

## CHAPTER 6

# Pension issues, state governmentality, and falsified compliance in a comparative perspective

Armed with an extensive understanding of its subjects, the modern state is like a DJ on stage before a mass audience, wielding a mixture of tools and tones to affect people's emotions, interests, desires, and actions. These tones can be used both individually and simultaneously, and they can also be tailored for distinctive social groups. The analytical model I proposed of the state's strategic governance highlights the ruler's general design, which is constantly updated in light of its understanding of the current situation, the public, and its own objective, otherwise known as its 'governmentality'. This covers the many types of statecraft that can be used by a modern state to generate compliance: constructing social knowledge through propaganda and education, or manipulating information; building consensus through policy experimentation; or using interest exchange to buy off the population. The state may also use coercive approaches such as censorship and force to maintain a compliant surface.

Under the constraints of state capacity and information demand, tolerant and intolerant approaches are strategic substitutes for the ruler, limited by specific capacity at any given time; these approaches strategically complement one another to elicit information from the people. Individuals' objective is to optimise their personal situation, making choices in response to the statecraft that they encounter. In a situation where active counter-conduct such as rebellion, protest, and appeals are not possible, individuals may still use cognitional counter-conduct, such as falsifying their public compliance. Facing changing parameters – such as changing social and economic patterns of distribution and actors' strategies – their interactions adjust accordingly.

The relations between the hypotheses in Figure 1.1's 'thought map of compliance typology and respective statecraft' has thus been filled out empirically and

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theoretically in intervening chapters. I begin this concluding chapters by giving a synoptic summary of these findings. The second section looks more widely (if necessarily briefly) at whether China's case is *sui generis* or whether it shares important features with other modern non-democratic regimes.

### 6.1 Government and legitimization issues in China

By investigating the trajectory of pension reforms in China, Chapters 2 and 3 showed how, when the government was promoting a retrenchment reform under economic pressure, it reallocated resources strategically in order to maintain reasonable compliance from the whole population. Looking in detail at the variations in the timing, direction, and content of the reform together created a holistic picture of the government's general design of welfare differentiation. By changing the practice of welfare provision and adjusting the definitions of 'privileged' and 'marginalised' among the recipients, the state lifted from its shoulders the heavy burden of funding the beneficiaries of the old welfare system, and also created new bases of support from social groups that required less in the way of financial investment. In step with the welfare reform, the government used official propaganda to promote the principles of 'contribution and rewards' and 'rights and obligations.' The knowledge of such concepts as the 'socialised self', 'fairness in social redistribution', 'contributing to the general good', and so on, was designed at different stages, tailored for different target groups, and aimed at different reform targets. During the process, the state evaluated various social groups on the basis of their membership, the value they could contribute to the state's legitimacy, and the resources they could bargain with. Individuals' personal lives were also gradually socialised and initiated into a broader system, one in which only self-motivated, self-regulated, and prudent citizens deserved respect from society.

The specific statecraft tools identified in Chapter 4 were policy experimentation and propaganda, combined in the reform of the social insurance scheme for elderly enterprise employees. To promote the reform and ease the anxieties of the target population, the state took a moderate approach and experimented with the new regulations in selected regions, allowing enough space for 'trial and error.' Meanwhile, official newspapers played the important role of buffering the negative effects that might have resulted from implementing new and unfamiliar policies. In addition to addressing the strategies that were used, Chapter 4 also asked whether these strategies were successful in changing the public's attitudes to the reform and the state. Using causal inference methods I showed that the government's strategies had mixed effects. A dynamic governmentality (using policy experimentation) was designed and adjusted by the state so that the boundary between 'public (state)' responsibility and 'private (individual)' responsibility was redrawn. Yet Chapter 4 also presented a crucial flaw in state governmentality: the complexity of its constitution and dependency

on past tactics risked causing a mismatch between policy experimentation and local propaganda, and other simultaneously used tools, creating an important gap for people's cognitions to break through. People are capable of identifying potential inconsistencies in the state's governmentality, and their reflections on these flaws may result in a serious challenge on the state's legitimacy.

