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Emerging Care Regimes: an Analysis of the Domestic Labor Market of Shanghai

Nellie S. LaValle
Colby College

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Emerging Care Regimes: an Analysis of the Domestic Labor Market of Shanghai

Nellie Scott LaValle has completed the requirements for Honors in the Government Department
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Lindsay R. Mayka
Government Department
Thesis Advisor, First Reader

Walter F. Hatch
Government Department
Second Reader
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Abstract. Emerging Care Regimes: An Analysis of the Domestic Labor Market in Shanghai

The People’s Republic of China today faces a rapidly growing demand for care. Care consists of childcare, eldercare, and various domestic duties. Due to the increased pressures for dual-earner families and the aging population, there has emerged a significant deficit between the amount of care needed and the care available. In recent years, private employee-based enterprises have risen to a prominent position in the system of care provision. The phenomenon leads to questions of how states structure care provision. This paper seeks to answer two questions. First, what care-regime model has arisen in Shanghai to meet the demands of the population? Why did this care regime develop rather than another model? I find that the care regime in Shanghai can be characterized as a liberal-patriarchal system, and that the system diverges from other experiences with care regimes because of the unique demographic trends at play in China. The current care regime literature is based solely on the experiences of Europe and the United States, lacking analysis of the developing world. My research utilizes newspaper archives, government documents, population data and in-person interviews to analyze the model that has emerged in Shanghai and investigate the benefits of the model. My research provides a necessary analysis of the care regime in Shanghai, the dynamics involved in developing a care regime, and the significance of this model for stakeholders.
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Finally, I would like to thank my friends and family for the emotional support they have provided me with over the year. A special shout out goes to Lucy Soucek, who was kind enough to proofread final versions of this thesis, and my roommates for being understanding when I do not wash the dishes. And in finishing, thank you to my parents and my siblings, who have patiently listened to me complain about this thesis for a whole year and taken me out for a meal when I felt that it was all too much and that I would never finish.
Chapter 1. Introduction

This thesis is about the ways that the global economy has changed, causing the demand for women in the economy to increase, and leaving an absence where the unpaid labor women completed in the home is left unmet. Care-work, which can vary from child-care to elder-care, and other domestic chores such as cooking and cleaning (Blofield 2012, 16, Estévez-Abe 2015, 134). The People’s Republic of China (hereafter referred to as China) is not an exception; the increase of average income, demand for dual-earning households, the separation of nuclear families from extended family as a result of migration, the aging of the population, and the revision of the one child policy have led to a rising demand for domestic workers to meet the care needs of households. In 2017 it was found that 40% of Chinese families have indicated a demand for domestic help (Speake 2017, 1). Following the shift from a planned to a market economy, the roles of the state and the employer as the primary providers of services have devolved, with these responsibilities being shifted back to the household (Cook and Dong 2011, 948).

The goal of this research is to investigate the ways that raised demand has created changes in the way that people meet care demands and what implications this has for the role of the state in relation to families. The configuration of care regime differs in the presence of diverging ideological leanings, roles for women, and expectations by society for the role of the state. This research aims focus on what care configuration can tell us about a state by answering two questions, both of which seek to understand how states relate to the care demands of their population. First, what care-regime model has arisen in Shanghai to meet the demands of the population? Why did this care regime develop rather than another model? What benefits do
individual households and the state reap from hiring domestic workers through labor brokerage agencies rather than find help through informal routes?

I argue that the current care regime in Shanghai can be characterized as a liberal regime with a patriarchal system. The primary care providers in Shanghai are the market and the family, with the state’s presence consisting of the provision of a legal framework. This care regime arose as a result of the demographic trends currently underway in China, causing increased demand for domestic work and reduced availability of workers. Finally, the regime that has arisen has been beneficial to both the state, individual households, and upper-class women. The existence of market solutions for care demands reduces the pressure on the state to provide care. In addition, women who can afford to pay for care work are able to reach a level of liberation, as they are able to enter the labor market. However, lower-class women retain the burden of feminized labor. The largest contribution that this research provides is that it sheds light on the various configurations that liberal regimes can take, necessitating further research into care regimes of developing states.

The current care economy (huli jingji) in China familializes the provision of care, with limited available subsidies offered and a heavy dependence on unpaid labor by women within the household (Dong and Zhao 2017, 1). Care arrangements for childcare and elder care are centered on the family, with less than 20% of all state owned enterprises (SOEs) and 5.7% of all enterprises offering subsidized childcare to employees (Cook and Dong 2011, 952). Overall, in 2013 it was found that 46.1% of children in kindergarten and preschool programs attended private programs and that in the public programs, only 40.8% of the expenses were covered by the state (Dong and Zhao 2017, 8). Furthermore, only those with a permanent residence status in the city are eligible for government subsidies. Care for the elderly has warranted more
government attention, although it is explicitly stated in the Marriage Law of 1950, the Constitution of 1954, and the Elderly Rights and Security Law of 1996 that it is a criminal offence for an adult child to refuse to care for an elderly family member (Cook and Dong 2011, 953-954). More recently, local governments have begun to encourage the commodification of care services in the form of home-based care (Dong and Zhao 2017, 10).

As part of the state’s efforts to meet the care demands, in recent years the central government has encouraged provincial governments to incentivize the creation of private employee-based enterprises for domestic services (Liu 2017b, 27, Klemm et al. 2011, 14, Dong and Zhao 2017, 10). In Shanghai, this has taken the nominal form of low interest rate loans for domestic service agencies and subsidies for workers to use the firms to find work (Klemm et al. 2011, 14). Although these subsidies exist, according to various labor brokerage agency owners, they are irrelevant and have no impact on business.  

Regardless of the low effectiveness of the state’s policy, the labor brokerage agency market has developed rapidly in a short time, with a total of 2,941 agencies in Beijing, Tianjin, Nanjing, Shenzhen, Suzhou, Xiamen, Guangzhou, Hangzhou, Shanghai, and Wuhan (Zhou 2016). A regime marked by a robust labor brokerage agency market connecting customers seeking care with domestic workers varies significantly from the experiences of other states, leading to the question of why Shanghai appears to be so different.

Different care regimes vary in the distribution of responsibility for the provision of care between the state, the market, and the family. There are five possible care labor market configurations to meet the care demands of a population: a stay-at-home parent, informal care

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1 Interview with #11, the owners of a labor brokerage agency, Shanghai, 12 January 2018; Interview with #14, the owner of a labor brokerage agency, Shanghai, 22 January 2018; Interview with #16, the owner of a labor brokerage agency, Shanghai, 12 January 2018
arrangements with relatives or friends, state-financed care, care purchased from the private market, and the hiring of a domestic worker (Blofield 2012, 10). Different models have emerged depending on the welfare regime in place, such as the in the Nordic region where states have subsidized care-work, or the United States where provision has been marketized and outsourced to institutional care. This leads to the puzzle of why a contract-out model of care delivery arose rather than a state-led or informal model.

1. Motivation

What is the significance of care work and why should we care about it? Care work has traditionally been a sector marked by the prevalence of abuse; this is due to the dominance of at risk populations (women and migrants) and the feminized nature of the work, leading to an institutional dismissal of care work as not being real work. The first acknowledgement of domestic work by the International Labor Organization took the form of the Domestic Workers Convention (No. 189) and the corresponding Domestic Workers Recommendation (No. 201), which were adopted in June 2011 and were the first effort on the behalf of the ILO to address the disparities in labor protections between domestic workers and other professions. Domestic work is defined by the convention as “work performed in or for a household or households,” including tasks such as household chores, childcare, elder care, etc. (International Labor Organization 2011). Despite the adoption of the convention, many states have yet to ratify the convention or have yet to take real action to reduce the disparities between domestic work and other forms of work. Of the states who have yet to ratify the convention, China is one.

Two already at risk populations are severely impacted by the failure of states to regularize domestic work: women and migrant workers. Women and migrant workers dominate
the industry, and therefore are at higher risk for abuse. Therefore, the failure of a state to enact protections for domestic workers (or regulate this industry) represents an attack on the rights of women and migrants. Furthermore, the prevalence of domestic workers in developing states requires examination, as it poses such a risk to their already vulnerable populations. China is one such a state, where the maid industry is dominant.

a. Implications for women

Care work has implications for the gender equity of all women, in both allowing upper-class women to work and in its subjugation of lower-class women to the roles that the upper-class women have only just shed. Women are the principal caregivers for children, the elderly, the disabled, and the providers of any other care needs (Maybud 2015, 1). Supporting improvements to gender equity in the workplace, are the domestic workers who complete the unpaid work in the household normally done by women (Maybud 2015, 1).

Worldwide, there are 67 million domestic workers. Of these 67 million, approximately 80% are women (Torriente 2017, 1, Maybud 2015, Office of the United Nations High Commissioner for Human Rights 2015). The small percentage of men engaged in domestic work are more likely to have higher incomes and more formalized work, casting a light on the specific discrimination in the industry against women (Blofield 2012, 10). In addition, the majority of the women working as domestic workers come from disadvantaged groups and impoverished backgrounds. This intersection of women are more likely to be discriminated against and to face abuse in the workplace (Blofield 2012, 1, Torriente 2017, 1). In general, women face higher risks of gender-based violence in the home (Office of the United Nations High Commissioner for Human Rights 2015, 4). In 2010, it was found by the ILO that less than 10% of domestic workers experience equal labor protections (Torriente 2017, 1). Considering the dominance of
women in the field, this lack of protection represents legitimized discrimination against women (Maybud 2015, 3).

**b. Implications for migrant workers**

There are currently 20 million domestic workers in China, and 300,000 in Shanghai (International Labor Organization 2009, 2, Liu 2017b, 2). Domestic workers are largely rural-urban migrants and laid-off urban workers. A survey by the ILO in Beijing found that 81.4% of domestic workers had a rural permanent residence registration (hukou) while only 18.4% had urban hukou (Liu 2017b, 41). Another study found that in second tier cities (Xi’an, Tianjin, and Chengdu), laid-off workers account for a larger proportion of workers while in first tier cities (Beijing, Shanghai, and Shenzhen) the majority of domestic workers are internal migrants (International Labor Organization 2009). Rural-urban migrants primarily arrive from sending provinces such as Shanxi, Henan, Anhui, Yunnan, and Sichuan (International Labor Organization 2009, 2, Liu 2017b, 42). Receiving cities are economically developed cities such as Beijing, Shanghai, Shenzhen, and Guangzhou that can offer jobs (International Labor Organization 2009, 2). What happens to these migrants when they arrive in the cities is a function of their hukou status.

The hukou system has effectively created a dual citizenship system where rural citizens are treated similarly to foreigners in other countries, allowing us to compare internal migrants in China to international immigrants in other states (Solinger 1999, 456). Firstly, migrant workers with rural hukou are excluded from the social welfare system (Zhong, Xu, and Piquero 2017, 486, Wang and Fan 2012, 734). This factor interacts with the high-risk jobs that migrant workers in China are involved in. On average, migrant workers face higher rates of work related death and injury. In 2004, 90% of patients reporting work-place related diseases were migrants (Tuñón
Secondly, rural *hukou* holders are often subject to social marginalization (Wang and Ning 2016, Solinger 1999). The social marginalization associated with the rural *hukou* leads to physical isolation and prevents migrant workers from achieving social and economic mobility.

Domestic workers who are migrants face a higher risk of exploitation and abuse due to several factors. First, the nature of the work and the nature of their migration status create a dual burden of isolation (Office of the United Nations High Commissioner for Human Rights 2015, 4). The nature of domestic work is that workers have no co-workers and work long hours. This isolates a worker in the place of their work, prevents them from learning about their rights from peers, and generally limits their freedoms. Furthermore, as women migrate to large cities far away from home, they are separated from family and extended social networks that might have supported them previously. In addition, due to the huge variety of culture and language in China, the worker might not speak, read, or write mandarin and foreign customs might pose a challenge to integration. These factors prevent workers from creating new friendships in cities, where they remain on the fringe of society (Wang and Fan 2012, Wang and Ning 2016). Combined, these themes prevent domestic workers from accessing state protection and maintain their status as being incredibly vulnerable.

**c. Lack of state regulation**

Regulation by the state is consistently lacking in the domestic service industry due to the specific nature of the work. According to a 2009 report by the ILO, regulations by the state aim to correct labor market imperfections, in regard to the dignity of workers but also in the assurance of a labor force with high human capital (Bertola 2009). In the case of domestic work, regulations should aim to correct the power disparity that exists between the workers and the employers and to ensure the availability of a trained work force. Protecting the interests of the
workers can take several different forms. First, in the form of legal protections, the first part of which requires recognizing domestic work as formal employment. Governments will regulate employment relations in order to ensure workers a number of basic rights (Bertola 2009, 1324). Important in this structure of state intervention is the recognition of the family as an employer and therefore held responsible to the same standard as other forms of employment (Blofield 2012, 16, International Labor Organization 2010, 11). Without the recognition of the relationship between a domestic worker and a family as that of an employer and employee, the labor is beyond the boundaries of the state. In China, the family is considered a consumer rather than an employer, putting relationship outside of state recognition.

By granting at risk populations protections and rights the state is not necessarily ensuring that these rights are delivered and protected making this form of regulation passive. This is where the second mode of state involvement comes into play, in the form of enforcement. In other occupations, work standards are enforced and regulated by labor inspections in the form of site visits. In this form of regulation, state agents would visit the site where the labor takes place in order to ensure that the working conditions abide by the regulations in place. In the case that working conditions do not meet the standards set by the state, the company would be punished by a fine or forced closure until revising their practices to meet state requirements. This function of the state requires that methods of enforcement be embedded in labor, such as the designation of a bureau with the staff and mandate to undergo these site visits. Furthermore, in the case of domestic work, the site of employment is often not considered a work site, where it takes place in private homes (Blofield 2012, 18). Therefore, domestic service is often excluded from forms of regulation that are afforded to other types of work, therefore relegating domestic work to a lesser status (International Labor Organization 2010).
d. Domestic work in a developing context

In addition to the overlap between at risk populations and lack of state regulation being a motivation for this research, the complexities and specificities of care work in the context of a developing state warrants further research. Indeed, this research is needed in order to understand the conditions of care workers in the developing world. While little research has been done on care regimes in developing states, the literature on social policy in a developmental context can be useful to understand the expected outcome and the influencing factors. In order to consider the application of social policy and care regimes in a developing context, we must first consider the presumed existing aspects within the existing literature of care work that may not exist in developing states. Assumptions include a sufficient tax base and taxing ability, regulatory capacity, minimal levels of inequality, and a largely formal employment sector.

