The Role of State and Family in the Living Conditions of Older People in Urban China: Changing Attitudes and Outcomes

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This paper uses a unique national dataset to examine the attitudes and living standards of older people (aged 60 and over) living in urban areas of China, including their living arrangements and income levels, and their attitudes to family-based and other forms of support. The results indicate that although there have been substantial improvements in the overall living conditions of the majority of older people in China, marked differences remain in the economic circumstances of sub-groups classified by age and, more particularly, gender. Many of today’s older people are also wedded to traditional attitudes and patterns of behaviour, and informal family support remains important – for men and women, as well as for younger and older groups among those aged 60 and over.

Introduction

China’s transformation from a centrally planned to a market economy is taking place against the background of urbanisation and rapid population ageing. While younger generations of Chinese are adjusting to these changes, the same cannot be claimed of older generations, where attitudes and expectations formed in earlier periods generate resistance to change. Many current retirees must come to grips with the combination of a rapidly changing pension system and declining certainty of (and hence confidence in) support from their family. The assumptions on which many retirees based their retirement plans have proved to be unrealistic in the face of the collapse of state-owned enterprises (that were a major pension provider), increased labour mobility, family pressures and the changed attitudes that have accompanied modernisation. The processes of economic and social transformation thus have the potential to generate generational conflict, as the aspirations of younger and older citizens collide.

Reflecting the extent of the reforms and the size of the country, there is great interest in the impact of these changes on the living standards of the Chinese population. Will the authorities be able to engineer a smooth transition to a market economy in which the growing prosperity of the emerging middle class exists alongside increased poverty, or will growing inequality put a brake on the pace of economic reform? How these forces play out will have a major impact on how willingly China continues to implement trade liberalisation and other free market policies. This in turn will depend on how well the switch from a predominantly family- and enterprise-based system of social support towards a more formal social protection model (Whiteford, 2003) is handled.

Many older people in China are currently missing out on the benefits of economic reform that are improving the living standards of workers, but must also face the limitations of a fragmented and unstable pension system, the reform of which is being undertaken...
with future generations of retirees predominantly in mind. They also face the possibility that support provided within the family – the traditional bedrock of aged support in China – may not be available when it is needed. And they are the first generation to enter retirement faced with the consequences of the one-child policy, which is restricting the capacity of families to provide support. For this generation, squeezed between competing economic and social imperatives, it is too late to take advantage of the opportunities presented by economic reform, but too early to benefit from a comprehensive and sustainable pension system.

The economic and social changes that are accompanying China’s transitions are affecting the traditional structure of Chinese society. While considerable emphasis is being placed on the ability of formal structures to respond to these changes, reform cannot ignore the many informal structures that are part of the overall social protection system (Saunders, forthcoming). It is important to consider both the formal and informal institutional structures when assessing the capacity for change, and the constraints this imposes on the reform process. The success of Chinese social policy will be judged by how well it protects the living standards of its older citizens, and this will depend on how its informal welfare support system withstands the pressures associated with new family dynamics and the extended formal provisions.

This paper uses a unique national dataset to examine several aspects of the attitudes and living standards of older people (aged 60 and over) living in the urban areas of China, including their living arrangements, income levels and subjective well-being, and the nature of their attitudes to family-based and other forms of support. The paper is organised as follows: the following section reviews recent pension reforms in China and provides a brief summary of research on the role of the family. The data used are then described and some of their limitations are outlined. Following this, findings on living arrangements and income levels, are presented while the penultimate section examines attitudes to the role of state and family support and the adequacy of private savings amongst older people. Finally, the main conclusions are briefly summarised.

**Reviewing the income support system in context**

It was inevitable that the combination of a rapidly ageing population and its sheer size would make pension reform in China the focus of intense international interest. The World Bank (1997) has played a major role in highlighting problems and developing solutions, yet despite major reforms introduced in 1997 and 2001, not all of the underlying problems have yet been adequately addressed. Estelle James – a leading contributor to the development of the World Bank’s (1994) ‘three pillar’ model of retirement income support – has described pension reform in China as being ‘characterized by bold pronouncements followed by cautious implementation [in which] it has sometimes been difficult to see any change, despite the great changes on paper’ (James, 2001: 73).

