CP² Week 11: Social Protection and Redistribution

Dr Chao-Yo Cheng

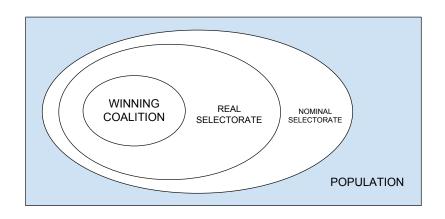


Motivation: Returning to the dictator's dilemma and handbook

- ▶ Wintrobe 1989: Contrary to the popular belief, the use of repression can be counter-productive for dictators, usually dictatorship operates through political exchange (co-optation)
- ▶ Bdm et al 2002: The key to political survival is to properly manage the "3-D Politics": **Nominal selectorate**, **real selectorate** and **winning coalition** through reshuffling and redistribution



Recap: Relative size of real selectorate and winning coalition is important







POLITICS

Who Gets What, When, How

BY HAROLD D. LASSWELL

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Why social protection matters in authoritarian regimes and beyond

- Selected distributive allocations of goods and services can contribute to political survival
- Depending on their preferences and the expected returns, politicians may have incentives to focus on
 - The swing or the core voters in the elections (Dixit and Londregan, 1996)
 - The poor, because the arranged transfers will create the largest marginal utility (Diaz-Cayeros, Estevez, and Magaloni, 2015)
 - The urban population, because they are in a better position to mobilize against the regime and autocrat (i.e., urban bias)
 - Ethnic minorities so as to appease separatism sentiment
- Dictators follow a simiar logic (Magaloni, 2006; Blaydes, 2011; Mahdavi, 2015)

"Social Policy in Developing Countries" (Mares and Carnes 2009)

Table 1 Regime type at time of first adoption of social insurance policies, by region*

Region	Regime type	Old age	Disability	Sickness	Unemployment	
Latin America	authoritarian	12	16	13	0	
	democratic	2	3	1	3	
Advanced industrialized nations	authoritarian	7	8	7	2	
	democratic	15	14	13	19	
Eastern Europe	authoritarian	9	7	8	2	
	democratic	0	2	1	2	
Africa	authoritarian	3	4	3	1	
	democratic	0	0	0	0	
Middle East	authoritarian	5	8	3	-	
	democratic	1	0	0	-	
Asia	authoritarian	4	9	2	_	
	democratic	2	2	3	-	
TOTAL	authoritarian	40	52	36	5	
	democratic	20	21	18	24	

^{*} Sources: Flora & Heidenheimer 1981; Mares 2005a; U.S. Social Security Administration, Social Security Programs Throughout the World, various years.

Three models of social protection in China (Solinger 2015)



- ➤ To extend assistance to accord with social citizenship rights (or to fulfill the Confucian concept of the rite of benevolence)
- To offer subsidies to attain support or to pacify anger and silence demands from the poor
- ► To grant benefits (education, health care) to enhance the nation's productivity



Case study

- ► Health care
- ► Poverty reduction
- ▶ Responses to the Covid-19 crisis



Poverty alleviation

- Poverty alleviation started as a national campaign in the early 1980s and its changes since then can reflect the evolution of the Chinese administrative state
 - 1980s: Work-for-relief programs and allocation of tangible goods
 - 1990s: Fiscal transfers to and between local governments
 - 2000s: Campaigns moving to targeting villages
 - 2010s: Campaigns moving to targeting households
- ► How should we understand these changes?







Managed Campaign and Bureaucratic Institutions in China: Evidence from the Targeted Poverty Alleviation Program

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ABSTRACT

In the reform era, the Chinese state often resorts to managed campaigns to implement important policies. This article examines how managed campaign influences the mode of bureaucratic operation in China. Avoiding a simplistic dichotomy between campaign mobilization and bureaucratic institutionalization, this study unpacks the Weberian bureaucratic concept and shows that some core dimensions of the model are compatible with managed campaign. While the pressure of mobilization tend to compromise functional differentiation and strict adherence to stable rules, they can reinforce other dimensions such as top-down control in a multilevel hierarchy and procedural integrity. The Chinese Communist Party (CCP) has configured the bureaucracy to serve its organizational and political needs, resulting in a mode of operation that partially conforms to the Western standard of public administration.





