THE POTENTIAL FOR RESEARCH AND EDUCATION PARTNERSHIPS IN CHINESE AND AUSTRALIAN HEALTH, SOCIAL INSURANCE AND RELATED SERVICES

Carol O'Donnell (2007)

Abstract

This article describes Chinese and Australian developments and related health and welfare experience to promote discussion of potential research cooperation in mutually agreed forms of social insurance design and related education and management. Of particular interest is the appropriate role of the private sector insurance company and the potential for providing mutually agreed forms of governance education to improve health in work and community settings. Combined occupational health and safety (OHS) and social insurance systems for large development projects may be effectively coordinated with government support for rural health and education aimed primarily at the poorest. Australian and Chinese university partnerships for education and research into such social service provision would assist general attainment of national and regional development aspirations by providing knowledge broadly. Governance education could promote the information, expression and participation of all citizens, as an aspect of teaching vocational skills.

Key words: Chinese and Australian governance, research, education, social insurance

Social Insurance, Aging Chinese and Australian Populations and Recent Trade Agreements

The family is the oldest welfare system and in underdeveloped countries in particular, most people must rely upon it for support when disaster strikes. However, as economic development occurs, age pensions and related economic or social supports may be provided through private insurance, social insurance or out of the general taxation by government. Insurance has been defined as a mechanism for contractually shifting the burdens of a number of pure risks by pooling them[1]. Social insurance may be best understood as the government requirement for work related payments made within the broader regulatory context of all taxation collected by government for the general servicing of populations, including the support of vulnerable groups and environments. In 1942, the major architect of the post-war British welfare state, Sir William Beveridge, described social insurance as the system by which every citizen in paid work contributes, in the appropriate class, according to the security that is needed. Each person is ideally to be covered for specified needs by a single weekly contribution on one insurance document. All principal cash payments (for unemployment, disability, retirement, etc.) should continue so long as the need lasts, without means test. Payments ideally should be made from a social insurance fund built up by contributions from the insured persons, from their employers, and from the state. Beveridge regarded the development of a comprehensive system of social insurance as vital not only because of the 'phenomenal' growth of personal insurance, but also because of the popular objection to means testing, which springs from resentment at a provision which appears to penalise the duty of saving[2].

It follows that the primary aim of social insurance and its management should normally be to achieve the socially and individually required standards of support effectively, equitably and sustainably. All developing countries need to identify good insurance, social insurance and related taxation systems. Over the past twenty years Australian social insurance systems have been under repeated government inquiry to achieve greater national uniformity and related understanding of the comparative benefits of planned and market driven approaches to social service provision. Their

[1] Harvey Rubin, *Dictionary of Insurance Terms*, New York, Barron's Educational Series, 1991, p.1999.
[2] William Beveridge, *Social Insurance and Allied Services*, London, His Majesty's Stationery Office, 1942.

findings are addressed later. However, an earlier comparative discussion of Chinese and Australian economic and welfare development also suggests how education and research related to the social insurance process may facilitate broader trade relationships between many parties. The success of any trade, insurance or related taxation system depends partly upon contributor trust. Ideally, this should be rationally based on clear evidence that the structure and management of all financial and related concerns are sound and designed to meet the service consumer, purchaser and related community goals. Transparency is therefore necessary for public confidence in the administration of services to support required standards, but this may conflict with the 'commercial in confidence' expectations which normally apply in capitalist models of development. These are enshrined in laws which may even apply to institutions which are public. For example, all Sydney University work related agreements require staff to keep 'trade secrets and institutional know-how, strategies, plans and initiatives' secret. This appears to conflict with freedom of information legislation and academic freedom of speech. Educational plans, strategies and initiatives which are kept secret also seem unlikely to succeed. This problem requires consideration by the current Australian Government and Australian Law Reform Commission Review of Privacy and many others.