In the qualitative analysis in Chapter 5, I moved back up from considering pension reforms per se to investigate the broader issues of falsified compliance in China's population, exploring how it may be feasible identify its existence, variations, and implications for people's actions and for the long-term legitimacy of the state. Falsified compliance comes about in a coercive environment where people's common sense somehow does not match the external scenario constructed by the authority. It should be noted that the state may not necessarily be using observable threats at the time, because the prospect of pressure can effectively be inferred from historical events and reputation. The coexistence of 'the state as a moral icon' and 'the state as benefit provider' in Chinese political culture has presented a differentiated compliance falsification towards different representatives of the state. My exploratory account also pointed to a mismatch in people's political knowledge: although they may seem self-contradictory, private political knowledge and public political discourse sometimes run along different tracks. Many people choose to tolerate discrepancies without further questioning the persistent occurrence of disconnection and discontinuity. Individuals' tolerance regarding the inconsistencies in their knowledge and everyday lives acts as a buffer absorbing external shocks from the political apparatus and preserving some private space.

From the qualitative evidence, many Chinese people seem to be pessimistic regarding any kind of political participation. However, some people are still keen to preserve their awareness, consciousness, and rationality, in spite of the pressure from the state and society. These people's reflections on individual life choices, the state-individual relationship, and sometimes the subjectivity that they present every day can empower positive counter-conduct. It can turn into actions such as emigration (people voting with their feet) or active political participation at the level of local communities (local elections, public hearings, etc.). Moreover, when the manipulation of popular opinion reveals flaws and leads to severe distrust and falsified compliance, it may lead in the long run to a serious challenge to the legitimacy of the state. An active state, however, will register the changes, readjust its understanding of the current scenario, and improve its tactics before the flaws end in a 'cascade'.

In theoretical terms, governmentality is pictured here as an interactive relationship, involving diverse means directed to population compliance as the outcome. In regimes where liberal democratic processes for producing normative legitimacy are weak or imperfect, using governmentality to maximise various types of compliance from the public helps the regime to survive. Compliance as the objective of state governance here represents the condition of no public non-compliance, or, more specifically, no collective public non-compliance.

The umbrella concept of ‘compliance’ used here covers many possible sources of legitimacy built up through individuals’ expectations and judgement based on experience and the information in existing studies. For instance, Weber distinguished between three ideal types of authority – traditional authority, charismatic authority, and legal-rational authority – as bases of the legitimation of power in modern states. Gramsci talks about ‘consent’ from the dominated population, which can be generated by civil society. Legitimacy can also be secured by the state’s socio-economic performance.

These different sources of ‘legitimacy’ do not exclude each other but may coexist in a regime. Essentially, belief about the state’s right to rule is a synthetic thing based on people’s cognition and their perceived information, or, to borrow a Foucauldian term, based on a person’s choice to ‘*disposer*’ (or dovetail/organise/make dispositions about) the external factors. Individuals choose whether or not to offer compliance to the state authority according to their disposition of external information, personal experience, and aspirations. In this way, the individual story of ‘belief’ and ‘consent’ dovetails with the state story of ‘compliance from the population’ and ‘legitimacy’.

With compliance as the state’s aim, governmentality works as the means whereby the state – through information management, benefit distribution, and coercion, among many other approaches – maintains its rule over the population. Scholars have examined various tactics used by the state and emphasised the value of ‘coercion’ for generating passive compliance in non-democratic regimes. However, as clarified in Chapter 1, the state is an active actor that can take opportunities to enhance its rule by managing the trade-offs between opportunities and challenges when dramatic social change presents them. Moreover, its governmentality is not isolated but is part of a comprehensive design. I discuss the sophisticated tactics used by the Chinese government and its dynamic adjustments to cope with the challenges in its reform process. The skilled use of policy experimentation, in particular, exemplifies the idea that governmentality is a process with careful design and the authority has a strong consciousness of ‘feed-forward’ in its policymaking (Schneider and Sidney 2009).

Where does individuals’ subjectivity fit within the grand structures of ‘state theory’? Throughout the four empirical chapters, we have seen how the government manages to objectify the population with well-calculated welfare reform, political status-based reallocation of benefits, and strategic use of rationales from tradition, culture, communist rhetoric, and economics. Individuals struggle with the subjectivity imposed by the state and external society. Their counter-conduct can take shape passively, through falsified political attitudes when fear persists and information is controlled and manipulated by state power. However, reflections on the state–individual relationship can be seen in the population and collective reflection is sometimes possible. This recalls Foucault’s words about the counter-conduct of people:

Probably the principal objective today is not to discover but to refuse what we are ... We have to promote new forms of subjectivity while refusing the type of individuality [more like 'collectivity' in China's case] that has been imposed on us for several centuries. (Foucault 1982, p. 785)

