicization and replaced it with economic pragmatism (Tubilewicz, 2017). The ruling party admitted a relaxation of civil life and allowed the autonomy of firms over recruitment, dismissal, salary, and welfare (Wong, 2005). Work units still have to bear high welfare expenditure and controlled by the highly inefficient central-planned economy. Most of them cannot compete with the emerging private sector and collapse. Only a few transformed into the state-owned firms using contract employees.

Reforms in the city employment structure are particularly relevant to welfare regime: a cradle-to-grave safety net attached to the “iron bowl” employment for urban residents disappeared. This indicates that people were forced to transform from “DanWei (work unit)” being into social being. There is a retrenchment policy towards welfare provision: state delegated power to the lower-units, and require the social participation of financing welfare. After a forum in Zhangzhou, China, in 1984, a new political rhetoric: “Socialized Welfare” was put forward in this historical context (Wang et al., 2002). On the face of it, it was quite similar to the rise of welfare mix in western European countries. However, the retrenchment orientation of China is fundamentally different. “Socialized Welfare” required individuals to eschew their dependence on state welfare, and required public-owned institutions to become self-financed entities. Efficiency, in this period, replaced the equality to become the primary objective. Under this pressure, residual state-owned welfare houses admitted residents on a fee-for-service basis. Those who do not belong to the “Three-Nos” status but could afford the fees were able to live in (Wang et al., 2002). However, local workers were laid off, and many were unable to back to employment, while migrants gravitated towards cities on subsistence wages. For them, health care and housing were unaffordable. In fact, an old support system was dismantled early but what can be described as the systematic social reform did not take off until the late1990s (Ringen and Ngok, 2013). The interim period in between gave rise to widespread social unrest.

People’s consciousness on the elderly care was raising it at a moderate pace. Aging issues firstly came into light in China in 1982. This was a passive response—China was invited by the United Nations to attend First World Assembly on Aging in Vienna. At that time, few people in China knew aging issues; even preparing a presentation draft for the preliminary conferences in Asian-Pacific region was difficult for three Chinese representatives. After attending this World Assembly, Chinese leaders noticed that there was a worldwide concern of aging. More importantly, in some countries, there were specific administrative departments directly responsible for elderly care. In order to coordinate these international and domestic affairs, a working agency for the elderly people was, at least in form, established, which became a predecessor of Aging Committee



(established in 1999) (Hou et al., 2008). Although this agency remained a toothless and ineffectual body, some improvements have been made. For example, a magazine Chinese Elderly was initiated in 1983 as a national-wide propagating platform (Hou et al., 2008).

The family was expected to assume more responsibility: a new legislation system was established to introduce coercive measures to enforce the family obligations (Leung, 1997). To maintain the obedience to superior, “good” or “persuasive” local officials put efforts to educate commoners, such as setting examples, putting placards with warnings or advice, etc. (Rozman, 2014). The interim period also witnessed a significant expansion of community-based services. Community, as a previous residual welfare action for marginal groups, had to be transformed into a universal action. With little support from the municipality, each neighborhood had to rely on itself for welfare services. Fee-charging public services and limited budgets at the Sub-Street office Level were used to finance the operations. It lacks a standardization for community-based services, the quantity and quality of services vary substantially from community to community (Leung, 1997).

It is a bland story during the interim period: old state-driven welfare provision system collapsed, and family takes a predominant role in care provision. However, we argued that this “interim” period not resemble to be in smooth water, but have a profound and radical transformation of Chinese society. This transitional period determined the future landscape of Chinese welfare regime:

- (1) After the struggle of interests between actors, Communist Party maintained its political continuity. This preserved the nature of economic state, which kept China within the productivist world.
- (2) Market replaced work-units as productive elements in society, this reforms in city employment structure extended social rights to labor and minimized the social stratification. Productive elements’ position is advanced in another way: prioritizing the market.

#### **4.1.3. The Initiating Period (The mid 1990s -2013): Developmental-Universalist Regime**

In the mid-1990s, aging topic began to rise. In 1996, “Rights protection Law of Elderly people of People’s Republic of China” was promulgated as the only authoritative law for seniors. A series of laws, regulations and executive orders were issued during this period to formulate a complete legislation system (Seven-year Plan Outline, Civil Affairs [1999] NO.19).

In 1999, China entered into the aging society by international standards; this was a wake-up call for Chinese elites. Aging Committee, as an administrative authority specifically for aging issues, was set up; but it was still an ineffectual body whose office was set as a branch of the Ministry of Civil Affairs (State Council [1999] No.22). In a national “Socialized welfare Forum” held by the Ministry of Civil Affairs in Guangzhou in 2000, aging occupied the central position (Wang et al., 2002). Elites agreed on the previous consensus of state retrenchment: allowing mixed economy (especially the market) involved in providing and financing elderly support. Besides, elites pointed out the necessity to establish a multi-level welfare system: not only for people with “Three-Nos” status but as a universal welfare benefit. To save fiscal budgets, socialized welfare should consider more than institutional facilities: community becomes an ideal platform and a convenient tool for the welfare delivery. Therefore, welfare regime went through accelerated restructuring. A series of “high-end” executive orders were issued (CPC [2000] No.13; State Council [2000] NO.19; Finance [2000] NO.97; 10th “Five-Year” plan). They define problems and encourage collaborative action. “Socialized welfare” resembled state’s determination of transforming the state-dominated, inefficient welfare system for people with “Three-Nos” status. The authoritative interpretation of it bases on four aspects (State Council [2000] NO.19): (1) mixed economy involved in the finance. (2) Policy selection of state’s retrenchment. (3) Diversified service providers ranging from the family to the institutions. (4) The talents construction of professional service workers in society.

Later on, we can see that national political documents began its theoretical explorations in the document form of “Opinions.” This time, elites realized that apart from pension schemes and medical reimbursement programs, there should be another universal public service program in parallel for the elderly people, in response to declining capacity of the family. This is a great leap forward, although no one realized that it was care. Then, the political rhetoric “Socialized elderly service system” emerged, its meaning was separated from

the general conception of “socialized welfare” or “elderly support” (State Council [2006], No.6). Another prominent political rhetoric: “home-based elderly support” (Aging Committee [2008] No.4.) also appeared on stage. Stressing the mixed economy of prioritizing the market (Civil Affairs [2005] No.170). The idea of developing “elderly service industry” also emerged, it was written in the 11th Five-year plan. Dominated by the ideology of aging in place, community was attached to high importance

In 2009, China initiated a pilot experiment in several provinces to test its theoretical explorations. Elites gradually reached consensus on a multi-level elderly support system of three tiers: home-based, community-based, and elderly institutional support. Apart from the state, a variety of actors shall be involved in providing and financing this pluralistic service system; market was placed with highest expectations (Civil Affairs [2012] No.129). These preparations served as a prelude to 2013 reform in China. This tendency is in line with the Gough and Wood (2004)’s prediction: declining family capacity plus weakening political pressures force the economic state to liberalize market.

However, it is only about elites’ explorations. Local governments respond quite passively to the unfunded and unscheduled state mandates in this period (Zhou & Ronald, 2016, p17). The family remain a dominant role for care. Although China started to extend some social rights to emerging market, the state still played a directive policy role alongside market and families. For example, in this period a national-level state-driven project—known as “Star-Light Project” – was initiated by the Ministry of Civil Affairs. The aim of this project is to establish facilities as a platform for welfare delivery in the community (Civil Affairs [2001] No.145. Civil Affairs [2004] NO.55). It is in line with Holliday’s (2000) prediction of Developmental-Universalist Regime: stratification effects exist, but it is gradually declining. Universal programs is another character of the developmental-universalist regime. In 1993, China introduced a universal pension scheme as replacement of previous workfare in work units. This system consists of both unified and individual accounts to pay pension for the enterprise workers. This is a crucial, universal state-driven program. Even now, most people (even newspapers, literature) will equal this system to the whole welfare package of the “Elderly support.”