The dilemma of how to support an ageing population exists for most countries which are parties to the recent Asia Pacific Economic Cooperation (APEC) Agreement, including China and Australia. For example, the World Bank recently stated the combination of the one child policy and increasing life expectancy has meant that China's population is ageing much faster than the regional norm, and that by 2020 people over sixty will make up 16% of the population[3]. The care of a rapidly aging population will be the major Chinese social welfare preoccupation for the future, as the school-age population is projected to decline by 23% during the next fifty years. In comparison, the school age populations of Nigeria and Pakistan are projected to increase by two thirds[4]. The World Bank advised China to undertake early planning to ensure there are sufficiently high levels of growth and savings to prepare for future old age security. The government is trying to unify pension systems so that enterprises and workers covered under separate pension plans or not covered at all are eventually brought into a single system with common standards. Management is to be transferred from enterprises to government agencies, and service administration and fund management are being separated. However, such pension systems do not apply to the rural peasants who are the majority of the Chinese population. The implications of this for future policy to promote growth and reduce inequality in China and other developing countries are discussed later. Some Australian inquiries, which are addressed later, suggest that stakeholder driven insurance models promote economic stability, cost control and hazard reduction better than stockholder driven management models.

In Australia, the proportion of the population aged sixty-five or over is projected to rise to 18% by 2021[5]. In 2000, the National Strategy for an Ageing Australia identified key program areas for maintaining physical and mental health. It suggested strategies to maintain wellbeing at older ages should also centre on the development of more flexible employment patterns, and better coordinated provision of health and social services, with the aim of assisting everybody to maintain links with work, education, recreation and community service wherever this appears beneficial. The coordinated care trials undertaken by Commonwealth and State governments began a process in which all provision for aged care services is ideally pooled into a single fund to be managed at

[3] The World Bank, *Old Age Security: Pension Reform in China*, Washington, DC, 1997.

[4] United Nations, *Population, Education and Development*, New York, Dept. of Economic and Social Affairs Division, 2003, p. 9.

[5]. Kendig, Hal and Stephen Duckett, *Australian Directions in Aged Care*, Sydney, Australian Health Policy Institute, Uni. of Sydney, 2001.

regional level[6]. This incorporates residential aged care, home and community care and related government activities, with the expectation that separate funding streams should exist for accommodation and for the delivery of flexible services based on client levels of disability and need.

China has had consistently high growth in its gross domestic product (GDP) of more than ten percent per annum over many years. It has also had a strong savings rate and good export growth[7]. The Chinese have a comparatively healthy population for a developing region[8], with comparatively high levels of education. The World Bank claims that China's comparatively successful economic performance can partly be explained by the capacity of policy makers to focus on problems, solicit foreign advice, form political consensus, and then move decisively on reforms. Chinese and Australian partnerships in health service research, education and social insurance could be constructed to assist broader global development. The appropriate role of the private sector insurance company in achieving the public interest is of particular interest. Comparative Russian and Chinese experience suggests that stable fund management and competition are more important than private fund ownership for effective functioning of the market[9]. The Australian health service experience, which is described later, supports this in regard to insurance fund ownership and management, but more comparative research is needed, especially to assist policy direction in developing countries. The Chinese experience is interesting because of its contemporary success.

On 24th October 2003, the President of the United States, George Bush and the President of China, Hu Jintao, made separate visits to Australia. The U.S. President stated to the parliament that Australia's agenda with China was the same as with his country. The Australian Prime Minister expressed the need to get a free-trade agreement with the U.S. finalised. The Chinese President met with business leaders in Sydney before addressing parliament. Hu finalised a huge natural gas deal and pledged further cooperation in commodities, telecommunications, culture, technology, science, education and sport, as well as new opportunities for Australian investment in the rural west and the northeast of China. The President of the Australia China Business Council pointed out that Chinese is now Australia's second most spoken language, and an education agreement was also signed. Enhanced dialogue and business ties were promised prior to a free trade agreement[10]. This is the new, internationally cooperative context in which a range of competing political, historical, technical and economic views may be tested scientifically through broad, open and mutually educational communication and research, in the interests of human health and biodiversity.

