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## Emergence of the notion of retirement in rural China

### The case of rural districts of Shanghai

#### Das Entstehen der Ruhestandsidee im ländlichen China: Der Fall von Shanghais ländlichen Gebieten.

► **Abstract** Since the outset of the reform process in 1978, rural China has been undergoing fundamental changes in the relationships between the state, society and individuals. Social policy, including pension policy for rural residents, is an essential factor in this transformation process which has influenced the life chances of many peasants. This paper deals with the relationship between social policy and individual life courses in the case of Shanghai's rural pension policy. It integrates the theoretical insights from life course research to emphasise the close relationship between the state welfare

and the institutionalisation of the life course. By analysing biographical interviews conducted in rural Shanghai, this article has identified the changing nature of welfare mix in rural old-age security as well as the emergence of the notion of retirement among the peasants in rural Shanghai. The introduction of the innovative rural pension policy has given rise to the rudimentary emergence of a modern life course, in the contour of a temporal partition between work and retirement. However, diverse local subsidies and individual household situations have led to different perceptions and biographical orientations of the peasants with respect to their old-age security and retirement.

► **Keywords** China · institutions · life course · rural pension policy

► **Zusammenfassung** Seit Beginn der Reformen 1978 erlebt ländliches China wesentliche Veränderungen in den Beziehungen zwischen Staat, Gesellschaft und Individuen. Sozialpolitik, nicht zuletzt die Rentenpolitik für die ländlichen Einwohner, ist ein wichtiger Faktor in diesem Transformationsprozess, der die Lebenschancen vieler Bauern beeinflusst hat. Der vorliegende Aufsatz behandelt

das Verhältnis zwischen Sozialpolitik und individuellen Lebensläufen am Beispiel der lokalen ländlichen Rentenpolitik von Shanghai. Mit Hilfe der lebenslauftheoretischen Perspektive unterstreicht dieser Artikel die engen Zusammenhänge zwischen staatlicher Sozialpolitik und Institutionalisierung des Lebenslaufs. Die Analyse biographischer Interviews, welche der Autor mit den Bauern in ländlichen Gebieten rund um Shanghai durchgeführt hat, identifiziert den sich ändernden Wohlfahrtsmix der ländlichen Alterssicherung sowie die Entstehung der Ruhestandsidee unter den Bauern. Die Einführung der innovativen ländlichen Rentenpolitik hat ansatzweise zur Entstehung eines modernen Lebenslaufs geführt, in der Form einer temporalen Abgrenzung zwischen Erwerbsarbeit und Ruhestand. Allerdings hängen die Wahrnehmung und biographische Orientierung der Alterssicherung unter den Bauern stark mit der Höhe der lokalen Zuschüsse sowie mit den individuellen Haushaltssituationen zusammen.

► **Schlüsselwörter** China · Institutionen · Lebenslauf · ländliche Rentenpolitik

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## Introduction<sup>1</sup>

Since the reforms began in 1978, social transformations have significantly altered the contour of Chinese society and the lives of many. While scholars of China studies have paid intensive attention to such mechanism shifts, some of them have just begun to notice the impact of institutional change on the life course. Several studies have manifested the dominance of the state power over individual life courses. The penetration of the state into all spheres of society during the Mao era has led life course scholars to coin terms such as “children of the Cultural Revolution” or “the lost generation”, denoting the specific impacts of historical and political upheavals upon the lives of different cohorts [9, 28, 30]. Even in the process of the market reforms, the institutional transition from socialism to a market economy has had various impacts on the job-shift patterns of different cohorts [31, 29]. Despite the diversity of topics and approaches among these works, however, we can identify a common academic effort to treat the life course as an interface between social transformation, institutional transition and individual biography. This common interest emanates from the awareness that an analytical framework through any life course perspective can deepen our understanding of the dynamic link between social change and individual lives.

Yet, while scholars of China studies have increasingly focused on the consequences of state coercive policies and institutional change on individual life chances, there seems to be little interest among them in exploring the potential effects state *social policy* could exert over individual life courses. This is surprising given that the intersection between social policy and the life course is a conspicuous phenomenon of modern society closely related with large institutional forces that affect human lives. Compared with the abundant research of the Western life course scholarship on the impact of state welfare institutions, there is a noticeable gap in this respect in current China studies. For example, in the field of Chinese social policy research, increasingly more studies have been published in recent years attempting to analyse the nature and outcomes of social security reforms in the context of market reforms, especially after the 1990s, when the reform paces accelerated and their social consequences emerged [5, 16, 25, 26]. However, except for a few theoretical works that of-

fer preliminary explanations, their impact upon the life course remains largely unheeded [7, 12].