#### **4.1.4. Booming era (2013-Now): Facilitative Regime-Ongoing Transformations under Debate**

Since 2013, aging has become a national strategy. The signal is that China promulgated the first amendment of “Law of the People’s Republic of China on the Protection of Rights and Interests of Elderly.” This amendment introduced elites’ explorations and made extensive alterations to the law: The length of law has increased to 9 Chapters, 85 Regulations from 6 Chapters, 50 Regulations; only ten regulations remained unchanged. Based on this amendment, the political rhetoric “Elderly service Industry” emerged to become a clear signal for prioritizing the market. According to State Council (State Council [2013] NO.35), China wished to increase the proportion of the elderly service industry in the national economy. Through prioritizing market, China wished to achieve its welfare provision target: a full coverage of service delivery in every residential community, and institutional rate of 35-40beds/1000 people

To liberalize the market, China started to reduce economic state’s administrative interference. The government initiated “Fang, Guan, Fu” reform (Civil Affairs [2017] NO.25). This reform has four purposes: (1) Optimize government administration. (2) Regulate market within law. (3) Improve efficiency of administration. (4) Implement preferential policies. There are numerous national political-documents related to this reform. They can be classified into three major categories: (1) Governing regulations over the private property rights (Civil Affairs [2013] NO.48, NO.49). (2) Mobilizing provision of land and finance for the physical development (Ministry of Land and Resources [2014] NO.11). (3) Creating incentives for both the domestic and the foreign investment (including Hong Kong and Macao investors) (Civil Affairs [2015] NO.33; The Ministry of Commerce [2013] NO.67; NO. 81). (4) Accelerating the development of peripheral industries of elderly service industry (State Council [2013] NO.40; The Ministry of Education [2014] NO.5). This reform is in tune with the facilitative welfare regime (Holliday, 2000): stratification effects are becoming limited while market has been prioritized.

The prospect of liberal welfare regime is promising. Economic state is declining in recent years with characters of market liberalization and wake-up of civil society movements (Yue and Liu, 2016). Projects with exquisite,

elderly-oriented design have successfully defeated people’s stigmatizing stereotypes towards the institutional care. Market providers have won loyalty from the upper- and middle-class families, elderly clients, are more accustomed to receiving the care from the market (Zhan et al., 2008).

However, for China, the legacy of authoritative state put obstacles, which forces China to stay within the productivist world. The socialist legacy led to the unusual heavy, evident reliance on the state’s technocratic leadership. The political continuity of Communist Party provides convenience for it to sway precariously within a reformist position to prioritize market and socialist legacy of state interference (Goodman et al., 1998).13th five-year plan (2016-2020) (aging issues) would be the best illustration (13th Five-year Plan). It is predictable that in the short and medium terms, China will maintain its characteristics of state-run society, driven by growth figure objectives established in the 13th Five-year plan (See table). Political documents will remain its crucial role in defining problems, coordinating conflicts, and putting forward strategies for collaborative action.

Major Index for Aging-Related Work and Elderly Support System in the 13th Five-year plan		
Classification	Index	Aim
Insurance System	Endowment Insurance system	Try to reach 90%
	Medical programs for reimbursement	≥95%
Elderly Service System	The proportion of State-owned institutional beds	≤ 50%
	The proportion of institutional beds with medical care	≥30%
Health Support	Elderly Health Status Recording	Try to reach 10%
	The proportion of hospitals having geriatrics	≥35%
	The proportion of elderly people having health records	Reach 70%
Spiritual and cultural life	The proportion of elderly people taking part in education	≥20%
	The proportion of towns(sub-district office) having elderly schools	Reach 50%
Social Participation	The proportion of elderly people registered as volunteers	Reach 12%
	The coverage of social organizations in community	≥90%
Financial Guarantee	The proportion of lottery revenues used in Elderly service system	≥50%

Table 6. Major Index for Aging-Related Work and Elderly Support System in the 13th Five-year plan

For China, authoritative state behaves differently from its East-Asian neighbors: firstly, it is the Communist Party that operates through the market: prioritizing market has betrayed the Communist Party’s social contract. Facing staggering economic growth, President Xi is forced to find another source of legitimacy to prove the “superiority of socialism” and to satisfy the potentially fractious mass constituencies. Since a political metaphor “harmonious society” was put forward in 2003, there is a significant growth of welfare expenditure. The ruling party permits the further growth of fiscal budget of promoting the “people’s livelihood” (Yue and Liu, 2016). Secondly, there is a fragmented state organization in China. For China, the community is expected to act as a platform for personalized elderly care delivery, but the local government are not provided with enough resources and have to depend on themselves: the quantity and quality of elderly services may vary substantially from community to community. This fragmentation hinders a unified care provision structure in China.

## 4.2. Empirical Studies of Care Provision Structure

### 4.2.1. Government link

On the face of it, the policy target seems to be defined with the precise, measurable growth figures. It is the legacy of a central-planned economy dominated by “economic state.” Municipality will schedule precise,

measurable growth target of elderly facilities to lower-tier government; these growth figures would also be an important index for evaluating their performance: For example, we can easily find the expressions like this: “In 2016, 150 service stations will be established in Beijing” (Beijing Aging Committee [2016] NO.07). “In three years, every community in the historical part of Beijing should be equipped with the facility of the elderly dining table” (Beijing Aging Committee [2009] NO.104)

For the Beijing municipality, there are three major social programs of elderly care.

(1) Star Light Project (2003) (Beijing Civil Affairs [2003]; [2006])

This can be seen as a response to the National Community-based Program “Star Light Project.”

(2) Nine-Support Project (2009-2016): Nine specific policies for providing elderly support:

(Beijing Aging Committee [2009] NO.104; NO.504);

1. Since 2010, Beijing set 10000 examples of “Filial Piety Stars” and provide with material awards
2. Providing allowance benefits (100RMB/month) for the oldest old.
3. “Elderly Dining Table” projects for meal delivery services at the community level.
4. Using existing community-based services as a platform to establish Elderly care centers
5. Recruiting service workers (unemployed workers or professional workers consider first) in each community
6. Equipping a car for elderly service in each community
7. Using “96156” community service helpline as a platform to provide mental comfort for elderly people.
8. Barrier-free facility renovation of elderly housing
9. For elderly people (>65 years old) can apply to buy “little-helper” electronic devices with state subsidies.

(3) Ten Care Project (2016-Now)

(Beijing Aging Committee [2016] NO.07 NO.08 NO.291)

Ten care policies of supporting the home-based Elderly Services,

1. “Support.” Using Community as a platform to establish an elderly service station
2. “Safety Net.” Government will assist truly disadvantaged people
3. “Housing.” Elderly-oriented renovation projects for general-needs housing
4. “Basic living.” Establishing convenient stores with state subsidies for elderly people in the community.
5. “Meal.” “Elderly Dining Table” Project on meal delivery for elderly people in the community.
6. “Medical”: Accelerating the development of “Cure-care combination” in the community
7. “Medicine”: Improving the capacity of community-based health care centers in providing basic medicines.
8. “Emergency”: Try to explore a community-based system for emergency service delivery for elderly people
9. “Assistance”: Try to satisfy the needs of elderly people in rural areas.
10. “Branding”: Establishing the “elderly service” firms with very high reputation. Thus, Beijing could implement highly effective public-private partnerships.