In a similar vein, Bottelier (2003) has characterised the current system as ‘under-funded, fragmented, incomplete in coverage and uneven in regard to benefits’, going on to argue that:

> China is essentially on the right track towards creating a modern pension system that is compatible with the requirements of an aging population in a market economy. It would have been a miracle if there had been no implementation problems. We should not forget that
The Role of State and Family in the Living Conditions of Older People in Urban China

The social security reform challenges facing China are unprecedented in scale and complexity. (Bottelier, 2003: 4)

Others agree that the reform process still has a long way to go. Chow and Xu (2003: 136) describe the pension reform process as ‘moving along a winding road’, pointing to the need for further action to improve its financial sustainability and credibility. They argue (2003: 139) that:

The ultimate financial viability of the new pension system in China is, after all, a matter of priorities. Most fundamental is the need to build confidence in the system among the general population, so that they believe that the promised benefits will be delivered. The frequent disturbances and drastic changes characteristic of modern China continue as vivid memories.

These assessments highlight an important dilemma facing many developing countries as they introduce reform in a context of rapid change, complex competing objectives and limited administrative capacity. The situation calls for constant policy change, yet if it proceeds too quickly, it risks losing the confidence of the population, undermining its legitimacy. This point is echoed in Hussain’s questioning of the ‘doubtful credibility of the promise of a pension in the distant future in return for contribution over the near future’ (2000: 37).

West (1999) has raised concerns about the affordability of the pension reforms, arguing that the multiplicity of the new social pooling accounts (which in part reflects variations in administrative capacity) adds to complexity and impedes labour mobility, thereby thwarting efforts to improve enterprise efficiency. Béland and Yu (2004) note that private business is resisting moves to expand pension coverage because they do not see it as a priority for their predominantly younger workforce. The under-developed banking system cannot support the kind of capital market needed under a funded pension scheme which, in conjunction with weak administrative capacity, suggests that central control of the pension reform agenda is running ahead of local capacity to administer and deliver benefits.

The foundations of the new Chinese pension system were set in place by the 1997 reforms which established a two-tier public pension system consisting of a basic, universal social pooling component, supplemented by a contributory pension funded from individual accounts (Whiteford, 2003; Zhu, 2002). However, these two components have not been kept separate, delaying the transition to a funded system and undermining public confidence in the new arrangements. The rate of return on contributions to the individual accounts has also been kept low, reducing the incentive for firms (and their employees) to join the scheme (James, 2001). These problems have been compounded by the fact that the central government has already bailed out several local pension pools that have become bankrupt, undermining the incentive for managers to achieve financial soundness of local schemes, creating an additional barrier to coverage extension. Although fragmentation is being addressed by the establishment of the National Social Security Fund in 2000 (James, 2001), further reform of China’s pension system will be necessary. But, while Whiteford (2003: 74) has emphasised that ‘attention needs to be given to the development of more balanced social protection policies to address the needs of the majority of the Chinese
population’, the need to see pensions as part of a broader system of intergenerational exchange has so far had little impact on the policy debate.

It has long been argued that the inter-relationship between formal and informal provision is a central component of East Asian social policy. White and Goodman (1998: 13–14) identify an ‘welfare orientalism’ model in which:

The notion of state-provided or guaranteed welfare as a social right of citizens is weakly developed. Rather, non-state agencies – community, firm and family – have been expected to play a major role in both financing and providing welfare services in an ideological context wherein self/mutual help is encouraged and dependence on the state discouraged, indeed stigmatized.

In his analysis of social security reform in China, White (1998) portrays the dynamics of reform as being driven by three main forces: rational and pragmatic policy choices, ideological struggles and competing sets of interests. He argues (1998: 176) that:

(W)elfare reforms cannot be seen merely in terms of choices between alternative policy options or directions; rather, the range, nature and feasibility of these choices are heavily determined by deeper dynamics which are propelled not only by broad structural changes in the social, political and economic spheres, but also by the particular constellation of interests and perspectives which cluster around welfare issues like iron filings round a magnet.

Much has been made of the role of Confucian values and filial piety in shaping the informal social support system in China, although not everyone agrees that these influences have been pervasive or positive. Chow (1991: 223), for example, has argued that the idea that children are responsible for supporting their parents in old age ‘is accepted on pragmatic grounds rather than as a measure having its own value’, and that filial piety survives in China because the communists ‘do not have the resources to replace it with something more they find more compatible with their socialist ideals’.