The Chinese Experience of Planned Economic and Social Welfare Development

As the international Capitalist economy has developed, unpaid work traditionally performed by women in the family has been outsourced, leading to further development. As women entered paid production, the care and education of children, the elderly and disabled were increasingly performed for payment, either in public institutions or in the private sector with government support. Fertility also declined. On the other hand, the large family remains the welfare state of the rural economy. The Communist Party took power in China in 1949 but equality between the sexes had been its stated goal much longer[11]. Until 1976, under Mao's administration, the primary task was rural

[6] Duckett, Stephen, *The Australian Health Care System,* Oxford, Oxford Uni. Press, 2004, p. 232.
[7] The World Bank, *Old Age Security.*
[8] Murray, Christopher and Alan Lopez, *The Global Burden of Disease*, Harvard School of Public Health and WHO, 1990.
[9] Joseph Stiglitz, *Globalization and Its Discontents*, London, Penguin, 2002.
[10] Australian Financial Review, 24.10.03, (various reports).
[11] Linda Wong and Ka-Ho Mok, "The reform and the changing social context" in Linda Wong and Stewart Macpherson (eds) *Social Change and Social Policy in Contemporary China*, King's Lynn, Biddle Books, 1997.

expropriation and collectivisation of feudal agricultural production by all peasants, to promote a nationally planned approach to ownership and management of urban industrial production and social support. This collective rural ownership supposedly acted as a social insurance system, which was later criticized for lack of individual production incentives. Communism played a major part in Chinese women's development, which also depended centrally upon their paid employment, education and fertility control. The Marriage Law of 1950 introduced monogamy, free choice of spouse, and equal status of husband and wife. China's one child policy was seen as an economic measure when introduced by the Deng administration, from 1978-1997. In 1992, Article two of the Law of the People's Republic of China on the Protection of Rights and Interests of Women stated that women shall enjoy equal rights with men in all aspects of political, economic, cultural, social and family life[12]. This came through a revolution in which economic and family policy goals were necessarily integrated. Developing countries could probably learn much from this approach.

For forty years after 1949, all Chinese, and particularly the urban population, had a level of welfare benefits which was unsustainable under existing levels of production[13]. In 1978 the Communist Party downgraded its former emphasis on equality and social protection and adopted the objective of quadrupling the gross value of industrial and agricultural output between 1980 and 2000. This was to occur through increasing openness to the outside world and reform of the internal economy[14]. The strategy was to provide individuals with greater incentives for increasing their production by encouraging private competition and ownership in rural areas first. Restrictions on private plots, rural markets and sideline occupations were lifted. Peasants began to lease land from their production teams to farm on a work group, household or individual basis. On delivering the agreed quota of produce, they could keep the surplus. State procurement prices for farm produce were raised and agricultural taxes were reduced. The central government promoted the sale of grain outside the peasants' own provinces, then abolished its monopoly on grain purchase and switched to buying on contract. In 1983 communes were abolished and their administrative functions were transferred to township or village governments. Rural enterprises grew rapidly as a result. The government aimed to develop rural industries to raise production levels and absorb surplus workers who were the victims of urban economic restructuring later. Since 1957, migration to cities had been blocked by systems of household registration. In 1984 peasants were allowed to move to towns for work without changing their rural status, on condition they took responsibility for their own upkeep.

In 1984 key urban economic reforms began to make the command economy more responsive to supply and demand. The strategy was to improve production by increasing managerial autonomy and accountability for profit and loss and also to link performance and reward more effectively. Related goals were to gain a better balance in favour of light rather than heavy industry, and to increase joint ventures with private economic partners. The non-socialist business partners were expected to inject needed skills and capital, provide new job opportunities and supply shortages faced by consumers. Before the urban economic reforms began, decisions about the production output and supply of raw materials, and all associated capital and sales, were made by higher government authorities. Organizations had no power to refuse their labour quota or dismiss staff. Their only duty was to complete the task assigned under the state plan. This lead to overmanning, waste and inefficiency but workers and their dependants were still provided with comparatively generous work based welfare benefits and lifetime employment. In 1986 bankruptcy laws were enacted and life tenure for new recruits in state enterprises was replaced by the goal of gradually turning all tenured workers

[12] La-wan Chan, "Gender issues in market socialism", in Linda Wong and Stewart Macpherson (eds), *Social Change and Social Policy in Contemporary China, p.194.*

[13] Xingping Guan, "China's social policy: reform and development in the context of marketization and globalization. *Social Policy and Administration,*34, 1, pp.115-130.