There is high document density revolving around institutional arrangements of “practical work”- projects that local government—no longer obedient but as an active actor is concerned about. For nine support projects, we see lots of “practical” political documents related to this (Beijing Aging Committee [2011] NO.113, NO.121; NO.149; NO.151; NO.236 [2012] NO.22; [2013] NO.42; [2013] NO.175; [2013] NO.188).

The accountability relationships of the government link also seem to be defined in a strict hierarchical order. The word “community” frequently appears in the local political documents because the actual provision is delegated to the community level. The municipality expected community-based services to become an ideal platform and a convenient tool for welfare delivery. Communities are supposed to unconditionally assume their responsibility and provide an annual report back to the municipality (Beijing Aging Committee [2011] NO.113, NO.121; NO.149; NO.151; NO.236 [2012] NO.22; [2013] NO.42; [2013] NO.175; [2013] NO.188). To monitor

and evaluate the performance in the community, Municipality would sometimes establish “inspection group” (Beijing Aging Committee [2016] NO.07).

District-level government act as an intermediate coordinator between the municipality and the community. They respond to the target set by the municipality and delegate the task further to the community. For example: in a project of providing allowance ticket for the elderly, I can find expressions like this:

“The ticket for the allowance of the home-based elderly support should have a unified printing style at the municipality level. While administrative departments in districts are responsible for handing out and in these tickets” (Beijing Aging Committee [2009] NO.504)

District level government also collect relevant information of community and report back to the municipality. For example, in the project of Selecting “Filial Piety Stars,” I can find expressions like this:

“Community and Street Office is supposed to finish the primary selection in the first and the second quarter. In the third quarter, district government will initiate second round selection and report back to the municipality.” (Beijing Aging Committee [2009] NO.504)

It seemed that the bureaucratic ethos of “follow the leader” makes sure that the policy can be implemented. However, I argue that the policy target is vague, which provide much rent-seeking space.

(1) Dominated by the architectural conceptions of elderly care, the policy orientation is not directly focusing on social programs but instead the space production of care. Judging from these three social programs of elderly care, Beijing has set clear growth targets of elderly facilities, but it has never pointed out criteria for evaluating how these facilities can benefit elderly clients (Beijing Aging Committee [2009] NO.104; NO.504; [2016] NO.07 NO.08 NO.291).

(2) Municipality seems to have unrealistic expectations for community-based to function as an omnipotent platform for activities of “elderly support.” Judging from these three social programs of elderly care, not only housing, care, but also the well-being of elderly people (Beijing Aging Committee [2009] NO.104; NO.504; [2016] NO.07 NO.08 NO.291) are written into political documents. However, they are neither practical nor practicable.

**Manager A.** “Do not believe what they have written. Providing psychological comfort in the community? Do you think that China is so developed that each community can have a psychologist?”

Beijing municipality seems just to write everything down to show that they are considerate for elderly people’s life. However, for the actual provision, municipality leave room for interpretation. This is because lots of policies only rest on the “principles” and they are unscheduled tasks. For example, relevant political documents of scheduling the task do not have a one-to-one correlation with “ten-care” policies. A well-known scholar explains to us about why:

**Scholar A:** “In fact, the government have no idea of what kind of services should be included, policies are at the stage of the experiment. To encourage the innovative policy, it is better for Beijing municipality to provide general principles and leave room for interpretations.”

In reality, lower-tier government respond quite passively to the objectives of unfunded state mandates. Most of them are tired by the endless executive orders from higher levels of government, endless meetings to discuss the “spirits” in executive orders and coordination, and endless annual/monthly work records/reports for the policy evaluation. Most officials have no motivations, knowledge, and time to calm down and reflect on these executive orders.

**Government Official E:** “You never know how many works I have to do... Tomorrow there will be three meetings for me to attend ...we really feel tired to deal with tons of political documents from higher levels of government.”

Also, limited resources (e.g. relational resources with the market, financial resources) limit their capabilities to implement the policy. Without consider diversified regional differences of resources available, the one-size-fits-all solution fails to implement in practice.

**Government Official D:** “Ok, these ideas seem to be great, but where can we find the available resources?... Who will give us the money to establish these facilities? Where can we find the collaborators?”

Therefore, although there is a growing awareness of care at the municipality level, these recent ideological shifts cannot be captured by the lower-tier government. During my interview, None of them could explain clearly how these community-based services should be organized. Most of the officials were still limited within their traditional understanding of “elderly support” as the collective amusement activities of delivering psychological comforts. In fact, Lower-tier government take a particular interest in these collective activities. These activities could easily be “seen,” recorded, photographed and reported back for the annual policy evaluation. During the interview, it is even hard for me to maintain a conversation of care because the topic on “elderly support” would always be distracted by these activities.



Figure 2. Collective Activities of Elderly People

What is worse, the hidden rule of collusion work: social benefits of providing care are not easy to be recorded and report back to the municipality, but care facilities do. Therefore, the original purpose of Beijing municipality was compromised. Elderly care, thus becomes the architectural programs rather than social programs.

**Service Providers D:** “Day care centers? What I am doing is put several beds here ... Government officials certainly know this is not going to work.....However, he has to prepare sth. Report back to the municipality, right? This is a tacit yes question for both of us.”

For inspection groups, the local government adopted a perfunctory attitude towards them:

**Government Official D:** “ We are informed a few days before when and where will the inspection group may come...Everything is prepared well for them...”

In conclusion, the vague policy target has caused serious consequences: nobody holds the accountable for the sustainability of care provision. There is a vague idea of how things should work at the municipality level. The actual provision is delegated to the community as local experiments, hoping them to come up with some innovative policies. However, community responds passively to unscheduled and unfunded tasks. Moreover, the hidden rule of collusion is common among the low-tier government: care becomes architectural programs rather than social programs, because care facilities can easily be recorded and report back for policy evaluation.

#### 4.2.2. Governance link

##### 1. The positive side of the Public-Private partnership.

Introducing market into the provision structure becomes a win-win strategy for both state and market.

(1) Public-private partnership combines advantages of the private sector- innovation, professional techniques, entrepreneurial spirit into the public service delivery (Koppenjan and Enserink, 2009). In short, market providers will hold accountable for the maintenance work, but this is the barrel effect of the state-driven projects.

A good example to illustrate my argument is the Star-Light Project. The star-light project is a national-level state-driven project of community-based care facilities. According to arrangements of political documents: the accountability relationships are organized in a strict hierarchical order between different levels of government: a. The Ministry of Civil Affairs was responsible for the macroscopic instruction and supervision. b. The Civil Affairs Bureau at the province level was responsible for the organization and implementation; they must include it in their overall three-year plans. c. The head of the municipality at the city level must include the Star Light Project into their local five-year plan; d. Civil Affairs Bureau at the city level must finish their work and report upward to the Civil Affairs Bureau at all levels. (Civil Affairs [2001] No.145).

For this project, there is a state failure of maintenance work. This is because the state providers only care about the architectural development of community-based facilities (White Paper [2006]). Although executive orders to force the lower-tier government to be responsible of post-project management, it did not point out the available funding and detailed supervision measurements (Civil Affairs[2004] NO.55). The result is that most of the architectural programs soon abandoned. Now, based on my observation, most of them turned into chess and cards rooms, small supermarkets, hotels, etc.

