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Abstract

In 2002, the Chinese leadership announced a turnaround in national welfare policy: Local insurance at county level, called the New Rural Cooperative Medical System (NRCMS), was to cover all counties by 2010. This paper addresses the main characteristics of NRCMS as an example of ‘transformative state capacity’ in decentralised policy fields and its feature ‘responsiveness’ as a market-based means of its introduction.

Reviewing the modes of governance and comparing the introduction of local schemes based on two case studies of western China since 2006, this paper argues that the flexibility shown by local administrators in considering structural and procedural adjustments is the result not only of central directives but also of local initiatives. Forms of locally embedded responsiveness to the needs and perceptions of health care recipients are crucial in enhancing the accountability and responsiveness of local cadres. These new modes of ‘responsiveness’ or responsive regulation are important in understanding and conceptualising the transformative state capacity. Responsive settings using centrally defined local feedback loops are different from hierarchical control and the formal institutionalised representation of the interests of the local population, and are a rough but effective means of enhancing both flexibility and the efficiency of control and financing by the central state. These feedback

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loops, which are based on voluntary enrolment and on central state subsidies made dependent on contributions received from participants and local government, are complementary forms of governance at grassroots level.

Keywords
Public sector reform, rural cooperative medical system, China

1. Introduction

In 2002, the Chinese leadership proclaimed a turnaround in national health policy: Local voluntary medical schemes at the county level, presented as the New Rural Cooperative Medical System (NRCMS, *xinxing nongcun hezuoyiliao zhidu*) were to be scheduled to cover all counties by 2008. At the end of 2007, more than 85 per cent of all counties were covered by an NRCMS plan, with a high participation rate, also 85 per cent, reported by the national media. Since then there have been impressive and rapid improvements in the contribution and benefit structure. This paper will address the main characteristics of transformative state capacity in the context of rural health governance.

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