

Book Reviews

Radical Inequalities: China's Revolutionary Welfare State in Comparative Perspective. By Nara Dillon. Cambridge, MA and London, England: Harvard University Asia Center, 2015. Pp. 332. \$49.95/£39.95.

Research has tracked and sought to understand the substantial changes to China's welfare state over the last two decades, but until now we have lacked a serious study of its origins. Nara Dillon's book provides that study, with a fascinating account that both shows the influences on the Chinese Communist Party's (CCP's) early welfare state and enhances our understanding of Nationalist and early Mao era governance.

Dillon asks why Mao Zedong's egalitarian CCP created a highly unequal welfare state. To answer that question, she deftly weaves secondary and primary materials into an account of international influences and labour politics on the Chinese welfare state from its Nationalist era origins through to the early 1960s. First, she places China in the wider context of the globalization of the welfare state from the 1880s onwards. Then she explores the evolution of welfare state policies (focusing principally but not exclusively on pensions) from 1943 through until 1962. These chapters are arranged chronologically and in each she examines both national policy and local implementation in Shanghai.

Dillon distils her analytical framework from a review of research on welfare state expansion in both advanced industrialized democracies and developing nations. She does a very good job of extracting the core findings from this voluminous, inconclusive literature, though she might have paid more attention to the political lessons. At times, she discusses "cross-class coalitions" and social forces without referring to the political parties and other organizations that helped form them, even though much research (notably that of Walter Korpi, Evelyne Huber, and John Stephens) has considered the role of left wing parties.

But Dillon's analysis is nevertheless wide reaching. She considers international influence, level of economic development, programme design (citizen pensions versus social insurance pensions having different consequences for welfare state expansion), political institutions, and mobilization strategies. Thus, in her own account she does pay attention to politics and the top-down as well as bottom-up pressures on welfare programmes. Some of these factors loom larger at certain times—and in some chapters—than others.

The chapters themselves are rich in new material. Chapter 1 examines China's place in the globalization of the welfare state and the diffusion of pension policies

from the late nineteenth century. Here, Dillon argues that international politics in the twentieth century influenced the development of welfare states—including China's—and that international diffusion of ideas was more influential than domestic politics and international development. She shows that ideas on welfare reached China in the 1920s and that legislation was passed thirty years later during a "global peak of welfare state adoption in the 1950s and 1960s" (p. 40). Likewise, she demonstrates China's adoption of social insurance pensions for urban workers (rather than citizen pensions for the poorest) to be part of a wider international trend. Some of the most interesting parts of this chapter show how China's involvement in the International Labour Organization (ILO) from the late 1920s opened it to ideas about welfare—and particularly to the social insurance model. Dillon also shows that Chinese policy makers at this time intended social insurance to be gradually extended to achieve universal coverage, though that goal has remained elusive into the twenty-first century.

Chapter 2 focuses on welfare policies—a worker welfare programme and unemployment relief—adopted by the Nationalist government in areas under its control between 1943 and 1949. Constrained by Japanese occupation and then by civil war and its economic impacts, the reach of the welfare state was limited under the Nationalists, even far away from the frontline. Despite this they did set an important precedent for the state's role in people's welfare.

Chapter 3 examines the CCP's welfare policies from 1948 to 1951. Dillon provides a fascinating account of the competition between the CCP and Nationalist Party (Kuomintang or KMT) to establish national labour unions recognized by the ILO and World Federation of Trade Unions, and then how these unions played an early, key role in the development of welfare policies. In this context 1948 was a turning point because the CCP established China's first social insurance programme to help win support as it took control of the cities of the industrialized northeast. Dillon argues that the CCP gave unions a role in making welfare policy despite a lack of worker demand and that the wave of worker activism in 1949–1950 was over wages, not welfare. She also argues that the CCP was more effective than the KMT at this time in establishing welfare programmes because of its better discipline, its campaigns, and its ability to build labour organizations from factory floor to the national centre in Beijing.

Chapters 4 through 6 examine the expansion of welfare provision from the 1950s through into the early 1960s, distinguishing three periods. In each of these there is again a focus on the policy initiatives at the top (sometimes necessitating an account of the well-known wider politics and policies of the period—for example of the Great Leap Forward), before Dillon examines implementation on the ground in Shanghai. Chapter 4 shows how from 1952 to 1954, during the first five-year plan period, welfare

expansion was significant in terms of benefits, coverage, and the introduction of new programmes. Dillon argues that this was because workers had more “leverage” than capitalists and the CCP was ambitious.