(2) public-private partnerships help to shift the risk of up-front investment of market to state. In the Chinese context, market providers have difficulty in operating institutional care projects. Community-based programs, which violated the market discipline of reaching the economies of scale, is thus impossible for them to consider.

I argue that this risk of upfront investment consists of two major parts:

a. Up-front investment of the real-estate.

**Institution A** can be seen as a good example to illustrate: According to the observation, this special-needs real estate project covers 600 acres of land. It is operated by a real-estate company. To reduce the capital risk, only 200 acres of land is developed for the rental section: for semi-self-care and failed elderly people. 400 acres is for sale; this sale section is open to young couples, migrant workers, and housing agencies. This sale section is equipped with simple obstacle-free design. This section is also equipped with alarming system for emergency issues, handrails, and spacious elevators.

10 Years ago, this project used to be one of the pioneers in the field of elderly institutional care. Lots of visitors at that time came from word of mouth; they wished to learn advanced experience from Institution A. But now, Institution A failed to maintain its daily operation and went bankrupt. According to an interview to one of the managers in charge, there is bankrupt of capital strand:

**ManagerA:** "The profit from for-sale section was impossible to compensate for huge upfront investment; This real-estate project owned a debt of 80million RMB from the bank and other high-interests loans (30 million RMB)... Every year, the rental section has 20% profit of 3 million RMB/year, it also receives 4 million allowances from the state, but this amount of money even cannot afford the interests generated by huge debts."

b. Up-front investment in the professional medical care workers

**Institution B** can be regarded as a good example to illustrate: to make this special-needs housing project highly competitive in the market, Institution B will firstly try to establish its selling points: a high-end hospital near the real-estate project. However, the historical development of this hospital indicated that: without government's support, market providers cannot form a positive virtuous circle between reputation and professional medical care workers.

**ManagerB:** "At first, this hospital tried to use positions with generous salary to hire some well-known doctors. However, suffering from lack of patients, doctors found it hard to get a chance of major surgery to improve

their professional skills. Experts went away, and the hospital was left with young graduate students, and senior doctors retired from other hospitals...Who cares about the high-end hardware? Patients come to the hospital to receive professional medical treatment...The situation gradually become better until this hospital began to collaborate with state-owned tertiary hospitals. Soon, this hospital established its nation-wide reputation of the Leukaemia unit.”

Therefore, for market providers, to overcome the risk of up-front investment and reach economic sustainability, the best solution is to directly focus on high-end customers. However, another dimension: social sustainability would be lost. If state’s welfare does not defray the market price; care, in the end, would become enormously expensive for commoners to afford.

**Institution C** can be regarded as a good example: This real estate project is operated by an insurance company for its VIP customers. The purpose of establishing Institution C is to promote the reputation of this insurance company and enhance customer’s loyalty to buy high-end insurance products. According to the introduction of the sales assistant, as a large complex, institution C has an exquisite elderly-oriented design:

(1) Human-oriented design: for example, hallways, elevators, etc. are spacious enough for a wheelchair to enter inside. Handrails are placed everywhere, and land is covered with waterproof and anti-slip materials.

(2) There is an accurate control of lightness adjusted to elderly people’s eyes in the room.

(3) There is a severe smog in Beijing. To solve this problem, there is a central air-conditioning system which will filter PM 2.5 and dust, and continuously (24-hour uninterrupted) provide fresh air to the whole real-estate project.

(4) For the meal delivery, institution C cooperate with some time-honored restaurants specializing Huaiyang cuisine. This cuisine is characterized by mild flavor ( a little salt and oil), which is suitable for elderly people.

(5) This institution is equipped with the wireless positioning system and infrared sensing system. This enables the manager to continuously (24-hour uninterrupted) monitor elderly people’s behavior. There is also an advanced alarming system for emergency issues. Buttons are placed everywhere in the room. As long as the button is pressed, professional service workers will come with doctors in a few minutes.

(6) This institution is equipped with a hospital with the investment of 290 million RMB, covering an area of 13 thousand m<sup>2</sup> of land. This hospital can satisfy elderly people’s routine inspections. When elderly people fell sick, they could be directly sent to one of the 22 tertiary referral hospitals in Beijing, in which they have established collaborations with.

However, judging from the price list of living cost, we found that the institution C is too expensive for commoners to afford. In fact, elderly interviewee C accompanied with me is an affluent person. He graduated from the Peking University-One of the top two universities in China and then had a distinguished job in Japan. Even for him, the living costs are unaffordable.

A Price List for the Living Cost (1w=10000 RMB)						
Housing Types		Floor Area	Deposit (refundable)		Monthly rent	
			Membership	Deposit	1 person	2 person
Self-care housing section	Single bedroom	64m <sup>2</sup>	20w	65w	5000 RMB	7200 RMB
	Single bedroom	94m <sup>2</sup>	20w	85w	7500 RMB	9700 RMB
	Single bedroom	121m <sup>2</sup>	20w	100w	10000 RMB	12200 RMB
	Two-bedroom	181m <sup>2</sup>	20w	200w	15000 RMB	17200 RMB
Semi-self-care housing section		31m <sup>2</sup>	20w (Semi-self-care)		About 1.7w(Meal included) Depending on the level of care	
Failed housing section		31m <sup>2</sup>	20w(24-hour Nursing)		About 2w (Meal included) Depending on the level of care	

Table 7. A Price List for the Living Cost in C Institution



In conclusion, there is both a state failure and a market failure regarding elderly care provision. Public-private partnership combines the advantages of two; it has received a warm welcome in the society. However, in the governance practice, there are complaints from both the service providers (economic sustainability) and elderly clients (social sustainability). Why is that?

## 2. The downside of the Public-Private Partnership.

In line with the Koppenjan and Enserink (2009)'s argument, vague policy target has stored up some serious problems for the governance link. Firstly, unclear policy target fail to identify the potential risks perceived by the private sector. Secondly, unclear policy target fails to identify the projects that have the potential profit. Thirdly, unclear policy target fails to manage the scope and externalities of contract.

- (1) Although the market providers have large autonomy of policy implementation, they still have to follow the basic requirements put forward by the government. For example, for the social program of the elderly service station, Beijing summarized "six functions for a comprehensive elderly support": including the day care service, Emergency calling Service, Internet-based platform, meal delivery service, Healthy instruction, cultural entertainment and psychological comfort (Beijing Aging Committee [2016] NO.07). However, I argue that these programs fail to identify the potential risks perceived by market providers; they also fail to identify the projects that have the potential profit.

This master thesis will use the case studies of **Community D** to illustrate these two issues one by one.

### **Meal Delivery Services- Community D**

Elderly dining tables –as one directly related to meal delivery services-is one of the most important projects in the "Ten Care Policy." The importance attached by the government does not come with no substance. The interview revealed the fact that the desperate need of collective canteens. In fact, elderly people are unsatisfied with what they eat:

**Elderly people D1:** "A sandwich is not enough for lunch, Right? Chinese people should have a bowl of rice or noodle with several dishes... It is highly energy-consuming for us to prepare a single meal: my children have gone aboard, and I live alone. Look at the shrimps that I bought yesterday. This is just the raw material. It is not like semi-finished goods prepared in the European supermarkets. "

**Elderly people D2:** "Why do not I eat food provided by commercial restaurants? Look at what they are preparing! They are rich in salt and oil; the food is not very healthy."

**Elderly People D3:** "My tooth is not in good condition, but food outside is tough, and the peas are like bullets."

However, in practice, meal delivery services failed to keep the social sustainability. Elderly people seldom show up. Observation showed that these collective canteens had become ideal cheap ones for young urban migrants, residents also take advantage of having meals there. Food is still rich in salt and oil. This kind of food has nothing to do with "appealing" to elderly people's needs. Head of the civil affairs Bureau pointed out the problems: the failure to manage the potential risks perceived by market providers.