White (1998: 192) supports these claims, arguing that the Chinese authorities have consciously promoted a ‘set of alleged truths about the Chinese welfare heritage’ that are used to support official propaganda that stresses ‘traditional’ notions of individual self-help and reliance on the family as a way of dampening expectations about what the state can (and should) deliver. It is clear that any comprehensive account of social policy reform must examine the role of values in affecting the logic of the reform process, and locate changing formal structures within the context of competing and increasingly fluid ideas, interests and ideological pressures.

In relation to income support for older people, the counterpart to pension provision is informal financial transfers within families. A number of studies have examined the degree to which families support their older members in China and what form(s) that support takes. Although somewhat dated, the study by Secondi (1997) showed that private transfers predominantly favour older generations, increase with the level of family income, were often reciprocated by the provision of childcare, and tend to benefit women more than men, particularly older women who live alone. In contrast, Cai, Giles and Meng (2003) use data from the 2001–02 China Urban Labour Market Survey to show that altruism is an important underlying motivation – particularly among lower-income families. However, while these transfers play an important role in rich-to-poor redistribution...
within families, they have little effect on reducing income inequality between families. These patterns depend upon whether or not older people live with their children, and the authors show that growing up as an only child reduces the amount transferred to parents—a finding that has ominous implications in the light of China’s one child policy.

Data

In order to provide basic data on the nature and extent of ageing in China and to better understand the circumstances of older people, the Sample Survey of the Aged Population in Urban and Rural China was undertaken in December 2000. The survey was sponsored by the All China National Working Commission on Ageing, the China National Committee on Ageing and was conducted by the China Research Centre on Ageing (CRCA). It largely replicates an earlier (1992) survey and covers many similar topics, although the earlier survey covered fewer provinces; both were undertaken in coordination with local ageing committees in the selected provinces, municipalities and autonomous regions (CRCA, 1994). The 2000 survey contains information on 10,249 respondents from urban areas and 10,299 from rural areas, and involved over 2,000 interviewers. Its timing (1 December 2000) is close to the date of the Fifth National Census (conducted on 1 November 2000) and data from the census have been used to apply weights to the survey data so that they represent population aggregates. Differences in the questions asked of urban and rural respondents in 2000 restrict the ability to undertake urban–rural comparisons at a point in time, while changes in the questionnaire also limit the ability to examine changes over time. For these reasons, the results that follow are restricted to those living in urban areas in 2000, and to income changes between 1992 and 2000.

An important limitation of the data is that they relate primarily to the circumstances of the respondent only, with relatively little information provided about other co-habiting family members, other than their relationship to the respondent. This restricts the ability to estimate the living standards of those older people who live with others, although there are a number of subjective and attitudinal questions that indicate how the circumstances of those living in different locations compare, or have changed over time, that do not suffer from these problems. These subjective and attitudinal data provide a valuable insight into the extent of older people’s acceptance of the changes currently underway in China, of the scope and reliance on (informal) family-based support mechanisms and whether the assumptions underpinning current pension reforms are consistent with prevailing values, attitudes and expectations.

Objective indicators of older people’s well-being

In a country like China, examining living arrangements provides a useful first insight into the circumstances of older people. Shared housing not only keeps families together, it also spreads accommodation costs between generations and is thus an important component of the overall social support system. This is all the more significant in a country where the state has played a major role in providing and subsidising housing, and many people live in government-owned residences and face very low housing costs.
Table 1 Living arrangements among urban older people in 2000 (percentages)