Chapter 5 examines the period of austerity from 1955 to 1958, when the CCP tried to regulate and control welfare programmes. Despite this, by 1957 welfare had expanded rapidly. Here Dillon argues that policy factions began to emerge and shape welfare, while the unemployed (hitherto included in welfare programmes) became excluded and ruralization policies (*xiafang* 下放) were introduced to deal with them. Then existing beneficiaries of welfare programmes tried to preserve their own privileges and so blocked efforts to extend and standardise benefits. In 1957, policy makers quietly dropped social insurance for unclear reasons, but the implication is that it had become economically and politically costly.

Chapter 6 considers the 1958–1962 period. Following the strikes and protests of 1957, that demonstrated the demand for welfare from both workers and the unemployed, the CCP began to use commune welfare to extend coverage rather than deepen benefits and extend provision to the rural population. The result was an “unmitigated failure” (p. 264): unsustainably expensive, and perhaps unpopular (Shanghai’s commune canteens, at least). The politics of welfare among policy makers is not clear here, but Dillon argues that it was at this time that they began to see economic development and welfare as incompatible.

Overall, Dillon’s significant study reveals the deep international influences on China’s welfare state development from the 1920s through to the late 1950s. She shows these external influences to be greater than domestic demand. She also shows that there was an early commitment by both the CCP and KMT to social insurance in the form of pensions and welfare. Once in power, the CCP then established social insurance, initially with the aim of winning support in the cities, and with stated plans to extend it on the Soviet model. Unions then in the early 1950s began to reflect bottom-up demand for welfare but were gradually subordinated to local CCP committees in enterprises and lost their ability to organize horizontally and reflect worker demands for welfare (p. 225). Over time, and amid the failure of the communes and the Great Leap Forward—existing beneficiaries of the narrow social insurance model resisted its expansion for fear that it would reduce their benefits.

It is not clear why Dillon chooses to end her study in 1962, and of course during the Cultural Revolution period the Chinese welfare state experienced further “Maoist” transformations. Perhaps it is her focus on pensions that leads her to state that “there were no more top-down attempts to expand the reach of the Chinese welfare state in the Mao era” (p. 266). Though this may be true for pensions, the Cultural Revolution saw a push to extend rural cooperative medical schemes to assist farmers with their medical costs. Nor is it quite true that the welfare state did not expand in the Deng

era: unemployment benefits were introduced from the very late 1980s, for example and some localities (including Shanghai) introduced means-tested income support in the early/mid-1990s.

Dillon's book is strongest and most original where it focuses on local developments, especially for the post-1949 period. She tells, for example, how the CCP used the Campaign to Suppress Counter-revolutionaries to root out rival labour groups and KMT labour organizers in Shanghai, while it issued loyal workers with labour insurance cards. Of course—and as Dillon acknowledges—Shanghai is only one location, and one with a history of labour protest and a relatively large urban labour force, and so potentially the politics there were rather different from elsewhere in China. Industrial labour was a small share of the population in the first half of the twentieth century, and Shanghai was one of its largest industrial centres. How the welfare state evolved elsewhere—whether in the industrialized areas of the formerly Japanese-controlled northeast or the smaller cities—might be a rather different story, even if social insurance was also ultimately adopted there and nationwide. The reader would have benefitted from more discussion of the wider context and a better sense of which workers were privileged and which were, by the 1960s, excluded from the social insurance model's provisions.

But these are mere quibbles, and they do not detract from an impressive work that contributes in several important ways to understanding China's welfare state. *Radical Inequalities* takes us beyond previous studies on the Chinese work unit (*danwei* 單位) since we learn not only about labour insurance for the urban employed but also about the politics of provision for rural dwellers in the communes of the 1950s and 1960s, and for the unemployed. Dillon's book also contributes to comparative research on the development of welfare states and shows China in comparative and international context. It argues that China came to adopt social insurance despite having a large agricultural economy in large part because there existed an international consensus in support of that model. The Soviet model then further consolidated its direction, while the collapse of the commune initiative prevented further attempts to expand beyond the core social insurance for industrial workers. Most important of all however, Dillon's careful research shows the early formation and evolution of institutions that continue to shape China's welfare provision. It should be read not only by scholars and students of twentieth-century Chinese history but also by those who are interested in understanding welfare and social policy in China today.

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