

# Difference and Enlightenment of Livelihood Policies Between China and the United States

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## Abstract

This paper analyzes and summarizes the American livelihood policy on the basis of educational public policy, medicine and health public policy, employment and entrepreneurship public policy and compulsory education public policy four policies; learns some experiences and shortages of American livelihood policy. Based on above analyses, putting forward some enlightenments and experiences of China livelihood policy.

**Keywords:** China and the U.S.; Livelihood policy; Difference; Enlightenment.

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## 1. BACKGROUND

From the value, history and strategy of American livelihood policy reform, we can see that American people never stopped their way to explore and improve

their livelihood policy. American presidents all see the livelihood issues as their unswerving dream. And the equally of its livelihood set a good example of the late-comers. In the process of pursuing the equality in form to move toward to the substantive equality, the federal government takes mandatory and continuity as an effectively guarantee of the promotion of equality appeal concept. It can be said that the American livelihood reform pursues overall development which is interlaced by equality and quality. Then the following contents will analyze it from education, medical treatment, employment and entrepreneur-ship and social security.

## 2. THE SITUATION OF AMERICAN LIVELIHOOD POLICY

### 2.1 Educational Public Policy

For promoting the compulsory education reform, government should grasp the education equity connotation accurately and make effective policies and regulations. In order to meet the requirements of talents in national development, each federal government will make appropriate education development plans and specific policies to improve educational equity. At the same time, under the system of legislative, administrative and judicial separation of the three powers, through check and balance, each unit performs its own function, provides legal and institutional guarantee to the education reform. Although plan, bill, content and specific measures are different, but inherent value concept and essence are consistent and continuity, i.e. eliminating the differences of education object in regions, groups and then achieving educational equity with high quality.

### 2.2 Employment Public Policy

The time when the U.S. government formulated and implemented employment system were between the

two world wars, the vicissitude course can be divided into three stages: the first stage is during the great depression of 1930s. In order to deal with the cyclical unemployment (i.e. employment caused by the ups and downs of economic growth), American government implemented the “New Deal”; published the social security act, and so on. It is the first time to solve the employment issues in form of legislation at the national level. The second stage is in 1960s-1970s, science and technology development period. In order to deal with the structural unemployment (i.e. the unemployment caused by industrial structure upgrade and technology development), American government enacted the act of human resources development and training, the vocational education law, etc., and formed a perfect system of employment. The third stage is during the 1990s, with the speeding up of world economic globalization and knowledge realization, cyclical, structural and frictional unemployment (employment caused by the change of working period) appeared at the same time. America carried out a substantial employment policy adjustment, including the labor security law, the act of workforce investment system, etc., which pay more attention on the government’s importance in solving the employment issues. Through the concrete analyzing of each stage of the relevant employment laws and regulations, the changes of employment policies show several aspects of characteristics: government role changes from laissez-faire to macroeconomic regulation and control; labor distribution pattern changes from the first and second industry to tertiary industry; social security system changes from the simple relief type to career-oriented; the labor positions offer changes from large companies to small and medium-sized enterprises, etc..

### 2.3 Medicine and Health Public Policy

Current medical security system of America is completely different from other developed countries. It mainly constituted by three parts:

The first part is public health insurance, which is mainly constituted by Medicare for the elderly and Medicaid of the poor two parts. Therefore, Medicare is charged by the federal government and overall nationwide. It is similar to social pattern of endowment insurance, i.e. the person who has job and income must participate in insurance and pay costs. When the participants reaching 65 years old, then he/she can enjoy the treatment of Medicare, which is funded by the federal government and the state government, and specifically operated by states. Medicare is a kind of national health care system, which is made for low-income people who meet the certain requirements. The objects of Medicare cover individual, couples and even the whole family. It has different inclusion criteria to different family size, the people elder than 65, disabled people, etc.. The second

part is group health insurance. Although group health insurance is voluntary, but most competent employers are willing to provide such insurance. On the one hand, a good health insurance plan is one of the important conditions to attract and retain talents; on the other hand, employers buy group health insurance for staffs can get more preferential tax which is a win-win for both employers and employees. The third part is commercial medical insurance. Overall, through the corresponding policies and measures, the federal government will incorporate the competence group into the frame of medical insurance by combining individual and employer payments. And then, the governments focused on solving the problem of the medical and health for elder and poor people.