<table>
<thead>
<tr>
<th>Living arrangements</th>
<th>Age</th>
<th>Total ('000)</th>
<th>(%)</th>
<th>Average household size</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>60–69</td>
<td>70–79</td>
<td>80+</td>
<td></td>
</tr>
<tr>
<td><strong>Males</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Living alone</td>
<td>2.4</td>
<td>2.8</td>
<td>0.8</td>
<td>853.2</td>
</tr>
<tr>
<td>Living with spouse only</td>
<td>22.1</td>
<td>14.4</td>
<td>1.7</td>
<td>5442.7</td>
</tr>
<tr>
<td>Living with relatives/others</td>
<td>36.2</td>
<td>15.8</td>
<td>3.8</td>
<td>7914.0</td>
</tr>
<tr>
<td>Total</td>
<td>60.7</td>
<td>33.0</td>
<td>6.4</td>
<td>14209.9</td>
</tr>
<tr>
<td><strong>Females</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Living alone</td>
<td>5.4</td>
<td>6.2</td>
<td>2.4</td>
<td>2118.2</td>
</tr>
<tr>
<td>Living with spouse only</td>
<td>16.0</td>
<td>6.3</td>
<td>0.5</td>
<td>3471.6</td>
</tr>
<tr>
<td>Living with relatives/others</td>
<td>35.4</td>
<td>20.6</td>
<td>7.1</td>
<td>9620.3</td>
</tr>
<tr>
<td>Total</td>
<td>56.9</td>
<td>33.1</td>
<td>10.1</td>
<td>15210.1</td>
</tr>
<tr>
<td><strong>Persons</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Living alone</td>
<td>3.9</td>
<td>4.5</td>
<td>1.1</td>
<td>8848.1</td>
</tr>
<tr>
<td>Living with spouse only</td>
<td>19.0</td>
<td>10.2</td>
<td>5.4</td>
<td>17240.1</td>
</tr>
<tr>
<td>Living with relatives/others</td>
<td>35.8</td>
<td>18.3</td>
<td>5.6</td>
<td>17546.1</td>
</tr>
<tr>
<td>Total</td>
<td>58.7</td>
<td>33.0</td>
<td>8.3</td>
<td>29420.0</td>
</tr>
</tbody>
</table>

Note: Survey estimates have been weighted to the population using data from the 2000 Census.

Table 1 provides a breakdown by living arrangements among urban older people in 2000, where survey respondents have been classified according to whether they live alone, with their spouse only, or with other relatives or with unrelated people. Overall, almost 60 per cent of older people live with other people (mainly with relatives). Only about 10 per live alone, and a further 30 per cent live with their spouse – with far more women living alone and far more men living with their partner (a reflection of the greater longevity of women). This explains why average household size for Chinese households that contain at least one older person (3.3) is well in excess of the corresponding value in most industrial countries.

The overall patterns in Table 1 are similar to those estimated by Smeeding and Saunders (1999: Table 1) for Taiwan, where around 8 per cent of the over-65 year-olds lived alone in 1991, 19 per cent lived with their spouse and 73 per cent lived with others. The corresponding percentages of extended households containing an older person at that time was 25 per cent (in Canada), 21 per cent (the US), 17 per cent (Australia and Finland) and 14 per cent (Germany).

Table 2 shows the mean reported total and pension incomes of older people, disaggregated by age, gender and living arrangements. The most striking feature of these results is the sharp gender differences in mean incomes in both years: in 2000, for example, across all age ranges, the mean income of women (456 yuan per month) is only just over half (57.8 per cent) of that of men, and this relativity declines with age, as women's incomes decline more rapidly than men's. In 1992, the overall ratio of female to male incomes was 57.2 per cent, implying that there has been no change in the (relative) gender income gap over the period despite the growing importance of
Table 2: Mean Incomes of urban older people by age and gender in 1992 and 2000 (yuan per month and percentage)\(^{(a)}\)

<table>
<thead>
<tr>
<th>Age</th>
<th>60–69</th>
<th>70–79</th>
<th>80+</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2000</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Male</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total income</td>
<td>858.3</td>
<td>718.9</td>
<td>618.0</td>
<td>789.6</td>
</tr>
<tr>
<td>Pension income</td>
<td>634.8 (74.0)</td>
<td>606.6 (84.4)</td>
<td>506.1 (81.9)</td>
<td>614.7 (77.9)</td>
</tr>
<tr>
<td><strong>Female</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total income</td>
<td>518.9</td>
<td>399.6</td>
<td>305.2</td>
<td>456.4</td>
</tr>
<tr>
<td>Pension income</td>
<td>367.6 (70.9)</td>
<td>289.6 (72.5)</td>
<td>196.2 (64.3)</td>
<td>323.5 (70.9)</td>
</tr>
<tr>
<td><strong>1992 (Mean incomes inflated to 2000 using the Consumer Price Index)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Male</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total income</td>
<td>442.4</td>
<td>351.9</td>
<td>315.1</td>
<td>405.5</td>
</tr>
<tr>
<td>Pension income</td>
<td>210.3 (47.5)</td>
<td>168.0 (47.7)</td>
<td>141.8 (45.0)</td>
<td>192.4 (47.4)</td>
</tr>
<tr>
<td><strong>Female</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total income</td>
<td>136.5</td>
<td>256.8</td>
<td>172.9</td>
<td>232.1</td>
</tr>
<tr>
<td>Pension income</td>
<td>54.5 (39.9)</td>
<td>102.5 (30.7)</td>
<td>26.5 (15.4)</td>
<td>83.7 (36.1)</td>
</tr>
</tbody>
</table>

Note: (a) Figures in brackets and italics show pension income as a percentage of total income.