First, the state’s ability to effectively tax its population is an element of state capacity that is assumed; however it is often not the case in a developing context (Mares and Carnes 2009, 94). For example, while developed countries raise an average of 25-30% of their GDP through taxation, developing countries raise only 8-15% (Umar, Derashid, and Ibrahim 2016, 340). Even when social policy promises are made into legal obligations, developing states often lack the capacity to compel mandatory contributions to programs such as social insurance (Mares and Carnes 2009). Furthermore, states developing today face international environments with much higher levels of competition, leading states to be more likely to advocate for smaller welfare programs (Gough and Therborn 2010, 9). This low capacity to tax the population influences a state’s ability to provide services, and incentivizes the pursuit of a market-based or informal solution to arise. In a context lacking state-provided or subsidized care, families will be more likely to turn to informal sources, such as family members or domestic workers.
Second, state regulatory capacity impacts the state’s ability to undertake projects, leading to a large gap between the way a policy appears on paper and the way it is implemented in practice (Mares and Carnes 2009). Promises of protection are either unfulfilled or applied in a discretionary manner (Mares and Carnes 2009, 94). The cause of this is often the lack of institutional capacity to either adapt international policy models to their domestic contexts or to institutionalize policies (Gough and Therborn 2010, 8).

Third, high rates of inequality affect the type of model utilized and the percentage of society that it impacts. For example, China’s GDP in 2016 was 11.199 Trillion USD, yet the state had a Gini coefficient of 0.46 in 2015 (Hsu 2016). Compared to Sweden’s Gini coefficient of 0.274 and Denmark’s Gini coefficient of 0.256% this is quite high (OECD Data 2017). High levels of inequality have the dual effect of creating a lower tier population that is easily exploited and an elite group with markedly different interests than the low-income population along with a vested interest in maintaining the inequality. For example, in China, high inequality means that there is a vast supply of cheap domestic workers, and that the elite groups would in theory resist efforts to regulate the industry or provide them with benefits, as it would interrupt their access to low-cost help (Blofield 2012). In addition, social policy creates and reinforces societal divisions (Huang 2014, 924). In a context with previously high levels of inequality, social policy can reinforce these inequalities rather than help to reach a more equal society.

Finally, in addition to divisions between social groups, in developing states, the informal sector and the formal sector are often in opposition to one another. Welfare in developing states is often segmented, with generous social packages offered to the minority employed in the formal sector (Mares and Carnes 2009, 95, Gough and Therborn 2010). Societal divisions between urban and rural and between formal and informal employment fragment the interests in
support of more expansive social policy. This leads those who benefit from particularistic social policy, such as those employed in the formal sector, to oppose the expansion of social policy (Gough and Therborn 2010, 5)

These factors lead to an entirely different set of preconditions for a care regime to emerge than those in developed nations. Due to the dominance of the maid industries in developing regions, it is vital to understand these conditions. China is no exception.

i. Prevalence of domestic work in China

Several factors have led to a rise in demand for domestic workers in China, where it dominates the care economy. Policies enacted by Chairman Deng Xiaoping in his 1978 Reform and Opening Up (Liu 2017b, 5) stimulated the domestic labor market. These policies simultaneously shifted the economy toward neoliberal capitalism while also relinquishing control over the economic choices and freedom of movement of the population (Gaetano 2015, 18). One result of the Reform and Opening Up has been increased incomes, which has in turn stimulated service consumption. The service industry currently accounts for 40% of sectors, and its share is expected to grow (Liu 2017b, 15).

In addition, global trends such as the increasing frequency of dual-income families, the aging of the population, and the weakening of public care services are all underway in China as well, creating a demand for creative market solutions (International Labor Organization 2016, 3). Of particular salience in China is the growing elderly population. In China the population of people over the age of 60 accounts for 15.5% of the overall population, with higher proportions in cities (Liu 2017b, 15). As income and population age rise, the demand for domestic labor will increase as well (International Labor Organization 2009). Furthermore, cultural expectations dissuade the outsourcing of elderly care, with families preferring to take care of parents
themselves, leading to a demand for in-home care (International Labor Organization 2016, 3). According to estimates by the ILO, 90% of elders are in home-based care while community care and institutional care constitute only 10% (Liu 2017b, 15). In these statistics, we see the preference for home-based care solutions, demanding more attention to be paid to the topic of domestic labor in China.

2. Gaps in the literature

Despite the importance of this question in today’s market, political scientists have yet to study the topic. Although researchers have studied aspects of the care work, the literature is largely based on the experiences of the developed world, with the exception of some works on Latin America. The literature lacks a focus on developing regions and completely excludes China. In general, the topic of care delivery is a relatively recent subject, as in recent history the majority of care was familialized and performed by a stay at home parent (usually a woman). However, early works by authors such as Mary Daly, Nancy Fraser, Jane Lewis, and Gösta Esping-Andersen initiated research on the welfare state, women, and care work. More current research on the topic has delved into identifying the factors that influence a state to adopt a certain way of delivering care (or refusing to), and in developing typologies for the different possible models, describing their attributes, benefits, drawbacks, and the effects on women. Three significant gaps exist in the care regime literature, where research is needed on developing regions and on China.

a. Lack of research on the developing world

The majority of research has focused on Europe and the United States, with the typologies developed based on the experiences of the developed world (Esping-Andersen 1990,
Another group of works looks at comparing the care regimes of Europe with those of Korea and Japan, as they are more easily compared to Europe due to their democratic and free-market structure (Estévez-Abe and Naldini 2016). Finally, there is a very small literature on the conditions in Latin America (Blofield and Martínez-Franzoni 2015, Blofield 2012, Pribble 2006). These groups of literature exclude Africa, the Middle East, and countries such as China and Russia.

The literature on the topic of the care provision market displays a clear gap in the investigation of markets beyond the Western world. The majority of research on the state’s involvement with meeting demand for care-workers addresses the care-markets in Europe, and the United States. Authors such as Merike Blofield have led the way in looking into the care regimes of Latin America, yet there has been very little research on East Asia. Furthermore, treating the developing world as a homogenous group fails to explain divergences in the experiences of different regions. By understanding the new model implemented in Shanghai, we are able to gain an understanding of the various factors underpinning care regimes implemented in non-Western states.

The exclusion of these regions leads to the question of what we are missing in our understanding of care. I argue that by dismissing developing regions we exclude the majority of states and peoples existent today. Indeed, in lists of WTO members, developing countries
comprise a majority. To only study developing regions effectively constitutes a devaluation of the experiences of the states labeled developing. Therefore, it is important to study these regions in order to understand how conditions that vary from those in developed countries (such as democracy, high state capacity, high GDP, low levels of inequality), affect the ways that care regimes evolve.

b. Lack of research on Chinese domestic workers

The second gap in the literature is the lack of research on care work in China from a political science perspective. Previous research has taken an anthropological perspective or has focused on other migrant worker issues. Two areas where there is a robust literature on domestic workers in China, is the literature on care workers from an anthropological approach (Gaetano 2015, Gaetano and Jacka 2004) or descriptive pieces by the International Labor Organization (Speake 2017, ILO Country Office for China and Mongolia 2017). Another area that has been heavily researched includes the analyses of Chinese migrant men and women working in factories, construction, and other jobs, yet these analyses exclude domestic workers. (Boittin 2013, Chan 2013, Mou et al. 2015, Ngai and Xin 2012, Niu et al. 2016, Zhang and Smith 2009). By failing to analyze the conditions of Chinese domestic workers, the literature has missed a critical view of the care regime, that of the perspective of those who work within the care system itself.

c. The assumption of a default care regime

In the literature, there exists an assumption that the default care regime, in the case of no government regulation, is an informal market. Such is the case in Merike Blofield’s book, Care Work and Class: Domestic Workers’ Struggle for Equal Rights, which looks at how a care regime moves from an informal market to one in which care workers have equal rights (2012).
However, the beginning assumption of the piece is that the regime would naturally develop into an informal market, which is not the case in China. Due to China’s status as a developing country, with a per capita income well below that of developed nations ($8,123 versus $57,466 in the United States), a large population still in poverty (The World Bank 2016b), and a Gini coefficient of 0.46 in 2015 (Hsu 2016). it would be expected that China would develop a care regime similar to other developing regions. Latin America, which has a similar GDP per capita, levels of inequality, and Gini coefficient primarily has an informal care regime, yet China has instead developed the contract-out care regime. This is the realm that my research lives in.

3. Theories on the structuring of care regimes

Many authors have sought to explain the outsourcing of domestic work to the private market. Although their theses were developed in a European setting, the following literatures can help to understand the questions of how a labor brokerage agency market emerges, the incentives involved, and the rights and responsibilities of different models. Below I have described three prominent explanations for the emergence of a contract-out model that can be applied to the case of China.

a. The demographic change hypothesis

One explanation proposed by welfare state scholars for the emergence of a contract-out care-labor market is that a variety of labor market and demographic preconditions incentivize the contracting-out of domestic work (Peterson 2007, Estévez-Abe 2015, Estévez-Abe and Hobson 2015). Initially, three deficits must be present, a time deficit, a job deficit, and a care deficit (Estévez-Abe and Hobson 2015, 136). The time deficit is of the time of highly educated women, the job deficit is of the decline in low skill jobs combined with the simultaneous rise of the
knowledge-based economy, and the care deficit is of the demographic pressure created by increasing dependency ratios (Estévez-Abe and Hobson 2015, 135-136). Estévez-Abe and Hobson argue that in an environment where these three deficits converge with the trend of reducing investment in care, a private market for low-wage domestic workers is likely to emerge (Estévez-Abe and Hobson 2015).

Individual household demographic characteristics and labor market contexts further impact the demand for contracted-out domestic labor (Estévez-Abe 2015). The individual household demographic characteristics that influence demand are the respondent’s educational level and household income. In contexts where the education level is higher, the likelihood of outsourcing labor rises (Estévez-Abe 2015). Furthermore, the relevant labor market characteristics that increase demand for contracted-out labor are the relative abundance of low skill workers and foreign migrant workers (Estévez-Abe 2015). These characteristics influence the three deficits described above, in a context where there are many highly educated families and a large population of low-skill workers, the upper class families are likely to have care deficits and the workers are likely to have job deficits. Elin Peterson notes that in countries that are highly familialist and have low percentages of their GDP devoted to care demands, the state depends on the “maid industry” to meet these societal needs (2007, 269). Familialist welfare states are states that depend on families to provide a safety net (Estévez-Abe and Kim 2013, 1). In particular, Peterson notes that the care duties of educated women are devolved to migrant women, perpetrating the sexual division of labor (Peterson 2007, 272).

This explanation proposes that in states that do not meet the care-demand with public services, low skill and migrant populations, and highly educated population, the state will lean on the contract-out labor model to meet the population’s care needs. These societal conditions
are met in the case of China, where the population has significant care demands due to the increasing elderly population and demand for women in the workforce. Additionally, China’s large rural migrant population is often compared to the transnational migrant population in other cases, due to their rural *hukou* status. The demographic change hypothesis has the potential to explain the puzzle of the rise of employment agencies for domestic service and a non-statist regime type in Shanghai.

**b. The tension release hypothesis**

Related to the previous explanation, this argument posits that policies to promote the domestic service sector have emerged as a way to both promote low-skill job production, respond to social needs in a more cost-effective way, and promote female employment (Morel 2015). The EU has marked domestic service as a way to meet the new social demands that have arisen as a result of “changes in lifestyles, transformation of family structures, the increase in the number of working women, and the new aspirations of older people” (Morel 2015, 173). Allowing private market to meet the care-demand reduces societal pressure for the state to expand the public sector (Hellgren 2015, 236, Estévez-Abe and Hobson 2015, 136). In fact, the utilization of domestic workers is a direct response to the limited public budget to meet the growing societal need for care (Peterson 2007, 274-275).

This hypothesis argues that the contract-out labor model will develop as governments strive to reduce budget expenditures on welfare. Used particularly to describe the increase of contracting-out in Nordic countries such as Sweden where the state has historically viewed welfare as a public good. However, given the increasing care-demands and the reduced budgets, a state will shift to supporting the privatization of care-work. This is relevant in the case of
China, where the population is aging rapidly as the state is undergoing attempts to streamline public services.

c. **The demand hypothesis**

This hypothesis suggests that policy shifts in the provision of care by the state are the result of population demands (Campbell, Ikegami, and Gibson 2010, 94, Pavolini and Ranci 2008, 246). These population demands include a growing need for elder and child-care, low-skill labor shortage, and a surplus of immigrants (Simonazzi 2009). Additionally, authors note that this is particularly true in a setting where demand outstrips supply and welfare budgets are shrinking. However, Estévez-Abe and Naldini argue that the demand hypothesis does not fully explain the variation in policies adopted in similar settings of increased demand (Estévez-Abe and Naldini 2016). Estévez-Abe extend the demand hypothesis to account for the variation in policy shifts, arguing that past social policies and political institutions give rise to variation in scope of policy changes, with the institutional structure of the state determining the efficacy of domestic pressure (Estévez-Abe and Naldini 2016, 340).

This hypothesis has the potential to address the shift in the labor market structure in China. The demand far outstrips the supply of domestic work, with surplus demand for domestic workers ranging from 25 to 50 percent depending on the season (Liu 2017b, 41). However, Estévez-Abe and Naldini’s argument that the institutional arrangement moderating the influence of demand dictates the scope of reform could provide an explanation for the current care-labor market structure.

d. **The socialization hypothesis**

The constructivist theory of socialization rests on the debate of the influence of international norms and ideas on domestic policy (Risse, Ropp, and Sikkink 1999, 2, Gurowitz
Conceptualized in *Norms, Identity, and Culture in National Security* by Jepperson, Wendt, and Katzenstein, norms are “collective expectations about proper behavior for a given identity” (Jepperson, Wendt, and Katzenstein 1996, 54). Socialization is the process through which international norms are incorporated into a state’s domestic policy and actions. The constructivist perspective of international relations perceives state interactions as being structured within their networks, which include states, non-state actors, and international actors (Keck and Sikkink 1999, 89). Following this logic, the socialization theory expects that states would slowly shift domestic policy to align with international norms.

The mechanism of diffusion of international norms into domestic policy is through the process referred to above as socialization. Socialization is dependent on networks composed of both domestic and transnational actors (Risse, Ropp, and Sikkink 1999, 4, Keck and Sikkink 1999). The importance of tapping into international networks is to put the issue on the international community’s moral agenda, to legitimate claims of the domestic opposition, and challenge the government from above (international community) and below (domestic opposition) (Risse, Ropp, and Sikkink 1999, 5).