Abstract

Despite the rapid decrease in poverty across the developing world, there have been few attempts to analyze the implication of poverty alleviation on regime legitimacy. Bridging the literature on poverty alleviation and political trust, this analysis examines the mechanisms through which poverty reduction affects trust in local elected and appointed officials. Using an original survey on the Target Poverty Alleviation campaign in China and causal mediation analyses, we find that beneficiary status is positively associated with political trust. The perception of anti-poverty governance quality, rather than economic evaluation, is the mediator through which beneficiary status affects political trust. Moreover, the intensified non-formalistic elite-mass linkage developed in the poverty alleviation campaign enhances political trust through the improvement of perception of governance quality. These findings have implications for mechanisms through which poverty reduction affects political trust and the type of political linkage that sustains regime legitimacy.



JJPS

RESEARCH ARTICLE

Poverty alleviation and state building in peripheral areas: evidence from China

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Abstract

The literature suggests that the distributive allocations of local public goods help politicians secure support and thus contribute to political survival. We argue that the selective assignment of state-led infrastructure projects can bolster political control in peripheral areas by inducing the government's investment in essential administrative and security apparatus for project implementation and long-term state building. Drawing on a unique county-level dataset, we study the effects of poverty alleviation transfers in Xinjiang. We find that poverty alleviation was associated with significant increases in government spending on public management and security. In contrast, these alleviation transfers had a small and ambiguous effect on increasing agricultural production and reducing ethnic violence in the province. Our findings highlight the importance of comparing the capacity and welfare implications of distributive politics, as fiscal subsidies may change the actions of the leader's local agents more than altering the behaviors and attitudes of those who may benefit from these transfers.

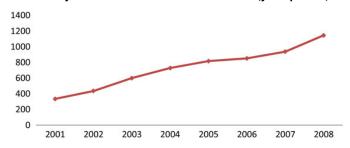


Health care

- China provides a variety of health insurance plans for Chinese citizens, to name a few:
 - Urban Employee Basic Medical Insurance
 - New Rural Cooperative Medical Insurance
 - Urban Resident Basic Medical Insurance, which did not depend on employment status



Figure 2: Generosity of China's Social Health Insurance (yuan/person)

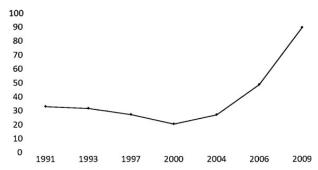


Source:

NBS and MOHRSS 2001-2009.



Figure 1: Coverage of China's Social Health Insurance (Percentage of Total Population)

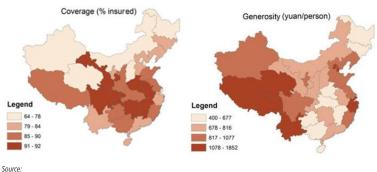


Source:

NBS and MOHRSS 1991-2009.



Figure 3: Subnational Variation in China's Social Health Insurance (2007–2010)



urce: MOHRSS 2009–2011.