This article seeks to fill this gap by exploring how the institution-building of Chinese social policy influences individual life courses. The application of the life course approach in this analysis is of particular relevance, as social policy reforms after the 1980s earmark the state's endeavour to mitigate the contingencies arising from large-scale institutional transitions. In itself, the recalibration of social policy goals is a reconfiguration of resource allocation and risk diversification among different social groups. With the example of the rural pension policy introduced in rural Shanghai in 1986, this study adopts theoretical arguments grounded in the life course perspective to assess the impact of the state pension policy on the life course patterns of the peasants. I argue that the rural pension policy earmarks the involvement of the state in the realm of rural old-age security where traditionally land and family used to be the major bearers of welfare responsibility. The establishment of rural pension schemes has contributed to reshaping the welfare mix in old-age security whereby public pensions have replaced (or supplemented) the support function of land and family. Essential in this process is the emergence of the notion of retirement in the minds of the scheme participants, whose life planning has gained biographical significance with respect to the transition from work to retirement. However, the scope and extent of individual biography vary greatly in accordance with local circumstances and individual household situations. What is currently taking place in rural old-age security is a variable institutionalisation process of individual life courses.

By emphasising the institutionalisation impact of the state social policy, this article differs from other studies that merely focus on family structure or generational relationship in old-age support [e.g. 2, 21, 27]. Although the following analysis also refers to these aspects, it directs attention instead to the relationship between social policy and biographical orientation of social agency. That is, this study stresses the role of the state in the institutional and biographical configuration of rural old-age security in order to shed new light on the study of both social policy and the life course in China. Its explorative character has led this study to employ qualitative methods in order to acquire as rich information as possible. The empirical analysis is based on the results of several open-ended biographical interviews this author conducted in 2005 with peasants in rural Shanghai (Jiading District and Pudong New District). The choice of the rural areas of Shanghai is due to the fact that it epitomises the dynamic changes the Chinese rural society is undergoing during the reform era. In institutional aspect, Shanghai is also a laboratory of many new policy experiments, which offers a unique opportunity to in-

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investigate how new institutional frameworks of state social policy may influence the individual's perception of and orientation toward retirement.<sup>2</sup>

Precisely because of its exploratory nature, this article seeks to trace interesting connections between social policy and life course which have thus far received scant attention. This article sets out with the theoretical discussion on the relationship between social policy and the life course. The next section summarises the main policy development in Shanghai. The third section demonstrates the changing nature of the welfare mix in old-age security. The fourth section illustrates the biographical dimension of the peasants in respect to retirement and highlights the significance of local pension institutions for their life-planning orientations. Finally, the article assesses the extent of institutional effects of rural pension policy on the life course of peasants, and reflects on the theoretical implications of these findings.

### Social policy and the life course

Scholars of life course research share the common view that age and life course have become salient structural characteristics of modern society. Life course is the interface between historical context, social change and individual action. It reflects the impact of social change on individual life chances over time. Under given opportunities or constraints of historical and social events, human agency responds to them and forms distinctive biographies [3, 4]. Of particular importance in modern society is the institutionalisation of the life course set in motion by a number of factors. Martin Kohli demonstrates this point succinctly [10, 11]. He describes the historical process of Western societies as social change toward temporalisation and chronologisation, in which the life course arises as a standardised social dimension, and age becomes a social construct. In this process, the individuals are decoupled from the traditional ties and duties associated with status, locality and family. The labour system further organises the life course according to the functional demand of the market economy. For Kohli, the central element of the life course institutionalisation lies in the standardised sequence of phases alongside the life span corresponding with the structural requirements of modern society. With their lives highly structured by the institutional frameworks of modern society, individuals are encouraged to fulfil the

functional demand of the institutionalised life course and sketch their own life trajectories simultaneously.

State institutions have played a significant role in the regulation of the life course. Indeed, one can even view state social policy as the life course policy because its temporal organisation of human lives is especially salient [13, 15, 19, 20]. As labour participation is the major income source in the work society, one principal aim of welfare institutions is to bridge the discontinuities resulting from disability to work: ageing, work injury or unemployment. Corresponding mechanisms are social security institutions such as social insurance or social assistance programmes which ensure seamless labour participation of the individuals as well as the functioning of the (labour) market. The latter in turn underpins the welfare system with the provision of financial resources. Above all, the state explicitly defines age thresholds for schooling and marriage, entitlements to benefits and services of social security systems. With the enforcement of these statutory regulations, the state has successfully structured the life course into three phases: education, labour participation, and retirement.<sup>3</sup> What is less apparent, however, is that the institutionalisation of the life course takes place not only due to the state's statutory regulations, but also by the ingrained consciousness of societal members who view such standardised life course patterns as normal rites of passage. Life course scholars speak of the emergence of the normal biography, denoting the convergence of life-trajectory patterns among members in modern society.<sup>4</sup> A standardised timetable tends to influence the way in which social agents organise their life spans, as well as the manner how other societal members perceive and evaluate individual life schedules. Accordingly, a subjective horizon of biographical orientation emerges on the part of the social agency in this institutionalisation process whereby individual life planning tends to identify with and abide by the institutional regulations.