In order for these tactics of international pressure to work, specific criteria must be met. In particular, Amy Gurowitz notes that the country in question must be sensitive to international opinion and not hostile to international norms (Gurowitz 1999, 445). Additionally, the domestic political structures determine the impact that the international norms will have on the state (Cortell and Davis 2000, 86).
e. Hypotheses

Stemming from my literature review, it is possible to identify several potential hypotheses as to the possible causes for the outcome we see in Shanghai. The first possible explanation is that the changing demographics of China’s population, including rapid aging and increased demand for women in the workforce, have created a care-work deficit. These dynamics in conjunction with a large low-skilled rural-urban migrant population have incentivized the contracting-out of domestic work. Based on the experiences of other states, in the presence of high demand for care work, and a large low-skilled population, a dependence on domestic workers is likely to emerge. This hypothesis would explain the reliance of Chinese families on domestic workers, rather than on institutions such as preschools, kindergartens, or elder care homes.

The second hypothesis is that the government has advocated the contract-out labor model in order to reduce social pressure to expand public provision of care-services. In this case, the labor brokerage agencies would appear to be functioning similarly to an alternative arm of the government, where they provided social benefits in the stead of a government body. However, in the case of China, my research found no relationship between government support for the labor brokerage agencies and their rise in popularity. Therefore, while the labor brokerage agencies might have reduced social pressures to expand public provision of care-services, it was not a policy effort by the state.

The third hypothesis is that the contract-out labor model emerged as a result of demand for domestic work outstripping supply, creating a space for a private industry to emerge. As mentioned above, approximately 40% of Chinese families have an unmet need for care work in their homes (Speake 2017, 1). In this environment of unprecedented demand for domestic
workers, wages of care workers have risen to that of a recent college graduate,\(^2\) rising wages is just one example of the opportunities for monetary gain. The high demand and low supply create a point where organizations such as the labor brokerage agencies have the opportunity for success, making this hypothesis likely.

The final hypothesis is that the Shanghai system was influenced by international norms and policies by the process of socialization. However, this is unlikely for several reasons. First, China has in the past proven to not be sensitive to international opinions, and has been hostile to international norms, failing to meet the two requirements laid out by Gurowitz (1999). Second, in 2011 the ILO adopted the Domestic Workers Convention (No. 189), a document that laid out a set of international standards. Despite the ILO’s adoption of a set of international norms with regard to the treatment of domestic workers, China exhibited no change and refused to ratify the convention. Therefore, it is unlikely that this hypothesis has much explanatory power.


As indicated in the beginning of this chapter, this research answers two questions: first, what care regime type is currently in place in Shanghai? Does this care regime fit into the typologies described in the literatures stemming from the experiences of Western states? Second, why has the care regime currently in place arisen rather than another model? What are the benefits of this model for the state, the employer, and the domestic worker?

a. Case Selection

In order to tease out the causal mechanisms involved in the structuring of the Chinese care-work labor market, I engaged in rigorous qualitative research in Shanghai. This method is

\(^2\) Interview with #2, an employer of a domestic worker, Shanghai, 14 January 2018
often used to study in detail the causal mechanisms at play in a single case. In this case, I traced out the structuring of the care-work labor market in the People’s Republic of China, where the model is defined by its reliance on contracting-out agencies.

My research was based in Shanghai; the city is home to the largest migrant population in China, with the 2010 census registering a migrant population of approximately 11,020,000. Various push and pull factors have encouraged migration; pull factors include new earning opportunities, personal development, and the draw of the urban lifestyle (Tuñón 2006, 6). Shanghai has provided these “pull” factors, the city’s recorded GDP in 2017 was $478,095,000,000, with its three largest industries being financial services, retail and wholesale, and real estate (Hong Kong Trade Development Council 2016). In addition, Shanghai has been among the first municipalities to experiment with implementing policies extending social benefits to the rural-urban migrant population (Wong, White, and Shixun 2004). These conditions have made Shanghai a magnet for migrants

The age structure of women in the Chinese domestic service industry is older than most migrant workers, with the majority of women being between 41 and 50 years old (Liu 2017b). This older age structure is due to dual factors, the market demand for older women and the lack of other opportunities for this demographic. Firstly, employers are likely to prefer older women; this is because they will have the experience necessary to care for children or elderly people (Conversation with Professor Zhang Hong). Secondly, due to the demographics’ older age and lower human capital, there are few other employment options (Liu 2017b, 43, Gaetano 2015, 23).

In general, migrant workers have lower education levels than their urban peers. The majority of migrant workers have achieved a junior high school education (51%) and some have
achieved senior high school or secondary school (28.4%) (Liu 2017b, 42). Additionally, approximately 60% are married (International Labor Organization 2009, 2). According to Ministry of Commerce, 30.5% of domestic workers work as maternal and child care workers, elderly care accounts for 19.4%, and hourly workers account for 27.0% (Liu 2017b, 12). The sector had a total gross income of $36,490,650,000\(^3\) (Liu 2017b, 12).

Shanghai alone has 984 employment agencies, 44% of which advertise childcare, 24% of which advertise cleaning services, 17% of which advertise foreign workers, and 14% of which advertise care and cleaning services for the elderly (Zhou 2016). Shanghai also has the largest population of migrant workers, with approximately 40% of its population consisting of long-term migrants. The overall population of the city is 25,202,000 (2017). Because of Shanghai’s large migrant population and its significance in China’s overall development tactics, investigating Shanghai’s regime type could be a marker of the future of China’s care regime. The central government employs a developmental tactic that encourages the creation of local experimental models in order to test their efficacy, the most successful of the models are applied at the national level (Heberer 2016, 616, Friedman and Kuruvilla 2015, 182). These models are more often experimented with in southern coastal cities, where their distance from Beijing makes it easier for the party to control their narrative and their proximity to Hong Kong makes trade convenient. For this reason, Shanghai’s current care model has the potential to be turned into national policy, showing the importance of understanding the system in place. Furthermore, the case presented in Shanghai represents an extreme case, where the care provision model does not resemble the model that the literature would expect to arise in a developing country. It is important to understand the factors influencing different models to arise, therefore studying diverging cases can help us better understand the ways that states interact with societal needs.

\(^3\) Converted on 04/12/18, 1 USD=6.30RMB
To contextualize the discussion of China’s care regime, it is also important to include information about the political and economic realities of China. China is an authoritarian one-party state, which has been led by the Chinese Communist Party (CCP) since the revolution of 1949. Following the death of Chairman Mao Zedong, Deng Xiaoping shifted the economy from a planned market economy to a freer-market based economy. During this period of liberalization, coined the Reform and Opening Up ("gaige kaifang"), China’s annual GDP growth averaged 9.4% (Zheng 2005, 18). However, the shift from a socialist state to a free-market economy has also been fraught with difficulties, such as the rapid rise in inequality. Previous to the reforms, China was highly egalitarian (although incomes were all very low); however, following the reforms economic inequality has risen, with the Gini coefficient raising from 0.31 in 1981 to 0.47 in 2008 (Lin 2013, 263). Furthermore, many aspects of China’s previously strong social security net have been dismantled along with protections for workers, facilitating the rapid growth of the economy (Zheng 2005). It is in this environment that we place this research; China today provides low protections for workers and few social securities.

As stated earlier, Shanghai is home to 300,000 domestic workers, or 67% of China’s domestic workers (International Labor Organization 2009, 2). The majority of the women working as domestic help come from disadvantaged groups and from impoverished backgrounds, making them incredibly vulnerable (Blofield 2012, 1, Torriente 2017, 1). Domestic work is defined by the convention as “work performed in or for a household or households,” including tasks such as household chores, childcare, elder care, etc. (International Labor Organization 2011). In 2010, it was found by the ILO that less than 10% of domestic workers experience equal labor protections (Torriente 2017, 1). Although in China the 2008 Labor Laws require urban enterprises to sign contracts with all of their staff, the frequency of this actually happening is
very low. A study that took place in Hubei found that only 8 out of 10 migrant workers knew what a contract was, showing the rampant noncompliance (Tuñón 2006, 12). Considering that the dominance of women in the field, this lack of protection represents an institutional discrimination against women.

b. Outcome

As mentioned above, my research depends on an in-depth examination of China’s care-work labor market that I completed in January 2018, seeking to understand the care regime in place today. My analysis utilized newspaper archives, government documents, data from the World Bank, the United Nations Population Fund, the International Labor Organization, the National Bureau of Statistics of China, and in-person interviews. From the newspaper archives and government documents I outline the specifics of the current model in place. The data sources were used to describe the demographic story that enabled the liberal regime to take the structure that it has. In addition, I completed seventeen interviews with domestic workers, employment agencies, and households. These interviews describe the mechanisms and logic behind the consolidation of this regime. In addition, the interviews further deepened my research by bringing to light new documents or stories that were not reflected in preliminary research. While I completed preparatory work the fall semester of 2017, the qualitative research was completed in the month of January 2018. Finally, the majority of this paper was produced in the spring of 2018.

The dependent variable in my research is the regime itself, and whether it is a liberal regime, conservative regime, or social democratic regime. The factors differentiating one care regime from another are: the primary care provider, the form of subsidy, and the primary policy type, a new type, or a mix of the aforementioned regimes. The primary care provider is the
provider who most often performs or provides care labor, these actors could be the family, the market, or the state. The form of subsidy is the way by which the state offers monetary support for care labor, and can include tax credits, cash transfers, and the state provision of care. The type of subsidy also determines who does the care. For example, a cash transfer will be more likely to support the mother staying home rather than working as on average women’s salaries are lower than their male counterparts. Finally, the primary policy type refers to the way that the policy is formed to deliver care and can be sequential, defamilializing, or regulatory. These terms and topics will be developed further in Chapter 2.

5. Argument

The argument that I pose in this thesis has several layers. The first layer is my characterization of the Shanghai care regime as a liberal regime. The regime is marked by the prevalence of the family and the market in providing care. In liberal regimes, the role of the state is not in a role of care provider, but in the role of supporting and regulating the care market. While this can take many different forms, the subsidy in Shanghai takes the form of the state’s failure to enforce regulations. The failure to enforce labor regulations is not a direct transfer of funds, but in practice operates as a subsidization of Shanghai’s system, which relies on the labor of domestic workers. The way this functions is that by not enforcing labor regulations that protect the rights and interests of workers, it allows consumers to take advantage of the workers. Therefore, the failure to enforce labor regulations is a subsidization of market solutions for care needs in the Shanghai system.

In addition, policy types in liberal regimes are generally sequential, however Shanghai’s policy type is regulatory. Sequential policies, which remunerate care that takes place in the
home, prevent care responsibilities from interrupting people’s income. Regulatory policies regulate home-based care occupations, where the work site overlaps with the household. As described in Blofield and Martínez-Franzoni (2015, 8), “if the state reinforces this status quo it is effectively subsidizing the reconciliation of work and family responsibilities for the well to do, but at the cost of such reconciliation for these female workers.” Therefore, this policy in Shanghai operates to the benefit of the upper class, maintaining social hierarchies. Furthermore, it differs from the expected characteristics of liberal regimes, shedding light on the difference in care regime configurations in developing economies versus those in liberal regimes. Limited state capacity makes it more difficult for a state to form and enforce comprehensive policies, instead relying on loosely regulated market solutions such as labor brokerage agencies.

The second part of my argument relates to the explanation for why Shanghai has diverged from other liberal regimes. Unlike other liberal regimes, in Shanghai labor brokerage agencies are much more prevalent than hiring a domestic worker through an informal route. This can be explained by looking at demographic trends underway in China today. These trends can be divided into two groups; those that have increased demand for care work and those that have increased the supply of domestic workers. The trends increasing demand for care work include the nuclearization of families, the rapidly aging population, and the advent of the second-child policy in 2015. Family nuclearization is the separation of nuclear families from extended families as migration occurs; impacting traditional forms of meeting care needs. The aging of the population and the effects of the second-child policy impact the dependency ratio of China, where the ratio of adults to dependents continues to rise. In turn, the absence of extended family to take care of children leaves this role to be filled by paid care workers. This operates in conjunction with the rise of migration of low-skill rural women to first-tier cities, where they
seek employment. Despite the rise in migration, families still have trouble connecting with these employment-seeking migrants. The labor brokerage agencies have succeeded in capitalizing on these phenomena, connecting families seeking help with those seeking employment. This explains the prevalence of labor brokerage agencies over a more informal system.

Finally, the third part of my argument relates to the stakeholders in this system. As mentioned above, the liberal regime in place in Shanghai has different implications for the different stakeholders. The first stakeholder is the state, which is a beneficiary of the liberal regime. The benefits that the state accrues from the regime type is relieves pressure on the state to be the primary care provider, devote a significant amount of funds to toward meeting the care demands of society, or create comprehensive policy solutions. The existence of a healthy field of market solutions allows the state to not offer care services. The second stakeholder is the consumer, or the family that hires a domestic worker. Those that can afford to pay the salary of a domestic worker are generally upper-middle class, and these families benefit from the state’s “explicit legal discrimination and a lack of proactive enforcement of rights that do exist” (Blofield 2012, 3), as it allows them to purchase care at a cheaper price than would be the case if labor regulations were enforced. Furthermore, the upper-class women who hire domestic workers to pick up the feminized care burden that they have just been relieved of achieve a certain level of liberation, as they are able to pursue their own careers. However, this is experienced with a backlash against the lower-class women who pick up those care burdens, as the work is still feminized and now connected to a lower social economic status. In addition, the lower-class women who are performing care-work in the stead of upper-class women have no solutions for their own family’s needs, and are more likely to rely on friends and family rather than market solutions.
This complex argument sheds light on two vital points: the first is that the configuration of liberal regimes and care regimes in developing states may be different than in developed states, and further research is needed to understand this better. The second point is that liberal regimes that rely on the maid industry as the primary solution to care needs accrue benefits for the upper class, yet continue to subjugate lower-class women and maintain social hierarchies.

6. Chapter organization

Over the course of the next three chapters, I will seek to characterize the care regime in Shanghai, describe the reasons that Shanghai’s experience has differed from other similar regions, and explain the implications of the regime for the stakeholders.

The second chapter provides an in-depth analysis of the care regime in place in Shanghai today. This chapter begins by outlining the care regime typology I have developed, which has evolved from Esping-Andersen’s (1990) welfare regime typology. The typology utilized here includes the liberal regime, the conservative regime, the social democratic regime, and the productive regime. Furthermore, I use ideal-types of each regime to show the embodiment of the different types. In addition, this chapter describes in greater depth the dimensions by which we characterize the care regimes. This analysis draws heavily on the interview data collected in Shanghai to investigate various aspects of the care regime. In particular, I conclude by describing the elements of Shanghai’s care regime that classifies it as liberal.

