

Policy Issues and Enlightenments on Transfer Effectiveness of Cash Transfer Program in the South*

Yifan Yang** & Ziyi Wang***

Abstract: The purpose of this paper is to provide an up-to-date and comprehensive analysis of the findings from evaluations of cash transfer programs for social protection. Based on the literature review, these types of interventions have become increasingly popular among recipient governments, especially so-called conditional cash transfer programs and unconditional cash transfer programs. The paper then analyzes the social cash transfer schemes in practice, summarizing basic issues like universal or targeted, and conditional or unconditional. The conclusion is that the imposition of conditional plans needs to be carefully measured, universal plans should be based on the classification of the whole population, and the coordination of the cash transfer program and the overall framework of social security should be paid more attention to.

Keywords: cash transfer program, social pension, conditional social assistance

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** Yang Yi-fan, is an Associate Professor at Southwest Jiaotong University in China. His research interests include pension economics and social security in developing areas. E-mail: yangswjtu@126.com.

*** Ziyi Wang, is a junior research assistant in Sichuan Normal University in China. E-mail: hyuksara@gmail.com.

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Introduction: Arguments Under Some Consensus

As every country seeks for the long-term solution to economic crisis, people find the “social cash transfer program” to be an appreciable policy. According to Lavinas (2001) and Howell (2001a, b), the “cash transfer program” is a comparatively wide and general conception. It is a part of “social security network” or “social security system”, and has both distinction from, and connection with, “basic income”, “lowest income”, “social relief” and some other traditional conceptions of social security. Differing from the traditional social relief, the cash transfer programs in current developing countries mostly regard currency payment as the basic feature, like the non-contributory pension, relief program of family cash and so on; meanwhile, these cash transfer programs also have some features about rights and mainly operate depending on national laws and regulations and the public sector. (Devereux and Sabates-Wheeler, 2007; DFID UK, 2005).

As a horizontal transfer mechanism of resource, food and other material objects transfer programs have become popular among developing countries since the 1980s. Around the mid 1990s, the horizontal transfer programs of cash received special concern from the policy domains of social security, and the World Bank and related experts began to advocate each country to bring in the widespread payment pension as an essential supplement to traditional social security. (World Bank, 1994, 2001; Holzmann and Hinz, 2005; Palacios and Sluchynskyy, 2006; The Millennium Development Goals, 2000) After putting that forward, the International Labor Organization, ISSA and related experts closely integrated the new-pattern social security programs, including this type of pension, with the very strategy “everyone enjoys social security” and “widen the area of social security (ILO, 2001, 2003; van Ginneken, 2003)”, and made them global programs. What’s more, the participations of UK Department of International Development (DFID), German Department of Economic Cooperation and Development (DECD), Help Age International (HAI) and other official and non-

governmental organization (NGO) also have greatly promoted these programs to get more universal policy tests in more countries. With economic crises having wrapped around the globe, with full employment becoming a luxury ideal and traditional social security being hard to implement as a social support system, various types of cash transfer programs, which have been seriously summarized and greatly developed, have become the hot spot in the social security development of developing countries. Some ideas like “the non-contributory basic pension as an important part of senile security system”, “greatly developing the cash transfer programs including the social pension”, have repeatedly been seen in policy programs for helping the economy and securing the people’s livelihood in developing countries.

However, ‘hot spot’ does not mean that this issue has a comprehensive consensus. Making a general survey of the current representative research, we found scholars are having some discussion on the following issues. Firstly, as a part of the global social security and development policy (Holzmann et al., 2003), there is argument over what fundamental concept that the cash transfer program depends on: “remainder type” or “universal type”. On the basis of research from de Haan (2004) and Deacon (2005), according to some specific indicators like the scale of expenditure and recipients, the overall scale of the cash transfer program is still limited, and because the policy motivation is out of consideration of “to help individual to recover the independence” (Schubert, 2005), so the cash transfer program should be considered as a social policy of “remainder type”. However, on the basis of research by Esping-Andersen (1996) and Hort and Kuhnle (2000) regarding a “new type of welfare regime”, due to the distensibility that the cash transfer program has upon the general welfare expenditure (which is apparently distinct from the traditional means like “social dumping”, but is close to this new type of welfare regime), it could be thought as “universal type”. Those who lean toward the idea of liberalism think that if the screening mechanism in the cash transfer program is canceled or weakened, the work impetus of the aided person will be restrained, but the anaclisis they