Pensions represent an increasingly important source of income for both men and women in both years, accounting for 78 per cent of total male income in 2000 (up from 47 per cent in 1992) and 71 per cent of female income (up from 36 per cent in 1992). The role of pension income increases with age for men, but declines as women get older, although pensions contribute more to total male income than to total female income at all ages. Real (price-adjusted) incomes almost doubled on average between 1992 and 2000, implying a considerable improvement in living standards. Increases in real income are also apparent when the mean income of men aged 60–69 (or 70–79) in 1992 are compared with those of men aged 70–79 (or 80+) in 2000 – suggesting that successive ‘cohorts’ of older people have also experienced substantial real income growth as they have aged. These synthetic cohort comparisons also reveal that, while there has been a halving of the static male–female income gap among 60–69 year-olds from 3.24 in 1992 to 1.65 in 2000, the ‘cohort’ gender income gap for those aged 60–69 in 1992 declined more slowly, to reach 1.80 among 70–79 year-olds in 2000. Thus, while gender income inequality is being reduced, the process is occurring very slowly.

**Attitudes to family and state support**

Although pension income represents the largest source of income for today’s older people in China, reliance on family support in old age remains a strongly held belief among the current older generations. This is illustrated in Table 3, which reports responses to
questions concerning whether older people see themselves as ‘the burden of society’ or as ‘the burden of the family’. In general, the level of agreement with both views is high and remarkably similar, with a slight tendency for greater support for the ‘burden of society’ view.

The fact that there is strong support for both propositions suggests that they are not seen as substitute ways of providing support to older people, but as complementary. However, the responses are also segmented by age and gender, with the former suggesting that there may be important cohort effects, possibly reflecting the changes that are taking place in Chinese society. Among both men and women, the percentages who support both propositions is about 10 percentage points higher among the 80+ age group than amongst the 60–69 age group. Compared to men, women of all ages are more likely to agree with both propositions, and less likely to disagree.

Table 4 shows levels of support among older people for four forms of preparation for old age by young people: social insurance; commercial insurance; intra-family transfers; and private savings. The results show that support is stronger for private arrangements (within the family or through private savings) than for state support organised through social insurance, with almost no one in favour of commercial arrangements. However, there is again a degree of similarity in support for state and family mechanisms, with this tending to increase among younger groups within older people, where support for social insurance is increasing, while support for family-based support is declining. These patterns are consistent with, and reinforce the findings shown in Table 3.

In light of these results on the significance attached to the role of private savings in supporting older people in retirement, it is of interest to examine how many actually have
Table 4 Preferred forms of preparation for old age for young people (percentages)

<table>
<thead>
<tr>
<th>Gender</th>
<th>Age</th>
<th></th>
<th></th>
<th>80+</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>60–69</td>
<td>70–79</td>
<td>80+</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Participating in a social insurance program:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>25.9</td>
<td>23.0</td>
<td>21.3</td>
<td>24.7</td>
<td>24.7</td>
</tr>
<tr>
<td>Female</td>
<td>18.6</td>
<td>15.6</td>
<td>10.6</td>
<td>16.8</td>
<td>16.8</td>
</tr>
<tr>
<td></td>
<td>Purchasing commercial insurance:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>2.1</td>
<td>0.9</td>
<td>3.5</td>
<td>1.8</td>
<td>1.8</td>
</tr>
<tr>
<td>Female</td>
<td>1.6</td>
<td>1.5</td>
<td>3.0</td>
<td>1.7</td>
<td>1.7</td>
</tr>
<tr>
<td></td>
<td>Spending all money on children and depend on them when getting old:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>35.6</td>
<td>38.6</td>
<td>45.7</td>
<td>37.2</td>
<td>37.2</td>
</tr>
<tr>
<td>Female</td>
<td>47.4</td>
<td>53.7</td>
<td>64.5</td>
<td>50.9</td>
<td>50.9</td>
</tr>
<tr>
<td></td>
<td>Saving money for old age:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>34.8</td>
<td>34.9</td>
<td>26.7</td>
<td>34.3</td>
<td>34.3</td>
</tr>
<tr>
<td>Female</td>
<td>30.2</td>
<td>26.6</td>
<td>17.8</td>
<td>27.8</td>
<td>27.8</td>
</tr>
</tbody>
</table>