### 2.4 Social Security Policy

American social security system has a distinct characteristic of marketization. Its goal is the unification of the fairness and efficiency. In the field of social security, dealing with the relationship between “fairness and efficiency” is an unavoidable problem. Unlike other Western countries, the self support mode security system in America has its own characteristics. It is different from traditional welfare states which excessive pursue justice and less efficiency. American social security system keeps the high efficiency which plays an important role in promoting social stability and increasing economic growth. It is worthy to learn.

(a) Legal System Society of America with social security has a distinctive characteristic of legislation in advance. Social security legal system in the United States is an independent legal system and has a high legislative level. It is generally passed by the Congress, and the power of the federal and states on the social security program is divided in accordance with the laws. Its setup and implementation should be taken by the government till the social security project has been established in the form of legislation. The specific rules which the beneficiary must comply with are all set by laws, government is executor. Anyone who meets the law is the beneficiary and all disputes can solve by the laws.

(b) “Multi-level” characteristics of American social security. For example, American social security can be divided into four levels: “Mandatory government guarantee, enterprises (including the railroad retirement board) or a government agency and the department of defense (and the United States department of veterans’ affairs) for the guarantee of specific people, commercial insurance and charities”. In addition, the United States also has a unique social security system for different groups, such as the army pension, civil service retirement pension system, unemployment and health insurance system, etc.. Even for foreigner, it also has a complete security system.

### 3. THE ENLIGHTENMENTS OF AMERICAN LIVELIHOOD POLICIES TO CHINA

#### 3.1 Reference Significance of Educational Public Policy

##### 3.1.1 Grasping the Connotation of Educational Equality

Compulsory education reform is the basic path to reach the goal of educational equality; its essence is the promotion and interdependence of the education quality and educational equality. If the compulsory education wants to have a balance development, it needs the government has a profound understand and masters of the connotation of educational equality. It reflects that in different time, government has different understanding of the connotation of educational equality. Policymakers include the congress, president and the judge. Each written bill uses affirmative bicameral, that means only the House and Senate vote to agree it unanimously, the sign of president can take effect, such as NCLB. When the citizens and social groups suffer unfair educational treatment, it is always resorted to the legal way of court to deal with the educational policy. Therefore, the process of educational equality is more like a set of unique and systematic process of the self-improvement and evolution of educational equality system. Comprehensive education policy offers a clear direction to education reform as the form of legislation; it offers sufficient funds and institutional guarantee and sets up reasonable share of responsibility.

The history of the imbalance development of compulsory education between urban and rural shows that the root of education imbalance is that rural compulsory education has been lack of specific institutional and legal protection in the past. Although our constitution has been given the citizen equal right of education, but educational equality is merely formality for a long time because of lack of an effective system and measurement. In recent years, government has developed many important laws and regulations in educational equality, and they perfected the system constantly. As 2006 revised Compulsory Education Law of the People's Republic of China stipulated, the state council and the government above the county level should rational allocate educational resources, improve the balance development of compulsory education and then make sure social stability and national development.

##### 3.1.2 Improving the Protection Mechanism of Educational Financial Input

From the American compulsory education history, we can know that the balanced development of compulsory education and educational achievements is closely related to the investment of educational funds which is in the

top of the world. The resources of American compulsory educational finance are stability and diversity, so they can ensure the sufficiency of funds in educational development.

Reviewing the compulsory education in China, problems are educational funds are not enough, the structure of funds is unreasonable and investments are imbalanced between rural and urban. As we can see from the Figure 1, investment proportion in GDP on educational investment is increasing slowly from 1999 to 2008; it just increased 1% in ten years. Insufficient investment in education funds cannot ensure the educational condition in many poor regions and in rural, the compulsory education funds are serious shortage. So after realizing the importance of education financial security, we should have clear understanding on education investment and resource allocation.