have on society will seriously influence the labor and production efficiency (Bane and Ellwood, 1994; Schubert, 2005); yet with the long-term discrimination brought on by the traditional help of “remainder type”, their opinions cannot be received by the people who insist on corporatism (Titmuss, 1974; Deacon, 2005; ILO, 2001, 2003; DFID UK, 2005), because they prefer to the cash transfer program as a complete “universal type”, without any “selectivity”, in order to maintain the respectability of the aided person. Then, should the cash transfer program have added conditions? Since people ignore the differences among the above concepts and simply see from the viewpoint of mechanism and the efficiency of input and output, will the “objective choice” be available or not? Bringing in “additional conditions” increases the policy directivity of help, but will it be economic in the implementation process? Will the priorities be different among the different types of cash transfer programs in policy choices of different countries, or will there be universal law worldwide? This essay will excavate the newest research accomplishments and practical experiences that the international social security policy field has on the cash transfer program, and discuss the above key elements one by one, in order to give some references to develop and perfect the Chinese Social Security System.

Comparison: The Types and Effects of Social Cash Transfer Programs

Synthesizing the classification method of DFID UK (2005), Farrington (2006) and Slater (2006), this essay classifies social cash transfer programs into three major types: non-contributory pensions, family related social assistance and conditional cash transfer, and each type could be classified into accessory wealth review or no wealth review (completely universal).

Non-contributory Pensions

Non-contributory pensions, existing comparatively with the contributory pensions of traditional social security programs, regard the national tax as the financing source and usually adopt the universal type based on age and sometimes the accessory wealth review (Barrientos and Lloyd-Sherlock, 2002; Palacios and Sluchynskyy, 2006). This kind of pension originated in some African countries where AIDS and plagues were so epidemic that the security crowd was aimed at those who had no kin and cannot support themselves, and meet a certain age requirement. In those areas, when young adults die of fatal diseases, the old people usually need to carry the burden of the family and upbringing of sons, and thus gradually become an important object of special attention to social security policies. Considering the real management capability, the constraint made by government financial resources and some other factors, non-contributory pensions usually allow the direct management from government or entrust some public institutions and organizations like the social insurance agencies and state-owned banks to carry out and assume the task of disbursing funds. The annual average expenditure control is at about 1% of the country's GDP, and the general maximum does not exceed 2% (Mesa-Lago, 2001; Coady et al., 2003). According to some large-scale surveys conducted by researchers in Brazil, South Africa and other countries, non-contributory pension programs have obviously upgraded the actual status of the insured old men in families, which not only guarantees the living condition of the recipients, but promotes the risk resistance capacity of the family of recipients. Indeed, some cases show that the educational situation and admission probability of the grandchildren of insured old men have also apparently improved, which indicates the internal distribution of pension in a family will influence the relationships among family members.

Family Related Social Assistance

According to the research of Tabor (2002), van Ginneken (2003) and Beattie (2000), in order to ensure the timeliness and validity of security, most family related social assistance programs are accompanied by a sort of “selectivity” that is either a review of the wealth or income of individual or family, or a classification, for example, disaster relief, special relief for people those have no kin and cannot support themselves, disabled relief, etc. Concerning the specific screening method, besides the direct investigation of income, having synthetic judgment according to the living condition, household scale, land possession and other property ownership of recipients, is also available. On the basis of empirical data, large-scale and systematic family cash transfer programs are mainly seen in some middle income countries that have comparatively high-level economies and well government public services, like some areas in Latin America, East Asia, Central Asia and the former Soviet Union, but rarely seen in low-income and less developed countries, like some areas in Africa and South Asia. Family related social assistance programs usually have a low payment level that is mostly below, or just equal to, the national poverty standard in most cases, therefore, the poverty reduction effect is not very good (Schubert, 2005). It is necessary to note that the urban and rural basic cost of living allowance, which is currently executable in China, is exactly the sort of systematic family related social assistance program in its characteristic “full coverage of the target population”, so it is sometimes thought to be weakly selective (Hussain, 2001; Leisering, 2002).