Table 5 Incidence and adequacy of savings among urban older people (percentages)a)

<table>
<thead>
<tr>
<th>Living Arrangements</th>
<th>Age</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>60–69</td>
<td>70–79</td>
<td>80+</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Living alone</td>
<td>61.0 (34.8)</td>
<td>68.9 (47.5)</td>
<td>74.4 (36.4)</td>
<td>66.4 (39.2)</td>
<td></td>
</tr>
<tr>
<td>Living with spouse only</td>
<td>62.1 (46.8)</td>
<td>63.8 (38.8)</td>
<td>64.6 (31.0)</td>
<td>62.9 (43.2)</td>
<td></td>
</tr>
<tr>
<td>Living with relatives/others</td>
<td>69.5 (45.4)</td>
<td>66.2 (44.6)</td>
<td>74.5 (54.2)</td>
<td>68.9 (45.6)</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>66.5 (45.5)</td>
<td>65.4 (42.2)</td>
<td>71.8 (44.3)</td>
<td>66.5 (44.2)</td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Living alone</td>
<td>74.6 (59.7)</td>
<td>84.0 (50.0)</td>
<td>83.3 (36.4)</td>
<td>80.1 (53.1)</td>
<td></td>
</tr>
<tr>
<td>Living with spouse only</td>
<td>70.8 (53.6)</td>
<td>68.3 (54.5)</td>
<td>82.1 (80.0)</td>
<td>70.4 (53.9)</td>
<td></td>
</tr>
<tr>
<td>Living with relatives/others</td>
<td>78.5 (57.3)</td>
<td>81.3 (65.2)</td>
<td>80.9 (58.3)</td>
<td>79.6 (59.8)</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>75.9 (56.3)</td>
<td>79.3 (59.9)</td>
<td>81.5 (54.5)</td>
<td>77.6 (57.2)</td>
<td></td>
</tr>
</tbody>
</table>

Note: (a) The first figure shows the percentage that have not saved for their old age, the second figure (in brackets) shows the percentage of savers who think that they have not saved enough.

savings, and, when they do, how adequate they are. Both issues are explored in Table 5, which shows the percentage with no savings and, for those who have saved, their views on whether they have saved enough to support themselves. In total, two-thirds of men and three-quarters of women report having no savings, while of those who have saved, close to half think that they have not saved enough. Not surprisingly given their higher pension incomes (that reflect higher workplace earnings) men are more likely to have savings than women, and are also more likely to have saved enough. The differences in
saving propensities by living arrangement are very small, although those living alone are less likely to have saved enough, adding to their vulnerability.

While the incidence of saving is higher among younger cohorts of old people, they are still far too low for savings to offer a realistic retirement safety net for the vast majority. This does not mean that today's generations of retirees have been imprudent or engaged in profligate consumption when they were younger, but reflects the fact that they grew up in an era when China was a very poor country and were forced to live on incomes that gave them no opportunity to save for their retirement. This will change as the economy develops and more of the population has access to higher incomes, although the overall impact will depend on the behavioural responses to an expanded pension system. Much will depend on how well the financial sector develops and whether pension arrangements and commercial enterprises can attract sufficient levels of trust amongst the population.

The results presented so far indicate that family support in old age is the most popular form of support among the current generation of older people in China. The key to the success of this approach is the relationship between older people and their children, and this has already emerged as important in regard to living arrangements (Table 1), and is reflected in intra-family transfers (Saunders and Sun, 2005: Table 10.7). Table 6 examines this issue in more detail by reporting the results from a series of questions relating to existing patterns of support for older people provided by their children and attitudes to the support role of children more generally.