My analysis of China's pension reform has addressed the trajectory and rationale of the reforms with a methodological approach combining the holistic and the positive (Durkheim et al. 1938) with individualism and understanding (Weber 2017). The holistic and positive approach – in particular, comparative historical analysis, in the broad sense – focuses on the structure and involvement of the institution and interprets social facts in their historical context in order to understand the reasons for their emergence or change. This approach assumes that institutions or events unfold over time and in time. Therefore, features such as the length of the events and the timing of the appearance of the events affect the outcome or turnover of social facts. Studies following this tradition highlight processes over time, employing systematic and contextualised comparison (Mahoney and Rueschemeyer 2003). This analytical approach is commonly used in social policy studies (such as Esping-Andersen 1990; Flora 2017) to identify the reasons for, differences in, and outcomes of social policies/programmes. In this book I have traced the design of governmental programmes, sorted out the proposed timing of the reform and duration of the pension policy schemes for different social groups, and compared variations such as their generosity, coverage, and fairness. More importantly, I have set all these features in their own historical context and addressed their motivation as driven by other social and economic reforms at the time itself.

The other face of analysing governmentality is 'man' and the 'things' attached to 'man' (Foucault, 2009). A sophisticated design of statecraft draws from the state's understanding of individuals' possible choices and the possible formats of collective behaviour. In this sense, the approach of methodological individualism is useful for addressing the details in statecraft, such as why specific information is emphasised in a certain policy, or why certain types of public knowledge are blocked but not others. Individualistic analysis also confronts comparative historical analysis, by highlighting change in people's cognitional mode, people's expectations of others, and the way that these in the long term put pressure on institutional change in their turn. The individualistic approach that can address the connection between institutional reforms and individuals' cognitive reorientation is also important in investigating people's choice to report or conceal compliance/non-compliance in public or in private, as suggested in Chapter 5.

My work shows that methodological approaches are tools with which to investigate questions that are thrown up by social facts. With appropriate design and modification, different approaches can complement each other

in answering the research question. Sociology has long debated the tension between ‘understanding social action as a product of interest-motivated, conscious choices by actors [and] as a product of normatively-constrained, habitualized responses’ (Hinings et al. 2008, p. 486). My approach of treating the range of actors’ choices and behaviours (Tolbert and Zucker 1996) in reaction to different socio-economic/historical situations as a multidimensional space is helpful for shedding light on complexities so long as the researcher can specify the details of these situations.

The substantive puzzle that motivated this research is the Chinese government’s active effort to grasp the opportunities presented by social change, while using governmentality to avoid fundamental challenges from the population. As my empirical evidence showed, the risks of leading a reform can largely be addressed by the state’s constantly adjusting design of statecraft. What can also be figured out from the past 40 years of reform in China is that the Chinese government placed a considerable bet on rapid economic development as a way of maintaining its rule. Visibly enlarging the cake for all to share not only increased the state’s ability to allocate social and economic benefits but also enhanced its capacity to issue propaganda and monitor information, imposing censorship and threats.

If economic growth declines, therefore, it can be dangerous for the state, pushing it to adjust and refine its governmentality again. Meanwhile, China’s governance will also change as it suffers more from external pressures, such as the general trend against globalisation, the surging conservatism, increasing ideological polarisation, and more heated conflicts over resources across the world since the late 2010s – as seen in Trump’s administration, Brexit, conservatism across Europe, the US–China trade war, and regional conflicts in the Middle East and Ukraine. This pressure may become heavier because of the tight economic connections with the rest of the world that China has built throughout its opening up and reform. The contemporary period could be a significant turning point comparable to 40 years ago, when the leaders of the Chinese government actively abandoned the socialist package and led the grand social and economic reform.

China’s present situation could bring advantageous opportunities for it to reduce the risks to its governance implicit in any economic deterioration. For instance, as noted above, the modernisation process of Chinese society has been extremely fast-paced. Its transformation from an agricultural society to an industrial society and then to an information society, a process that took Western countries hundreds of years, was compressed into half a century. Such an intense process can be a risk for the incumbent authority, since the ideologies and thoughts of the population must change so fast. However, it can also be an opportunity for the government to manipulate public opinion with the appropriate guidance. As evidence from Chapter 5 shows, even after 30 years of opening up and reform, Chinese society still has no established consciousness or consensus regarding modern ideologies or values. Concepts such as freedom, justice, fairness, and so on are doubted by many people in such a highly divided

society. Many Chinese people still interpret the world with concepts and logics drawn from a traditional or a socialist political culture. Once information and knowledge are controlled by the authority, it can easily lead to the aggravated ‘involution’ of the public’s political ideology. If the government could take full advantage of the population’s characteristics and information asymmetry, it could persuade the whole country to accept any slowdowns in economic growth and believe that the political system of ‘democracy with Chinese characteristics’ is legitimate, needing no fundamental political reform.