The third chapter lays out the demographics trends that have created the environment where labor brokerage agencies could arise. The trends that I describe include the separation of nuclear families from extended families, the rapid aging of the Chinese population, the advent of
the two-child policy, and the high levels of internal migration. All of these factors explain high
levels of demand for domestic workers, and higher levels of supply of workers.

Finally, in the conclusion I will restate the findings of this research, and then delve into
the implications of these findings and questions that have yet to be answered and will require
further research.
Chapter 2. The liberal-patriarchal regime: divergences in the liberal experience

The goal of this chapter goal is to first describe the various forms of regimes that exist in different states, and then to describe the system in place in Shanghai. In this analysis, I find that although Shanghai’s regime differs from the ideal-types of liberal regimes, that it is in fact a liberal regime. This sheds light on the importance of expanding the literature on care regimes in developing states in order to understand the divergences within the category of liberal regimes. A care regime is defined as “the ways in which the financing and provision of care are organized” (Simonazzi 2009, 216), by understanding the different forms that these care regimes take, we are able to develop dimensions that describe the differences, similarities, and characteristics of each care regime. Furthermore, by surveying the world of care-regimes, it is possible to understand the effects that different types of care regimes have on women, families, and the economy and judge how Shanghai’s model will impact these actors.

The models of welfare provision can be useful as we attempt to understand the different models for care provision. The welfare state literature looks at the role that the state plays in providing social protection (Esping-Andersen 1996, 2). However, care provision is marked by several peculiarities that separate it from other forms of social protection. In particular, the two most important elements are the fact that the provision of care both for pay and for free is for the major part done by women and the fact that care relies on personal relationships. These personal relationships can be between a family and a nanny, grandmother, or a kindergarten teacher, but all require some element of intimacy. This personalized aspect of care blurs the line between employer, employee, and family and creates a dangerous power dynamic. Therefore, in this paper the typologies of welfare regimes have been adjusted to reflect the distinct nature of care.
The current care regime of Shanghai is marked by its deliberate separation from the government. Despite suggested guidelines distributed by the government, internally developed informal mechanisms and institutions that spring from sustained practices and shared expectations regulate the market. As mentioned above, Shanghai can be characterized as a patriarchal liberal regime. This is due to the role of the state only in a regulatory capacity, the regulatory policy type, and the fact that the maid industry continues the feminization of care labor. In this section, I will describe Shanghai by describing the four primary routes through which families access care. These routes are through family, informal channels, intermediary agencies, and labor brokerage agencies. Familialized care can be described as care provided by either the parents or extended family. Informal channels, intermediary agencies, and labor brokerage agencies are routes through which families hire domestic workers. The informal entails hiring a worker through an introduction by an acquaintance. The intermediary agencies are organizations that replace the acquaintance in the informal scenario, but are still informal in the relationship between the worker and the family. Finally the labor brokerage agencies directly hire domestic workers, acting as the worker’s direct boss and handling all relations with the family. All three of these channels have different implications for the actors involved and have different roles for the state, primary care providers, forms of subsidy, and primary policy type.

1. **Actors and institutions involved in care provision**

The literature uses the concept of the ‘care diamond’ in order to describe the institutional arrangements that determine the ways in which care is delivered (Yeandle et al. 2017, Razavi 2007). The points of the diamond depict the various actors and institutions involved in the provision, organization, and regulation of care, with different configurations denoting different
forms of interaction between them. The institutions involved in the provision of care include families and households, markets, the state, and voluntary, charitable or not for profit organizations (Yeandle et al. 2017, 13, Razavi 2007, Jenson and Saint-Martin 2003). Razavi notes that the actors are not necessarily equal in their importance in the structure, as states create the regulations which determines the amount of responsibility taken on by different institutions (2007, 20). The care diamond can be used in order to discern care regimes from one another on the basis of the interactions between the four major actors of the care diamond, the level of coverage, and the criteria for coverage. The following sections will describe elaborate on the actors and institutions involved in the provision of care and the way they interact.

a. Families and Households

The family and the household are at the center of all care and welfare arrangements. In a system where families and households take on a dominant role in the provision of care, care is provided on the basis of family, household and kinship relations. In other words, care is familialized (Razavi 2007, 22). These can include children, grandparents, aunts, uncles, and cousins (Ochiai 2009, 65). In a familial system, care provision is informal, although it can be subsidized. In the case of a subsidy, the state might provide tax incentives or stipends for parents who provide care labor. In practice this means that either one parent leaves the labor force or another relative (such as a grandparent) provides care during the working hours. These forms of provision might be supplemented by state, market, or not-for-profit solutions.

b. The State

The state is the second most important actor, as it determines the roles that the other actors play. The state consists of public facilities, services, and programs that provide care (Ochiai 2009, 64). These include state provided pre-school or elder care facilities. In addition,
the state can play a role in facilitating the provision of care through market solutions or by commodifying care labor taking place in the home. These can take the form of providing tax breaks for families with children or by regulating home-based care occupations, such as domestic workers.

c. Markets

Market solutions consist of private solutions for care. These solutions are all commodified, as they consist of payments for care. Examples include private daycare, private school, hiring in-home care, or eldercare facilities. As with families and households, these solutions can be subsidized by the state through tax breaks or unconditional cash transfers.

d. Not-for-profit Organizations / Community

Not-for-profit organizations and communities consist of voluntary provision of care (Ochiai 2009, 68). These care solutions include communities where neighbors share the burden of caring for dependents or solutions offered by religious organizations and NGOs. The government typically does not subsidize these solutions.

2. Theories of care regimes

As reviewed above, the level of involvement by the state in providing care defines the care regime; therefore care regimes can be located on a spectrum ranging from heavy state involvement on one end of the spectrum to very low state involvement on the other end. In Esping-Andersen’s (1990) classic, The Three Worlds of Welfare, he uses lays out a basic typology that has been edited and expanded in order to address the specificities of care and in geographic regions outside of Europe. The distinguishing characteristics of Esping-Andersen’s

Examples of extensions on Esping-Andersen’s model are Jenson’s (2008) inclusion of the ideological emphasis of a regime type in order to explain how a regime will deal with care or Bettio and Plantenga’s (2004) inclusion of the examination of informal versus formal provision of care. In addition, Ringen and Ngok (2013) have suggested that there should be an additional element considered in order to describe the divergence in care regimes within a single category, this factor is whether a welfare state is ordered or fragmented. Order is defined as whether the welfare state considers the main components of social protection and the efficacy of these provisions in respect to their purpose (Ringen and Ngok 2013).

Furthermore, different models utilize either sequential, defamilializing, or regulatory policies (Blofield and Martínez-Franzoni 2015). Different types of policy have differing effects on the dynamic between paid labor and family-based unpaid care (Blofield and Martínez-Franzoni 2015, 39). Welfare regimes can be divided into state welfare regimes and informal welfare regimes. The prevalence of informal workers in domestic care employment is determined the type of welfare regime, including by the size of the formal, publicly financed sector, the prevalence of private providers, and on the size of unconditional cash transfers for care (Da Roit and Weicht 2013, 472, Blofield and Martínez-Franzoni 2015, 42).

Family policy can alter work-family relations in three different ways: sequential, defamilializing, and regulating (Blofield and Martínez-Franzoni 2015). Sequential policies compensate workers to ensure that care responsibilities do not interrupt people’s income. These policies include maternity leave, paternity leave, or personal days. Defamilialization refers to “level of women’s freedom from family commitments and to pursue occupation” (Augustin-
Defamilizing policies free caregivers by shifting care-responsibility to the state by either taking on direct responsibility for the care or by subsidizing market solutions (Blofield and Martínez-Franzoni 2015, 44). Finally, regulatory policies refer to the regulation of home-based care occupations, such as paid domestic labor. By regulating this sector, the state is encouraging this method of caring, and implicitly subsidizing this method of work and family responsibility reconciliation (Blofield and Martínez-Franzoni 2015, 45).

As it relates to care, in each of the typologies, the family, the state, the market, and the non-profit sector roles of varying dominance in the provision of care. The sections below lay out the existent ideal-type models of care regimes along with examples of what these types look like in practice. Table 1 identifies the four care regimes and the factors by which we can analyze different regimes, showing the diversity and differences.

<table>
<thead>
<tr>
<th>State/ City</th>
<th>Regime Type</th>
<th>Primary care provider</th>
<th>Form of subsidy type</th>
<th>Primary policy type</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>Liberal</td>
<td>Family, Market</td>
<td>Tax credits for dependents</td>
<td>Sequential</td>
</tr>
<tr>
<td>Germany</td>
<td>Conservative</td>
<td>Family</td>
<td>Unconditional cash transfers</td>
<td>Defamilializing and Sequential</td>
</tr>
<tr>
<td>Sweden</td>
<td>Social Democratic</td>
<td>State</td>
<td>State provision of care</td>
<td>Defamilializing</td>
</tr>
<tr>
<td>Japan</td>
<td>Productive</td>
<td>Family, State</td>
<td>Unconditional cash transfers, State provision of care</td>
<td>Defamilializing and Sequential</td>
</tr>
<tr>
<td>Shanghai</td>
<td>Liberal</td>
<td>Family, Market</td>
<td>Failure to enforce labor regulations</td>
<td>Regulatory</td>
</tr>
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1 (Blofield and Martínez-Franzoni 2015)
a. Liberal care regime
The liberal care regime prioritizes market mechanisms, with the state’s role being to encouraging the market to meet welfare needs. This type of state can also be described as highly familialist because the majority of the responsibility for care is placed on the family, leading to highly informal provision of care (Bettio and Plantenga 2004, 100-101). The state in this case plays the “provider of last resort” (Bettio and Plantenga 2004, 101). Additionally, Martínez-Franzoni critiques the Esping-Andersen model for failing to acknowledge the interaction between commodification, decommodification, and defamilialization, finding that liberal care regimes have low levels of decommodification and high levels of defamilialization (Martínez-Franzoni 2008, 84-86). The liberal welfare state is marked by weak or nonexistent public policy which is compensated for by family strategies (Martínez-Franzoni 2008, 88).

Figure 1. The care diamond of care provision in a liberal regime
The care diamond of a liberal regime (see figure 1) describes the distribution of responsibility for care provision. The above configuration represents the share that the different actors and institutions of the care diamond take in the provision of care. In a liberal regime, the markets and families shoulder the largest burden of care. These take the form of daycares, elder homes, nannies, or stay at home parents. The state plays a regulatory role rather than a provisionary role, creating and enforcing the rules that shape the system. Finally, communities might play a role in a secondary and supplementary function.

This regime type also relies on a strong breadwinner model, with social policies formed to support men’s responsibility to pay for dependents, with lesser protections for women’s waged work, in order to reinforce the traditional family (Lewis 1992, 163). The regime ideology is state containment, with emphasis put on the goal of containing the state’s involvement with welfare (Jensen 2008, 158). States that fall into this category include the Australia, Brazil, Canada, and the United States (Esping-Andersen 2006, 167). Brazil and the United States are considered liberal and fragmented, while Australia and Canada are considered liberal and ordered (Ringen and Ngok 2013, 5). Examples of policies in the liberal welfare state include means-tested assistance, with benefits targeted at low-income citizens (Esping-Andersen 2006, 167).

The USA is considered an example of a nearly ideal-type liberal care regime. The first thing to note, is that there is no cohesive family policy in the United States, with policies varying by state (Ruhlen 2014, 419). The inconsistent, limited nature of American care policy leads to it being categorized as a fragmented welfare state (Ringen and Ngok 2013). In the case of childcare, there are three options. First, the government funded program Head Start, a means-tested half-day program for preschool-aged children. Second, daycare provided by the private market, which could consist of either enrolling a child in a daycare center or hiring an in-home
nanny. Third, a stay-at-home parent or extended family member provides care (Ruhlen 2014, 420-422). This care scenario places the burden of care onto the family. Those who can afford to outsource care need to outsource care need to the market have the liberty to do so, and in response market solutions rise to meet the demand this system creates. The Head Start pre-school program is available only as a provider of last resort to a limited segment of the population (Jensen 2008, Bettio and Plantenga 2004, Esping-Andersen 1990), with eligibility determined by those who are below the poverty line, or have an annual income of less than $24,600 for a family of four (Office of the Assistant Secretary for Planning and Evaluation 2017).

In addition to directly offering care to the lowest tier, the federal government offers tax deductions for middle-income families with dependent children, which in theory results in a 30% deduction on daycare fees (Ruhlen 2014, 421). Other benefits are tied to full-time employment, although women are more likely work part-time to care for children (Ruhlen 2014, 426). The tax breaks usually incentivize the mother leaving the work force, as full time daycare is usually more expensive than one parent’s salary, making more sense for one parent to stay at home. Since on average, women make less money than their male counterparts, this burden usually falls to them.

Finally, maternity leave in the United States varies by state, yet the federal government mandates that employers provide up to 12 weeks of unpaid job-protected leave (National Conference of State Legislatures 2018). Eligibility is determined by a minimum of 12 months at in a position with the company. However, the fact that this leave is unpaid means that it is not accessible to all.

The lack of support for single parents emphasizes that the United States still depends on a male-breadwinner model. In conclusion, the dominance of the market and means-tested care
options along with an emphasis on the family responsibility for care qualify the United States as a liberal care regime.

**b. Conservative care regime**

The second category is the conservative welfare state, which distributes benefits on the basis of class and status differentials, leading to the state’s policies making very little redistributive impact in order to maintain these differentials (Esping-Andersen 2006, 168). These regimes are marked by a strongly corporatist state with an influential role for the Church. This role can be filled by other ideological institutions, but more often than not leads to an emphasis on the traditional family and motherhood (Esping-Andersen 2006, 168). While the family still bears the primary burden for care, the state offers support for those performing this role in the form of cash transfers. Bettio and Plantenga describe this as a “publicly facilitated, private care model” (Bettio and Plantenga 2004, 101), as the state is willing to provide public support to facilitate the centering of care in the home. The conservative care regimes are described as having a “strong male-breadwinner system,” due to their reliance on employment, to which benefits are attached (Lewis 1992).

The policy type of conservative regimes are both sequential and defamilializing (Blofield and Martínez-Franzoni 2015). The sequential policy refers to the willingness of the state to provide income support for a stay-at-home parent, preventing it from affecting the family’s income security. The second aspect is the defamilializing policy, where the state is also accepting of domestic workers, as they maintain the ideological divide advocated for by the state and the Church.
In the care diamond of a conservative regime, the community, the market, and the family are more dominant in the provision of care. Community groups often include faith-based organizations such as churches or mosques. Market solutions often support familialized care, such as home-based care. The role of the state is primarily in its capacity for enabling care to take place in the home, such as remunerating the care provided by a parent who leaves the work force to prevent caregiving from threatening income security. Secondly, the state operates as a provider of last-resort, providing care to those who cannot afford to buy it.