[14] ibid.

into contract staff. Open recruitment and competitive exams were also required for posts. Unemployment benefits were introduced for laid-off workers, to be paid for up to two years.

Before 1984 stable employment for all was guaranteed. It was based on the public ownership of farming land and the right for all to work and share its produce. Agricultural collectives provided support and services for the elderly, the disabled, orphans and others who had no family support. Government provided a natural disaster relief system. Primary and middle schools, preventive health action and medical care were financed by the collective organizations and subsidised by government. In urban areas, workers were assigned to stable lifetime jobs in the state or collective sectors of production. Houses and flats were owned by government and distributed for rents which could be lower than basic maintenance costs. The government subsidised food, clothing, and other basic goods. Cash benefits were available for people unable to work but who had no family to support them. Public primary and middle schools were financed by the government and state enterprises at low cost. There was free enrolment in higher education for those who passed the entrance exam. State enterprises and community organizations also ran daily services in childcare, care of the elderly and food production[15]. Social insurance systems were set up for workers in all state enterprises. These aimed mainly to fund medical care, support for occupational injury, and retirement pensions.

From the mid 1980s, experiments to revamp social welfare, including health, unemployment and work injury pensions and related social insurance systems, were commenced. People had to pay for many services which had formerly been free. In 1988 the State Council set a 'hardship relief standard' which was ideally to apply throughout the country, but which was not effectively implemented[16]. In 1994 local governments were made responsible for setting local hardship relief standards. In 1998 the Ministry of Labour was reorganised into a new Ministry of Labour and Social Security which was made responsible for design and operation of a new system covering all social insurance affairs, and particularly the retirement pension insurance system. The State Council set a target of establishing this comprehensive work based social insurance system in all Chinese cities. However, by the end of 1999 the new arrangements were not established and there was no solid financial basis for income support. The main responsibility for supporting the poor still fell on the old work unit social insurance system, and government has also resisted taking on a formal role in developing a supplementary social assistance system to meet the growing problem of urban poverty and unemployment. This is the context of major change in which the recent Australian experience of social insurance may also be considered for investigation, in order to improve knowledge and related trading options further. The success of China's planned approach, in comparison with other developing countries which also have a rural population base, should not be forgotten. This is necessary to reduce rather than increase inequalities in future, whilst promoting sustainable growth.

The Australian Experience of Economic and Social Welfare Development

During the 20th century Australia experienced comparatively little turmoil. In 1901 six separate colonies, each with its own Constitution established by a British act of parliament federated to become a 'Commonwealth', with a national as well as state and locally elected governments. Currently, Australian governments seek a new governance paradigm but are bound by outdated Constitutions which reflect the British governance model, in which elected politicians, government administrators, and the judiciary are separate and independent governance pillars. In 1990 the

[15] Xingping Guan, "China's social policy: reform and development in the context of marketization and globalization", *Social Policy and Administration.*

[16] Peter Saunders and Xiaoyuan Shang, *Social Security and Poverty Alleviation in the People's Republic of China: Issues, Constraints ad Choices,* Sydney, Social Policy Research Centre paper prepared for the Asian Development Bank, 2000.

Australian Council of Australian Governments (COAG) agreed to establish national standards for health and environment protection and mutual recognition of most other legislation. There is increasing agreement about the necessity to separate national, regional and organizational policy from competitive service administration, in order to identify comparative service outcomes more effectively, whether they are provided by government or in the market[17]. The National Competition Policy Reform Act (1995) ideally requires equal competition between public and private service providers unless another course of action can be shown to be in the public interest.

Australia has a broadly developed welfare system based mainly on direct and indirect taxation. Government guarantees free primary and secondary education and basic health care provision to all. Alternative education and health products are also available in the market, and government may subsidise their provision. In 1998 one in five people of workforce age was dependant to some extent on taxpayer-funded pension or related support, compared with one in seven a decade earlier[18]. This is paid, on a means tested basis, primarily to the unemployed, to people with disabilities and their carers, to lone parents and students. War veterans and the elderly also access means tested pensions. Relief for natural disasters may be available, mainly in rural areas. In 1992, national legislation introduced a superannuation guarantee to supplement or replace existing government pensions for the elderly. This requires all employers to provide for pension funds in old age for all their employees. Government and workers also contribute to the funding pool. Such industry managed social insurance (superannuation) funds are huge new investors on behalf of their members. The self-employed or companies may also select alternative insurance and investment products.