Conditional Cash Transfer Assistance

Conditional cash transfer assistance, which is a special assistance program, got the earliest extension in Latin America (Tabor, 2002). It pays attention to some special behavior and movement of the insured, and it must meet the predetermined conditions and the financial support

provided must be used for specific purposes, like education of school-age children, resuming production, etc. On the consideration of maintaining “sustainable livelihoods” and promoting “capability”, this assistance program hopes to enhance the individual ability of the recipients and change their behavior, in order to achieve poverty reduction, elimination and capacity building in the long term, but not to be oriented to the general needs for survival. Conditional cash transfer assistance can be mainly classified into two types: ‘Work for the Dole’ project on labor and human resources development projects on education. The former is usually seen in some special countries and areas as being for an emergency, for instance, severe earthquake disaster affecting countries in South Asia or Latin American countries facing severe economic recession in the 1990s. The main form of the Work for the Dole is government-led, and vigorously develops the jobs of social infrastructure, community work, basic services and other fields. It organizes the workers who are capable of working but find it difficult to get jobs in the market, and carries on orderly and power production work, all the while paying attention to attract the participation of companies, enterprises, NGOs (Non-government Organization), CSOs (civil society organization) and so on (Howell, 2001b), (Marquez, 2001), (Coady et al., 2003), (Gough, 2001). What’s more, the target of the later, which is aimed at the education of school-age children, is to curb the phenomenon of child labor in the area, like Brazil, Chile, Colombia and some other countries that put forward “human resources development plans for the target population”. It also has a special treatment payment method—in most circumstances, cash is given to the mother of the children with some random regular follow-ups and inquiries. That not only maximizes that the chances for children's access to educational opportunities, but also, to a certain extent, improves the status of women in the family, and from the implementation point of view in recent ten years, this program has an obvious effect on reducing child poverty and maintaining education right (Lavinias, 2001, 2006; Legovini and Regalia, 2001; Rawlings and Rubio, 2003; Morley and Coady, 2003).

Issues: Implementing Elements and Fundamental Principle of the Social Cash Transfer Program

Although the social cash transfer program has become a trend of learning from each other and has been a positive introduction among developing countries in the world, three essential questions can still be found in the policy practices of each country: first, there is some discrimination among countries on whether cash transfer programs should adopt the universal and shared type or objective choice type; second, there is some discrimination among countries on whether cash transfer program should have added conditions or not; third, different countries and areas do not have any order towards prioritizing different cash transfer programs on the consideration of policy options. These phenomena actually correspond to the three key issues on the cash transfer programs.

“Universal share” or “Objective Choice”?

“Objective choice”, a selection mechanism that security system has on the recipient, is a relative concept to “universal share”. This mechanism has an important realistic meaning in some poor and low or middle-income countries. Generally, “objective choice” mainly has three steps: Firstly, designers must make decision about which group of people will the mechanism be faced with. Then, they should find the families that meet the criterion. Finally, they should devise supporting measures in order to reduce “leak-out” and “repelling” as far as possible. Chart 1 has concluded different types and action mechanisms of all kinds of typical “objective choice”. From it, we can see that the rigorous degree diminishes from the top to the bottom, accordingly, the number of managed cost and the requirements of manage capabilities are also diminishing. In fact, regardless of the selection mechanism, various degrees face a common problem that the way to screen potential recipients according to data information which is efficient, true and

consistent. Literature suggests that, the failure of “objective choice” is not an accident in the specific implementation process, but in India and some other countries, counterfeit receive pension as family or individual and getting pension fraudulently always happen in middle-income family (Farrington et. al., 2007).