States that fall into this category include Austria, France, Germany, and Italy. Germany is considered conservative and ordered and the Southern Europe states are considered conservative and fragmented (Ringen and Ngok 2013, 5). The regime ideology is familialism and statism, emphasizing the traditional family and the central role of the state (Jensen 2008, 158).
As an example of a conservative care regime, take the ideal-type case of Germany. In Germany, we see the strong influence of the church and conservative parties in structuring social policy to encourage support for the traditional family and gender roles (Augustin-Dittman 2010, 53). In addition, social insurances are tied to employment status, conserving social stratification, and leaving out those engaged in informal employment (Augustin-Dittman 2010, 74, Esping-Andersen 1990, 73). The policies that Germany utilizes are primarily sequential, providing income support for care (Blofield and Martínez-Franzoni 2015).

In Germany, the state takes on no responsibility for directly providing care services but supports these through generous unconditional cash transfers to families with care needs. This cash transfer is not means-tested, and instead varies by the number of children in a family (Blum 2014, 400). In addition, a benefit is given to parents who care for their 1-2 year old children at home, in order to avoid the use of daycare facilities. This benefit ranges from 100-150 euros per month (Blum 2014, 401). These policies demonstrate how in a conservative care regime, the state still mandates that the primary responsibility for care remains with the family, yet provides support for this care to take place in the home. Furthermore, the benefits available to families for not utilizing institutionalized care reiterates the ideological influence of the church, as it is seen as better to care for the child within the home.

In addition, this policy is an example of how Germany continues to utilize a “breadwinner model” (Lewis 1992), by “familializing” the duties for care and encouraging a parent to stay home (most often the woman). This is reinforced by the fact that the German tax system privileges traditional families, with the most generous benefits available when one spouse is not working and the other has a high income. This male breadwinner system upholds the system where women perform reproductive duties and men perform productive duties. Reforms
introduced in 2007 mandated up to one year of maternity leave with 67% of previous net earnings compensated, two additional months are offered for fathers who would like it (Schober 2014b, 357). Finally, German childcare is often only half-day, leading the demand for childcare within the family (Augustin-Dittman 2010, 56)

Germany’s public support for private care, with benefits reinforcing traditional families and gender roles exemplifies its conservative care regime. The model encourages a “male-breadwinner” model to emerge.

c. Social democratic care regime

The third category is the social democratic regime, which is marked by the principles of universalism and the de-commodification of social rights (Esping-Andersen 2006, 168, Bonoli 1997). Care regimes that utilize universalist principles are characterized by the existence of a single protection scheme which covers the entire population (Bonoli 1997, 355). In the social democratic model, the state takes on the responsibility of delivering services and benefits in order to achieve maximize the capacities for individual independence (Esping-Andersen 2006, 169). The state makes available high levels of formal care resources to the entire population. Furthermore, the state takes on the burden of caring, with the family playing a minimal role (Bettio and Plantenga 2004). States that fall into this category include the Scandinavian countries of Denmark and Sweden. Most social democratic care regimes are ordered, as they cover the majority of the components of social protection with high efficacy (Ringen and Ngok 2013, 5). The regime ideology is gender equity, with the regime transferring the burden of care from the family to the state (Jensen 2008, 158)
The care diamond of social democratic regimes (figure 3) shows that the primary care provider in the social democratic care regime is the state. Where in other regimes the state plays a regulatory role, in this regime the state is the direct provider of care. Family, communities, and markets play a supplementary role to the major provider that is the state. However, in social democratic states there are increasingly market offerings to improve the baseline state offerings.

In this section, I use the example of the ideal-type case of Sweden to describe the characteristics of social democratic care regimes. Important characteristics of Swedish care services are: publicly subsidized services, equal service accessibility for all citizens, and that service provision is the responsibility of local governments (Szebehely 1998, 257). The family policy in place is generous with the provision of both cash and service benefits. A universal,
unconditional monthly cash transfer is provided to families, with amounts being determined by the number of children (Blum 2014, 399). In addition, universal, publicly funded and provided childcare is widespread, with 90% of Swedish children attending state daycare in 2004 (Mahon et al. 2012)

Both working and nonworking mothers and fathers are eligible for the parental leave system, with a total of 480 available days. Approximately 390 of these days are compensated at 80% of the parent’s salary (Albrecht, Skogmann Thoursie, and Vroman 2015, 8). This leave can be taken at any point and in any chunk until the child turns eight years old (Albrecht, Skogmann Thoursie, and Vroman 2015, 9). The state has offered incentives for fathers to take approximately half of the offered parental leave. As of now, men currently take only 30% of the parental leave time (Albrecht, Skogmann Thoursie, and Vroman 2015, 9).

The case of Sweden is an example of defamilializing policies, with the state shifting the responsibility for care provision from families to the state (Blofield and Martínez-Franzoni 2015). There is no stratification of the population, with the same level and quantity of care available to every citizen, regardless of status or income. Furthermore, policies are created with the idea of gender equity in mind.

d. The productivist care model

The final care model type is the productivist care model, which differs from the past three models in its overriding goal of economic productivity. Proposing that Esping-Andersen’s models do not address the East Asian context specificities, Holliday (2000) adds a fourth category, the productivist welfare state. The characteristic of the productivist world of welfare is that social policy is subordinated to the objective of economic growth (Holliday 2000, 708). The marker of the productivist welfare regime is that minimal social rights are linked to participation
in the labor market, and the premising of the state-market-family relationship on growth objectives (Holliday 2000, 709).

Within the productivist category, countries are further divided into facilitative, developmental-universalist, and developmental-particularist. The facilitative welfare regime has minimal social rights and limited stratification effects. In the developmental-universalist welfare state social rights are linked to labor market participation. Additionally, this model is marked by a strong state role in economic and social policy. The effect is that this regime creates a duality where the labor class is higher on the social ladder than others. Finally, the developmental-particularist regime extends very few social rights with the individual welfare provision promoted through employment (Holliday 2000, 710). For the case of this analysis, I will describe a productivist state below without delving into the subcategories.

Figure 4. The care diamond of care provision in a productivist regime
Both the state and the market dominate the care diamond of the productivist regime, although these two are linked. This is due to the fact that benefits are linked to an individual’s participation in the economy. Furthermore, the state will encourage, compel, or subsidize the employer provision of care in order to enable labor market participation.

I will now introduce the case of Japan, an example of a productivist care regime. In Japan, basic social rights are available universally, such as health care and pensions. However, in other areas, such as child and elder-care, the market and families are still important (Holliday 2000). The child-care laws in Japan grant eight weeks of maternity leave with job protection and 2/3 of the base salary, and can be extended until the child is 1 years old (Gottfried and O'Reilly 2002, 43). Child-care is provided through public, private, and non-profit preschools and kindergartens, although the number of public schools have been decreasing (Soma and Yamashita 2011, 138). Due to decreasing budgets, there has been a shift to encouraging private provision although due to a shortage of schools, there exists a large gap between demand and supply (Soma and Yamashita 2011, 140). The government provides a universal stipend of JPY 13,000 per month for every child under the age of 15. This policy is in order to encourage childbirth (Soma and Yamashita 2011, 138).

Since the advent of the Long-Term Care Insurance (LTCI) Act in 2000, the state has begun taking on a large share of the responsibility for the care of the elderly (Soma and Yamashita 2011, 134). The LTCI scheme is available to citizens above the age of 65 and provides services in-kind through private companies and non-profit organizations. In addition, the government provides cash transfers for informal caregivers, only caregivers officially registered under the LTCI scheme are regulated (Soma and Yamashita 2011, 135).
The case of Japan demonstrates a state basing the care regime on their productive goals. A need to encourage the birth rate to grow has resulted in generous benefits to parents. In addition, a need to free the family from caring for elderly parents has resulted in the state on taking a larger role in directly providing the care (Estévez-Abe 2008). The single most important aspect of the case in Japan is the strong connection between state and industry, where decisions and programs are often made jointly.

3. The care regime of Shanghai

Comparing the care regime in Shanghai to the care regimes described above, the regime in place in Shanghai today is liberal in the role of the state, with a patriarchal system. This categorization will be discussed more in the following section, which describes how the various routes of care operate as a system. In this section I will describe the four routes through which people access care in Shanghai: unpaid family labor, the informal route, through intermediary agencies (zhongjian jieshao), or through labor brokerage agencies (jiazheng gongsi). These routes can be distinguished by the populations they cater to, it is only the middle and upper income brackets that are able to afford the cost of hiring a domestic worker, therefore lower income families are more likely to rely on relatives, have one parent stay home, or bring their child to work with them. To better understand the differences in these routes, I will describe the role of the state, the primary care provider, the form of subsidy, the primary policy type, and the implications for both the families and the workers. When observing the role of the state, it is important to note how the state mediates power relations, “in terms of both laws and enforcement,” to indicate how the state balances interests (Blofield 2012, 4).

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4 Interview with #14, the owner of an intermediary agency, Shanghai, 22 January 2018
a. Familialized Care

The first option for care is familialized care, which is performed by a stay-at-home parent, relative or friend and is unpaid. This option is enforced by social norms that prescribe women’s role as supporting the husband’s career by attending to domestic duties such as childcare (Woodhams, Xian, and Lupton 2015, 915, Hu and Scott 2016). Furthermore, grandparents who either live with the family or live nearby often provide childcare. Conservative estimates of caregiving by grandparents suggest that 23% of preschool age children live primarily with their parents but are taken care of by their grandparents (Li 2017, 228). Many of the families interviewed mentioned that they would have preferred to have their parents look after their children, yet they lived far away and were unwilling to move. Another interviewee shared that her grandmother had looked after her when she was young, but that by the time her younger sister was born, they were too old to manage full time care and that the family was obliged to find a domestic worker.5

These experiences exemplify the tradition of familialized care in China. The role of the state is notable in its absence from the system. The primary care provider is either the parents or the extended family, both of which are performing unpaid labor. In this case, both the subsidies and policy type is irrelevant. This system is more common in rural areas and is increasingly less common in urban settings as economic trends impact traditional care. Demand for women in the workforce has grown with the economy, therefore where women had previously been the ones to abandon their careers and stay at home, this is no longer a possibility. Furthermore, as rates of migration increase, families with young children are separated from extended relatives, cutting them off from traditional support networks.

5 Interview with #3, an employer of a care worker, Shanghai, 11 January 2018
b. Informal hiring

The second mode of care is the hiring of a domestic worker through an informal route. This informal hiring process is very relaxed and not subject to any government interaction. These workers are found through introductions by relatives, neighbors, friends, and colleagues. In a survey administered by the ILO, approximately 33.1% of respondents reported entering the domestic service industry through informal recruitment (Liu 2017b, 44). This route of accessing care only interacts with the state in the case that the family and the worker sign a contract, which is rare in informal hiring processes (Liu 2017b, 46). It is more common that the family and worker do not sign a contract, a phenomena which the employer of a domestic worker hired through an informal route stated in an interview. The employer explained that the relationship between a worker and employer in the informal route is based on trust, rather than a legal basis, which excludes the state from the process.\(^6\) In fact, although no regulations by the state are applied to this process, families will still require a health certificate from the worker, a process that requires the worker to pay 11.70USD\(^7\) and undergo a physical examination (Liu 2017b, 46). One matriarch who hired a domestic worker that a friend introduced her to commented that that she still did this in order to protect her own family’s health.\(^8\) There exist no regulations, subsidies, or policies that affect this informal industry. Although it must be noted that the informal and internal regulations created serve to protect the safety of the family, and not the worker.

The effect of this informality on the family and the worker has dangerous effects on both parties. In the absence of a legal basis for the relationship between the worker and the family, the possibility of abuses on both sides increases. For example, the owner of a labor brokerage

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\(^6\) Interview with #4, an employer of a care worker, Shanghai, 18 January 2018

\(^7\) CNY76

\(^8\) Interview with #4, an employer of a care worker, Shanghai, 18 January 2018
agency described her role as an advocate for her workers in the case that the family mistreats them or that wages are withheld. Through informal hiring, this mechanism does not exist. Conversely, the rhetoric in the national imagination is that domestic workers are likely to engage in elder and child abuse, that the workers frequently steal from their employers, and that their professional ethics or cultural quality (suzhi) is low due to their rural and impoverished backgrounds (Zhu and Pu 2017). Therefore, the relationship of trust between workers and employers is often tenuous. This relationship can be fortified by a worker’s previous experience with a friend of the family or a shared connection such as a hometown. The informal route is exceedingly less common, as demand overcomes supply and finding a worker through a relation becomes harder (Zhu and Pu 2017). Despite its growing rarity, it is still in use and has important implications for the treatment and consideration of the worker, putting the worker in a more tenuous and vulnerable position.

c. Domestic worker agencies

The process of hiring through an intermediary or a labor brokerage agency creates a more formal relationship between the worker and the employer, qualifies the worker for the protections of labor laws, and subjects the domestic worker industry to state regulation (if only on paper, and not in reality). The two precedents for regulation are the “Domestic Service Maternal and Child Life Care Services Quality Standards” (jiazheng fuwu muying shenghuo huli fuwu zhiliang guifan) and the “Domestic Service Institutional Ratings and Assessment” (jiazheng fuwu jigou dengjihua fenji pingding), implemented on February 1st of 2016 (Bo 2015). These two regulatory documents were released by the National Standards Commission, and are technically only industry standards, meaning that there is no legal power behind them (Zhu and Pu 2017). In

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9 Interview with #14, the owner of an agency, Shanghai, 22 January 2018
addition, there are no mechanisms in the document to ensure their implementation or regulation (Zhu and Pu 2017). Furthermore, in the 17 interviews I completed, none of the families, agencies, and workers were aware of the existence of these industry standards. This suggests that the industry standards’ power is weak, to say the least.