Health is at the heart of the Australian welfare system. Australian hospitals have been provided with government support since the early 20th century. In 1984 the national Medicare system replaced hospital and medical insurance which consumers formerly purchased in the private sector with major government subsidy. Medicare guarantees universal, taxpayer-funded, basic hospital and medical care, administered by the national Health Insurance Commission (HIC) from general taxation revenues and an identified levy on taxable incomes. The HIC also administers the Pharmaceutical Benefits Scheme (PBS) which subsidises thousands of competitively priced drugs. The Commonwealth government provides subsidies to health care consumers who choose to purchase extra entitlements from private health insurers. From a government perspective, the major point of encouraging people to take up additional private health insurance is to increase the overall pool of health funds and public or private facilities available for general use[19]. Since 1986 Australian governments have also provided substantial funds for health promotion programs which aim to reduce major health problems by changing the behaviour and environment of relevant populations. During the 1980s work related and community based rehabilitation services were also introduced.

Throughout the 20th century, state workers' compensation schemes were repeatedly established either as government monopolies or competitively, with insurer underwriting, depending on the political persuasion of the state government. There is now increasing commitment to national uniformity based on a managed fund model of service delivery which was first introduced by the New South Wales (NSW) government in 1987, in addition to requirements for work related rehabilitation services[20]. Under this social insurance model, the government and industry own the premium pool and therefore underwrite the scheme. A statutory authority with a board of experts drawn from

[17] Peter Saunders and James Walter (eds), *Ideas and Influences: Social Science and Public Policy in Australia*, Sydney, UNSW Press, 2005.
[18] Minister for Family and Community Services, *The Future of Welfare in the 21st Century*, Canberra, National Press Club, 1999, p2.
[19] Industry Commission, *Report of the Inquiry into Workers Compensation in Australia,* Melbourne, 1997.
[20] Heads of Workers Compensation Authorities, *Promoting Excellence: National Consistency in Australian Workers Compensation*, Adelaide, 1997.

government, employers, workers and insurers establishes the level of benefits for injured workers, and the risk rated levels of premiums for industries and organizations. It licenses a dozen insurance companies and pays them to collect premiums, administer claims, invest funds, and collect data on its behalf. Very large employers may be approved to self-insure. Premiums also pay for administration of occupational health and safety (OHS) legislation which, since 1983, has provided employers and workers with duties of care, consultation and education regarding the identification and control of risk. Government inspectors or trade union representatives may fine employers or take prosecutions for dangerous work practices, whether or not injury has already occurred. The traditional adversarial and court based determination of levels of permanent disability after an accident at work has been replaced by compulsory conciliation, advised by medical panels. Self-employed contractors not deemed employees in workers' compensation legislation must make their own insurance arrangements. Forms of 'top-up' or extra insurance benefits may exist as well[21].

Although Australian and U.S. health care systems both employ the term 'managed funds' their fund ownership and management structures differ substantially. The national coverage of the Australian Medicare system and its integrated requirements regarding voluntary private health insurance put downward pressure on the prices that all doctors, hospitals and insurance companies charge because all Australian have a right to taxpayer funded hospital and medical care. In the U.S., on the other hand, employers take out private health care insurance coverage for their employees, or individual consumers may purchase it from competing health care funds on their own behalf, if their employer does not carry it for them. The government provides a safety net health care system that applies only to the elderly and unemployed, impoverished population groups. In a comparative review of the evidence, Duckett found the Australian Medicare system outperformed the U.S. health care structure on many social indicators related to service access, equity and cost, but not service quality[22]. Findings of comparatively poor service quality in Australia may appear surprising in the light of the comprehensive national scope that Medicare potentially provides for the collection and analysis of reasonably consistent and reliable health service data across all public and private sector hospitals.
A range of independent Australian inquiries into hazard prevention and rehabilitation, outlined in the reference list, have often pointed out the need for better coordinated government, and related bureaucratic, professional and academic organization and practice, in order to achieve the transparent data driven management systems which are necessary for quality management and related research. Some key issues are discussed below.