Table 4: Determinants of Social Health Insurance Coverage and Generosity

	DV: Coverage			DV: Generosity		
	(1)	(2)	(3)	(1)	(2)	(3)
Labour mobility	.704***	.498***	.183	4.786	4.539	6.859**
	(.158)	(.115)	(.123)	(4.194)	(4.037)	(2.731)
Dependency	.387	.289	.432***	4.430	7.029**	3.538
	(.315)	(.266)	(.143)	(3.469)	(3.228)	(3.382)
Fiscal resource	.003***	.003***	.001	.056***	.055***	.049***
	(.001)	(.001)	(.001)	(.020)	(.015)	(.013)
Log (GDP pc)		23.899***	15.859***		5.006	159.331**
		(5.971)	(3.943)		(71.390)	(74.837)
Urbanization		263***	312***		2.048***	1.981
		(.044)	(.074)		(.649)	(1.509)
BINT		1.221	.669		.746	-7.210
		(.821)	(.446)		(10.452)	(14.257)
Lagged DV			.757***			.249***
			(.089)			(.079)
Year dummy	Yes	Yes	No	Yes	Yes	No
Province dummy	Yes	Yes	No	Yes	Yes	No
R-squared	.942	.950	.837	.854	.856	.677
N	342	342	307	353	341	313

Notes:

Results are estimated using cross-section-time-series regression model with panel-correction standard errors (PCSEs); standard errors are in parentheses. To economize on space, values of intercept and year/province dummy variables are not reported.

****p < .001, ***p < .05, **p < .1.

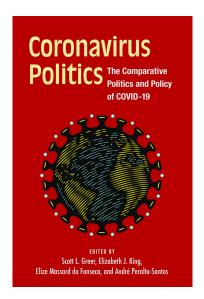


China's responses to Covid-19: Xi as a leader (Yuen Yuen Ang 2020)

- ▶ Yuen Yuen Ang 2020: China under Xi has displayed both strengths and lethal shortcomings in handling COVID-19
 - Successfully mobilized a strong national response once the paramount leader gave the green light to act
 - Lack of transparency and Xi's initial inaction delayed decisive measures to curb the intial outbreak



China's responses to Covid-19: China as a Leninist state (Victor Shih 2021)



- The initial information suppression, the party largely succeeded in preventing the spread of not only information but also panic about COVID-19
- The Leninist mobilization with the help from the co-opted civil society contributed to effective containment
- The responses vary significantly across the country and show its inability to address challenges faced by both the urban and rural vulnerable population and migrant workers.





Government-Led or Public-Led? Chinese Policy Agenda Setting during the COVID-19 Pandemic

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ABSTRACT This paper compares government-led agenda and public-led agenda setting during the COVID-19 pandemic in China to investigate whether or not the pandemic enhances the government's role in agenda setting. Within-case comparison, aided by big data analysis and case study, finds an overall public-led pattern of agenda setting in China, and a mixture of government-led and public-led agenda setting during the pandemic. It is also found that Chinese government bodies pay attention to and are responsive to citizens' emotions expressed through social media.

Keywords: agenda setting; social emotion; government-led agenda; public-led agenda; social media



7-Day Cumulative IRFs: Predicted Issue Responsiveness Across Groups 2020 2020 2020 Centre Provinces Prefectures Centre -Provinces -2.54 1.54 2.93 Prefectures -1.5 Impulse Sources 0.0 0.5 1.0 1.5 2.0 3 ò ż 2021-2023 2021-2023 2021-2023 Centre Provinces Prefectures 0.11 Centre · 0.16 Provinces --0,04 Prefectures --0.25 0.00 0.50 -0.2 0.0 0.2 0.0 0.1 0.2 0.3

90% Significance ○ No • Yes Shock - One-time - Permanent Figure 2: Policy Interaction Across Different Government Levels

7-day responses (in percentage points)

0.25



Concluding remarks: Inequality is a political weapon

- Social protection and redistribution contribute to authoritarian survival, and yet the mechanisms can vary, depending on the targeting beneficiaries and the type of resources being allocated
 - Distributive allocations can involve the combination of particularistic and local public goods
 - Distributive allocations can help with political control, both in terms of coercion and co-optation
 - Distributive allocations can yield micro- and macro-level political implications
- ► China's gigantic welfare state may be overshadowed by foreseeable economic challenges
- ► The politics of social protection and redistribution may further question the conventional democracy v autocracy divide