**Government Official D:** "Our leaders require us that every community should have Elderly Dining Tables in few years. It is impossible for us to start from scratch, right? What we can do is to recruit market providers from outside directly...However, if existing restaurants can survive well and afford high land prices in the historical center, they must have formulated good business models for making profits. Now, if they choose to join us and stick to the elderly customers, they have to deal with elderly people: low consumption capacity but quibble

with service quality. This is not profitable, and they have to open to the public that service providers can remain profitable.”

Elderly dining tables in the Community D soon went bankrupt. Lower-tier government built another elderly service station in its place. Our interviewee: the manager of this service station respond to the welfare project with warmth and simplicity. The government only provided him with limited resources, but the interviewee tried hard to implement the policy (Beijing Aging Committee [2016] NO.07). He has prepared all the necessary hardware: including beds, massage armchair, dining room, activity room, etc. The manager takes the advantage of the second-hand ones, so it did not take up too much budget.

However, government’s purpose of “six functions for a comprehensive elderly support” does not work. It is just a collective canteen in practice, but The manager tried hard to consider the quality of food. According to my observation, the menu is quite good: One portion is enough for two persons to share. There is a balanced diet in the menu. This menu also considered the special needs of elderly people for having less oil and salt. However, even for the meal delivery services, manager failed to build and maintain a steady buzz. At first, this community used the form of the buffet to let elderly people stay there. Elderly people complained about the buffet because some can eat more, but others eat less. Then, community D tried to sell in the form of a menu and force elderly people to stay there, but elderly clients complained that one menu is too much for them to finish. In the end, the manager allows elderly people to take away their food. Then, this scene happens:

When lunch time begins, the silent service station becomes bustling when elderly people quickly show up, order the menu, pack the food and take away. In a few minutes, this place goes back to silence again.

For this low-margin business, the manager is quite worried because he failed to manage the risk to continue this welfare program:

**Manager D:** “Now the upstream suppliers: Tsinghua University Affiliated High school is unsatisfied about me. We can have a contract with him because our mother company has established long-term cooperation in many business fields with them. However, you see, we can only sell 6-7 menu every day for elderly people. The profit is not worth the costs for sending people to deliver the lunch from the canteen to us.”

Therefore, we argue that for community D, because of the vague policy target; the government cannot manage the potential risk perceived by the private sector—meal delivery service for elderly people cannot satisfy the needs of profit. Private parties shift risks and costs to government—they went bankrupt. Risks and costs are also shifted to the users—meal delivery services are open to the public, original purposes of providing care have to be compromised.

### **Day Care Services- Community D**

The manager of Community D realized that this service station could not rely on meal-delivery services. He tried hard to develop the second profit-making points- day care services. Day care center is also another important function that the government requires (Beijing Aging Committee [2016] NO.07). However, no one considers seriously pay for it. There is a failure of both the economic sustainability and social sustainability.

**Manager D:** “Indeed, lots of elderly people will come to my service station as the place for the entertainment (sing, or play chess, etc.). However, if I ‘dare’ to charge for temporary occupation of this place, elderly people soon go away”.

According to my investigation, the failure of day care center can be contributed to several reasons.

a. There is a time conflict between adult children's working schedule and sending elderly people to day care centers. Also, most day care centers are situated in the historical center of Beijing. In the historical center, most of the residential buildings even do not have an elevator. Adult children have to take the risk of sending them.

**Adult Children D:** "I get up have to go to work early in the morning (7 am) but day care centers usually opens at 9 am. Who will send my impaired parents to there? Besides, this is so inconvenient for me to send my parents to the day care centers, what if my parents fall down the stairs?"

b. In China, there is a lack of a multi-level system of care & cure provision from a general practitioner to a specialist. People wish to receive timely medical treatment from the most well-known doctors. Even for catching a small cold, most elderly people would directly seek for best medical/cure institutions in Beijing.

**Elderly People D1:** "What kind of services can they provide to me? If I am sick, I can go to the hospital for professional medical care. Why do I have to consider this day care center?"

c. The day care centers only take up a small amount of space in the community; most elderly people do not like the environment of staying there.

**Elderly People D3:** "I do not like that space. Why do I have to limit myself in such a small place? I have the freedom to go anywhere if I want."



Figure 3. The layout of Day Care Center

Therefore, we argue that for community D, because of the vague policy target; there is a vague idea of the level of care that community needs and can afford. Government fails to identify the projects that could have a return on investment.

- (2) Government fails to manage the scope and externalities of the public infrastructure. In practice, the lower-tier government have to heavily rely on the market for resources; they also have to rely on the market to provide the expertise. Also, the lower-tier government has little time and energy to supervise on market providers' performance. Therefore, state has very low capacity for mobilization; it seemed that the market often gets the initiative of deciding actual practice. The original orientation of the state sometimes even have to be compromised.

**Government Official E:** "There is a vague description in the political documents, we do not have a clear idea how to implement these policies...Our initial design is a community service Center to integrate existing community-based services that they have...However, market partners wished to do what they are good at establishing a small-sized nursing home in community...We decided to listen to them in the end... Not only because they hold accountable for the operation, but also they are much more professional and have more experiences in elderly service delivery". In this case, **the government can not prevent market providers from cherry-picking; private parties restrict their investments to profitable parts of the project; or to parts of the city where customers live who are prepared and able to pay.**

I will use community E and Institution F as two examples to illustrate these two major issues one by one.

## Community E

On the face of it, community E seemed to work in a very good condition. The requirements of “six functions of elderly support” are satisfied. Every menu costs 15RMB, haircut, pedicure services, and massage services are free for the elderly people. Also, manager has introduced lots of lecturers to deliver courses: teaching them how to use smartphones, take care of their health, etc. However, in fact, this service station is not operated for the charitable purpose. In fact, the manager cared little about delivering welfare services for elderly people. He showed hostility that he has to meet government’s requirements for allowing him to operate this community.

**Manager E:** “At first, I feel excited to get this chance because our company can get valuable land resources in the community for free. However, then I found out we have to finish so many government’s requirements.”

As we have found out, it is impossible for the Community E to reach the economic sustainability if the manager follows the state’s instruction. However, surprisingly, we have found out that the manager has adopted cherry-picking strategy: this elderly service station, in fact, paved the way for him to test the market’s response.

**Manager E:** “It is impossible to gain generous profits from these basic services. Elderly clients are grown up in the Mao’s era, most of them have virtue of thrifty and they are quite concerned about the cost performance of products. However, this is not what I should focus on. Through the up-front investment, this service station created a steady buzz of elderly people. This enables me to test the potential of the market and cultivate some high-end customers. I lose money for operating this service station, but if I successfully established a reputation among the high-end customers, the market will, in the end, pay me back.”

Then, what are the “profitable parts” that the manager is really concerned about?

**Manager E:** “In my mind, this elderly service station should work as a platform for the elderly people and service providers. I have relational resources with lots of service providers. If I could identify some elderly clients and introduce them to service providers, I could learn profit from kickbacks. You see, now I have identified some rich elderly customers, and I introduced them to a music concert held by my friends. Now, elderly people are gradually becoming rich, and they have much free time. However, they do not know what they want, and they are willing to pay what they have never experienced, this market is largely unexplored.”

Also, this public-private partnerships bring the manager much closer to the government officials; this provides the convenience for further collaboration.