Theoretically, the self-selection mechanism is able to eliminate the risk of moral hazard and adverse selection in the most efficient way. However, this usually takes the Work for the Dole as the premise of analysis, so in the assistance program of direct cash payment, self-selection mechanism is hard to be successful. Labor rewards from those cash assistance programs which are carried on by work for the dole are usually equivalent or a little higher than rewards in minimum period, but its hard degree is just as much as ordinary working, so the recipients usually think twice. Moreover, developing countries are keeping their eyes skinned about the institutional segmentation made by the overdevelopment from the commercialization of social security. Public system serves the public, while private system serves the middle and upper classes, and this situation seriously undermines the legitimacy of the foundation and the social contract that the national governments of the Western democratic system of election depend on. Therefore, some experts and international organizations suggest that, unless the management capabilities can meet the multifarious screening requirements, unless the absolute political support, unless the smaller proportion of poor, governments of developing countries should set universal policy as priority in order to guarantee the rights of recipients to obtain relief (Farrington and Slater, 2006).

Moreover, “universal sharing” is not what we know as “everyone to enjoy cash benefits”, but people have equal rights to get cash assistance in default situations, especially in developing countries, although, as a basic human right, the social security right has been included in the 1948 United Nations Declaration of Human Rights, as a matter of fact, obviously, it is still different from that in industrialized developed countries. Not just satisfying the proposal of “rights” and theory of

Table 1. Typical categories of “objective choice”

Type	Basic approach and characteristic	Advantage	Managed cost
Ways based on individual and household level			
“one to one” review	Specialized one-to-one assessment of potential recipients	The most precise selection of the recipients, but prone to discrimination	Very high
The economic situation survey	To assess by the form of home access and field surveys	Relatively simple, but still relatively cumbersome administrative procedures, it can not put an end to discrimination	ordinary
Alternative Survey of economic conditions	The use of index system, take the residential address , family structure, educational status, and other economic information of potential objects for statistical analysis	Comparison of the scores are queued, more objective, and easy to summarize the law	ordinary
Communities and other units	Determined by the assessment of the leaders or representatives of the community, and other self-organizations	Reduce the requirements for the survey analysis capabilities, but increased the subjective and arbitrary	Low middle
Other way			
For the categories or groups	Overall non-economic indicators of gender, social status, roles, and occupational status, the division of the crowd within the same categories of individuals are entitled to the equal rights of recipients	Simply assess the overall number of financial affordability, but prone to “leak-out” and” adverse selection” situations and so on	low
Self-selection	To reduce the risk of moral hazard and adverse selection, skim off the self-help capacity of groups by special design (such as pay relatively low wages) relatively low quality food)	Without any investigation and analysis capabilities requirements	low

Source: According to Farrington, (et. al., 2007) and other data compilation

“rules”, because of financial resources and some other aspects, developing countries have a lot of restrictions, which are more likely inclined to establish practical social security system with guaranteed finance. To this extent, “universal sharing” and “objective choice” should not be completely opposed concepts. The so-called universal non-contributory pension, is actually designed to give the universal payment to the population which has been classified by age, sex and other criteria. Thus, in the specific practices of each country, there are indistinctive universal programs completely aimed at commonwealth, but mostly are some “objective choice” mechanisms from the two ways in the chart 1. In addition, developing countries should use the universal policy to complement “objective choice”, that is, to establish non-contributory orientation welfare projects for particular groups and social exclusion in order to ensure the rapid expansion of social protection coverage.

“Non-conditional” or “Conditional”?

The main purpose of ‘conditional’ is to control the inappropriate behaviour of the recipients, that is, to promote the quality of, and opportunities for, the education of school-age children by influencing the behaviour of parents, by attacking the problem of poverty at the root. Just from this point, it is obviously superior to “non-conditional” program. However, whether adopting it or not, developing countries should take the following questions into consideration. Firstly, are there supply constraints? According to observations conditional education assistance programs in African countries, researchers found that, although some areas of Zambia have put forward the education assistance program, the practical bearing capacity of the local education department does not produce effective expansion, and the phenomenon of students proportion overloads—over 20%— is extremely common. Although schools are capable of enrolling students, reasons such as scattered residence, distance, and difficult school journeys have also made the actual result of

this kind of program limited (Schubert and Mwiinga, 2005). The situation of the medical field is similar to this, because of the lack of essential drugs and underdeveloped means of transportation restrict the effective practice of medical assistance programs.