These results indicate that one-quarter of men and over one-third of women receive money from their children. However, even though these young-to-old transfers may be a response to parent-to-children transfers earlier in the life cycle, relatively few older people are prepared to enforce this implicit inter-generational contract by suing children who do not uphold their part of ‘the bargain’. There is a clear line of demarcation between

### Table 6 Attitudes of older people to the role of children (percentages who say ‘yes’)

<table>
<thead>
<tr>
<th>Gender</th>
<th>60–69</th>
<th>70–79</th>
<th>80+</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Do all of your children give you money?</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>25.7</td>
<td>24.6</td>
<td>28.1</td>
<td>25.5</td>
</tr>
<tr>
<td>Female</td>
<td>32.8</td>
<td>35.6</td>
<td>44.8</td>
<td>34.9</td>
</tr>
<tr>
<td><strong>If your children would not want to support you, would you be willing to sue them?</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>17.3</td>
<td>16.3</td>
<td>13.2</td>
<td>16.7</td>
</tr>
<tr>
<td>Female</td>
<td>18.8</td>
<td>15.7</td>
<td>11.4</td>
<td>17.0</td>
</tr>
<tr>
<td><strong>In general, do you think your children are filial or not?</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>77.7</td>
<td>76.2</td>
<td>74.9</td>
<td>77.0</td>
</tr>
<tr>
<td>Female</td>
<td>78.1</td>
<td>76.4</td>
<td>78.6</td>
<td>77.6</td>
</tr>
<tr>
<td><strong>Do your family live in harmony?</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>99.3</td>
<td>98.5</td>
<td>99.3</td>
<td>99.0</td>
</tr>
<tr>
<td>Female</td>
<td>99.2</td>
<td>98.6</td>
<td>98.4</td>
<td>98.9</td>
</tr>
</tbody>
</table>
Table 7  Concern about the availability of care and pension adequacy (percentages)

<table>
<thead>
<tr>
<th>Gender</th>
<th>Worried?</th>
<th>Age</th>
<th>60–69</th>
<th>70–79</th>
<th>80+</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>Very much</td>
<td></td>
<td>18.3</td>
<td>19.7</td>
<td>15.8</td>
<td>18.6</td>
</tr>
<tr>
<td></td>
<td>Not at all</td>
<td></td>
<td>28.0</td>
<td>28.8</td>
<td>35.5</td>
<td>28.8</td>
</tr>
<tr>
<td>Female</td>
<td>Very much</td>
<td></td>
<td>19.8</td>
<td>21.0</td>
<td>21.3</td>
<td>20.3</td>
</tr>
<tr>
<td></td>
<td>Not at all</td>
<td></td>
<td>25.0</td>
<td>23.8</td>
<td>28.4</td>
<td>25.0</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<td></td>
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<td></td>
</tr>
</tbody>
</table>

The enduring strength of the Chinese family as a social unit in modern-day China is demonstrated by the last two sets of results in Table 6. Over three-quarters of older people agree that their children are filial, and well over 90 per cent think that the family lives in harmony. The family unit remains a resilient (and reliable) source of support in old age, despite the economic and social changes that have been taking place. The key issue for China is whether these views (and the actions they imply) are as pervasive among younger cohorts who are now experiencing the growing prosperity and personal freedom that economic reform is starting to deliver.

Two of the main worries that most people confront in old age is a lack of care and a lack of money, in a phase of the life cycle when both are increasingly important determinants of economic well-being and peace of mind. The extent of concern expressed about these two issues is summarised in Table 7, which reports the percentages who are ‘Very worried’ or ‘Not worried at all’ about the availability of a carer when needed, and about not having enough to meet basic living costs, respectively. In general, there is a relatively low level of anxiety about either issue among older people, particularly among men. Between 24 per cent and 36 per cent never worry about having someone to care for them when it is needed, while between 28 per cent and 42 per cent never worry about having enough to meet basic living costs. These figures suggest that current cohorts of older people are confident that family members will fulfill the caring and income support roles expected of them, even if the state does not provide the necessary social supports or income transfers.

Conclusions

This paper contributes to the literature on the circumstances and living conditions of older people living in urban China at the beginning of the millennium by examining a
variety of objective indicators and attitudes held by people aged 60 and over, classified by living arrangements, gender and age. Although the study does not attempt to estimate the impact of policy, the results provide an insight into the complex challenges that confront policies for older people in China, given its historical development and deeply entrenched values and expectations. The principal message to emerge from the analysis is that in order to understand the dynamics and impact of Chinese social policy, it is necessary to take account of both formal (state, mandated) and informal (private, family-based) mechanisms.