**Manager E:** “When doing the business in China, you must be aware that you are living in a state-run society. If you can get preferential treatment from the government, you can maintain your competitive advantage over other market providers. Although I have lost some money, I managed to help the government officials to finish their annual report back to the municipality. The government will pay me back in another business project.”

In conclusion, we can see clearly that for community E, the welfare provision is only a means of the testing market and establishing rapport with government officials, not for aim of social sustainability. The government failed to supervise the market providers, preventing them from adopting the cherry-picking behavior. What is worse, market providers still want to further shift their financial risks to the government. The government is forced allow more “freedom” for market providers to operate.

**Government Official E:** “Now we often receive lots of complaints from the market providers. I understand that these welfare services are not profitable for operating. We decided that the market providers should have more freedom of deciding what is needed for elderly people.”

## Institution F.

Because of the public involvement for providing the real-estate, fees-charging in institution F are much lower than normal elderly real-estate projects. The price lists are listed (Table 8). When compared to Table 7- a price

list for institution C, we can see clearly that the price is significantly lower. Also, Service quality can be significantly improved without charging a high price. According to the introduction of the sales assistant, the institutional F has well-equipped hardware facilities, such as table tennis, billiards, Ping-pang, calligraphy and painting room, supermarket, and swimming pool. Even the hot springs are open to elderly people living there for free. Lots of services are free. For example, there is a hair cutting and pedicure service, cleaning service every week, etc.

Housing Types		Residence area	Deposit/person	Monthly fees
Self-care housing section	Regular Houses (2411-2441)	Single bed	5w	3480
		chartered room	10w	6300
	Special-shaped housing (2410)	Single bed	5w	3730
		chartered room	10w	6800
	Double Room	Single bed	5w	1350
		chartered room	10w	4000
	Triple Room	Single bed	5w	1200
		double bed	5w	2500
		chartered room	10w	4800
	Four-bed room	Single bed	5w	1350
double bed		5w	2900	
chartered room		10w	5800	
Semi-self-care housing section+ Failed housing section	60.5m <sup>2</sup> apartment	Single bed	5w	5710
	80.5m <sup>2</sup> Apartment	Single bed	5w	7620
	90.5 m <sup>2</sup> apartment	Single bed	5w	7920

Table 8. A Price List for the Living Cost in Institution F

However, I argue this public-private partnership project fail to identify the spatial coverage: elderly people who are really in need of care are not excluded.

(1) Judging from the price list, this monthly fees are still significantly high for the commoners to afford. This means that most of the migrant workers, disadvantaged elderly people do not have financial capacity to afford.

(2) There are few real-estate projects with such high-cost performance. People have to queue in a very long line to enter into F institutions. However, there are not a selection criterion, care provision is established on first-come, first-served basis. Based on our observation, the majority of people living in the institution F are in a good health condition; they come here just for a comfortable retirement life.

**Elderly People F.** "Life is quite comfortable in Institution F. There is no need to worry about the family chores; such as preparing for three meals every day. Besides, I can meet lots of interesting elderly people there and explore the possibilities of life. There is no worry for me, because my husband has passed away and our adult children now live aboard. I sell my house in Beijing to have enough money living here; I change the institutions once a year to experience different ways of life."

In conclusion, because of the vague policy target, no one holds accountable for the sustainable care provision. Lower-tier government merely provide the vague directive orders and contracted out elderly care facilities to market. They have a heavy reliance on market, hoping the market can provide expertise and financial resources to come up with innovative strategies. Thus, in practice, the market always take the initiative, but they consider

little about care. Because of the vague policy target, market providers cannot find a return on their investment; they shift the risk to the government, and adopt the cherry-picking strategy.

This conclusion needs a small adjustment. **There are some occasional cases that public-private partnerships became successful. That requires the efforts from both the public sector and private sector:** they are not only behaving as a cold rational man pursuing the “interests,” but also there should be “emotion” or “love” involved in entering into this field. The following two quotes are good examples to illustrate this argument:

**Scholar G:** “Now, the quality personnel of the government officials has been improved significantly. Lots of young university students are recruited through the fierce competition of entrance examination nationwide. They are young, and they are willing to do something to realize their aspirations.”

**Market provider G1:** “Last year my father had cancer and passed away. This is a huge shock for me. I notice that most elderly people are poorly treated and cannot enjoy their last course of life. This is the reason that I choose to enter into this field...The outlook of elderly care is not clear in China, and we have to take the huge capital risk. If we are only concerned about making money, we can choose to do something else.”

**This thesis will use Community G as an example to illustrate this occasional success:**

Community G had a small-sized nursing home in the community. Service area is 500m<sup>2</sup>, originally designed for 23 beds. In real practice, an office occupies some spaces, and 19 beds are operating. The occupation rate is 90% because the government wishes a few beds could serve as the temporary use. According to the sales assistant, people pay monthly fees ranging from 3600-5000RMB/month, including a full membership, meal delivery costs, and basic nursing care. Community G has achieved the sustainability purposes. Firstly, there is a high economic sustainability. The market providers have received their return on investment and have already initiated the second-phase project. There is also a high social sustainability, because the service price, albeit quite high, is becoming acceptable for elderly people to afford.

I argue that it requires a joint effort of both the public sector and the private sector to reach the sustainability:

1. There should be active public involvement: government officials are willing to provide resources for elderly people’s care provision in its administrative area. According to the introduction of government officials, the predecessor of Community G was a hotspot restaurant with a potential safety hazard. It has to be removed according to the law. Taking advantage of this humble house in the community, a community-based elderly service station has been established. The additional financial budget has also been added into this program:

**Government Official G:** “Don’t underestimate this small place, it cost lots of money: renovation alone cost 760 thousand RMB, and related facilities cost several million RMB. Also, in the contract of public-private partnership, we will be responsible for the yearly rental costs”.

In fact, this high-end “hardware” has become an envy in other market providers’ eyes.

**Market Provider G1:** “If we can also be provided with land with such large size (500m<sup>2</sup>) as Community G, we can directly copy their business model of a small nursing home in the community. That would be highly profitable!”

2. Market providers should provide enough expertise into the public-private partnership. The manager of the Community G is nationally renowned. She was praised by her colleagues for her superb management skills.

**Market Provider G2:** “You should learn a lesson from how (the manager of Community G) operates this nursing homes! Not every nursing home project in China is profitable. Lots of nursing homes in China have very high occupied rate, but look at her projects: they always received a welcome from elderly clients.”

### 4.2.3. Participation link

In fact,  $CL_{ij}$ -the individual's expectations of what he/she can receive is quite low.

**Elderly people H1:** "What is care? I only wished that the Communist Party provide me more generous pension scheme. I can get more money every month."

**Elderly people H2:** "Most of them are grown up in the Mao's era. I am quite used to the hard lives. I do not expect much; I only wish that the Communist Party can manage three meals a day for me. That is enough."

However,  $OUT_{it}$  is even lower : the Communist Party has left a quite heavy historical burden for merely focusing on economic growth. Most of the elderly Chinese people are uneducated (below the college degree) and fail to keep up with the rapidly changing society. Facing the overwhelming market economy, a large number of elderly people were wary and distrustful; disposed to avoid new-born things. In a consultative authoritarianism system, these people's idea cannot be taken into consideration. In practice, I noticed that few elderly people would seriously consider depending on the existing community-based service delivery system. The policy target is vague, and lots of people do not understand national elite's concerns and worries. Few have the interest to keep up with, or even to have an awareness of recent policy changes.