The intermediaries and labor brokerage agencies that I will describe in the following section exist with very little interaction with the state, in particular with no regulation or subsidy. The interviews I gathered reflect stakeholders’ perception that the government considers decisions of the family to be outside of the realm of government responsibility, for example the choice to have a child. Should a family require help caring for the child, this is not the government’s job as it was a private decision made by the family. A quote from an interview with a matriarch of a family illuminates this point, where she responds to my question of whether the government offered any support to families; “the government offers no support, because this is the family’s choice.” Despite this, the existence of the aforementioned industry standards suggests that the government does see a role for itself in the regulation of this industry.

i. **Intermediaries**

The intermediaries (zhongjian jieshao) are introductory organizations, their operation is more formalized than the informal mechanism of hiring a domestic worker and yet still less formal than that of the labor brokerage agencies (jiazheng gongsì). Intermediaries operate very similarly to informal hiring mechanisms in the fact that they simply introduce the worker to the family (taking the place of a relative or a colleague in the informal process). Where the informal and intermediary methods diverge, is in their interaction with the state and in the formality of the relationship that results. Once the family has hired the worker from the

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10 Interview with #4, an employer of a care worker, Shanghai, 18 January 2018
11 Zhu Yan Bin, an employer of a care worker, Shanghai, 21 January 2018
intermediary agency, they have the option to pay the agency to help them write up a contract and obtain the worker’s health certificate (jiankang zhengming) and ID card (shenfen zheng). This process brings the relationship between the worker and the employer into legal ground, by creating a legal contract that is subject to the Labor Law. In this case, the role of the state is in recognizing the legal relationship between the worker and the employer.

The state also plays a role in enforcing the labor law should an issue arise. However, although the state is present the passive defenses of labor laws, informal expectations developed within the industry between the agencies and families tend to rule the market.\(^\text{12}\) In this system, the primary care provider becomes the domestic worker and the family, with no subsidy involved.

Hiring a worker through an intermediary agency has important implications for the vulnerability of both workers and families. In the case that a contract is signed (although it is not required and is subject to the desires of the family), the worker gains the protection of the Labor Laws, leading to more secure employment and protection from abuse. However, given the worker’s vulnerable position in comparison to the family, and their general low level of education (Zhu and Pu 2017), the contract does not ensure protection. Furthermore, from the family’s perspective, signing a contract costs extra money and places all the weight for regulation and enforcement on the family. In addition, the Labor Laws are not conducive to the domestic service industry, as they require 30 days notice for the termination of a contract, when in the case of a domestic worker, it might be more urgent the period be shorter (Zhu and Pu 2017). In this case, signing a contract becomes less attractive. These complaints come from the perspective of families, and further the national rhetoric that undermines domestic work by distinguishing it from “real work.” By distinguishing domestic work from other occupations, it

\(^{12}\) Interview with #3, an employer of a care worker, Shanghai, 11 January 2018; Interview with #4, an employer of a care worker, Shanghai, 18 January 2018; Interview with #13, an employer of a care worker, Shanghai, 21 January 2018
sets the precedent that domestic workers should not be allowed the same protections and rights as other workers.

e. Labor brokerage agencies

The labor brokerage agencies (*jiazheng gongsi*) are the most formal way to hire a domestic worker. The agencies directly hire their care workers, signing a contract with the worker and handling all transactions with the family, including the paying of wages.\(^{13}\) The contract that the worker signs with the agency stipulates that the agency receives a certain percentage of the worker’s monthly wages.\(^{14}\) In addition, the agency will charge the family an administrative fee (Liu 2017b, 49).\(^{15}\) The labor brokerage agencies are the agencies that the industry guidelines issued by the National Standards Commission intends to regulate, and are subject to the Labor Law as an agency with employees (Liu 2017b, 49). Therefore, unlike the intermediaries, the labor brokerage agencies are obliged to supply their workers with health insurance, which covers workplace injuries (Liu 2017b, 49).\(^{16}\) The existence of a contract and the labor brokerage agencies officially recognized status formalize this system of hiring domestic workers. However, despite the distinction in formality between the labor brokerage agencies and the intermediaries, it must be reiterated that neither the owners of the intermediaries nor the owners of the labor brokerage agencies were aware of the industry guidelines or indicated any interaction with the government, other than the government subsidized training, which will be described in the following section. This indicates that the industry is wholly unregulated by the state.

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\(^{13}\) Interview with #14, the owner of an agency, Shanghai, 22 January 2018

\(^{14}\) Interview with #17, the owner of an agency, Shanghai, 16 January 2018

\(^{15}\) Interview with #4, an employer of a care worker, Shanghai, 18 January 2018

\(^{16}\) Interview with #4, an employer of a care worker, Shanghai, 18 January 2018; Interview with #17, the owner of an agency, Shanghai, 16 January 2018
Both the families and the workers operate in a safer environment when workers are contracted through the labor brokerage agencies. This is because the worker is protected by the continued relationship with the agency, allowing them to have an ally in the case of abuse or withheld wage. Furthermore, employment by a labor brokerage agency is often more stable and for longer periods than employment through intermediaries (Liu 2017b). However, the companies were reported to practice predatory behaviors, often retracting money from the worker’s paychecks for minor or nonexistent infractions (Liu 2017b, 50). From the consumer’s perspective, the care provided by the labor brokerage agencies is often of a higher standard because they make higher investments in their worker’s training.

Although the government offers no financial help to either the agencies or families as it regards to care work, they do aid the agencies by offering free trainings for domestic workers. The state encourages training in home economics for all domestic workers, although not mandatory, a certificate of having passed the course allows the worker to ask for a higher wage. Interviewees reported different amounts of money being provided by the state to the domestic workers. Of the three respondents who mentioned this program, two owned agencies and one was a domestic worker. The numbers they reported ranged from $63 to $157.50 per worker. The fact that the state is offering subsidies for training suggests that it is seeking to improve the quality of labor in the care market. This is one of the few ways that the state interfaces with the care work industry.

17 Interview with #9, a care worker, Shanghai, 8 January 2018
18 Interview with #12, an employer of a care worker, Shanghai, 19 January 2018
19 Interview with #1, a domestic Worker, Shanghai, 16 January 2018; Interview with #11, an online agency service, Shanghai, 12 January 2018; Interview with #17, the owner of an agency, 16 January 2018

On the date of conversion from RMB to USD, the exchange rate was $6.35: ¥1
4. Description of the system

The system as a whole can be described as a deregulated liberal regime with a patriarchal system. The liberal element is due to the ways that the state has provided incentives that have influenced the development of the domestic care market, and in particular the creation of the labor brokerage agencies. Furthermore, the care regime can be described patriarchal due to the way that the system treats women and feminizes care.

a. The liberal aspects of Shanghai

Figure 5. The care diamond of care provision in Shanghai

![Care Diamond Diagram](image)

The reason that the system can be defined as liberal is because of the role that the state has played in the provision of care. As seen in Shanghai’s care diamond (see figure 5) the primary care providers in the Shanghai are the family and the market. The family consists of extended family, usually the paternal grandparents, or a stay-at-home parent providing care.
Market solutions consist of hiring a domestic worker from either one of the three routes mentioned above (informal, intermediaries, or labor brokerage agencies). The Chinese care regime is defined by the absence of direct involvement with the state (see figure 5), yet the state’s presence does exist in the form of regulation and enforcing contracts. The state’s presence is implicit in all relationships officially recognized with the existence of a contract between the family and worker or worker and agency (Vogel 2018, 29). The state exists in this relationship because of the fact that the contract clarifies the relationship between the family and worker or worker and agency as being that of an employer and employee, therefore subjecting the relationship to the same standards as that of other occupations. However, regardless of the state’s implicit presence in the relationship between an employer and employee, the difference between domestic work and other professions is the state’s active presence.

The active presence of the state takes the form of the regulation of the compliance of companies with the state’s labor laws. It is in this area of the domestic labor market of China that the state’s absence is most clear. Regardless of the laws on the books to protect the rights of workers, if the state does not take action to ensure compliance, the laws will not be effective. This is the case in China, as in the 17 interviews I conducted, there were no incidences of the state intervening to enforce labor laws. For example, Article 36 of the Labor Law (laodongfa) states that workers should work no more than eight hours a day and forty hours a week, however workers will often exceed this limit (Zhu and Pu 2017). This may be due to the societal view of the household as not being a work site, dismissing the work that domestic workers do in the home as less legitimate (Blofield 2012, International Labor Organization 2010). Furthermore, work that takes place in the home is more difficult to regulate, as common tools of checking for compliance such as site visits are less acceptable. This leads to a second point, that the reason for
the disconnect between the official legal protections and the laws in practice is due to a national rhetoric, which states that domestic work is unlike other work and therefore cannot be regulated in the same way (Zhu and Pu 2017). However, this often masks the greater problem, which is that society still does not consider domestic work to be “real work” and instead considers it an extension of women’s caring natures (Blofield 2012).

In the Shanghai care regime, the state appears willing to enact legal protections for workers, yet less willing to enforce these protections. This operates as a type of subsidy, as by choosing not to regulate, the state allows families to violate these rights. This type of policy can be counted as regulatory, as the state on paper regulates the domestic labor industry, a home-based care option. This functions as tacit support for the industry. In sum, the care regime of Shanghai is marked by the provision of care by the family and the market, by the form of subsidy being a marked refusal to regulate the care labor market, and the primary policy type being regulatory in its formal recognition and regulation of domestic work.

a. The patriarchal aspects of Shanghai’s liberal regime

The care regime of Shanghai is liberal in its structure, with patriarchal systems in place that influence the continued feminization of care work. This patriarchal system is in part influenced by the Confucian ideology advocated for by the state. In the state’s rhetoric, a series of societal building blocks contribute to the overall strength of the society as a whole. The weakness of one of these building blocks compromises the whole state’s strength (Xia et al. 2014, 258). The smallest unit is the family and the largest is the government. Therefore, family stability is seen as vitally important for the stability of the country as a whole (Xia et al. 2014, 258, Hu and Scott 2016, 1268, Shek 2006). Traditionally, women’s role in the household was complementary to that of the husband’s, performing reproductive duties to allow the husband to
perform productive duties (Hu and Scott 2016, 1270). In addition, the value of filial piety advocated for by the party’s rhetoric of Confucianism created a moral imperative for children to care for their elderly parents when they were no longer able to be productive. Filial piety is the expectation that a child express respect and obedience toward their parents to thank them for raising them, and also to repay them by taking care of them in their later years (Hu and Scott 2016, 1270, Shek 2006, 277). In this structure, the domestic sphere was relegated to a lesser status than the productive activities of men, and women were expected to perform these duties as it an extension of their feminine nature (Hu and Scott 2016, 1270).

Within this structure, the outsourcing of childcare duties in the form of utilizing preschool to facilitate the mother’s continued participation in the labor market reflects poorly on the mother. For example, one mother that I interviewed who works part time and is aided by a nanny noted that she left her previous job because she needed to care for her child. 20 While this is a perfectly reasonable choice, there was no discussion within the family of the father taking time off or leaving his job to meet the care needs of the family. In addition, it was also reiterated by several parents of small children that to send a child to preschool was irresponsible because small children are susceptible to illness, and in preschools they were more likely to become sick. These two examples display how defamilializing options such as childcare are seen as irresponsible choices, and societally frowned upon. This ideological influence would explain the prevalence of hiring of domestic workers rather than the utilization of private or public daycare centers, with regulatory policies being dominant. Furthermore, the state has shown that it has been influenced by this ideology in its actions to support familialized work rather than investing in other market provided options. For example, the state’s investment in the domestic labor

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20 Interview with #2, an employer of a care worker, Shanghai, 14 January 2018
market in the form of providing free training to workers shows a support for this method of providing care.

Due the predominance of women in the industry, domestic care does not challenge the societal expectations that women be the ones to perform reproductive duties within the house. Work that was traditionally performed by mothers can be outsourced by wealthier families to lower-income women (Blofield 2012). This dynamic allows upper class women to break free from traditional ideology at the cost of the continued subjugation of lower-income women, who do the work that the women of the household used to do. Furthermore, it makes the option of outsourcing care labor in the form of hiring a domestic work more compatible with statist Confucian values. In the liberal-patriarchal system, women are still primarily performing the reproductive duties in the household. I argue that the patriarchal system has encouraged care labor to remain familialized, with the state’s decision to subsidize the training of domestic workers, regulate the market, and the state’s rhetoric counting as a support of the industry and allowing families to meet their care needs without disrupting traditional ideology. The mixture of a liberal regime and a patriarchal system allows the domestic labor market to flourish, allowing care to remain familialized.

5. Conclusion

In conclusion, while Shanghai’s care regime appears quite different than ideal type of liberal regimes, the United States, it is in fact liberal based on the regulatory role of the state. The importance of this characterization is that the implications for stakeholders can be understood. Similarly as in the United States, Shanghai also still depends on a “male bread-winner” system, where women are seen as needing to play a supportive role to their husband’s productive duties.
The male-breadwinner system has negative implications for alternative familial configurations, such as homosexual couples and those where the woman works and the man stays at home. Furthermore, Shanghai’s dependence on domestic work allows some women to realize levels of liberation that is based on the relegation of lower-class women to the duties that they had just advanced beyond. Therefore, the system in Shanghai maintains social hierarchies, by allowing upper-class mothers to continue to develop their human capital by seeking further education and advancing their careers, while lower-class women perform reproductive duties.
Chapter 3: The changing population of Shanghai

Although Shanghai can be classified as a patriarchal liberal regime, it does not appear similar in structure to the ideal type of the regime, the United States. This divergence relates to the puzzle that this thesis seeks to address: why has China’s care regime differed from other states with similar experiences? It is important to explore the demographic trends that explain the divergence of Shanghai. As an example, Brazil is also characterized as a liberal regime and primarily relies on familialized labor and domestic workers to meet care demands. Despite these similarities, labor brokerage agencies are not popular in Brazil and families will instead seek out domestic workers through informal routes (Blofield 2012). How then can we explain this divergence? The answer lies in the unique demographic trends at play in China. The China’s trends created an environment ripe for an innovative solution. Unable to depend on the government or the informal market, the solution in China was the emergence of labor brokerage agencies. The role of agency was important in this innovation, as it was the groundbreakers that laid out the pathway for the labor brokerage agency boom.

The rise of labor brokerage agencies as a solution to Shanghai’s care needs has coincided with several nationwide demographic trends in China. These demographic trends are the nuclearization of Chinese families, the rapidly aging population, the advent of the second-child policy, and the increased levels of internal migration. The first three trends have served to increase demand for domestic workers among China’s middle and upper income brackets. The nuclearization of families refers to a trend that arose as a biproduct of increased internal migration, where more Chinese families are separated from their traditional support networks. Whereas in the past, families might have relied on grandparents or extended family to provide childcare, when they relocate to cities they are separated from these members who might fill the
care gaps. The increased numbers of three person families (two parents and a child), can explain the rise in demand for domestic workers and, in conjunction with the other effects of migration, can explain the rise of labor brokerage agencies. The final two demographic shifts, the growing aging population and the advent of the second child policy, have both increased the dependency ratio in China. The dependency ratio is the ratio of children and elders to able bodied middle aged people. A high dependency ratio results in an increased care burden, as more families will have two young children and four elderly parents to care for while continuing to maintain their incomes.