The state pension institutions have particularly contributed to life course institutionalisation with their legal division between work and retirement [8, 10]. By setting the statutory age threshold, the pension system has effectively demarcated a clear temporal borderline between active labour participation and retreat from it, thus consolidating the retirement phase in its own right. Pension entitlements entail not only the statutory right to claim pension benefits, but they also symbolise the social recognition of pensioner's previous work

<sup>2</sup> The choice of Jiading District and Pudong New District is based on their peculiarities. While the former is the first region in Shanghai which introduced the rural pension scheme in 1986, the latter has become the fastest-growing region in Shanghai in recent decades, making it necessary to deal with the blurring boundary between urban and rural areas.

<sup>3</sup> The viewpoint of life course institutionalisation has, however, triggered debates among social scientists over the further development of the life course in Western societies. A number of scholars believe that the life course is currently undergoing drastic change toward the erosion of the normal biography. For relevant discussions, see [11, 23].

<sup>4</sup> See: [18]. For the significance of age in the perception of social agency, see [22].

records. The receipt of public pensions implies normative justifications of the retirement phase as a just reward for one's lifelong toil (moral economy). Furthermore, income maintenance through pensions detaches the elderly from their dependency on their own savings or on the support of children. The state institutions have now intervened in the realm where traditional bearers of old-age welfare used to function. Last but not least, the prevalence of a retirement phase has engendered trust among societal members with respect to their economic safety in old age. For working populations and pensioners alike, the subsistence of state pension institutions is highly symbolic for their trust in the institutional underpinning of old-age security. Public pensions have strengthened the idea of retirement both in terms of economic security and subjective confidence in future perspective.

Departing from the above theoretical considerations, the following analysis aims to trace the link between local rural pensions and peasants' retirement arrangements by addressing three dimensions: The first delineates the institutional development of the rural pension policy in greater Shanghai, with a focus on the latest innovative programme which aims to improve welfare benefits for rural residents.<sup>5</sup> The second dimension discusses the role of public pensions in the composition of financial support in old age. Public pensions often influence the welfare mix of old-age security in the way that they replace the economic function of the family support. One should thus give heed to the implications of the role division between the state and family. Equally essential is the analysis of rural pension policy with respect to its life course impact. The third analytical dimension centred on social agency's perception and evaluation toward the local pension schemes, as well as individual biographical orientation of retirement, which is closely related with the institutional programme of public pension schemes.

### Introduction of rural pension schemes in Shanghai since 1986

Shanghai is a leading figure in the field of Chinese social policy. With its strong economic growth and sound fiscal condition, Shanghai is able to explore relatively advanced and large-scale programmes tailored to tackle local challenges of rapid urbanisation and industrialisation. Local social policy of Shanghai has often attract-

<sup>5</sup> The focus on local institutional framework makes sense because the policy guideline of the central government stresses the self-reliance of local pension schemes. For the discussion of the general nationwide development, see [14, 24].

ed wide attention from other regions.<sup>6</sup> As early as the 1970s, rural communes in Shanghai already paid pensions to their elderly members, though the amount was very low and the payment unstable.<sup>7</sup> In 1986, the Shanghai government decided to introduce a rural pension pilot scheme in the Nanxiang town and Malu town of the then Jiading County. The basic idea was to collect contributions both from the TVEs and their employees, payable to the authority of rural social security. The contributions of employees were accumulated into individual accounts, whereas the employers' part was directed into social pooling to finance ongoing pension expenses. Entitled to join the pilot scheme were all peasants and employees of the TVEs. In essence, the pilot scheme was a combination of pay-as-you-go and funded accounts in order to cater to the need of both elderly and younger rural residents. Since its start, almost all eligible rural residents have joined the scheme.

In 1991, Shanghai city government extended the pilot scheme to all of Jiading County, then successively to Shanghai's other rural areas in the next year. In 1996, the Shanghai government issued the "Provision of Rural Pension Insurance in Shanghai", which formalised the status of the pilot scheme and gave thrust for further expansion. The expansion tempo accelerated over the years, leading to a coverage rate of over 90%. The county-level administration manages the accumulated funds, which is either deposited in bank accounts or invested in government bonds. The contribution administration and pension expenditure of the scheme are under the supervision of the city government. The basic idea of the rural pension scheme is a multi-pillar protection: the main pillar is based on individual contributions (self-reliance), whereas subsidies by the rural collectives form the second pillar of old-age security. In this way, family and village supports are interwoven in the institutional framework of the public pension scheme. Despite the low level of benefits, the rural pension scheme has at least covered a large proportion of the rural residents.

### ■ The Township Insurance Programme

The new Township Insurance Programme (TIP; *zhenbao*) was introduced in 2004 as a response to the blurring boundary between rural and urban areas through

<sup>6</sup> For instance, the new social assistance scheme, Minimum Living Standard System (MLSS), was initially experimented in Shanghai, and then expanded to all Chinese cities in 1999 upon the demand of the central government. See [17].