Some initial changes in China’s governmentality have already been made. From 2015, there has been a tightening up of political power, an increase in the regulatory power of the party, and a trend towards ‘delicacy social management’ promoted by the government. Taking the ‘delicacy social management’ as an example, a case of city governance in Tianjin shows that the power of the social infrastructure infiltrates into the local community through the party system, mobilised community members, and technology:

Nowadays, Tianjin has expanded the party organisation into the buildings and blocks of the city ... the governance network is coordinated and all parts of the community are actively involved. ‘Network governance’ is not new, but in the past, each department had its own grid – they are all of different sizes. The governance responsibility lies mainly on the local community officials who don’t really have enough energy or specific knowledge of social problems ... Therefore, Tianjin city divided the 16 districts into more than 170,000 grids and recruited specific officials as coordinators ... For instance, Beichen district has become 120 grids, each with one community police officer and three coordinators. Once they see a problem that they can’t solve, they report it to a higher-ranking governance centre and the centre organises the proper department to solve the problem ... There are also communities and villages organising volunteers from the public in order to extend the power of this network governance ... such as the Chaoyangli community. Nowadays [in Chaoyangli] we have 1,382 registered volunteers, comprising 22% of the community population ... Technology is also helpful for Tianjin’s social governance. In addition to the increased number of monitoring units, we have also designed Apps such as ‘Hexi power’, ‘Beijing integrated governance’, and so on, so users can upload pictures whenever possible.’<sup>1</sup>

In addition, further examples of change include official propaganda tending to play the nationalist card more often and more strongly when addressing the international situation; more technology-based monitors used by government, both online and offline; and more barriers imposed when individuals want more information than the state mouthpiece provides. As regards the economic stagnation, the Chinese state has accelerated the pace of its expanding overseas investment and influence in Africa, trying to help the state’s capital to increase and the domestic industrial structure to make the transition. However,

these tactics cannot completely remove the risks of economic deterioration or even collapse and social unrest. They themselves contain the possibility of collective non-compliance that may endanger the authority's rule. For instance, the state's strict preference for social monitoring and sustained social stability may lead to more conflicts when individuals or social groups seek to defend their personal interests. The expansion of state capital may usefully steady the current economy; however, it could also squeeze the space available to the private sector and damage the long-term economic environment. It is still very uncertain which direction the regime will follow and this is open to further academic investigation.

## 6.2 Welfare reforms and state rationales in a comparative lens

China's case is unique in many dimensions (not least the state's huge size), but it is also comparable in other respects to social welfare reforms in other countries. Despite the different political institutions and state capacities, the situations of other governments in rapidly developing countries facing considerable socio-economic transitions are largely comparable in the rationales and tactics considered here. They also try to manage their population and to manufacture compliance (within resource and information constraints). Here too, social welfare reforms (such as new pension models and expanding basic social protection schemes) commonly serve as policy patches mitigating the adverse aspects of key socio-economic transitions in the country – and may bring challenges for both the initiators and the policy receivers.

In spite of the commonly recognised Western belief that it is people's social right to receive social welfare, in practice the policy design of pensions is conventionally fragmented and scattered for various subpopulations. As with all other types of social policies, some levels of fragmentation are inevitable, considering the connection of pension benefits and elderly care with different age groups. Different models of pension policy design that are adapted and promoted by the governments signal varied rationales of governmentality. After 1945, there were two prominent types of pension models – World Bank models and International Labour Organization (ILO) models.

The World Bank models, especially the famed multi-pillars design, lean more towards a rationale of facilitating economic development and efficiency. In 1994 a key report was produced that subsequently shaped pension policies across the globe, *Averting the Old Age Crisis: Policies to Protect the Old and Promote Growth*.<sup>2</sup> This promoted creating pension arrangement based around three pillars:

- 1) a publicly managed system with mandatory participation and the limited goal of reducing poverty among the old, a targeted (not a universal) pay-as-you-go scheme;

- 2) a privately managed, defined contribution pension, with mandatory savings systems for workers/employees; and
- 3) voluntary savings.