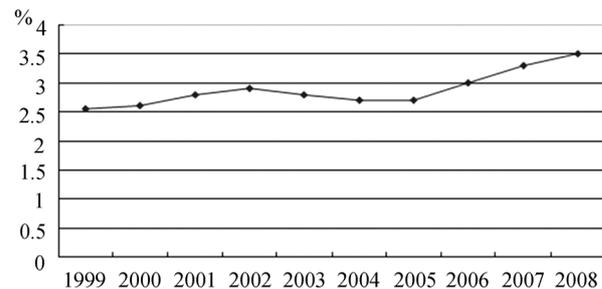


Figure 1  
Investment Proportion in GDP on China's Educational Investment (1999-2008)

#### 3.2 The Significance of the Public Policy on Employment and Entrepreneurship

Since the second half year of 2008, in the face of the spreading and conduction of international financial crisis, the influence on Chinese economic development has become more and more apparent. Employment situation in China is facing the unprecedented challenges. For example, under the double influence of unstable external macro environment and internal economic structure's adjustment, Chongqing's economy grows rapidly and the employment grows stagnated. Therefore, we can learn a lot from American employment mechanism of "full employment".

(a) Establishing long-term mechanism of promoting employment by entrepreneurship. By drawing lessons from American system of entrepreneurship policy, firstly, China governments should spare no efforts to develop entrepreneurial education and try best to realize "full employment" of college students. According to some data analysis from China and America, the proportion of American college students' entrepreneurship is as high as 20%-23%, but our country is less than 1%. Main reason is that college students stay at consciousness stage and lack of specific operation of basic problems such as entrepreneurial operation mode, profit point, input, output and project plan and so on. All kinds of organizations

must reform cultivation mode of colleges as soon as possible by setting up business disciplines, perfecting entrepreneurship curriculum and providing start-up financing support. Secondly, government must fully support small and medium-sized enterprises and fully absorb the unemployed workers and rural surplus labor transfer. How to support the sustainable development of small and medium-sized enterprises? Financing guarantee is the key. We can learn from the way how American small business administration and establish and improve small and medium-sized enterprises credit guarantee system and public service platform which are mainly based on government and guarantee agencies. Moreover, encouraging the innovation of financial service and financial products, developing social risk investment, and guiding the folk capital through buying fund, bond, share and entrust funds so as to invest to small and medium-sized enterprise.

(b) Establishing and perfecting regulation and governance mechanism of unemployment. At present, unemployment regulation and management are adjusting to ensure the basic life. America has established career-oriented unemployment insurance policy, not only have clear unemployment management warning mechanism and flexible governance regulation mechanism, but also have reasonable unemployment compensation system of governance and sound governance safeguard mechanism. Learning these successful experiences, on the one hand, we can improve the development of unemployment insurance and unemployment benefits, and perfect the unemployment insurance system as soon as possible; on the other hand, we should establish and promote the linkage mechanism of employment and unemployment insurance.

### **3.3 The Significant of Medical and Health Public Policy**

When American medical is in reform, at the same time, China is also conducting a new round of medical system reform. China and the United States are all adopting the top-down reform mode and the goals are all to improve the public health insurance coverage, alleviate the problem of “difficult to receive medical treatment and high cost of getting medical treatment”, and further improve the accessibility and equity of health services. Analyzing the characteristics and problems of the American health care, health reform is significant to China’s medical reform.

#### **3.3.1 The Design of Medical Service Mode Is the Key Point of the Health Reform in China**

The main reason of American medical service overburdened is the medical service pattern over commercialized. Successive government tried to change it to the “universal health care”, and “government-led” health care system which is generally adopted by the rest of the developed countries, but all stranded by the interest groups. Even the medical security system

which is dominated by the government has advantages in implementation, but the excessive concentration of power, lack of supervision and competition mechanism are important factors to restrain its healthy development. The “high cost of getting medical treatment” of American people is mainly caused by excessive medical technology and service fees. While in China, it is mainly caused by high prices of medicine and repetitive inspection fee. China’s health reform should fully consider and exert the functions of government and market in the new medical system; neither make it lack of energy by excessive intervention of government, nor lose its commonweal by excessive marketization.

#### **3.3.2 Offering Policy Support to the Vulnerable Groups**

The existing medical service system in United States is nearly unshakable. However, the financing is the key point in this system, the main measure includes to make up the deficiency of medical reform capital through increasing the rich taxes by using the leverage effects of tax, and to balance the excessive income difference. The groups that haven’t access to health care are the most benefit from the medical reform, so American medical reform reflects to be more “Robin Hood”. In the new medical reform, Chinese government policymakers should use American experience for reference, place the emphasis on the remote areas and the low-income groups, and enhance the policy guarantee to meet the vulnerable groups’ basic requirement in health care. These measures are also reflecting the superiority of socialism.

