

Observations on the Progress and Effectiveness of China's Push for "Modernization of Public Services"- A Discussion on the Reform of the Household Registration System

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The “Twentieth National Congress” government report outlined that the “Chinese Path to Modernization” is the modernization of common prosperity for everyone. One of the key components of this modernization includes advancing the modernization of public services. This article aims to explain the fields covered by China's basic public services and then discuss the recent household registration system reforms, thereby illustrating the potential progress of China's pursuit of “common prosperity” and realization of the Chinese Path to Modernization.

The scope of China's public services is divided into two main categories: basic and non-basic services, which serve to promote the responsibilities and expenditures of various levels of government. The basic public service system encompasses areas including childcare, education, employment, healthcare, elderly care, housing rights, culture and sports, and social assistance for the vulnerable. In these areas, the government primarily bears the responsibility for ensuring both the quantity and quality of services provided. This is achieved either through the establishment of public service institutions to provide necessary services to the public, or through the formulation of public policies to guide businesses or non-profit organizations to supplement service provision.

In terms of promotion strategies, unlike many European and American countries that often adopt market-oriented approaches, China's public services still largely rely on the public sector for promotion and implementation. The public services are provided through government procurement or outsourcing following the law. Research has shown that significant disparities still exist in the development of basic public services across various provinces and cities in China. Major cities like Beijing, Shanghai, and Guangdong are rapidly advancing, while other regions show signs of stagnation.

This article further explores the modernization of China's public services

through the reform of the household registration system. In the past, China's household registration system was linked to more than 20 aspects of individual rights, including politics, employment, education, medical care, social security, and welfare subsidies. In addition, the system restricted farmers' choices of residence and employment, creating the “migrant worker” identity and causing unfair treatment in employment and entrepreneurship between urban and rural residents.

To break the rigid existing hukou system, China initiated reforms in July 2014 with the State Council's release of “Opinions on Further Promoting the Reform of the Household Registration System.” The policy goal is to promote the “urbanization” of permanent residents who have stable employment and live in urban areas. However, looking at the progress of reforms, differential treatment in basic public services still exists in some large cities with over 5 million permanent residents, indicating that while policy reforms have made breakthroughs, they remain incomplete. The main reason for this is the inconsistent policy stance on opening up resident registration between the central government and various local governments, resulting in a relative slowdown in the average growth rate of basic public services in provinces and cities over the past five years, as well as a stagnation in the pace of hukou system reform.

Finally, in most democratic countries, citizens' household registration systems and basic public services are mutually independent. National-level basic public services should be uniformly provided by the state and not affected by differences in household registration. Therefore, considering China's unique socio-economic system, if it cannot effectively improve the equalization of basic public services in its pursuit of the Chinese Path to Modernization, achieving the modernization goal of “common prosperity” evidently still has a long way to go.