Australian Inquiries into Health and Social Insurance

Since the early 1970s, major Australian government debate has occurred about the best forms of social insurance and insurance. A key issue has often been whether insurance funds should be underwritten (owned) by government or the private sector, in order to achieve the best service outcomes for injured individuals, premium holders and the broader community. A related issue is whether management should be undertaken in the primary interests of stockholders, or using broader, stakeholder management models, to achieve best outcomes for all. Internationally based insurance companies which have the largest slice of the Australian insurance market are commonly regulated under state legislation and are also subject to national controls. Many insurance schemes still retain strong links with the ancient, lawyer driven operations of the British common law, in that benefits are available to the injured only if a court can find a plaintiff's adversary to be the cause of their injury. Third party motor accident insurance and professional and product liability insurance are examples, which are undergoing reform. On the other hand, benefits are provided to the injured

[21] Industry Commission, *Report of the Inquiry into Workers Compensation in Australia*, Melbourne, 1994.
[22] Stephen Duckett, *Health Care in the US: What Lessons for Australia?* Sydney, Australian Centre for American Studies, University of Sydney, 1997.

regardless of fault under workers' compensation insurance schemes, in which employers pay premiums to meet rehabilitation and compensation needs of injured workers. Fault is addressed in occupational health and safety legislation which provides all those at the workplace with a duty of care. A similar duty of care approach might logically be taken to the protection of workers, clients, communities and their natural environments. This requires more research and pilot testing.

Many Australian critics of competitive contracting by government [23,24] tend to ignore the relationship this may bear to national and state regulatory processes which have progressively extended government and industry ownership of health, workers' compensation and retirement funds over the past two decades. Formerly, such funds were privately owned and commercially driven, supposedly in the interests of shareholders. On the other hand, key inquiries into the Australian insurance experience have indicated that private sector underwriting and competition on premium price inhibits effective injury prevention, rehabilitation, fund management and cost containment. This was first found by a National Committee of Inquiry in 1974 at the time of the Whitlam Labor Government. The NSW Labor government came to the same view in 1986, as did the NSW WorkCover Review Committee which reported to a Liberal government in 1989.

> Over the past two decades, a very large number of Australian inquiries have been conducted into insurance by governments of both major political persuasions, at state and at federal level. Although the detail is often complex, the benefits of broad industry and community ownership of funds which are competitively, openly and effectively managed appear comparatively clear, but debate continues. In 1994 the Industry Commission inquiry into workers' compensation concluded there was a lack of evidence of benefits from private sector underwriting, and in 1996 so did the joint report of Australian Heads of Workers' Compensation Authorities. They argued that other factors, including quality of scheme administration, provide more important indicators of scheme performance. In NSW the Motor Accidents Authority overlooks a third party insurance scheme where private insurers underwrite the business and those injured on the roads can claim benefits only if a court decides another person was to blame. At a public inquiry into the scheme the regulator indicated that the insurers did not distinguish motor accident premiums in any way from general insurance funds, so the Authority therefore had no basis on which to exercise the powers of financial monitoring provided in its legislation. Whether it is ever possible for government to achieve effective disclosure and monitoring when insurers underwrite the business appeared to be a moot question[25]. Major modifications have since been made to the scheme structure.

The NSW workers' compensation insurance design may provide a model because it promotes insurer competition to collect and manage premium owned by industry and government. Income from fund investment is returned to these key stakeholders. The structure is designed to discourage insurer competition on premium price and to promote competition for provision of effective injury prevention and rehabilitation services. However, better risk management and outcome data gathering systems are required to achieve the potential of the basic insurance design. The most recent national inquiry into workers' compensation and OHS has stated that the most significant current issues now arise from differences in state and industry schemes which generate major compliance burdens and costs for multi-state employers[26]. The inquiry recommended more self-insurance and the gradual establishment of a consistent national workers' compensation scheme.