### **3.4 The Reference Significance of the Social Security Policy**

On the basis of understanding of the basic difference of social security between China and United States, we can easily get the successful experience and revelation to China’s social security construction from the reform of social security of United States.

#### **3.4.1 Unifying the Historical Development of Social Security**

Historically, the development of American social security meets different tasks and it plays different roles in each developmental stage. And the development conditions of social relief, social security, and the social welfare are variant. For example, religion, charity and relieving organizations are far less developed, which does not like the Western Countries’ governments can save quiet costs in social security as many as possible through transferring the function of social relief to the private society. On the contrary, in China, governments take the most responsibility of social relief to maintain the economic development and stability. In the development of social security, governments should pay attention to the interactivity between social and commercial insurance, encourage the commercial insurance competition to

reduce the market value of pension insurance and the medical insurance, and make the members of society can make choice between the social and commercial insurance. In this way, it can reduce the operating costs and overall risk of social insurance.

### 3.4.2 Taking Into Account Both One-Child Policy and the Function of Family Protection

In china, people always believe the traditional agriculture rule and habit of “bring up sons for helping one’s old age”, and that leads a high fertility rate. So it need carry out the pension social insurance in the social security system to prevent the old people too dependent on their children. While in the United States, it forms a concept that children and women are excluded from the “family” for the protection of children and women. Therefore, the single parent protection in social security becomes a part of children and women’s “shelter”, and it affects the normal function of family. Then, from the experience of American social security system, Chinese policymakers should not intervene in the normal family excessively to destruct family function. Chinese social security system need to build this system, not to weaken it.

## 4. PEOPLE’S LIVELIHOOD POLICIES STATUS AND ENLIGHTENMENT OF CHONGQING

We can see from the web site of Chongqing Statistics Bureau, the various social undertakings in the city of Chongqing in 2013 made more notable achievements. Especially the urban construction and people’s livelihood have continued to improve, the progress is evident in the social programs.

According to data of Chongqing during 2013, the city’s construction is continually improving. Annual new green forest land is 236,000 hectares; the forest coverage rate is as high as 42.1%. The annual demolition of dilapidated house of main city is 463,200 square meters; the new housing area is 1.6086 million square meters. On the one hand, as a whole in urban and rural areas, obvious effect has been achieved, the income gap of urban and rural residents has narrowed from 3.11 :1 to 3.03:1. On the other hand, all sorts of insurance are further rational. In 2013, the numbers of insurance scheme of city’s urban basic old-age insurance for enterprise employees, town workers’ basic medical treatment insurance, industrial injury insurance, birth insurance, unemployment insurance, were up by 8.2%, 8.2%, 8.5%, 10.6% and 20.4% respectively over the previous year. In the whole year, 458,100 rural residents and 626,600 urban residents get subsistence allowances from government. Urban and rural low standard respectively increased by 6.0% and 8.0% over the previous year. These data suggest

that Chongqing municipal government in the aspect of people’s livelihood is still more attention. (data source: Chongqing Statistics Bureau). The urban construction projects are shown on the Table 1.

**Table 1**  
**Urban Construction of Chongqing in 2013**

Project	Data (2013)
The new green woodland	236, 000 hectares
Forest coverage rate	42.1%
The new housing area	1.6086 million square meters
Completion of public housing area completed area in main block	6.3432 million square meters
Highway mileage accumulated	122, 800 kilometers (The highway 2,312 kilometers)
Rail transit operating range	170 kilometers

At the same time, Chongqing government is also very seriously on the employment problem. In September 2013, Chongqing area is divided into five major functional areas (the urban core area, urban function development district, city development new zone, Chongqing northeast ecological conservation development zone, Chongqing southeast ecological protection zones) . The urban core area and urban function area are the most growth in demand for labor. Compared with the growth rate of 7.42% of advances areas, Chongqing northeast ecological conservation development area labor demand only grew by 1.75%, which is the smallest increase (The data for the first quarter of 2014).

However, there has less data on health and education of Chongqing, which shows Chongqing government in health care and education level still needs to be reinforced. Only by realizing comprehensive development of people’s livelihood, can promote social harmony and stability.

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