<sup>7</sup> The following description and data are based on the interview with the official of the Bureau of Labour and Social Security in Shanghai, April 2005. Further information originates from the pamphlet about the rural old-age insurance issued by the Shanghai Bureau of Civil Affairs in 1996.



out the Shanghai region. The programme is designed as an interface between the social insurance programme for urban residents and the traditional pension scheme for rural residents.<sup>8</sup> This programme is highly significant because it heralds the first move to establish a unified welfare system both for urban and rural residents. Entitled to join this programme are enterprises in the suburb towns of Shanghai and their employees, as well as persons approved by the city government to join (such as landless peasants). Enterprises in the rural areas originally covered by the rural pension scheme are encouraged to switch to the new TIP in due time, while urban enterprises and their employees designated for the urban social insurance programme should continue their membership without any change.

The central idea of the TIP adopts the prevalent thought in current social policy reforms in China, namely a combination of personal account and social pooling. Contributions are paid monthly by enterprises, calculated on the basis of 60% of average pre-tax payroll in Shanghai city (as benchmark: 2892 Yuan in 2007), of which 25% (i.e. 723 Yuan in 2007) are payable to the Bureau of Labour and Social Security and the Bureau of Medical Insurance of the city.<sup>9</sup> In case of job switches, previous contribution records in the urban social insurance, rural pension scheme or TIP will be recognised and converted commensurably to the new insurance scheme whichever applies (portability). Collected contributions are used to pay insurance benefits, and the remaining revenues will be accumulated and managed by the authority at the city level, which will be further overseen by authorities of labour and social security as well as medical insurance.

Innovative in the TIP is its comprehensive coverage of all major social risks: Old age, sickness, unemployment and motherhood. With regard to the pensions and medical care, two benefits most pertinent to the peasants, the TIP has the following stipulations:<sup>10</sup>

*Pension* Insured persons reaching 60 (men) or 55 (women) with a contribution record of no less than 15 years (monthly contribution payment no less than

5 years) are eligible to receive pensions from the TIP.<sup>11</sup> Pensions are calculated according to one's own contribution record. Basic pension (with a record of 15 years) is granted at 20% of the monthly average wages of Shanghai workers. With additional one year of contribution the pension will increase at 0.5%, with a ceiling of maximal 30% of the monthly average wages of workers. Therefore, pensions are raised annually in proportion to the average wages.

*Medical treatment* In principle, the TIP covers only serious diseases of outpatient services as well as hospitalisation treatment of inpatient services. Benchmark of benefit approval for the first treatment in one year is fixed at 12% of the monthly average wages of Shanghai workers; for the subsequent treatments it is set at 6%. Once the cost of medical treatment exceeds the benchmark, the TIP will cover 70% of the total charges (for pensioners it is set at 80%). However, the maximal coverage of the TIP for medical treatment in one year is set at 2.4 times the monthly average wages of workers. The patient has to shoulder the remaining fees.

In addition, enterprises and employees in sound financial condition can also join the supplementary social insurance. Whereas calculation basis of the contribution for enterprises is oriented on the total wage sum of their employees of the previous year, the individual worker's contribution rate is set according to his/her total wage income of the previous year. The ratio of contribution payment between enterprises and their employees is regulated on a voluntary basis. All contributions paid by enterprises and employees will be tallied into individual accounts. In this way, supplementary social insurance functions as a second pillar of social protection for individual workers. With the element of supplementary social insurance, the TIP attempts to make basic social protection affordable for all areas of Shanghai, whereas wealthier regions can still grant their residents higher benefits with a supplementary social insurance.

The institutional design of the TIP is comparably much better than the rural pension scheme because its pension benefit level is adjusted parallel with the wage increase in Shanghai. Besides, it covers almost all major risks like the urban social insurance, though at a lower and thus more affordable level. Little wonder that the TIP won popularity soon after its start. Alone in the first year since its outset in 2004, the TIP has covered 750,000 rural residents, 510,000 of them were landless peasants and the remaining 240,000 employees of township and village enterprises or self-employed. The Shanghai government estimated that the number reached 1.06 million at the end of 2005 and still more in the following

<sup>8</sup> Description in this section over the policy details of the TIP is based on the "Overview of the Township Insurance Programme" issued by the Shanghai Bureau of Labour and Social Security.

<sup>9</sup> The 25% contribution rate includes 17% for pension insurance, 5% for medical insurance, 2% for unemployment insurance, 0.5% for work injury and another 0.5% for motherhood insurance. See: "Provisional Regulation of TIP in Shanghai" of 18 October 2003 (Shanghai xiao chengzhen shehui baoxian zhanxing banfa).

<sup>10</sup> The following description is based on the information of the "Provisional Regulation of TIP in Shanghai" of 18 October 2003 (Shanghai xiao chengzhen shehui baoxian zhanxing banfa). As unemployment and motherhood are less relevant for the theme here, I put aside the illustration of their respective regulations.