In the next place, are there any constraints of management or handling capacity? On the one hand, the average managed cost of “conditional” program is 20% higher than ordinary programs, on the other hand, given that most of African countries lack of hardware devices, managed cost and workers is extremely common.

For example, in Zambia and Malawi, for every 20,000-50,000 people there are one to two specialized staff of the Social Security Administration. Some researchers even specify that, although, superficially, this kind of program in Latin American countries has been flourishing, it is also closely related to the financial support from World Bank and Inter-American Development Bank behind the scenes. Once losing such an external condition, just depending on the finance and management capacity of developing countries themselves, “conditional” assistance program will be difficult to effectively carry on (Schubert and Slater, 2006).

Finally, the attitudes of policy designers and taxpayers (domestic interest groups) are also very important. Latin America and other countries are deeply influenced by the new liberalism, which has the United States as the representative, and their domestic political forces tend to attribute the incidence of poverty to lack of personal effort or lack of abilities and other personal responsibilities, but relatively ignore the social reasons which lead to poverty, so they are prone to subjective preferences about “conditional” programs. What’s more, researchers are really worried about the influence of that idealism on African countries, because they think it does not fit the fundamental realities of the African countries, and it does not match the political and cultural environment (Schubert and Slater, 2006).

“Universal law” or “Order Difference”?

In addition, different countries and areas have obvious differences on the order of carrying on various types of cash transfer programs, and have no universal law in the broadest sense of the political preferences. Besides the external conditions, just like the different financial constraints that countries are faced with, the major cause of this phenomenon is, regardless of the overall social assistance system, specific cash transfer programs have significant “path dependency” characteristics. The present social security system and the experience of past reformation of a country will have obvious influence on introducing a new system and new program, especially on the judgment and decision of policy makers on coverage, the target population and additional conditions. The programs in Latin American countries pay attention to the combination of poverty reduction strategies, long-term human capital development strategies, and the education and medical plans for children and teenagers, thus they set the conditional programs as a political preference (Handa and Davis, 2006). Researchers also think the reason that these countries could make the education and medical conditional programs enjoy such a great popularity is their consideration of the negative impact of eliminating the privatization of social security systems and the way to deal with economic turmoil. This consideration is closely related to the idea of new liberalism, which was proposed by World Bank and Inter-American Developing Bank and has an impressive influence of them in these areas (Handa and Davis, 2006).

African countries have been poor and weak for a long time, so the major duty of their social programs is to fight against starvation, famine and disease, and the focus of policy attention is also the most impoverished and needy families and individuals. In their inherent ideas, they regard the assistance as a temporary response to these social hazards, and usually depend on the payment of material object like food, but they do not pay attention to the welfare security in the form of cash or work for the Dole, so they will not adopt the conditional program on the

whole. However, with more recognition of poverty, they find starvation and poverty are not always caused by instant disaster, but a sudden release made by the build-up effect of long-term underdevelopment and lack of security.

Therefore, although the food and material objects supplied afterwards can relieve the inhumane plight of disaster, it is impossible to stop the frequent re-occurrence of starvation and poverty (Devereux et al., 2006; Slater et al., 2006; Sharp et al., 2006). Moreover, some forms like proposal and technical assistance made by related international organizations have brought the idea of new liberalism that is popular in North America and Latin America into Africa, and these countries have started to pay attention to the pre-incident synthesis assistance system including cash transfer programs, and some of them have replaced the security of food and material object programs (Schubert and Slater, 2006). Previously, these countries accepted the policy suggestion of cash transfer program, so they do not have any relatively sophisticated social security system, which makes the new program easy to be adopted, but this kind of replacement is still very limited in the present situation (DFID UK, 2005).

From the comparison of Latin America and Africa, the universal law about the policy selection of social transfer program is not developed, so as developing countries have seen a lot of advantages of the cash transfer program, they should also seriously assess the fitness of each specific type to the national condition of the relevant country, then introduce and develop the cash transfer program to their own situations, and create more new types.