The final demographic trend, increasing internal migration, has increased the supply of able-bodied workers. Large numbers of Chinese citizens move from rural locations to first and second-tier cities. The first result is that the migration has created an increase in the numbers of available workers, as they arrive in the city without urban registration, and therefore are forced to work in informal industries such as domestic labor. Second, high rates of internal migration separates people from networks which they might have been able to hire domestic workers through. In this case, hiring through an agency provides a solution to this problem.

In this chapter, I will first describe these demographic shifts using a macro-level analysis, looking at the entire country. Second, I will describe the trends from the perspective of individual families using data from the interviews conducted in China. The purpose of using both types of data is to translate the story from a bird’s eye view to the experiences of families on the ground level. This practice will aid in the understanding of how these demographic shifts play out in families’ lives and to understand why the labor brokerage agencies have arisen only in China, and not in other liberal or conservative regimes.
Demographic trends underway on the macro-level provide an explanation for the rise of labor brokerage agencies in Shanghai and other first-tier cities in China. A combination of family nuclearization, increased aging populations, higher rates of childbirth, and high rates of migration have created a high demand for care, a large low-wage population, dismantled traditional informal networks, and introduced information barriers into the market for domestic workers. The first three trends explain a rapid increase in the demand for care work in China while the last trend, internal migration, can explain the increased supply of workers. These trends are specific to China, and created a situation demanding a change in the status quo, shifting existing markets and making space for a new system to emerge. In the following sections, I will describe these trends and the ways that they have created both demand and supply changes.

1. Trends impacting the increase in the demand for domestic workers
   i. Family nuclearization

   The causes of increased levels of nuclear families living separately from their extended family have been migration, a shift in Chinese values, and economic growth. This nuclearization has removed families from the traditional care networks which have met their care needs in the past. A common way that families have met care needs in the past has been to rely on relatives and friends as caregivers in lieu of a parent leaving the workforce, paying for daycare, or hiring a domestic worker (Blofield 2012, 14). However, as families migrate away from their extended families or are less willing to coreside with their parents, it creates a care gap where grandparents and relatives used to provide support. In this new environment, families are leaning more on market solutions to meet care needs rather than familialized solutions. Therefore, demand for domestic workers has risen. Additionally, as families are removed from friends, family, and
colleagues, informational networks are dismantled and more families turn to labor brokerage to hire a worker.

The extended family in Chinese childcare is a vital part of the care network, especially the care by the paternal and maternal grandparents. Studies produced by researchers look at the relationship between maternal labor supply, maternal childcare, and the proximity of the nuclear family to either the maternal and paternal grandparents (Chen, Short, and Entwistle 2000, Li 2017). Surveys from 2000 found that a grandparent living in the home is likely to reduce the probability that mothers are engaged in intensive childcare labor by 35% (Chen, Short, and Entwistle 2000, 582). In addition, the rigidity of employment in urban areas prevents parents from simultaneously maintaining employment status and being able to meet care needs. Therefore grandparents become a vital source of care labor (Chen, Short, and Entwistle 2000, 583, Li 2017, 228, Chen, Liu, and Mair 2011). In 2017, grandparents providing care was found to have a positive effect on the probability of a mother participating in the labor market, making her 26% more likely to participate (Li 2017, 239). Formal child care, such as public preschools and kindergartens have high entry requirements and schedules that are unaccommodating to the work schedule of full time employment. In short, grandparents provide crucial care work both in the home and by bringing the child to their own home. However, this traditional source of support is disrupted as families are less willing to co-reside with their parents and they move to urban areas far away from extended family.

Nuclear families in the middle and upper income bracket who move to cities are often separated from extended family that might have provided care. Upon the birth of a child, grandparents might be unwilling or unable to move to where their children are or the family might be unwilling to have a parent live with them. The experience of a Shanghai family is an
example of this trend. This individual’s parents have yet to retire and still live in their home province of Hubei; her husband’s parents had moved to the USA. \(^{21}\) She described to me the two reasons that her husband and she decided to hire a domestic worker. First, her parents still had not retired and were unwilling to uproot their lives in Hubei to join her husband and her in Shanghai. Although she would have preferred to have her parents look after her child, these factors made this impossible. The second reason is that her husband was unwilling to have either one of their parents live with them. This shows a shifting of values in China, where the younger generation is more likely to resist living with their parents. In a study looking at trends of co-residence, it was found that those with more financial resources would be less willing to co-reside with an parent, as they were able to pay for institutional care and more highly valued living alone (Zhang, Gu, and Luo 2014, 274). In an era where Chinese family size is shrinking and nuclear families are growing increasingly isolated from their extended, traditional care solutions are dissolving and new care solutions are arising. In this environment, demand for domestic workers has risen.

ii. Aging

The rapidly changing age structure of China’s population is a driving factor for the growing care gap. The rising numbers of elderly Chinese is a result of the increase in life expectancy as health care technology has improved health outcomes (China Power Team 2016). This trend has mimicked global trends of increasing life spans in industrialized nations as medical technology advances.

In conjunction with a rise in life expectancies, China has experienced a drastic reduction in birth rates as a result of the One-Child Policy introduced in 1979 in order to curve the rapidly

\(^{21}\) Interview with #2, an employer of a care worker, Shanghai, 14 January 2018
increasing population. After 36 years of the policy being in place, the distribution of the population in terms of both age and gender is heavily skewed, with a large population of people 65+ years old and those who are about to enter this age bracket (China Power, CSIS).

Table 1. Comparison of the birth rates and fertility rates of comparable countries

<table>
<thead>
<tr>
<th>Country Name</th>
<th>Birth Rate (2014)</th>
<th>Fertility Rate (2013)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>14.727%</td>
<td>1.801</td>
</tr>
<tr>
<td>Canada</td>
<td>10.9%</td>
<td>1.61</td>
</tr>
<tr>
<td><strong>China</strong></td>
<td><strong>12.4%</strong></td>
<td><strong>1.668</strong></td>
</tr>
<tr>
<td>Uganda</td>
<td>42.996%</td>
<td>5.896</td>
</tr>
<tr>
<td>United States of America</td>
<td>12.5%</td>
<td>1.8695</td>
</tr>
</tbody>
</table>

*Data from the World Bank*

In comparison with other developed and developing countries, China most closely resembles Canada, the United States, and Brazil in regards to its birth rate and fertility rate. In fact, the fertility rate of China is slightly higher than that of the United States, with the United States’ rate being 1.896% and China’s being 1.668%. This suggests that trends in China regarding family size and fertility rates are mimicking global trends of shrinking family size and reductions in the number of children families want.

Despite the convergence of these global trends, China’s elderly population is larger than that of its counterparts. China’s demographic aged 15-64 consists of 71.3% of its total population, those aged 65+ consist of 17.8% of its total population (United Nations Population Fund). Brazil’s are 69.3% and 8.9% (United Nations Population Fund). Canada’s population
aged 15-64 consists of 67% of the total population while the population aged 65+ consist of 17% (United Nations Population Fund). The USA’s proportions of those aged between 16-64 and those aged 65+ are 66% and 15%, respectively (United Nations Population Fund). Uganda’s are 50% and 2% (United Nations Population Fund).

Table 2. Aging in China versus comparable countries in the year 2017

<table>
<thead>
<tr>
<th>State</th>
<th>Percentage aged 15-65</th>
<th>Percentage aged 65+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>69.3%</td>
<td>8.9%</td>
</tr>
<tr>
<td>Canada</td>
<td>67%</td>
<td>17%</td>
</tr>
<tr>
<td><strong>China</strong></td>
<td><strong>71.3%</strong></td>
<td><strong>17.8%</strong></td>
</tr>
<tr>
<td>Uganda</td>
<td>50%</td>
<td>2%</td>
</tr>
<tr>
<td>U.S.A</td>
<td>66%</td>
<td>15%</td>
</tr>
</tbody>
</table>

*Data from The United Nations Population Fund*

While China’s age demographics are not significantly different from those of advanced economies such as Canada and the United States, the difference lies in large number of citizens who are about to enter retirement (China Power Team 2016). Projections show that the population of China is set to age much more rapidly than countries with similar GDPs and levels of development (See figure 1). These trends are set to create an even higher demand for care labor.
The rapidly aging population has large implications for the care burden on society. According to the World Bank, the dependency ratio is the ratio of dependents, people under the age of 15 or above the age of 64, to those of working age, between the ages of 15 and 64. This ratio had previously been steadily dropping in China as the One-Child policy reduced the number of children under the age of 15. In 1970, directly before the One-Child policy was implemented, the dependency ratio in China was 78.95% (The World Bank 2016a). This ratio was reduced to 35.59% by 2010 (The World Bank 2016a). However, as the population continues to age and less people are available to replace those who retire, the ratio has begun to rise again. Between 2010 and 2016, the dependency ratio rose from 35.59% to 38.549%.

Figure 1. Population projects by age group for the year 2050 in China
*United Nations Population Fund
The effects of these aging trends are directly related to the rise in demand for care work. Residential elder-care institutions do exist, however due to cultural expectations, elders more often prefer to remain in their homes in the care of their families or a domestic worker.\textsuperscript{22} Cultural expectations dissuade the outsourcing of elder care, with families preferring to take care of parents themselves, leading to a demand for in-home care (International Labor Organization 2016, 3). As the dependence ratio continues to rise and informal mechanisms are no longer sufficient to meet the need, there will be more demand for care in the form of domestic workers. In fact, a key characteristic of the market for care labor in Shanghai is that demand is larger than

\textsuperscript{22} Interview with #12, an employer of a care worker, Shanghai, 8 January 2018
supply.\textsuperscript{23} In a report by the ILO, it was found that in 2017, 40% of families had an unmet need for a domestic worker (Speake 2017). This phenomenon creates a critical point in the market where businesses stand to benefit. It is in this juncture that we see labor brokerage agencies moving in. In sum, the aging of the Chinese population has served to increase demand for domestic workers, which has created incentives for the creation of labor brokerage agencies.

As described above, despite the existence of institutions for elder care, the elder generation is often resistant to entering an institution and prefer home-based care solutions, such as domestic workers. This trend can be shown through the experience of a family facing the dual burden of aging parents and a father with Parkinson’s Disease.\textsuperscript{24} Despite the severity of her father’s condition, and her parents’ inability to live alone, her father and mother oppose the idea of entering an institution. This relates to traditional values in Chinese society, where it is seen as unfilial for children to not care for their parents in their later years (Hu and Scott 2016, 1270, Shek 2006, 277). Therefore, domestic workers provide a home-based care solution to the increasing burden of caring for aging parents. Aging projections show that the elderly population will be growing exponentially in the coming years, therefore the current care burden will continue to increase. Demand for domestic labor will increase along with the care burden, giving rise to labor brokerage agencies seeking to provide solutions to those seeking care-labor.

\begin{itemize}
\item[iii.] Second-Child Policy
\end{itemize}

In conjunction with the threat of rising dependency ratios as the elderly population grows, the relaxation of the one-child policy has resulted in a baby boom that has caused an increase in demand for care labor, yet will not be enough to balance out the population imbalance. In

\textsuperscript{23} Interview with #4, an employer of a domestic worker, Shanghai, 18 January 2018
\textsuperscript{24} Interview with #12, an employer of a domestic worker, Shanghai, 19 January 2018
December of 2015, the two-child policy was made law by the Standing Committee of China’s National People’s Congress, as they adopted the amended Population and Family Planning Law (Zhang 2016). In September of 2015, the Fifth Plenary Session of the Communist Party of China 18th Central committee announced that they would allow families to have a second child (Zhang 2016), triggering an immediate increase in the fertility rate. In the year after the two-child policy was announced, live births numbered 18.46 million and the fertility rate reached 1.617% (Liu 2017a). The 2015 fertility rate is the highest registered since 1995 and reflects the eagerness among many couples to add a second child to the family (Hall 2017, Liu 2017a).

The effects of the two-child policy will have two important implications for future of care work in China. The first, is that the effects of the two-child policy are unlikely to reverse the impending effects of the aging population. Projections show that by 2050, the two-child policy will have resulted in an additional 30 million working-age people, yet will only reduce the aged dependency by 0.03 percentage points (Hall 2017). Figure 1 shows this impending population
crisis. The second effect is that the immediate increase in child births will result in an increase of the dependency ratio of China as more families have young children to care for. The minimal increase in the fertility rate is reflected in figure 3. These trends will result in elevated demand for care labor among families with a second child and those with aging parents. Furthermore, as older women have a second child, grandparents who might have provided care for the first child will no longer be able to care for the second child.

Due to the lack of alternative care solutions, demand for domestic workers will see a rise. In addition to domestic workers, there exist both public and private school systems. However, the earliest a child can attend kindergarten (yuē’ěr yuān) is at the age of three. Prior to three, there exist no other options for care besides hiring a domestic worker or using family members (most likely the grandparents). Furthermore, the majority of families interviewed expressed the opinion that it was unsafe to be putting young children into preschools, due to increased exposure to disease and young children’s weak immune systems.25 Furthermore, families expressed that they are likely to keep on a part time domestic worker even once the child begins to attend school, in order to bring the child to school in the morning, bring them home from school in the afternoon, and watch the child before the parents arrive home from work.26 The preference for in-home care solutions and the disruption of familial care solutions will result in families relying on informal networks or labor brokerage agencies to provide domestic workers to meet that need. The result will be a increase in demand for domestic work and an increase in reliance on labor brokerage agencies.

Where migration has separated nuclear families from extended families, the joint processes of the second-child policy and societal aging has made it harder for the extended

25 Interview with #2, an employer of a care worker, Shanghai, 14 January 2018
26 Interview with #2, employer, Shanghai 14 January 2018; Interview with #5, employer, Shanghai 8 January 2018; Interview with #8, employer, Shanghai 8 January 2018; Interview with #13, employer, Shanghai 21 January 2018.
family to provide care. This can be seen through the experience of one interviewee, who is the first child and college-aged. Following the announcement of the opportunity for families to have a second child, her parents had another daughter. Although they had not hired a domestic worker for their first child, they decided to hire a domestic worker for their second child, this was because the paternal grandparents who had cared for the first daughter were advanced in age and no longer up to the task of caring for a young child.\textsuperscript{27} With many families having a second child in their mid-thirties, grandparents are often too advanced in age to provide the care that they were able to provide for the first child. This trend has resulted in a raised level of dependence on the market in ways that did not exist in earlier periods. The second-child policy will therefore impact an increased demand for care work and on labor brokerage agencies.