<sup>11</sup> Insured persons who have reached the age threshold but fail to provide sufficient contribution records are allowed to pay contributions until the minimum condition is fulfilled.

years.<sup>12</sup> With urbanisation continuing, the TIP is scheduled to cover the majority of rural peasants in greater Shanghai.

### Changing welfare mix of old-age security in rural Shanghai

Since the introduction of the rural pension scheme in 1986, and the TIP in 2004 in particular, the significance of public pensions in the old-age security of the rural elderly has been rising continuously. The majority of peasants can look back on decade-long records of individual insurance history in the local pension schemes. The favourable economic conditions in Shanghai have allowed the peasants to spare a part of their incomes for contribution payment into the local schemes. Financial subsidy from the (local) state has further provided a strong incentive and support for the villagers' participation in the scheme because its size directly determines the share of individuals' financial burdens and pension outcomes. In my interviews, many peasants regarded the local pension schemes as one of the most valuable resources which have essentially improved the prospect of their old-age security, even though the expected benefits from the schemes could not always cover all expenses in their old age. For many, public pensions have become an important pillar in addition to children support or private commercial insurance.

The relatively strong support of the local pension schemes has generally aroused higher expectations among the peasants toward the role of the state. They deem the state as an indispensable supporter for the rural elderly. Despite the general scepticism among peasants over the given urban-rural divide in the state pension policy, they view the introduction of rural pension schemes as a positive political move toward more protection for the rural residents. Above all, collective subsidies as envisaged in the institutional framework are widely accepted because their sum directly determines the expected pension benefit level. For peasants in rural Shanghai, these public endeavours signal progress in the long-neglected area of public pension policy, as expressed by a peasant: "The state is very important, and rural old-age security is important, too. Firstly, the state has launched a series of protection policy. You know, we have already entered the ageing phase; this is a big social problem. Therefore, the state completes this respect of policy because it has already taken into account many

problems in the future... People like our generation are a bit wealthier, but have fewer children, so we may not do well when we get old."<sup>13</sup>

Corresponding with the rising significance of the public pension scheme is the diversification of old-age security pillars in rural Shanghai: while individual savings remain indispensable, public support is increasingly gaining ground. Although children are widely deemed to have the moral responsibility of taking care of their parents, their reliability in this respect is gradually put into question. Recognising the growing instability of employment of their children in the labour market, many peasants believe it would be very difficult to put the responsibility of the elderly care solely on their shoulders. The declining share of family care should therefore be covered by the state's support and one's savings. As a peasant said: "No matter how well the children treat you, they are not as good as the state protection. If the children are benevolent, they will give you money. But if they don't have additional money, there would be conflicts if you still turned to them for support. With the assistance of the state, I can do it by myself. I am happy with my own money."<sup>14</sup>

Despite the awareness that children should no longer be the only bearers of caring responsibility, the wish to live with children, especially the sons, still persists among the peasants in rural Shanghai. In my interviews, even though the elderly were receiving sufficient pensions from the local schemes, coresidence of two or three generations remained a normal situation and enjoyed high recognition among the peasants. Even if parents chose not to live with their children, interaction between family members remained intensive, centring on emotional support and daily care. What the public pensions have changed is the perception of the elderly parents toward the financial aspect of their old-age security: Pensions are seen as part of the household incomes rather than as personal earnings of the elderly. Thus, many pensioners expressed in the interviews that they were no longer financial burdens for their children, but active givers and helpers. If the (expected) pensions failed to cover the basic living expenses in old age, the elderly preferred to exhaust their personal savings first before asking the children for additional financial support. In general, old-age security in rural Shanghai is undergoing a reconfiguration process, in which the family's economic function has gradually been supplemented, if not substituted, by public pensions. The latter have become the lynchpin of a new equilibrium between the state and family, functioning as a buffer against any potential generational conflicts, as the children are largely relieved of the economic burden for their elderly parents.

<sup>12</sup> Figures are provided by the Bureau of Labour and Social Security in Shanghai. It was estimated that until the end of 2006, the TIP has covered, together with the urban and rural social insurance schemes, nearly 13 million Shanghai residents.

<sup>13</sup> Interview, 12 May 2005.

<sup>14</sup> Interview, 28 April 2005.

Private commercial insurance, which appeared in rural areas in the course of the 1990s, is also an option for the peasants.<sup>15</sup> Due to lack of a well-organised medical care system, private medical insurance and work injury insurance are the most common products taken up by the rural peasants.<sup>16</sup> Life insurance is mostly purchased in combination with other insurance categories such as medical care or accident compensation. The purchase of private insurance products is subject to individual financial situations. In case that some peasants can only afford limited insurance items, they tend to give priority to the younger working generation in the family, partly because the risk premiums are lower and the insurance advantages higher. Only when the financial condition of the household improves will they consider additional insurance for the other members. Peasants who purchase private commercial insurance view it as an equivalent to public pension schemes, hoping that the public-private combination would provide synergetic protection. As a 44-year-old respondent, who had purchased saving insurance schemes of the Pingan insurance company for all of her family members, said: "Initially I knew that the state rural pensions would not suffice, so I took up the Pingan insurance. With this private insurance added on top of the state pensions, together with the 1.5 *mu* of land plot, I don't have to buy any food... My husband and I would make it (in old age)."<sup>17</sup>