In this case, the level of  $SAT_{ij} < 0$ . Most elderly people have shown hostility towards the "capricious," "selfish" government. They have lost faith believing in the Communist Party-State's determination for providing welfare benefits. It is highly likely that elderly interviewee will be reluctant to answer any questions. The conversation, in the end, would become channels to express their immediate displeasure.

**Interviewer:** "What do you think of ...(e.g. elderly service station, elderly dining table, policy changes, etc.)"

**Elderly people H3, H4, H5:**

"How can you be so naive as to believe in the Communist Party's leaders' words? Did they keep their promise to provide universal "socialist" welfare benefits? Did they keep their promise to arrange the elderly people's life when implementing the one-child policy? Do you think that one day that the Chinese Communist Party would appeal to their conscience one day?"

"Why do I have to care about these policies? This just some fancy words of taking opportunistic actions to gain project findings. This money will, in the end, become corrupt officials' villas rather than our welfare benefits."

"Ok, let us assume that state cares about us elderly people. I was a soldier in Chinese People's Volunteer in the Korean War (1950-1953). I fought against U.S.military for China! Did I receive benefits that deserved my sacrifice? Now, my monthly pension is low. Would the state consider giving me more money to support myself? If the Chinese Communist Party's annual fiscal budget is even not enough to afford a generous pension scheme, why do I have to believe in their nonsense!"

## 5. Conclusion and Discussion

### 5.1. Welfare Regime.

Accompanied by monumental change, adaptation, and transformation of the political economy landscape, China witnessed remarkable transformation of its welfare regime. Understanding its dynamics must rest on the recognition of an economic(authoritative) state dominated by the Communist Party in transition. Four steps of evolution can be identified; each had a different normative division of responsibilities between actors in the care diamond. For a developing country like China, what has been achieved ideologically is quite impressive in such a short period. Looking back to 1982, preparing a presentation was difficult for Chinese national representatives. Three decades later, however, aging has been put to the height of national strategy in both ambition and practice. The Evolutionary history of the political rhetoric: "self-sacrifice"- "Socialized welfare"/ "Elderly support"- "Socialized elderly service" has faithfully recorded elites' exploration. In general, there is a growing awareness of care as a public good for policy-makers.

On the face of it, this Chinese “Communist” country is unique. However, if we focus on the behavior of state, Chinese welfare regime share lots of similarities with its East-Asian neighbors: an authoritative state prioritizing the productive elements in the society. Despite the dramatic changes, the political continuity of the Communist Party enables China to stay within the productivist world. Either the Danwei (state-owned enterprise) or market act as pragmatic tools for addressing the growth orientation in different ways.

Our results show that the weakening stratification effects of the economic state have a huge influence on care arrangements. After 1949, a developmental-particularist welfare regime was established, the stratification effects are high: an economic state directed care activities of families. During the interim period, an old support system was dismantled. However, the political continuity of the Communist Party preserved the nature of economic state behavior; market has been introduced as another means of prioritizing productive elements. Then, with the increasing awareness of aging, a universal pension scheme was established, the state played a directive role alongside market and family. This is in line with the Holliday’s (2000) category of Developmental-Universalist welfare regime. Now, Stratification effects are becoming limited, and China has begun to take the shape of facilitative welfare regime. “Developing elderly service industry” become a signal for prioritizing the market.

In line with Gough and Wood (2004)’s prediction, conservative traditions of familism and statist forces are on the decline. Under the slogan of “small government and big society,” previous socialist legacy have been removed, and more market-friendly policies have been promulgated. Therefore, this paper has witnessed a normative direction of freedom from the politicization: “Fang Guan Fu” reform. Now, the elderly service industry has gone through accelerated development. However, for China, the market is merely introduced as a pragmatic tool without the liberal ideology that individuals deal directly with the market. It is predictable that in the short and medium terms, China will remain its characters of state-run society, although there will be an increasing size and complexity of service providers and fewer stratification effects.

China distinguished itself from other countries, not because of its nature of the economic state, but because it took a unique form of the Communist-Party dominance. The liberal tendency violated the Communist Party’s original promise of providing a universal, cradle-to-grave safety net with generous welfare benefits. There are severe limitations of pursuing ‘socialist’ egalitarianism, which forced ruling party to assume more responsibility. Another thing makes China distinctive is that China occupies the vast territory. It is a subjective assertion to ascribe China into one particular institutional arrangement. Local government has autonomy to decide on a provision structure for elderly people locally. They respond passively to unfunded or unscheduled mandates. This state fragmentation hindered the Communist Party to formulate an integrated national policy.

## **5.2. Localized Care Provision Structure- “Long route of Accountability.”**

Now, the policy at the stage of experimentation and China need to come up with some innovative policies. China, in fact, repeated the strategy of “local corporatism” (Oi, 1995) in the economic reform: national policy makers only provide directive orders; the decentralization of practice went down to level of service providers and community. The market has been prioritized to provide the expertise and financial resources for different practice model. Then, good bottom-up examples will be shared nationally. During fieldwork, I have witnessed lots of “innovative” local experiments. Elderly care provision structure proved out to be rather chaotic and dynamic, taking different forms of public-private partnership.

However, in the field of elderly care provision, this strategy failed to reach dialectics of economic sustainability V.S. social sustainability. Because of the vague policy target, no stakeholders in the “long route of accountability” hold accountable for a sustainable outcome:

(1) Government link: as Li (2013) have argued, there is a paradox for local authorities: Legitimacy V.S. Efficiency. On the face of it, lower-tier government show loyalty to the bureaucratic ethos of “follow the leader.” However, the lower-tier government have an interest in putting the capital to better use locally. They responded quite passively to unfunded or unscheduled state mandates. As Zhou(2008) pointed out, the hidden rule of collusion



is common: lower-tier government even formulate alliances to temporize so that the original intentions of policies are compromised. Vague policy target, therefore, allowed the freedom of different interpretations.

(2) Governance link: As Koppenjan and Enserink (2009) have pointed out: vague policy target brought serious challenges to public-private partnership. Firstly, the government cannot manage the potential risk perceived by the private sector. The private sector shift risk to government and elderly clients. For example: the meal delivery service are forced to open to the public. Secondly, unclear Policy target fails to identify projects that have the potential profit in practice. This paper use day care center as an example: policymakers have the unrealistic expectations of how day care center should work in China. Thirdly, (3) Unclear Policy target fail to manage the scope and externalities of contract. This has brought the cherry-picking strategy from the private sector. Firstly, the private parties restrict their investments to profitable parts of the project (Koppenjan and Enserink, 2009). They use the service station to test the market performance and establish rapport with the government officials. This cherry-picking strategy can also be the spatial coverage. A selection criteria has not been established. Those elderly people who are really in need are excluded from the care provision structure.

(3) Participation link: the vague policy target lower the index of  $OUT_i$ . Most elderly people failed to keep up with the rapidly changing society. They did not understand the worries and concerns of national policy-makers, and they show strong hostility towards the government.

There are some occasional cases of successful outcomes. However, that requires efforts from both the public sector and private sector: they are not only behaving as the cold, rational man pursuing the “interests,” but also there are “emotion” or “love” involved in entering into the field. Their experiences cannot be shared nationwide.

### 5.3. Discussions for Future Research.

The Communist Party is at the crossroads. There is a clear tendency of the staggering economic growth: the double-digit miracle number of GDP growth rate is not sustainable anymore. President Xi Jinping referred this status as “The New Normal.” “The New Normal” forced the Chinese Communist party to find new sources of legitimacy to satisfy the potentially fractious mass constituencies. Now, this powerful state permits the further growth of fiscal budget of promoting “People’s livelihood.” Since the political metaphor “harmonious society” was put forward in 2003, China has witnessed a significant growth of welfare expenditure. Aging now becomes the first groups of universal social programs that have been put to the height of national strategy.