The pay-as-you-go defined benefit (PAYG-DB) model advocated in the report has limitations – it will incur high social expenditure, will be unable to tackle the poverty issues of vast numbers of informal employees in developing countries, and will tend to be inefficient for economic development. Within the three-pillar system, the first pillar was designed to be redistributive and limited, while the second pillar would be the main ‘heavy lifting’ scheme for most people. The idea was that an accumulative scheme would be a better choice to cope with the ageing population crisis, while also reducing distortions of the labour market.

By contrast, the other pole of pension debates centred around ILO models, which promoted a universal basic pension plan as key, and leant more towards social justice in design. The ILO advocated a pension scheme that could maximise coverage and redistributive justice (Gillion 2000). It argued that all kinds of mandatory policies, whether in the form of pension or social insurance, will inevitably distort the labour market. Individual pension accounts, as proposed by the World Bank as the second pillar, will work to cause a deterioration in the pension return for low-income participants. Therefore, a wide, inclusive, and generous government-funded basic pension plan was a more desirable strategy, *especially* for developing countries.

Incumbent governments make various shifts on pension models to fit the general objectives and constraints of different stages of their regimes. In the 1990s, a large number of developing countries, including China, took the World Bank model and adapted partial privatisation of pension schemes. In East Europe, the former Soviet Union countries took a similar path of welfare retrenchment, moving away from the former socialist welfare models. The notional defined contribution (NDC) model is another alternative way of dealing with the old unsustainable PAYG-DB scheme, and it has been adopted by countries such as Russia, Poland, Latvia, and so on (Holzmann and Palmer 2006). The Chile model of the funded defined contribution pension scheme was among the most popular ones adopted in Latin America.

These pension reforms certainly helped in improving the fiscal sustainability of governments and adding more saving options for the population, yet they nevertheless failed in many ways. For instance, the reforms generally did not lead to higher coverage and more participants in pension schemes. Considerable transition costs were incurred, which landed on the current generation of workers, and the reforms proved a high administrative burden for developing countries. More importantly, they failed in the redistribution of social benefits because disadvantaged social groups – such as female workers, low-income groups, and people working in the informal sectors – suffered more after the reform. The return rate for the pensioners was also less satisfactory than

expected. In response, in recent years there has been a tide of reversing pension privatisation in more than half of the former privatised countries (Ortiz et al. 2018).

The pension reforms in China from the 1990s extending to 2020 are among the good examples for showing the paradox and complexity of pension models and governmental designs. The Chinese government took the path of the Chile model and the World Bank approach in the 1990s when facing the sustainability issue of socialist pension plan brought by the economic reforms. The integration of individual accounts into the basic pension scheme, beginning in 1997 with the follow-up reforms of fully funding in the 2000s, was planned to increase individuals' responsibility and relieve the burden of pension contributions on the government. Yet, as Chapter 3 and 4 (and much other related research) have shown, the reforms did not achieve what was signed up for. Entering the 2010s, the government started to promote a more inclusive pension plan by expanding pension coverage, reducing contribution rates, encouraging participation, and integrating the urban and rural basic pension schemes. Despite the gestures of enriching the first pillar of the funded national pension scheme, the responsibility split between the state, enterprise, individual, family, and communities is still debatable, as well as the argument about the solutions for the administrative burden and transition cost.

The adjustments of pension models adapted by the governments are not simply about the pensions per se, however. They also relate closely to the more general arrangements of government public expenditure, workforce regulations, tax policies, and many others. Pension reforms cast profound shadows on many political-economic feature of welfare regimes as they appear to citizens, such as social stratification, the degree of decommodification, de-familiarisation, de-clientelisation, and many other criteria that have been commonly used as key configurations of welfare states since Esping-Andersen (Esping-Andersen 1990; Esping-Andersen 1999; Gough et al. 2004; Wood and Gough 2006). A comprehensive investigation of the welfare reforms could reveal not only the design rationales driving specific policies but also the changing welfare regime structure in countries that are constantly adjusting the directions of their social policies.