Given the solid operation of public rural pension schemes in Shanghai, however, private commercial insurance may appear as a secondary option in the eyes of some rural households. They are generally sceptical about the reliability of private suppliers, believing that the insurance companies are ultimately doing business for profit out of the premiums. The public pension schemes of the state, by contrast, are widely regarded as a non-profit policy aiming to secure the peasants against old-age contingencies. These peasants' mistrust toward private commercial insurance is partly the result of the immature insurance market in rural areas, which did not have any private suppliers until the beginning of the 1990s. The reluctance of the Shanghai government to set up statutory regulations of commercial insurance also raised the risk of possible fraud or default. Yet, despite suspicion about the reliability of private insurance, it has

gradually convinced a portion of rural residents to take up relevant insurance products.

As a whole, the chief pillars of rural old-age security in Shanghai consist of public pensions, family support, and private insurance. The state pensions have become the major underpinnings in recent years; especially the introduction of the TIP has further boosted the popularity of public pension schemes. Family support remains resilient despite its declining economic role in the composition of old-age security. Parents generally expect support from children whenever necessary, though they tend to treat it as the last resort only in case of old-age adversity. Private insurance also plays a visible role in the financial planning of some rural residents who expect insufficiency of their future pensions. This option normally comes into consideration when the peasants feel the need for more benefits on top of the public pension schemes and individual savings.

### Work and retirement in rural Shanghai

The unequal nature of old-age security between the urban and rural elderly has had profound implications for their life courses. Given the residual character of the rural social policy, the life course in rural China before the reform era saw little influence of social policy because the welfare responsibility rested on the communes and, above all, peasants themselves. The life course of the peasants was fragmented as ceaseless toil throughout lifetime was the only means of livelihood maintenance. Retirement was out of question, and life planning tended to be short-termed subject to individual situations.

In the case of rural Shanghai, however, this traditional picture is changing. Thanks to the rising subventions from township and village administrations for the local pension schemes, many participants are entitled to generous pension benefits, which have motivated them to actively plan their lives by taking advantage of all available resources to sustain future needs in old age. The most distinctive characteristic is a clear definition of a biographical dimension and individual orientation. Since public pensions can cover a greater share of the economic expenses in old age, retirement has evolved into a concrete life phase which requires previous planning. For those peasants entitled to generous pensions, formal age thresholds for pensions demarcate a watershed from work to retirement (*tuixiu*) whereby they are free to choose recreational activities. This psychological effect is also pronounced among middle-aged and younger residents. In their subjective consciousness, the retirement ages set by the scheme are very close to a demarcation line dividing two distinctive life phases. Its implication goes far beyond the notion that the age

<sup>15</sup> Paucity of statistical data precludes further information about the progress of private commercial insurance in rural Shanghai. Note that public and private pension schemes here have been in a competitive relationship to each other.

<sup>16</sup> Even the newly-established TIP is unable to provide fully-fledged protection for these risks. Especially medical care has become the greatest threat to the household economy in rural Shanghai. Although the TIP grants a certain percentage of financial subsidies for the incurred medical expenses, the regulation sets a ceiling for the refund of medical costs.

<sup>17</sup> Interview, 16 May 2005

threshold merely indicates the beginning of pension receipt. As one informant puts it: "The feeling is that when we get old, the government can help us sustain our old-age security. We no longer need to worry that we may not have money when we get old. This thought alone is good enough. One day when we get old, we can live on our own feet and do not need to ask for money from our children."<sup>18</sup>

In some cases, peasants may still intend to work as long as they can, but they do it mainly as routine or recreation in the late life phase. The decision to continue working in advanced age is due to voluntary engagement rather than economic imperative. In this respect, this finding corresponds with other works which identify this phenomenon, but indicates that it is related to the normative conviction rather than individual economic situations [1, 2, 21]. Indeed, work ethic prevails as a strong norm in rural areas. Under this normative influence, peasants tend to view ceaseless toil as a normal life pattern even though there is no compelling need to do so. In rural Shanghai, the desire of many to continue working in advanced age goes beyond economic requirement. It has rather become a common living arrangement and a normative belief in contempt of idleness: "Rural residents like us would like to work further (after retirement) unless we cannot do it anymore. It depends on your health. If someone is physically less fit, then he works less. Anyway, no one in our generation likes idleness. Unless you're weak, then you stay home and do the chores for your children, just like housemaids in the cities."<sup>19</sup>

