THE POTENTIAL FOR EDUCATION AND RESEARCH PARTNERSHIPS IN CHINESE AND AUSTRALIAN SOCIAL SERVICE PROVISION

Abstract

This article describes recent Chinese and Australian experience in order to assist a discussion of potential research cooperation in mutually agreed forms of social insurance design and management. Of particular interest is the appropriate role of the private sector insurance company. The related potential for providing mutually agreed forms of governance education to improve health in work and community settings is also discussed. Combined occupational health and safety (OHS) and social insurance systems for large development projects may be most effectively coordinated with government support for rural health and education aimed primarily at poor women and children. Australian and Chinese university partnerships for education and research into such social service provision would assist attainment of national and regional development aspirations. Governance education could promote the information, expression and participation of all citizens, as an aspect of teaching management and vocational skills. Funding appears to be available for such projects and a submission might be made through the Productivity Commission inquiry into a national workers' compensation and OHS framework.

The current context of Chinese and Australian development opportunities

The dilemma of how to support an ageing population exists for many countries which are parties to the Asia Pacific Economic Cooperation (APEC) Agreement. For example, the World Bank recently stated the combination of the one child policy and increasing life expectancy has meant that China's population is ageing must faster than the regional norm, and that by 2020 people over sixty will make up 16% of the population (World Bank 1997: 4). The care of a rapidly aging population will be the major Chinese social welfare preoccupation for the future, as the school-age population is projected to decline by 23% during the next fifty years. In comparison, the school age populations of Nigeria and Pakistan are projected to increase by two thirds. (United Nations 2003: 9). The World Bank advised China to undertake early planning to ensure there are sufficiently high levels of growth and savings to prepare for future old age security. The government is taking steps to unify pension systems so that enterprises and workers covered under separate pension plans or not covered at all are eventually brought into a single system with common standards. Management of the program is to be transferred from enterprises to government agencies, and administrative management and fund management are being separated.

In Australia, the proportion of the population aged sixty-five or over is projected to rise to 18% by 2021(Kendig and Duckett 2001). The National Strategy for an Ageing Australia (2000) identified key program areas for maintaining physical and mental health. It suggested strategies to maintain wellbeing at older ages should also centre on the development of more flexible employment patterns, and better coordinated provision of health and social services, with the aim of assisting everybody to maintain links with work, recreation and community service wherever this appears beneficial. It has also been proposed that all Australian government provision for aged care services should be pooled into a single fund to be managed at regional level. This would incorporate residential aged care, home and community care and related government activities, with the expectation that separate funding streams should exist for accommodation and for the delivery of flexible services based on client levels of disability and related need. Social insurance systems are under constant government inquiry partly to achieve greater national uniformity and understanding of the comparative benefits of planned and market driven approaches to service provision.

On 24th October 2003, the President of the United States, George Bush and the President of China, Hu Jintao, made separate visits to Australia. The U.S. President stated to the parliament that 'Australia's agenda with China is the same as with my country'. The Australian Prime Minister expressed the need to get a free-trade agreement with the U.S. finalised. The Chinese President met with business leaders in Sydney before addressing parliament. He finalised a massive natural gas deal and pledged further cooperation in commodities, telecommunications, culture, technology, science, education and sport, as well as new opportunities for Australian investment in the rural west and the northeast of China. The President of the Australia China Business Council pointed out that Chinese is now Australia's second most spoken language, and an education agreement was signed. Enhanced dialogue and business ties were promised prior to a free trade agreement (The Australian Financial Review, 24.10.03:1).

China has had consistently high growth in its gross domestic product (GDP) of more than ten percent per annum over many years. It has also had a strong savings rate and good export growth (World Bank 1997). Economists recognise health and education as the basis of productivity (Stiglitz 2002; Leeder, 2002; United Nations, 2003) and China has emerged as the healthiest of the developing regions (Murray and Lopez 1996). The World Bank (1997) claims that China's comparatively successful economic performance can partly be explained by the capacity of policy makers to focus on problems, solicit foreign advice, form political consensus, and then move decisively on reforms. In this context, Australian and Chinese partnerships in health service research, education and supporting social insurance could be constructed to assist broader global development. The appropriate role of the private sector insurance company is of particular interest. (World Bank 1997a; World Bank 1997b; Productivity Commission 2003; HIH Royal Commission 2003). Comparative Russian and Chinese experience suggests that stable management and competition are more important than private property for effective functioning of the market and for health. (Stiglitz 2002; Murray and Lopez 1996). The Australian experience described later generally supports this in regard to insurance fund ownership and management. More specialist research is required.