Decommodification is one key feature for modern social welfare policies and is among the main indexes for social rights measurement. The idea is that social welfare policies should provide the possibility for citizens to 'freely, and without potential loss of job, income, or general welfare, opt out of work when they themselves consider it necessary' (Esping-Andersen 1990, p. 23). In practice, social policy scholars measure decommodification following Esping-Andersen, using variables such as minimum income levels, requirements for pensions, maternity leave, parental leave, educational leave, and unemployment insurance. For instance, for sickness insurance this requirement would mean that individuals were guaranteed benefits equal to (or close to) their normal earnings, and the right to absence with minimal proof of medical impairment and for the duration that the individual deems necessary.

The decommodification index is largely shaped by the socio-economic scenarios of the country and so it might present in very distinctive directions in different sectors of welfare policies and with varied groups of subpopulations. Countries in Latin America and Eastern Europe, like China, experienced large-scale socio-economic reforms entering the 1980s and 1990s. Their radical 'neoliberal-style' economic reforms imposed considerable constraints on the universalised delivery of their social welfare policies. Decommodification decreased markedly for enterprise employees. Their social rights were tied to market conditions to a greater degree, tougher restrictions were applied on eligibility, and caps were put on entitlements. In many other cases, welfare scheme change occurred in the opposite direction, notably with the expansion of pensions into rural areas and informal sector workers in China and Latin America. These changes signalled an increase of decommodification for rural residents and urban non-employed residents, and the realisation of their social rights to a certain extent.

Stratification is another key measurement proposed in Anderson's model classifying the type of welfare states, and it takes in the social structure and the concern of redistribution. It describes the way in which social policy mediates and shapes societal inequalities. In different types and shapes, social policies could shape the social scenario in both designed and unintended ways. For instance, in traditional means-tested social assistance, recipients received confined benefits along with social stigmatisation. Similarly, parallel pension insurance systems in corporatist welfare regimes also promoted class politics, by consolidating labour divisions among different occupational groups and enhancing the privileges of segmented social status. Although universalistic policies are commonly regarded as pushes for equality among the population, they are fragile in the face of the changing demands of social groups, such as the rising middle class in developing nations (Esping-Andersen 1990).

A common lesson about welfare policy reforms (also constantly suggested in this book) is that the policies adopted by the governments are often far from pure ideal types. They do not operate on a single dimension, such as 'expansion versus retrenchment' or 'neoliberal versus solidaristic' (Haggard and Kaufman 2008), but instead use a more mixed set of tools that might feature different designs. For instance, the state may initiate new pension policies in the direction of 'status-distinctiveness', while in the meantime also promoting some expanded universalism in social assistance and also increasing funding for private welfare plans. Despite the difficulty of sorting out how to characterise these social policies in typological terms, we may find some useful clues by considering how social stratification has changed alongside the reforms and what this has meant for various subgroups.

Pension reforms in China have presented a changing scenario in the past 40 years but they have matched the social stratifications promoted by the state. Public sector employees were among the privileged groups as the government employees, yet they have been removed from the core elites camp entering the 2010s. The expanding coverage for informal sectors and rural residents has

increased the egalitarian, inclusive notion in welfare arrangements. The welfare stratification effect demonstrates a mixture of market efficiency reinforcement and communal solidarity building. As explained in Chapter 2, these joint actions created special designs for the government to lead the socio-economic reforms while maintaining reasonable social legitimacy. Structurally speaking, China moved into a hybrid welfare state containing elements of all the three main welfare state models, even before we consider the many longitudinal and subnational differences across the country (Gao, Yang and Li 2013; Ratigan 2017).

Similarly, in other countries that are experiencing transformative welfare reforms, some key stratification corollaries of these policies have been observable – although we would need further justification for causal identifications. At a macro level it has been useful for policy researchers to better capture the structural changes in varied welfare states. Barrientos (2009) identified the changes in Latin America countries where labour market liberalisation and new forms of social assistance shifted the scenario of welfare segmentations. Some progressive universalism was also demonstrated in Brazil and Chile in the 2000s, both countries moved away from basic universalism in areas such as pensions and health care (Barrientos 2013; Dannreuther and Gideon 2008), and wider informal sector workers, female workers, and low-income groups were included.

It seems clear, therefore, that the twists and turns in social policy adjustments regularly involve redistribution of interests and shuffles in costs among different social groups. In transitional countries, the political-economic reforms have commonly meant a shift in stratifications and power relations inside society, creating the possibility of new class coalitions and subsequent policy changes. The implications for social policies of new class coalitions are much more profound in societies without transparent electoral politics processes, especially when the decision-making around the new system policies is not mature and does not incorporate enough checks and balances. In such cases, large paradigm changes in welfare policies, rather than small adjustments, are more likely to be observed.