This is not to say that public pensions in rural Shanghai have guaranteed all scheme participants carefree old-age security. Although the stable operation of the rural pension scheme and the introduction of the TIP in Shanghai have offered a solid basis of old-age security for the rural residents, there are still cases in which the expected pensions fail to maintain the level of basic subsistence. Working beyond the retirement age thus becomes a necessity. Yet, even under these circumstances, peasants I interviewed still regard retirement as an off-work phase even though they have to keep working without pause. The possibility to retire is often contingent on its financial affordability. The necessity to work in old age does not preclude those rural peasants from recognising the importance of old-age security, nor do they view the traditional caregivers (family, children) as ideal alternatives. A middle-aged peasant expressed his wish to improve economic situations in the hope of abating the caring load of their children: "The traditional idea of raising children for care in one's old age (*yang'er fanglao*) is of little avail... In Shanghai who is

still dependent on the children? Everybody depends on himself, or on public pensions. To save money now is to prepare for the expenses in one's old age."<sup>20</sup> Given the rising role of public pensions in rural old-age security, working beyond retirement age is for them a temporary choice to bypass financial shortage in old age.

In some cases, the motivation to work longer has much to do with the insufficient provision of public medical care, which has overshadowed the prospect of rural old-age security. This could at times tear a sizeable hole in the household economic security. Even in wealthier rural regions of Shanghai, such as Pudong New District, this is no exception. The collapse of rural medical systems after the market reforms has only been partially cushioned by the establishment of alternative cooperative medical schemes. The TIP has addressed this problem by incorporating medical insurance as part of its insurance benefits, but its buffering effect is limited given the explosion of medical treatment costs in recent decades. As a peasant stated this straightforwardly: "With regard to the medical treatment ... If you are sick, then you're over, and the whole family is over. The medical treatment nowadays is horribly expensive, and I don't know why. If you go to see a doctor, either you are all right or you are in trouble because of serious illness. Hundreds of thousands of money will be thrown into the black hole. Now this is the biggest problem."<sup>21</sup> Given this insecurity, many peasants know that falling seriously ill especially in old age would incur damage to the household economy. That is part of the reason why private insurance has prospered in rural Shanghai, as it fills the gap left by the public schemes. This drawback has led a number of peasants to take up private commercial insurance as a safety net against potential contingencies. The potential uncertainty related to illness has also motivated many to continue working so long as their physical condition allow it.

Even for those peasants working in advanced age out of economic need, the existence of public pension schemes has nevertheless stimulated the idea of retirement. Public pensions have at least rendered significant assistance to old-age security. This has often nudged the peasants to mull over the question of retirement. When asked what implications the rural pension scheme and the TIP have for his retirement, one 61-year-old respondent replied: "They mean a lot. I don't have any more concern when I get old... My children do not have much money. With the public pensions, we are happy when we get old. As peasants, what else can we do when we get old? Raising children for the old age, but this is an ideal thought. What if the son is unreliable? After all,

<sup>18</sup> Interview, 29 April 2005.

<sup>19</sup> Interview, 28 April 2005.

<sup>20</sup> Interview, 12 May 2005.

<sup>21</sup> Interview, 16 May 2005.



not every child can become a university graduate.”<sup>22</sup> Given the existing pension schemes, many peasants think that they have little to worry about with the overall institutional support. Benefits from the pension scheme and the village welfare programmes (e.g. old-age benefits) have substantiated participants’ biographical perception of a stable old-age security. In this respect, institutional support has facilitated positive evaluation of the public scheme as well as active life planning.

While the meaning of working in advanced age is changing, the distinction between men and women with regard to the transition to retirement is equally conspicuous. This difference is partly the result of the pension scheme regulations. They influence the retirement behaviour of rural peasants in that women tend to withdraw from the work at an earlier age of 55, but continue to be active in family business or housework. For elderly women, although they are generally the bearers of housework, retirement still implies the severance of the link with the outside labour market and concentration on family affairs. By contrast, elderly men retire later at 60 but often continue to work whenever their health allows it, mostly outside their homes. For them, retirement signifies only the transition to other outside employment types with less physical loads. The segregation of gender-related employment activities after retirement has not changed much even after the introduction of rural pension schemes; indeed, the regulation of different retirement ages in the rural pension scheme has even reinforced this gender division.<sup>23</sup>

Another major reason for the gender-specific labour participation after retirement lies in the living arrangements of rural Shanghai households. Since coresidence of parents and children is prevalent, the assistance of female elderly in housework is an effective strategy to help their adult children to better tackle the tensions between work and family. Despite the decreasing confidence in the prospect of children support for their old-age security, many female peasants in rural Shanghai still view formal labour participation and informal housework as the keys to improving the household’s overall economic security. Sex segregation in retirement activities fits well with the division of labour between formal work and informal housework.