However, our research showed that some serious challenges are testing this giant country. The excessive reliance on the state’s technocratic leadership still exists. It is clearly at odds with liberal tendency of prioritizing the market. The development of a clear accountability is hampered by this hybridity of welfare regime, which is exacerbated by the high fragmentation of state organization. What is worse, there is a very vague idea for policy-makers of how elderly care should be organized. Two major strategies in the early period of economic reform: (1) delegating the power to local government. (2) Prioritizing the market all failed to work in practice. This is because local state respond passively to welfare provision mandate, and market wants the return on their investment.

In the early period of market reform, there is a famous saying by Deng Xiaoping: “To cross the river by feeling the stones.” However, now, Chinese President Xi Jinping has called for “the combination of top-level design and local innovations in comprehensively advancing the country’s reforms.” Now, the conservative traditions of familism and work-unit are in the rapid decline, but there is a rapidly aging society in China. Since the social reform was not introduced in the earlier developmental phase; policy-makers and researchers are not entirely prepared for the coming aging crisis. This grim situation of elderly care crisis requires a desperate need of clear “top-level design.” That opens up the way for future researchers:

(1). There should be a clear positioning for policy target (What? and Where?). Literature has pointed out high residential segregation in Chinese cities. This is because, after market reform, previous collective residence in the same state-owned company disappeared. There is a heterogeneity of the residential structure based on

affordability (Heberer & Göbel, 2011; Zhou et al., 2015). Thus, the level of care should be tailored to the needs and affordability of community associated with different social-economical-culture background.

(2). There should be a very clear definition of accountability relationships between actors (Who?). This requires an understanding of perceptions and resources available for stakeholders within “long route of accountability,” as well as the rules and trust between them.

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## 7. Appendix:

### 7.1. National Political Documents

Seven-year Plan Outline for the Aging Work Development in China (1994-2000)	1994
The Ministry of Civil Affairs (Civil Affairs [1999] NO.19)	
The Ministry of Civil Affairs "Interim Measures of socialized welfare institutions management"	1999
State Council (State Council [1999] No.22).	
Notice on establishing the Aging Committee	1999
The Central Committee of the Communist Party and the State Council (CPC [2000] No.13)	
Decisions on strengthening the work of Aging Issues.	2000
State Council (State Council [2000] NO.19):	
Opinions on Accelerating the development of socialized welfare system	2000
The Ministry of Finance (Finance [2000] No. 97):	
Notice on tax incentives of the aging institutions	2000
10th "Five-Year" plan for the aging-related Work (2001-2005)	2000
The Ministry of Civil Affairs. (Civil Affairs [2001] No.145).	
Notice on implementation plans for the community-based elderly welfare service -Star Light Project	2001
The Ministry of Civil Affairs. (Civil Affairs[2004] NO.55)	

Opinions on post-project management of Star Light Project (end) The Ministry of Civil Affairs. (Civil Affairs [2005] No.170).	2004
Opinions on supporting social forces to set up welfare institutions White Paper [2006]. The White Paper on the development of Aging Affairs in China	2005 2006
11th Five-year Plan for the aging-related Work State Council (State Council [2006] No.6).	2006
Opinions on Accelerating the development of Elderly service industry Aging Committee (Aging Committee [2008] No.4).	2006
Opinions on Accelerating the development of Home-based Elderly Support The Ministry of Civil Affairs (Civil Affairs [2012] No.129).	2008
Opinions on encouraging the private capital into the Elderly service industry State Council (State Council [2013] NO.35)	2012
Opinions on accelerating the development of Elderly service Industry The Ministry of Civil Affairs (Civil Affairs [2013] NO.48)	2013
Measures for the Registration of Elderly Institutions The Ministry of Civil Affairs (Civil Affairs [2013] NO.49)	2013
Measures for the Administration of Elderly Institutions The Ministry of Land and Resources (Land and Resources [2014] No.11)	2013
Opinions on the land provision of elderly service facilities The Ministry of Commerce/Civil Affairs. (Commerce [2013] NO.67)	2014
Notice on the matters of concern to Hong Kong and Macao investor of establishing for-profit Institutional services for the elderly and disabled State Council (State Council [2013] NO.40)	2013
Opinions on accelerating the development of Health industry The Ministry of Civil Affairs/ Commerce (Commerce [2014] NO. 81)	2013
Notice on encouraging foreign investors of establishing for-profit elderly Institutions The Ministry of Education (Education [2014] NO.5)	2014
Opinions on accelerating the talents cultivation in elderly service Industry The Ministry of Civil Affairs (Civil Affairs [2015] NO.33);	2014
Opinions on encouraging private capital to participate in elderly service industry. The Ministry of Civil Affairs (Civil Affairs [2017] NO.25)	2015

## 7.2. Local Political Documents

Civil Affairs Bureau [Beijing]. (Beijing Civil Affairs [2003]) Notice on Accelerating the construction work of the “Community-based Star Light Project” Civil Affairs Bureau [Beijing]. (Beijing Civil Affairs [2006])	2003 2006
Notice on Financing elderly welfare service facilities (star light homes) in remote mountainous regions Aging Committee [Beijing]. (Beijing Aging Committee [2009] NO.104)	2006
Notice on Nine-Support Project of Home-based Elderly Support in Beijing Aging Committee [Beijing]. (Beijing Aging Committee [2009] NO.504)	2009
Notice on Implementing Nine-Support Project of Home-based Elderly Support in Beijing Aging Committee [Beijing]. (Beijing Aging Committee [2011] NO.113)	2009
Opinions on Accelerating the work of providing psychological comfort to elderly people Aging Committee [Beijing]. (Beijing Aging Committee [2011] NO.121)	2011
Notice on Pilot Projects of Standardizing “Elderly Dining Table” projects Aging Committee [Beijing]. (Beijing Aging Committee [2011] NO.149)	2011
Notice on providing subsidies to elderly people (>95 years old) on medical care Aging Committee [Beijing]. (Beijing Aging Committee [2011] NO.151)	2011
Notice on regulating (Interim) the service units of Home-based Elderly Support in Beijing Aging Committee [Beijing]. (Beijing Aging Committee [2011] NO.236)	2011
Notice on supervising the projects of Standardizing “Elderly Dining Table” projects Aging Committee [Beijing]. (Beijing Aging Committee [2012] NO.22)	2011
Notice on regulating the Money use of Allowance of the “Elderly Dining Table” and Day Care Centers Aging Committee [Beijing]. (Beijing Aging Committee [2013] NO.42)	2012
Notice on the equipment and the use of “little-helper” electronic devices Aging Committee [Beijing]. (Beijing Aging Committee [2013] NO.175)	2013
Notice on operating subsidies of the senior citizen’s care centers Aging Committee [Beijing]. (Beijing Aging Committee [2013] NO.188)	2013
Notice on the joint inspection of home-based elderly support service units who received bonus in 2012 [Beijing]. (Beijing Aging Committee [2016] NO.07)	2013 Aging Committee
Notice on Supporting Ten Care Policies Aging Committee [Beijing]. (Beijing Aging Committee [2016] NO.08)	2016
Opinions on establishing elderly service station Aging Committee [Beijing]. (Beijing Aging Committee [2016] NO.291)	2016
Notice on implementing strategies of “Opinions on establishing elderly service station”	2016