Facing salient paradigm changes, different social groups have varied expectations and appeals, and the legacy of the past could nurture serious problems. In the Eastern European cases, the transition to the market required a fundamental shift of resources out of the state sector. In the previous socialist welfare structure, citizens were incorporated into a dense network of social entitlements where social rights were promised by the state. Reforms led to deterioration of the value of these protections and the quality of services, and scaling them back posed serious political risks (Haggard and Kaufman 2008).

In their work on post-communist reforms in Russia, Rose, Mishler, and Haerpfer (1997) found that the citizens did not embrace the ideology of a free market democracy and that their attitudes to politics and the state were still deeply shaped by the socialist legacy. Evidence from Eastern Europe also supports this observation, since ‘literally over a single night, all the things that had been

taken for granted were no longer valid' and many people suffered from a 'serious identity crisis' (Ekman and Linde 2005, p. 357). The socialist institutional settings not only equalised everyone's income and social risk but also cultivated a strong belief in an omnipotent government. Munro took the discussion a step further and argued that the persistent scenario of the socialist legacy also deeply shaped citizens' political behaviour (Munro 2006). Logvinenko's work suggests that the 2018 pension reform in Russia weakened the social contract between the authoritarian state and society regarding welfare benefits, posing increased chances of future political instability (Logvinenko 2020).

Similar situations can be found in Latin America, where the upswing of social rights in the mid-1980s reflected public preferences and expectations that favoured the government-supported social welfare. A 1995 poll of 10 countries by Latin Barometer suggested that 73% of respondents held the belief that pensions should be managed by the government (Madrid 2002). Formal and public sectors that were strengthened by the rapid industrialisation and institutional development imposed pressures on government through strong alliances (Haggard and Kaufman 2008).

For the incumbent authorities, the risks for the state–society relationship in promoting economic reforms are similar, potentially prompting a legitimacy crisis for the state. In Weber's three types of legitimacy – traditional, charismatic, and legal-rational (Weber 1978) – the third rests 'on a belief in the legality of enacted rules and the right of those elevated to authority under such rules to issue commands' (Weber 1978, p. 215). In the modern world this has tended to outmatch the other ideal types. In liberal democratic countries, competitive elections form the basis of legalised government. Provision for 'civilian security' through the welfare state is among three components of the modern state–citizen relationship (Offe 1987). In this relationship, the state turns to the 'people' for its ultimate source of authority, while the citizens, having lost both the feudal forms of paternalistic 'welfare' and individual economic autarchy, depend upon the state (Offe 1987).

In countries without representative institutions and the rule of law, governance by their ruling regimes has been widely seen as relying more on ideological legitimacy and performance-based legitimacy than is the case in their democratic counterparts. Among the key areas of performance, the economic and social fields are crucial for these regimes. Economic rights such as work, property, and economic security promise people access to the benefits of development and material resources. Some scholars have stated that economic rights are a 'basic need' of individuals and should be protected even before the issue of adequate political rights is resolved (e.g. Donnelly 1981; Howard 1983; Shue 1996; Streeten 1980). Benefits brought by social protection, assistance, and insurance are normally classified as individuals' social rights (Marshall 1964), whatever the regime. People have rights to health, education, and a dignified level of social and economic well-being, regardless of economic standing (Plant and Jones 1991). In regimes where the authorities are hesitating to issue political rights, social rights are more likely to be used as a political management tool.

Because of their direct importance for individuals in modern societies, the public is less likely to go easy with the paradigm changes in welfare systems. In some countries, the non-compliance of the public has been relatively obvious and strong, demonstrated by lobbying, union strikes, collective protests, and so on. In some other countries, public non-compliance with state policies is subtle but also persistent, and I have shown this by phenomena such as non-participation, refusal to pay pension fees, etc. Either way, the state needs to adjust its governmentality and make use of various tools to achieve the goals of the reforms. As Chapter 2 showed for China, population-based governance has been essential in managing the welfare distributions and fitted perfectly with the fragmented nature of social benefits.