Enlightenment: On the Way to Integrated Social Security System

To Enhance the Recipients' Self-help Abilities as a Fundamental Objective

The policy practices in developing countries in Latin America, Africa and other areas, have shown that an appropriate cash transfer program is helpful in promoting social integration and realizing social equity in labour employment, education and medical fields. For labor employment, firstly is important to establish cash transfer programs or social funds to offer financial supports for the enrollment of school-age children, the pre-job training of youngsters, the retraining and skills upgrading of workers, so as to improve the development capability of the labor population and promote social productivity.

In addition, by means of cash transfer program, it is necessary to mobilize companies, enterprises and other social institutions to positively take participate in the social security system and perfect the entire process, and encourage them to create and provide more long-term jobs for the disabled, the young people and other special groups. Moreover, it is also important to pay attention to carrying on the public engineering project of the Work for the Dole, and strengthening the relationship between the labor and market in the hazardous period, so as to promote the construction of long-time jobs by the short-term ones. For education, firstly, it is important to advocate and spread free basic education, and gradually increase the term of compulsory education, especially paying attention to payments to poor families (especially girls) by the means of cash transfer program.

Under the premise of affordable financial and management conditions, it is also necessary to rapidly develop the technological and professional education by the means of reducing tuition or giving free tuition, offering social security subsidies and other methods of cash transfer. As for medical treatment, the first thing to do is offer cash assistance to target families in order to allow them access to necessary public health care service; secondly, besides developing the medical security of the workers from the formal department, governments should also have more programs to enlarge the other social groups step by step. The most crucial way to make it, besides depending on the mechanism of cross subsidies of social security system, is to have taxation, in order to

have some kind of security subsidy facing the people in trouble. It is realized by mainly three methods: the first is to give subsidies to “the acquirer” by “the supplier”, and gradually expand the social medical security in the foundation of formal departments of cities and towns; the second is to establish a universal medical care system with low or no charge; the third is to build an extra contributory medical care system in the informal departments to offer contributory subsidy to recipients in order to promote positivity in the impoverished group.

Whatever kind of specific policy measure each country has taken from the above three fields, the cash transfer program is aimed at rapidly making the spread of social security program established by promoting the “self-help capacity” of the recipients by giving non-contributory welfare to the special groups in society. Recently, China has started a new pilot project—“new farmer’s insurance”—which is also based on this idea. So having recognized and borrow ideas from this point will be helpful to optimize the current policy system in China.

Recognize the Influence of Economy at Home and Abroad and Non-economic Factors

Firstly, it is necessary to pay attention to impact of economic factors on the plan popularized, which has regular and important enlightenment on the policy practice in each country. In most of cases from Brazil, South Africa, Namibia and some other countries, the total expenditure of cash transfer program occupies 0.2% to 2% of GDP and generally occupies 2% to 5% of the total expenditure that government use to support society, which states that cash transfer program could be supported from the economic cost, and is easy to regulate flexibly (DFID UK, 2005). In addition, it is vital to pay attention to the influence of domestic policy, culture and other economic factors. The previous content has pointed out that, Latin America and African countries have different attitudes and policy choices towards whether cash transfer program should be completely universal and conditional or not.

Moreover, one of sources that cause this difference is the big diversity of the political attitudes that the internal interest groups in each country has on some problems like the basic principles of taxation, the expenditure allocation of government and relieving implementation. In countries that implement ballots, only after these problems having been made to reach some kind of political compromise, the social security policy including cash transfer program can have the fundamental conditions of spreading.

It must be noted that, although each country has noticed the political tendencies that come from the related international and non-government organizations and other donors of funds, which become some kind of relatively objective and independent judgments, they are still lacking local and achievable action plans to replace their obsolete ways of learning and imitating others. Some countries that have advancing first industries wantonly carry out the social security policy which is in accord with their values, such as requirements of international division of labor, industrial structures and foreign trade structures by cooperative study, funding, expert dispatch, technical assistance, offering consultant or political advice according to international organizations and some other method, and this has had an obvious effect. At the beginning of modernization, the social security policies in Latin American countries were greatly influenced by the United States as seen in the previous privatization reform to the cash transfer program that is popularized currently. However, being in the traditional colonial sphere of influence of the countries which have advanced industry, many countries in Africa also objectively have a limitation on their social economic policy capabilities for establishing social security independently because of lacking development, low-income, inferior positions in the international arena and some other features.