In sum, the increasing significance of public pensions in the overall composition of old-age incomes has contributed to an emerging awareness among the peasants over work and retirement in rural Shanghai. The ris-

ing subsidies of local administrations (towns and villages), together with the introduction of the TIP, have encouraged peasants to plan a retirement life phase predominantly financed by public pensions. In view of the heavy burden to be shouldered by the children, peasants in rural Shanghai now place more emphasis on public responsibility for rural old-age security. The idea of retirement in the sense of off-work phase has been gradually burgeoning, especially in those regions where the expected public pensions can satisfy basic livelihood in old age. Even for peasants whose pensions fail to reach a basic level, the distinction between work and retirement is taking root and making sense in individual biographical horizon.

## Conclusion

This article has sought to highlight a facet of social change in rural China since the economic reforms. It has related the emergence of retirement with the increasing involvement of the local government in the domain of rural old-age security. Based on the data collected in rural Shanghai, this article has found preliminary traces suggesting that life course institutionalisation in the sense of a clear temporal partition between work and retirement is taking shape in one of the most affluent rural regions of China. Generous subventions of village collectives and improving household economy have laid favourable grounds for the farmers to plan for their old-age security. Under sufficient material conditions, retirement has become a concrete concept in the biographical horizon of individual peasants, motivated further by the idea that the elderly should not rely solely on the children.

The case of rural Shanghai has vividly illustrated the significance of institutional support for the peasants’ transition from work to retirement. In fact, the participation of rural peasants in the scheme is itself a clear expression that old-age security has become a pressing issue in the minds of many peasants. For them, taking up the scheme provides a safer buffer against the insecurity in old age, which can relieve the burden of the children. Furthermore, public pensions have strengthened the recipients’ confidence and expectation in the state’s ability to sustain rural old-age security. Although family and private insurance remain important pillars, the belief that eventually the state has to bear the main responsibility has taken hold. On the other hand, while one may suspect the declining importance of family care as a consequence of the introduction of public pension schemes, the empirical findings of this study suggest that the opposite may fit more with reality. Among the peasants in rural Shanghai, the significance of family solidarity

<sup>22</sup> Interview, 28 April 2005.

<sup>23</sup> In this respect, David-Friedmann’s observation (2: 17) remains valid that “these clear-cut differences between the work and retirement of elderly men and women create different patterns of leisure in advanced old age.” But my findings in rural Shanghai point to the consolidation of this trend by the rural pension schemes.

does not disappear in the face of increasing institutional underpinnings of public pensions. Both economic and emotional ties among generations remain intact in the surveyed households. The increasing rural pension benefits have relieved the burden of the children for old-age security without substantially putting generational solidarity into question.

As with the retirement activity, a pervasive trend is to continue working even though public pensions lie well above the subsistence level. Indeed, ceaseless toil remains a dominant work ethic that prohibits idle leisure after retirement. The potential risk of heavy illness also motivates peasants to work as long as they can in order to prevent sudden economic shortfall in illness. What this article suggests, however, is that in a number of well-off cases, the choice of continuing working is an established practice whose essence has transformed from economic requisite to normative habitus. Far from working to maintain livelihood in old age, the labour participation in old age has become a spontaneous behaviour among peasants to keep themselves active as well as improve household financial situations. While elderly men tend to continue their work outside the homes, elderly women often exit earlier from work and contribute their labour to housework. Although this finding coincides with other studies, one should not downplay the significance of the rising public pensions for the rural old-age arrangements [1, 6, 21]. This study suggests that the institutional frameworks of rural pension policy have enormous effects on the individual's perception and planning of old-age security. With the benefits of pension schemes rising, the idea that one can ultimately rely on public support without further depending on children and land plots has taken root. For the elderly and the younger peasants alike, the growing confidence in one's old-age security parallels with the expectation of increasing public pensions.

Since this study is based on the findings in rural Shanghai, the extent of its generalisation to the en-

tire rural China is limited given the enormous disparities of pension policy development among the rural areas. Even until today, many regions have failed to establish any public rural pension scheme for their residents. Furthermore, as benefit or subsidy levels vary from village to village, uneven regional development is directly translated into the benefit level of public pensions. In contrast to their poor fellows, peasants in richer villages benefit both from improving individual income as well as sound village finance in their preparations for old-age security. This inequality provides little room for hasty optimism to claim that the life course in rural China has uniformly evolved into a modern type, in which all peasants have developed a long-term biographical view in respect to retirement. Its emergence depends to a large extent on the availability of material resources to individual households. Even in poorer rural regions of Shanghai, peasants remain dependent on their land and family partly because the village collectives are financially too weak to provide significant subsidies. For them as for their fellow peasants in even more impoverished regions, pondering the significance of retirement is still too early as they have yet to earn the meals for present days. Nonetheless, my findings in rural Shanghai still warrant certain grounds for speculating similar trends in other rural regions once their economic development reaches a certain stage. The peasants' perception of retirement in rural Shanghai may be too unique to give a full account of the situations in other parts of rural China, but it has demonstrated an unparalleled experience that signifies the close relationship between social policy and individual life courses. For peasants to realise their idea of carefree retirement instead of ceaseless toil, public pension schemes of the state, whether initiated by the central or local governments, would have to take on a larger responsibility in support of rural old-age security.

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