Key differences between insurance and social insurance funds

Insurance has been defined as a mechanism for contractually shifting the burdens of a number of pure risks by pooling them (Rubin 1991: 1999). All social insurance needs to be understood within the broader regulatory context of taxation collected by government for the general servicing of populations, including support of vulnerable groups and environments. In 1942, the major architect of the post-war British welfare state, Sir William Beveridge (1942: 11), described social insurance as the system by which every citizen of working age contributes, in the appropriate class, according to the security that is needed. He further stated that each is ideally to be covered for all needs by a single weekly contribution on one insurance document, and that all the principal cash payments, (for unemployment, disability, retirement, etc.), should continue so long as the need lasts, without means test. (In 2003 he might have added parenthood to the list.) Payments should be made from a social insurance fund built up by contributions from the insured persons, from their employers, if any, and from the state.

Beveridge regarded the development of a comprehensive system of social insurance as vital not only because of the 'phenomenal' growth of personal insurance, but also because of the popular objection to means testing, which springs from resentment at a provision which appears to penalise the duty of saving. The aim of social insurance and its management should therefore be to achieve the socially and individually required standard of social support effectively, equitably and sustainably. The success of any taxation or insurance system depends partly upon contributor trust. Ideally, this should be rationally based on clear evidence that the structure and management

of the insurance concern is sound and also designed to meet consumer and purchaser goals. All nations need to identify effective social insurance systems, and a discussion of comparative Chinese and Australian experience may shed light on this. However, it is clear that transparency of administration is also necessary for broader public confidence. Economists do not often point it out, but perfect information is necessary for perfect identification and control of risk, as well as for perfect operation of the market.

Chinese social experience: Many revolutions for the price of one?

Giddens sees the advancing status of women in the twentieth century as a historic change as vast as the march of technology and the development of Western democracy (Rodham Clinton 2003: 428). China has played a major part in women's emancipation, which also depends upon education and fertility control. As the international economy has developed, unpaid work traditionally performed by women in the family has been increasingly outsourced. Care of children, the elderly and the disabled has been performed in the community for payment, with government support. The Communist Party took power in China in 1949 but equality between the sexes had been its stated goal much longer. In 1919 Mao graphically described the suffering of women who were the chattels of men (Yunxian Wang 1994: 1). The requirement for the display of women's dependence has commonly been the symbol of a leisure class. The status of women in Chinese feudal society is perhaps most clearly symbolised by the fact that their feet were most admired when bound in childhood to crush the bones, so they could only toddle painfully thereafter. By 1992, Article two of the Law of the People's Republic of China on the Protection of Rights and Interests of Women stated that women 'shall enjoy equal rights with men in all aspects of political, economic, cultural, social and family life'(Lai-wan Chan 1997: 194). This may not be fully achieved in practice but the potential was created through a revolution in which economic and family policy goals were integrated.

Under Mao's administration from 1949 to 1976, the primary task was rural expropriation and collectivisation of agricultural production to promote a nationally planned approach to ownership and management of urban industrial production and social support. The government also formally recognised each woman's productive contribution outside the family structure, adopted slogans such as 'Women hold up half the sky' and established supporting education programs. The Marriage Law of 1950 introduced monogamy, free choice of spouse, and equal status of husband and wife as legal concepts. China's one child policy is primarily conceptualised as a general economic corrective measure undertaken by the Deng administration which ruled from 1978-1997 (Wong 1995). However, providing women with the means to control their reproduction is the most vital ingredient in the achievement of good health, social support and self-determination for women and children. Education is the key to this transition (United Nations 2003). The Chinese Marriage Law of 1980 allowed divorce and was followed by the Inheritance Law of 1985 which gave men and women equal rights in inheritance (Lai-wan Chan 1997).

For the first forty years after the revolution, the Chinese, particularly urban residents, had a level of welfare benefits which was unsustainable under existing levels of production (Xinping Guan 2000). In 1978 the National Congress of the Chinese Communist Party downgraded its former emphasis on equality and social protection and adopted the objective of quadrupling the gross value of industrial and agricultural output between 1980 and 2000. This was expected to occur through increasing openness to the outside world and reform of the internal economy. The strategy was to provide individuals with greater incentives for increasing their production by encouraging more private competition and ownership(Wong and Mok 1997). In the rural areas restrictions on private plots, rural markets and sideline occupations were lifted. Peasants began leasing land from their production teams to farm on a work group, household or individual basis.

On delivering the agreed quota of produce, they could keep the surplus. State procurement prices for farm produce were raised and agricultural taxes were reduced. The central government promoted the sale of grain outside the peasants' own provinces, then abolished its monopoly on grain purchase and switched to buying on contract. In 1983 communes were abolished and their administrative functions were transferred to township or village governments. Rural enterprises grew rapidly as a result. The central government aimed to develop rural industries to raise production levels and absorb surplus workers who were victims of economic restructuring. Since 1957 migration to cities had been blocked by a rigid system of household registration. In 1984 peasants were allowed to move to towns for work without changing their rural status, on condition they were responsible for arranging their upkeep.