More importantly than institutional design, it is essential for the state to manufacture consent among society and construct social legitimacy of its policies (and institutions) when reforming the distribution of social benefits:

To acquire legitimacy, every kind of institution needs a formula that founds its rightness in reason and in nature ... for a convention to turn into a legitimate social institution it needs a parallel cognitive convention to sustain it. (Douglas 1986, pp. 45–46).

A key state function in the modern period is educative and formative; it can train individuals to accept the existing production processes through influencing their ‘common sense’. In this way, the state can diffuse its power through civil society. Unlike ‘political society’, which works through force, ‘civil society’ operates by constructing consent through schools, the media, and so on. As Gramsci said, ‘they [civil society] operate without sanctions or compulsory obligations but still exert a collective pressure ... and obtain objective results in the evolution of customs, ways of thinking, morality, etc.’ (Gramsci, Hoare, and Nowell-Smith 1971, p. 242). In addition, when a state is experiencing ‘transformation’ and the ‘redefinition’ of a previous ideological and institutional hegemonic structure, it may help itself by re-articulating ideological factors and rebuilding a new world view for the governed (Gramsci, Hoare, and Nowell-Smith 1971).

In addition to civil society, the theory of ‘social construction of target groups’ proposes that the election elites would use certain portrayals to identify the target population of the policy they want to promote to maximise voters’ support and minimise electoral costs (Schneider and Ingram 1993; Schneider, Ingram, and DeLeon 2014; Boushey 2016). These portrayals are constructed from social values, emotions, or stereotypes of the target population. They can not only influence the policy agenda, selection of policy tools, and the rationales for legitimate policy choices but also deliver messages that could be absorbed by citizens and affect their orientation and participation (Schneider and Ingram 1993). By so doing, the government can legitimise the proposed policy and alter the expectations, perceptions, and even behaviours of the citizens (Donovan 2001; Lawrence, Stoker, and Wolman 2013; Schneider and

Sidney 2009). Several additional theoretical developments stretch the package of social construction to a broader meaning of ‘ideas’ or ‘discourse’ (Béland 2005; Béland 2010; Hall 1993; Schmidt 2002). For instance, Cox (2001) examined the strategic rhetorical changes of core frames of welfare state in Europe when the policy initiators persuaded the public that the welfare reform was necessary. Eriksen and Molander (2019) further identified the ‘justificatory narrative’ used by Norwegian political actors in defending the law on work-oriented activities with a reframe of paternalistic concern for benefit recipients in communicating with the public.

The development of technology provides regimes with more tools for implementing ‘meticulous governance’. For instance, in China as elsewhere, e-governance and big data have made it easier for the state to collect information about the population and conduct risk evaluations.<sup>3</sup> GPS technology has yielded more precise measurements of the territory. AI skills enable the police to identify and locate criminals (and others) via face recognition in a crowd. With better technology, the state could manage, model, share, and transfer data, turning the ‘uncontrollable’ into ‘controllable’. For instance, with a smart supervision system, big data can analyse the correlations between events of small probability and improve the prediction of social risks, thereby reducing the unpredictability of public crises. This makes it easier for the state to manage a mobile and fragmented society. All these tools and skills extend the state’s infrastructural power into every aspect of society and individual lives, improve the direction of the state’s governmentality, and help implement the state’s will.

## Conclusions

The theoretical construction of state governmentality and public compliance attempted here demonstrates that a thorough investigation of governmentality can unpack not only the way that governmental activities unfold their effect but also how the individual’s subjectification process is shaped by statecraft, and how the risks of resistance from the public affect statecraft in return. Analysing pension reform design and projection has helped unpack the complicated governmentality and dynamic tactics of the Chinese state, and its efforts in addressing the legitimation issue during the socio-economic transition. My discussion of public compliance, and the potential for consent falsification in society, illuminates the subtle problems of manufactured compliance and the possible choices and risks of modern states in the two-way story of governance.

## Notes

<sup>1</sup> Li Kun, ‘Tianjin: Enhancing the Party’s leadership, construct a “three in one” new version of social governance system’. *Xinhua Net*, 2018-12-20 <https://perma.cc/G4VW-NFYM>. Author’s translation.

- <sup>2</sup> World Bank. (1994). *Averting the Old Age Crisis: Policies to Protect the Old and Promote Growth. Summary*. The World Bank. <https://perma.cc/ZTN4-GF55>
- <sup>3</sup> ‘The project instruction on “Big data driven management and policy making” Project 2020’ (in Chinese), <https://perma.cc/5CDF-GXV9>

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