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[2]3 Linda Hancock, (ed) *Health Policy in the Market State*, Sydney, Allen and Unwin, 1999.

24 Paul Smyth and Bettina Cass (eds), *Contesting the Australian Way*: *States, Markets and Civil Society,* Cambridge, Cambridge University Press, 1998.

[25] Standing Committee on Law and Justice of the Parliament of NSW, *Interim Report of the Inquiry into the Motor Accident Scheme (Compulsory Third Party Insurance)*, Report No. 3, Sydney, Govt. Printer, 1997.

[26] Productivity Commission, *National Workers' Compensation and OHS Frameworks, Interim Report, Canberra, 2003.*

Private sector underwriting was recommended, in spite of the fact that the only reported Australian case for this was made by the Insurance Australia Group. This got a little support from the NSW Labour Council, a historically strange group of trade union bedfellows, who admitted to being uncommitted in the longer term.

Inquiries have often found that private sector underwriting is not transparent, and premium price competition promotes general economic instability, not injury prevention. It is also more costly. Private underwriters require high profit margins to guard against the effects of competitive premium price-cutting, global economic fluctuations, unexpected disasters, court awards or long tail claims, poor investment decisions and inefficient administration practices. Such events have produced insurer insolvencies in Australia, at great cost to the individual, industry and public purse. Whenever the larger industry premium pool is broken up and owned by competing insurers, they require international reinsurance as well as high profit margins to guard against insolvency. These costs are borne by the community of premium holders. On the other hand, when funds are owned by government and industry, and when premiums and benefits are established by legislation, the insurers contracted to manage the system ideally compete for market share by providing premium holders with risk management and investment services, rather than premium price cuts. Benefits of managed fund investments return to scheme stakeholders. They own the funds themselves!

In Australia there appears to be scope to increase transparency and reduce health care costs through better national integration of the aims and administration of Medicare, private health insurance, workers' compensation insurance and many other injury prevention, rehabilitation and insurance services. Related concerns are that court systems, which have historically made adversarial, lawyer driven estimates of fault, disability, pain and suffering, and future economic need, are irrational on health and economic grounds. In mid 2002 the Premier of NSW discussed the passing of the NSW Civil Liability Act and the need 'to restore personal responsibility and diminish the culture of blame'. He also called for 'a fundamental re-think of the law of negligence', appealing on national television for a major focus on 'the national insurance crisis', health and education. The Australian Medical Association supported the Premier, urging the Commonwealth government to act urgently on the establishment of a national insurance scheme and tort reform. The current Liberal government seems more than willing to listen. The Senate Review of Public Liability and Professional Indemnity Insurance[27], recently noted that absence of a national aggregated database of health care litigation claims made it impossible to identify where the real risks are, whether they are changing and which size claims are increasing most. It found litigation may be driven by legal advertising and no win no fee arrangements. Costs were also increased by lack of penalties for pursuing unmeritorious claims and the expectation that the insurer will settle on the assumption that courts will take a sympathetic attitude towards a victim. Insurers estimated that legal costs in personal injury cases amounted to 40% to 50% of the total costs. But nobody had any reliable data. The committee concluded that the court system provides economic incentives to litigate, without providing supports for effective rehabilitation or future management.

Improving Community Health Through Coordinated Work, Education and Research Projects

Gailbraith[28] and other dual market economists[29] described market driven organizations and nations as having a central tendency towards being planned or monopolistic, with a highly competitive but impoverished economic periphery. Governments were advised to bring dual economies into greater equilibrium by increasing competition in monopolistic sectors, and strengthening communities in

[27] Senate Economics References Committee, *Review of Public Liability and Professional Indemnity Insurance,* Canberra, Parliament House, 2002.
[28] John Kenneth Galbraith, *Economics and the Public Purpose*, New York, New American Library, 1973.
[29] David Gordon, *Theories of Poverty and Unemployment*, Mass., Health Lexington, 1972.

peripheral sectors. Saunders and Shang argue that it has been common in developing countries to commence the establishment of social security systems by introducing social insurance in the formal economic sector[30]. However, this approach often excludes those who are most likely to be poor. They argue that China currently has no over-arching commitment to a unified approach to addressing poverty on a national basis and that the current social security system needs to be re-focused in this direction. Social insurance, research and education may be considered in this development context.