In general, as developing countries draw closer entirely with the developed countries on the aspects like political system and cultural concepts, it has raised the passivity of policy options, and the underdevelopment, instability and not independent of economy have

aggravated the difference of this passive choice. Considering the tortuous reformation process of the China social security system in other hand, although we can always put forward some useful opinions on the macroscopic view like the goal setting of social security system, we still cannot have a completely comprehensive synthetic judgment towards the economy at home and abroad and the influence of non-economic factors, moreover, in the specific decision making process and policy options, there are still some excessively extensive disadvantages which are lack of intensive study. From the hasty start of the staff social security system in the towns that are combined with the reform of state-owned enterprises, to the fuzziness of the idea about the current social security system construction that covers both urban and rural areas, it is easy to find that, China, as a postindustrial developing country, has many similarities with Latin American and African countries on the policy dilemma and the passivity of choice.

The Integration and Creation of System

As for the development of social security system, reasonable and clear analysis is of prime importance. German academics (Zacher, 1983; Eichengofer, 2007) have classified social security systems into four types: pre-securing, compensation, assistance and promotion. Among them, the main purpose of assistance (or balance, remedy, relieve) is to help the poor and disabled (as the basic target), to guarantee personal and urgent needs, without stressing equivalence, without investigating the reason of the demand emerging or the background of the recipients, therefore, “noncausative nature” and “universality” are the basic characters, and the cash transfer program that this article studies is exactly this type, in its core formation. This kind of classification of German theoretical circle is fundamentally based on “the reason of payment” which when compared with “the scope of payment” and “the purpose of payment”, it can avoid only the depict of the external form but not be detailed to distinguish the shortcoming of the difference of

internal payment forms, and the ordinary overlap that some political goals of social security system may be mixed with the substitution of income, promotion of education, health maintenance, employment assistance and some other purposes. Thus, it is also proved by hot issue of international social security by academics. In the 1990s, the most representative discussions about the pension system were concentrated on some issues like financial sustainability, privatization and fund management (Gillion, 2000; Holzmann and Stiglitz, 2001; World Bank, 1994), and as the labor market becomes more flexible and the employment situation is difficult to completely maintain, social solidarity faces serious challenges, and many other significant changes have occurred in both international and domestic systems, then recent research focus has shifted from contributory social security to the non-contributory program, and the relationship between them, especially on the efforts and effects of security that the new system has on the “missing corner” (Barrientos and Lloyd-Sherlock, 2002; HAI, 2004). This has offered a valuable reference frame to our research on theory and has teased apart the political experience.

Currently, among the main difficulties of the reformation of China’s social security, they also have some similarities. The difficulties that the reformation of the social security system in urban and rural areas are faced with are much more serious than what we can estimate at this time, so it will be hard to realize the urban and rural development in the true sense by the arrangement of social security system. Considering the needs for special transfer background and urban and rural development, we also have to begin with “the reason of payment” and make a further definition of the internal construction under the social security system. On the one hand, we have to strengthen “the actuarial balance” of this system and intensify the equal cross subsidization of the people in different hazardous situations in order to reduce the support of public finance from the contributory security system, which is connected with income, including medical, education assistance and some other integrity social assistance system in urban and rural areas, so as to increase the

direct assistance of the present system towards the omitted crowd, especially to accelerate financial investment of the social assistance and cash assistance programs like five securities in rural areas, girls' education and serious illness relief. These series of measures are not only helpful with solving the basic economic security problems of the vulnerable group in society, but beneficial for China to carry out the strategy for the domestic demand and deal with the financial crisis challenges positively, moreover, they have more constructive material sense about establishing and perfecting the social security system in both urban and rural areas.

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