2. Trends impacting the increase in the supply of domestic workers

Increases in internal migration in China from the interior to the coast and from rural areas to urban areas has separated both lower, middle, and upper class citizens from networks through which they might have found either work or a domestic worker, necessitating the creation of labor brokerage agencies to overcome the information barriers in the system. In addition, the migration has created conditions which incentivize a reliance on domestic workers to meet societal care needs. Urbanization in China began in the period following the Reform and Opening of the 1970s, and started rose rapidly in the 1980s. In 1975, the urban population consisted of only 17.46\% of the total Chinese population (The World Bank 2016c). In contrast, in 2016 the urban population consisted of 56.778\% of the total population (see figure 4).

\textsuperscript{27} Interview with #3, an employer of a domestic worker, Shanghai, 11 January 2018
Urbanization can be visualized very clearly by looking at the urban population’s rate of change between 1950 and 2015. In the beginning of the People’s Republic of China, the population was still relatively mobile, with an average annual rate of change of the urban population of 5.21% over the period of 1950-1955 (UN Department of economic and social affairs). However, as the hukou system was put into place, mobility was frozen and the rate of change dropped to 1.93% in the 1965-1970 period (UN department of economic and social affairs). As a result of the relaxation of the hukou system following the reform and opening up, migration began to increase in the 1970s. The rate of change in 2015 had risen to 3.05%, which is not as high as the pre-People’s Republic of China rate, yet much higher than that of the 1960s (see figure 6) (UN department of economic and social affairs). It must also be noted that due to
the difficulties in surveying and accounting for migrants in urban centers, it is very likely that these figures underestimate the actual size of the migrant population.

Figure 5. Increasing size of the Urban Population 1970-2015
* United Nations Department of Economic and Social Affairs, Population Division

As addressed in Chapter 3, the increase in migration has created a large population of essentially undocumented workers in China’s urban centers. This group of rural immigrants are called the “floating population” as they relocate to first-tier cities without means of securing formal employment and abandon the safety net available to them in their hometowns through their hukou. Due to the lack of employment opportunities in rural areas, would-be migrants are willing to sacrifice the stability of rural life for better opportunities in cities. The size of the rural-to-urban migrant populations are very hard to ascertain due to their precarious situation and as a result of the incentives for the government to downplay the size of this group. According to the National Bureau of Statistics of China, the size of the floating population in 2015 was approximately 247,000,000 (see figure 6) (National Bureau of Statistics of China 2015).
addition, Shanghai’s floating population is the largest in all of China, with 11 million migrants living in the city, composing approximately 42% of its residents (Lu and Xia 2016, 14).

Figure 6. Increase in the size of the Floating Population 2000-2015
*National Bureau of Statistics of China, annual surveys

The trends involved in the increasing migration relate to domestic service and the labor brokerage agencies in two significant ways: migrant isolation and the prevalence for large maid industries. First, the individuals who migrate face isolation and exclusion from networks through which they might find higher paying work. Migrants from rural areas who arrive in cities often suffer from labor market segmentation that limits their opportunities for employment (Fan 2002). C. Cindy Fan finds that residence status creates a hierarchy of opportunity structure in the labor market, where members of the floating population, who are temporary migrants, are relegated to the lower tiers (Fan 2002). Furthermore, it was found that there is very little integration of rural-urban migrants into the cities where they live, regardless of time living there, due to the institutional and cultural barriers that maintain societal stratification (Wang and Fan 2012, 734). Therefore, the large population of people migrating to cities seek low-paying, low-
skill jobs, such as domestic work. With the large supply of domestic workers, the labor brokerage agencies provide opportunities to connect those seeking labor and those seeking employment. In order to overcome these institutional and societal barriers preventing migrants from accessing work, those seeking work are likely to utilize labor brokerage agencies to find employment as a domestic worker. The agencies overcome the information barriers in the system by connecting groups of people seeking work (temporary migrants who are part of marginalized groups) with those who seek labor (middle and upper class permanent residents), but would not have overlapping networks. In cities such as Shanghai, the city with the largest temporary migrant population, these agencies become vital to meeting the demand for employment among the migrants and for care labor among the permanent residents.

Second, high levels of economic inequality fuels the supply and demand for domestic work, as the members of the upper class can afford the cost of the low-capital lower class workers (Blofield 2012, 10). Inequality allows for the provision of cheap labor, fueling supply and demand for domestic work. In societies with high levels of inequality, hiring a domestic worker becomes more attractive due to their convenience and the relative cheapness of labor (Blofield 2012, 10, Estévez-Abe and Hobson 2015). Characteristics that raise the likelihood of outsourcing care labor include a high demand for care work, an abundance of low-skill workers, and an abundance of low-skill foreign migrant workers (Estévez-Abe and Hobson 2015). Furthermore, familialist states are more likely to depend on the “maid industry” to meet their care needs, devolving the care duties of higher class women to migrant women (Peterson 2007, 269,272). These phenomena are all present in China, where the status of temporary migrants are that of foreigners in first-tier cities, due to the legally backed stratified society that relegates migrants to the lower class. China’s gini coefficient in 2012 according to the World Bank was
0.422, which is comparable to the famously unequal Brazil’s Gini Coefficient in 2012, which was 0.527. These numbers represent the highly stratified society, where the wealthy are few and the lower class are many. In addition, due to the large population of migrants, there is a large supply of cheap and low-skill labor. These characteristics meet the preconditions laid out by Peterson (2007), Blofield (2012), Estévez-Abe and Kim (2013), Estévez-Abe and Hobson (2015) and explain the reliance of the Shanghai residents on the labor brokerage agencies and domestic workers. Migration has incentivized the creation of labor brokerage agencies and the information barriers that it introduces can explain the prevalence of domestic work over institutional options.

Migration introduces information barriers into the market for domestic work, by disrupting the networks through which families would find labor and workers would find employment, the labor brokerage agencies provide a solution. The informal care labor market is riddled with high information barriers, where a demand is greater than the supply and availability is a function of who you know. In addition, the specific nature of the care labor market, where finding the right match for a family is a highly personal matter, lead to information gaps that limit the ability of families to successfully meet their care needs. The agencies overcome this challenge by providing an institution to attract both workers and families. In addition, the agency provides a broader variety of options, leading to higher likelihood of a successful relationship.

An often cited explanation for why a family would utilize a labor brokerage agency or intermediary rather than an informal method to find a domestic worker was of low availability of workers through informal relationships and the wider breadth of options available through agencies, and the security of a legal relationship that the agencies provide. Firstly, although a common method is to find a domestic worker through a friend, in the current system, availability of care workers is exceedingly low. Oftentimes, women will work as part time workers (zhong
dian gong), splitting their time between two families. However, this method is dependent on the two families not requiring similar tasks. As said by an employer of a care worker, “at your colleague’s house, she is making dinner and your house also needs dinner made. In regards to time, it does not work.” 28 This example suggests that there is a high demand for care work in certain positions and at certain times of the day, with the demand at these times exceeding the available care workers. 29

As a second example, another person whose family employs a care worker responded when asked why she used an agency rather than find one through a friend “Because we didn’t know anyone! The only way to find someone who liked working was through the intermediaries.” 30 This was a common response, as people commented that in the current system, all the domestic workers are overbooked. This response suggests that informal methods have failed to meet the demand for care work in Shanghai, and that people’s own networks are failing to connect people with help. Therefore, agencies serve as a way to connect those seeking work with those seeking help, who might have otherwise not met. In this sense, the agencies overcome an information barrier in the system.

3. Conclusion

In conclusion, demographic trends underway in China today help to explain the divergence between China’s care regime and other existent care regimes in Latin America, North America, and Europe. The separation of nuclear families from extended family, the rapid aging of the Chinese population, and the advent of the two-child policy are all trends which have created an increased demand for care work. This demand for care work exceeds the limitations of

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28 Interview with #14, an employer of a care worker, Shanghai, 21 January 2018
29 Interview with #4, an employer of a care worker, Shanghai, 18 January 2018
30 Interview with #3, an employer of a care worker, Shanghai, 11 January 2018
the informal system, through which people might hire domestic workers that they meet through friends, family, or co-workers. In earlier periods, these informal networks were sufficient to meet need, and therefore there was little demand for an alternative method. However, as these trends have increased demand within families, demand has outstripped the supply of domestic workers. Rather than make the emergence of labor brokerage agencies inevitable, these trends have instead created the need for a new system to emerge, and the result of a thriving domestic worker agency industry is the result of entrepreneurship and innovation on the part of Chinese agency owners.

The raised demand is complemented by an increased supply of low-skilled labor as the result of high levels of migration. At the intersection between the raised demand for care labor and raised supply of domestic workers, owners of labor brokerage agencies saw an opportunity for success, and a new system emerged. The trends set Shanghai apart from other regimes, and can explain the divergence in regime types.
Chapter 4. Conclusion

While on the surface, the characteristics of the Shanghai care regime seem unlike any existent liberal regime, with the prevalence of the labor brokerage agencies differing from the informal nature of many Latin American regimes and the preference for non-home based care in the United States. However, although superficially these systems seem so unlike one another, they share a similar role for the state, form of subsidy, policy type, and impact on women. This conclusion is devoted to first restating the findings of the thesis, and then addressing the implications of the research. I find that the most important implications have been the impact that Shanghai’s regime type has on women, the question of whether all liberal regimes are patriarchal, and what this means for future research on care regimes.

I find that the care regime in place in Shanghai today can be characterized as a liberal regime, with a patriarchal system. The primary care providers in this system are the family and the market. The market solutions are primarily the purchasing of care work from labor brokerage agencies, intermediaries, or from informal networks. These options for purchasing care are primarily available to the upper and middle class; with the lower income bracket relying instead on familialized care. The primary policy type of Shanghai’s regulatory, rather than sequential as in the United States. The regulatory system regulates home-based care, revealing the state’s support for this method of care delivery. By regulating this method, they are supporting what would be an entirely informal market, and reinforcing the delivery of care to the upper classes at the cost of low-income migrant women’s care needs. In fact, this system functions as a sort of subsidy, where the state intervenes on behalf of the employer (the family) yet refuses to enforce protections for workers. This failure to regulate the market on the behalf of domestic workers allows the upper and middle class to continue to exploit the labor of low-income migrant women.
This leads to the second question: why this system emerged rather than a more informal system such as in Brazil or a preference for non-home based care such as in the United States? I argue that this is the unique demographic trends currently affecting Shanghai’s population have impacted the way their care regime has evolved. The first point is that the demand for domestic labor has increased along with the rise of China’s dependency ratio. This has been the result of the growing elderly population in conjunction with the results of the extended period of the one-child policy. In addition, the advent of the two-child policy has created an immediate rise in fertility rates, further impacting the dependency ratios. Finally, the dismantling of traditional familial care networks as a result of migration has created a need for alternative sources of care, such as domestic workers.

The second point is that high rates of internal migration of rural citizens to urban centers have created a large low-skill population seeking employment. Excluded from higher paying formal employment, many women have few other options besides entering the care labor market. Furthermore, migration has created information barriers in the market between labor pools and those seeking to purchase care labor. As individuals migrate to cities, those seeking labor are limited to the labor available in their limited networks. Therefore, the informal market does a poor job connecting demand with supply. Even in the case where there are higher numbers of job seekers migrating to cities, families experience labor shortages. The labor brokerage agencies and intermediaries correct the market imperfection, as they serve as central institutions connecting stakeholders. These institutions allow the market to run more perfectly, as families are able to compare options, prices, and quality and domestic workers are able to do the same. Therefore, these demographic trends have created information barriers that prevented the proper functioning market, creating a rupture in the previous informal system and necessitating change.
Despite the need for change, the rise of labor brokerage agencies was by no means inevitable. Instead, this was the result of agency, where entrepreneurs observed the market and created innovative solutions.

Finally, this system reaps benefits for the state and families, particularly upper class women, yet harms lower-income brackets. This point of my argument will be further described in the following sections, where I describe aspects of this research that deserve further attention.

1. The systematic subjugation of women

The liberal-patriarchal system of Shanghai is simultaneously liberating for some women, and harmful for others. This is due to the differing results of the care regime depending on social and economic status. For upper class women, the results of the care regime have been liberating. The feminized care burden of the household has traditionally fell to women, and as the economy changed resulted in a double burden. Where demand for women in the economy began to grow, women were expected to pick up waged work while also completing the household’s reproductive duties. The growth of China’s economy allowed many households to rise into the middle and upper income brackets, and gave them the liberty to outsource care in the form of hiring domestic work. Therefore, upper class women are disassociated from the labor of the household, and are freed from the burden. In their place, lower-class migrant women complete the household’s labor. The result of this shifting of the care burden from one group to another is a type of continuum of privilege. While labor is disassociated from privileged women, it is now more heavily associated with migrant women.

A second effect of this care regime is that it excludes the care needs of the women who are performing the care work of wealthy families. The Shanghai system depends on the labor of
women, and caters to those who can afford to pay for care. In this sense, there are no options for women with care needs of their own. The public system of care is inaccessible for rural-urban migrants without urban hukou and does cater to women’s care needs.

The entire liberal regime of Shanghai is based on the subjugation of women, which leads to the question of whether all liberal regimes are patriarchal.

2. Are all liberal regimes patriarchal?

As we think about the implications of this research and of different care regimes, we must consider the possibility that all liberal regimes are patriarchal. All care is still feminized. We see this in the fact that males who perform care are often paid higher salaries or have more formalized work. When women perform this work, it is seen as labors of love or as an extension feminine nature, rather than real labor. This is fed by the patriarchal system worldwide that devalues women’s work. Furthermore, as mentioned above, it is the patriarchy that creates hierarchies ranking some women’s work as more legitimate than others and ignores the needs of lower class women. Such is the case with those involved in formalized employments that are able to pay for care, and those in the informal market, that provide the care. Therefore, it is not the essence of the liberal regime to be patriarchal, but a result of the continued patriarchal society that we live in.

3. The implications for future care regime research

This research is the first attempt to characterize China’s care regime. It is also one of the few works that look at developing regions. As I have shown in this paper, the care regimes of developing nations differ significantly in form from those in developed nations. They differ in
both structure, how they came to be, and in their effects on the citizenry. What this tells us is that there is a wealth of knowledge on the ways that states interact with care and the rights of women that is untouched. Furthermore, the exclusion of developing regions represents a literary bias against the experiences of those states, places, and people. I hope that this paper triggers interest and further research into these areas, as this year-long study is but a drop in the bucket.
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