Primary education provides the greatest return on investment for individuals and communities[31]. Education is also closely related to effective fertility control. A distinguished Australian public service reformer[32] described the early Chinese Communist approach as seeking the integration of health education and health work into the overall political and economic development climate of the nation. He admired the mobilisation of a large labour force to carry out the slogan 'Put prevention first' in regard to environmental health tasks. He noted the break-up of the medical monopoly over health tasks, and the creation of new health service delivery models specifically designed to meet the needs of the people. A renewal of this once familiar Chinese approach might now be enhanced through judicious use of information technology developments which have occurred since the 1980s. This would allow a wide range of community and individual health and education needs to be identified, prioritised and met on a community lead project basis, openly joined up with others.

After a recent annual bank conference on development economics, Stiglitz and Muet[33] argued that economic crises have shown the need for greater world governance, especially to manage 'public goods' such as financial stability and environmental protection. They concluded that many economists now seek to go beyond 'the Washington consensus' which involves a plea for unconditional liberalization of markets, lack of attention to institutions, and macroeconomic policies geared too much towards lowering inflation and not enough towards development and employment. They argued that weak financial institutions lead to macro-economic instability as bad as large budget deficits, and also fuel dramatic financial crises. They view development success as requiring high savings, rapid capital accumulation, high levels of training, strong capacity to acquire new knowledge and rapid insertion into international trade. They stated that improved world governance must closely involve employers and trade unions as well as non-government organizations. This also suggests that governance education, social insurance and related service and fund management issues should be a continuing international priority for comparative research.

Australian and Chinese collaboration to pilot combined occupational health and safety, rehabilitation and social insurance systems for large development projects may also appear appropriate in this broader context. Joint work, health and education aims might also be effectively coordinated with greater government support for rural health and education development. University and other partnerships for education and research into social service provision could assist attainment of these broader aspirations. Ideally, governance education should promote the information, expression and participation of all citizens, as an aspect of teaching vocational and management skills. The provision of public subsidy for organizations to undertake research and development may be beneficial for entire communities. However, comparatively few Australian employers will be in a position to undertake or support scientific and technological research and development alone, or purely on their own behalf. On the other hand, it could be of great benefit to Australia and China if

[30] Peter Saunders and Xiaoyuan Shan, *Social Security and Poverty Alleviation in the Peoples Republic of China.*

[31] United Nations, *Population, Education and Development.*

[32] Peter Wilenski, *Public Power and Public Administration*, Sydney, Hale and Iremonger in association with the Royal Australian Institute of Public Administration, 1986.

[33] 3. Joseph Stiglitz and Paul Muet, *Governance, Equity and Global Markets: Papers From the Annual Bank Conference on Economic Development,* Europe, Oxford University Press, 1999.

industry leaders, their organizations and members are willing to participate in research and education plans to achieve national development and fund management objectives related to health and sustainable development. These are ideally managed on an industry and regional community basis to evaluate project outcomes openly, in the interests of as many communities as possible.

Conclusion

The populations of China and Australia are ageing, and the aims of remaining healthy and independent for as long as possible are shared by the elderly and governments alike. In Australia, many social insurance and related inquiries have suggested that the benefits of industry and community ownership of funds are comparatively clear, as long as these funds are managed effectively and competitively in the public interest. This requires policy driven, consultative management in which administration is also openly focused on evaluation of service outcomes. Economists have drawn attention to the tendency for dual market development and to the related need for governments to promote competition in monopolistic sectors of the economy and planned development in disadvantaged peripheries. The importance of good governance for health, education and environment improvement may increasingly be recognised in this context. It is hoped that Chinese and Australian universities and many others will consider research and education partnerships related to consultative development of health, safety and related social insurance systems for major development projects. These may also be effectively coordinated with targeted support for related health, education and other services, mainly in poor communities. Governance education ideally should promote the information, expression and participation of all citizens. This is the context in which specialised management and vocational skills might be taught, researched and funded by all participating project partners, on an appropriate group or individual basis.

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