The results indicate that, although there have been substantial improvements in the overall living conditions and economic prosperity of the majority of older people in China, marked differences remain in the economic circumstances of sub-groups classified by age and, more particularly, gender. Although their objective economic circumstances have improved, many of today’s older people remain wedded to traditional attitudes and patterns of behaviour. China’s low level of economic development has meant that few of today’s retirees have had the opportunity to provide for themselves in old age, and many remain committed to (and reliant on) cash and care support provided by family members. The role and significance of the pension system is likely to grow as the process of development gradually erodes the assumptions on which current attitudes and family support expectations are based. Pension reform will thus be one critical determinant of the living standards of future generations of older Chinese, as will the longer-term consequences of the one-child policy for family structures and capacities.

Although much of the debate over the response to China’s rapidly ageing population has understandably focused on the need to reform the pension system, this discussion needs to pay more attention to the role of another major institution in Chinese society – the (multi-generational) family. China’s transition from a socialist to a market economy has delivered rising incomes to existing older generations, but informal family support is still important – for men and women, as well as for younger and older groups among the aged. The social policy reform agenda needs to recognise and respond to these realities, nowhere more so than in the area of pensions policy.

Notes
1 This paper is part of a project on The Role and Impact of the Social Support System on the Well-Being of the Elderly in China that is financed by the Australian Research Council under Discovery Grant project number DP0209592. The author acknowledges the support provided by Sun Lujun (in particular), Zhang Kaiti, Guo Ping and Chen Gang (from the China Research Centre on Ageing) and Xiaoyuan Shang (from the Social Policy Research Centre). Preliminary versions of the paper were presented to the 4th International Research Conference of the International Social Security Association held in Antwerp in May 2003, and the meeting of Research Committee 19 of the International Sociological Association held in Paris in August 2004. The comments provided by participants in both events and two anonymous referees are acknowledged, although the usual caveats apply.

2 In 2001, a pilot scheme was established in Liaoning Province in which the management of individual accounts has been segregated from the administration of social pooling funds in an attempt to overcome some of the current difficulties. This initiative has not yet resolved the problems associated with transferring between local schemes, which is seen as an obstacle to labour mobility (Zhao and Xu, 2002: 399).

3 Béland and Yu (2004) adopt a similar approach, investigating how conflicts between economic interests and policy ideas interact with institutional structures to shape pension policy outcomes.
The Role of State and Family in the Living Conditions of Older People in Urban China

4 Wong and Lee (2000) present evidence on attitudes to a range of social protection programs in China (including the division of responsibilities between the state and family), based on a 1996 survey of Shanghai residents. See also Pei and Pillai (1999).

5 This paper focuses on the extent and role intra-family cash transfers, and does not therefore consider studies that examine the role of within-family caring for older members (e.g. by Jiang, 1994 and Zhan, 2002).

6 The 2000 survey adopted a stratified sampling method which operated at the levels of province, cities and counties, resident districts (urban) and towns (rural), resident committees (urban) and village committees (rural), with participating households chosen from each resident or village committee. The planning of a third survey is currently being finalised, with implementation expected in mid-2006.

7 A separate community questionnaire was also applied in each of the 80 cities and 80 counties included in the second level of sampling, although that information is not examined here.

8 A range of other changes between 1992 and 2000 are examined by Saunders and Sun (2005).

9 Throughout the paper, results are presented broken down by age and gender, and sometimes by living arrangements. This occasionally results in small cell sizes, particularly among the 80+ age group.

10 The patterns of living arrangements in 1992 are similar to those in 2000 and are therefore not shown separately. They are also similar to those presented by Cai, Giles and Meng (2003) for households containing an older person.

11 The estimates in Table 2 refer only to those provinces that were included in both the 1992 and 2000 surveys.

12 To put these figures in perspective, the yuan was fixed in 2000 at about 8.27 to the $US, implying that male and female mean monthly incomes are equal to approximately US$95.50 and US$55.20, respectively – both above the ‘dollar a day’ international poverty line developed by the World Bank (1996).

13 Respondents were asked to rank which two forms of preparation they thought were most important, but only the first ranked choices are shown in Table 4.

14 The figures in Table 5 imply that, in aggregate, only 18.6 per cent of men and 9.6 per cent of women had enough savings to support themselves in old age.

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Saunders, P. (forthcoming), ‘Reviewing the role and structure of pensions in their national context’, *Policy and Politics*.


