

# **Analysis of the Applicability of Social Welfare System in China's Reform and Development**

## **-- Based on the Crisis and Reform of the Welfare State**

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### **Abstract**

With the development of the capitalist economy, periodic economic crisis broke out in the capitalist countries, which brought a huge impact on development of society. The rapidly rising unemployment rate, the continuous loss of national finances and many people suffering from "welfare disease" have exposed the shortcomings of the Welfare State System. On the basis of sorting out the literature and related books, the article tends to illustrate the performance of the welfare state crisis and analyzes the limitations of its reform and the encountered difficulties. It is believed that the biggest obstacle comes from the universal suffrage system that accompanied the welfare state system. Every coin has two sides. For China's current welfare security policy, we must view the experience and lessons of the western welfare state system from a dialectical perspective.

### **Keywords**

**Welfare State Crisis; Reform Dilemma; Revelation.**

## **1. Introduction**

The welfare state system emphasized the obligation of the state to live up to the basic education, health care, economic and social security needs of citizens. After World War II, countries in Western Europe established this system one after another, which has played a positive role in political stability, economic progress and the benign development of human beings for decades. However, under the influence of economic globalization and the outbreak of the oil crisis, the welfare state has fallen into a comprehensive crisis, and its reform was imperative. Given this, the development of China's social welfare aiming to comprehensively improve the national happiness and security was also needed to proceed from the national conditions and summarize the experience of the western welfare state system.

## **2. Manifestation of Crisis**

### **2.1. The Financial Crisis Broke Out and the Government Couldn'T Make Ends Meet.**

Excessive social welfare would inevitably bring the welfare state into a full-scale crisis, and the first is financial crisis. During that period, social spending in various countries generally outpaced economic growth and in order to maintain the operation of the social welfare system. Therefore, it had to rely on borrowing to temporarily fill the loopholes. Fiscal deficits led to inflation which in turn caused further expansion of social welfare expenditures. Even Germany which had always been in a good social security situation has not been spared. Since 1995, there has also been a medical security deficit.

## **2.2. Heavy Economic Burden Evoked Moral Crisis.**

Huge public expenditures in the welfare state indirectly led to increasing production costs, hampering the competitiveness of products in the world market. In order to maintain the high standard of welfare provided to people, European countries have begun to continuously increase taxes on enterprises and individuals, which has caused a heavy burden on enterprises and reduced their enthusiasm for production. In addition, the high welfare system has caused a series of moral disasters, fueling the idea of dependence on a few and formed the so-called phenomenon of raising lazy people. "Everyone is for himself, and the country is for everyone", which cannot bring mutual help in society into play.

## **2.3. Unemployment Remained High and Aggravated Population Ageing.**

The overwhelming operating costs of enterprises have led to a large number of local enterprises turning to foreign investment, and capital outflows have exacerbated the rise in local unemployment. The severe unemployment situation not only makes it difficult for many talents to create more wealth for their countries but also there were more and more objects in need of government assistance. In addition, with the stability of life and the improvement of medical standards after World War II, the average length of time an individual enjoys medical care has greatly increased, and the declining birth rate meant that the number of people working and receiving pensions was getting closer. As a result, the economic development of the welfare state was overwhelmed, and the aging of the population also exacerbated the pressure on the welfare state system.

## **3. A Long and Difficult Road to Reform**

### **3.1. Powers and Obligations Were Not Equal.**

The biggest obstacle to welfare state reform came from the universal suffrage system that accompanied the welfare state system. People wanted the government with as little power as possible and with as much responsibility as possible. When the policy was to the right, the people would gain more personal freedom, but welfare spending would be cut. Likewise, when the policy was to the left, the people would have more welfare, but The limits of freedom were curtailed. In a way, this reflected an imbalance of rights and obligations—politicians knew they needed to cut welfare spending to get the economy going, but had to promise voters more welfare if they wanted to win an election.

### **3.2. Excessive Welfare Bred the So-called Phenomenon of Raising Lazy People.**

The social welfare system of the welfare state has over-protected the rights and interests of workers, resulting in a lack of motivation for workers. Some people were reluctant to work hard and intended to rely on high welfare to survive. Additionally, because the high welfare spending in the welfare state kept labor costs high, more and more companies started to shift capital to countries with lower labor costs in order to avoid taxes. The reduction of tax sources has caused greater difficulties for the welfare state. On the one hand, the investment rate has dropped and many people have no jobs. on the other hand, too many benefits have also caused many people reluctant to go to work even they had steady jobs.

## **4. Absorb Experience to Promote China's Development**

### **4.1. Correctly Recognize and Actively Deal with Outstanding Problems in the Field of Social Welfare and Security.**

Although China has carried out many reforms of the social security system and related models on the basis of the national conditions of a large population, there are still significant problems such as a single security model, lacking of multi-level and relatively small coverage. At a time

when aging is intensifying, we must adhere to the principle of gradualness in deepening the reform of social security and actively promote the strategy of "pilot first". Furthermore, China should provide more new benefits such as "positive welfare" and "work welfare", not only focusing on protection but also the improvement of ability to stimulate personal potential and cultivate a sense of social responsibility, share welfare risks and work together to build a welfare state.

#### **4.2. Establish a Social Welfare Security System Suitable for China's National Conditions.**

Compared with the welfare state, China's social welfare and security system started late and was not perfect. In this regard, we should view and strive to develop a social security system suited to China's national conditions from a dialectical perspective. High welfare policies that deviate from the level of development will lead to low economic growth rates, underemployment, etc. Practice has shown that if you rely too much on national welfare instead of fighting on your own, the happiness of the people will be greatly reduced, and the national spirit will no longer be positive, which will hinder economic development. Therefore, we must proceed from the national conditions of our country that have a low level of social productive forces, a large population and an underdeveloped economy, and act according to our ability. Adhere to the content of social security with the economic development from less to more, the scale from small to large, step by step to find a balance. We must not be excessively eager to achieve as well as blindly compared with the welfare level of the western welfare state.

#### **4.3. Workers, Businesses and Governments Work Together to Implement Welfare Reform Responsibilities.**

Firstly, from an individual perspective, workers should remove the misconception of over-reliance on the welfare society and establish correct values. And pay attention to the learning of relevant knowledge and the training of skills. Secondly, enterprises should establish a talent incentive mechanism under the support of relevant national laws, mobilize the enthusiasm and motivation of workers and reward workers for excellent performance. What's more, it is necessary to actively recruit the labor force for employment and fulfill the training obligations of employees to improve market competitiveness. Last but not least, the government as the directly responsible for social welfare and security should provide financial support when necessary for the overall planning of the social welfare system.

### **5. Conclusion**

The welfare system that adapts to the level of economic development can promote coordinated economic and social development and maintain social stability, and is an essential guarantee for the long-term peace and stability of a country. Whereas with the changes in the social environment, the impact of the external economic crisis and the abuse of welfare, the transformation of its system becomes an unpredictable risk to people. Welfare is an unavoidable problem in the construction of the modern state and it is absolutely completely abandoned because of the appearance of ills. The appropriate approach is to strive to balance efficiency and equity, rights and obligations, and individual-State relations through reforms, as should China inject new vitality into development.

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