Before the second stage of China's reform program in 1984, which began to tackle urban overmanning, waste and inefficiency, stable employment had been guaranteed for all rural workers. This was based on the public ownership of farming land and the right for all to work and share in its produce, as well as have a cash income from produce sale to government (Xinping Guan 2000). Agricultural collectives provided support and services for the elderly, the disabled, orphans and others who had no family support. Government provided a natural disaster relief system. Public primary and middle schools were financed by the collective organizations and subsidised by government. Preventive health action and medical care were also organised and financed by collectives and subsidised by government. In urban areas, workers could be assigned to a stable lifetime job in the state or collective sectors of production. Houses and flats were owned by government and distributed for rents which could be lower than their basic maintenance costs. The government subsidised food, clothing, and other subsistence materials. Cash benefits were available for people unable to work but who had no family to support them. Public primary and middle schools were financed by the government and state enterprises at low cost. There was free enrolment in higher education for those who passed the entrance exam. Insurance systems were set up for workers in all state enterprises. These aimed primarily at providing medical care, support in cases of occupational injury, and retirement pensions. Preventive health action and a public hospital system were organised and financed by the government and state enterprises. There was free medical care for state workers and government staff. State enterprises and community organizations also ran daily services in childcare, care of the elderly and food production. There were also special services provided for the elderly, people with disabilities, orphans and others who had no family support (Xinping Guan 2000).

The urban economic reform goal commenced in 1984 was to make the command economy more responsive to supply and demand (Wong and Mok 1997). The strategy was to invigorate production by increasing managerial autonomy and accountability for profit and loss and also to link performance and reward more effectively. Related goals were to gain a better balance in favour of light rather than heavy industry, and to increase joint ventures with private economic partners. The non-socialist business components were expected to inject needed skills and capital, provide new job opportunities and supply shortages faced by consumers. Before the urban economic reforms began, production decisions related to output, supply of raw materials, capital and sales were made by higher government authorities. Organisations had no power to refuse their labour quota or dismiss staff. Their only duty was to complete the task assigned under the state plan. This lead to overmanning, waste and inefficiency but workers and their dependants were still provided with comparatively generous work based welfare benefits and lifetime employment. In 1986 bankruptcy laws were enacted and life tenure for new recruits in state enterprises was replaced by the goal of gradually turning all tenured workers into contract staff. Open recruitment and competitive exams were also required for posts. Unemployment benefits were introduced for laid-off workers, to be paid for a maximum of two years.

From the mid 1980s, experiments to revamp social welfare, including health, unemployment and work injury pension systems, were commenced. People had to pay for many services which had formerly been free. In 1988 the State Council set a 'hardship relief standard' for staff and workers which was ideally to apply throughout the country, but which was not effectively implemented (Saunders and Shang 2000). In 1994 local governments were made responsible for setting local hardship relief standards. In 1998 the Ministry of Labour was reorganised into a new Ministry of Labour and Social Security which was made responsible for design and operation of a new system covering all social insurance affairs, and particularly the retirement pension insurance system. The State Council set a target of establishing this comprehensive work based social insurance system in all Chinese cities. However, by the end of 1999 the new arrangements were not established and there was no solid financial basis for income support. The main responsibility for supporting the poor still fell on the old work unit social insurance system, and government has also resisted taking on a formal role in developing a supplementary social assistance system to meet the growing problem of urban poverty and unemployment.

Key aspects of social welfare provision in Australia

Australia is a federation of states which unified with the creation of a national government in 1901. The country has a broadly developed taxation based welfare system. Government guarantees free primary and secondary education and basic health care provision. Alternative products are also available in the market, and government may subsidise their provision. In 1998 one in five people of workforce age was dependant to some extent on taxpayer funded pension related support, compared with one in seven a decade earlier (Minister Assisting the Prime Minister for the Status of Women 1999). This is paid, on a means tested basis, primarily to the unemployed, to people with disabilities and their carers, to lone parents and students. The elderly may also access a means tested pension. Relief for natural disasters may be available in rural areas. In 1992 national legislation introduced a superannuation guarantee to supplement or replace existing government pensions for the elderly. This requires all employers to provide entitlements for provision in old age for all their employees. Government and workers contribute to the funding pool and such industry managed superannuation funds have become spectacular new investors on behalf of their members. The self-employed may also select appropriate insurance and investment products. In 1990 the Council of Australian Governments (COAG) agreed to establish national standards for health and environment protection. The National Competition Policy Reform Act (1995) ideally requires equal competition between public and private service providers unless another course of action can be shown to be in the public interest. There is increasing agreement about the necessity to separate policy from competitive administration in order to identify comparative service outcomes more effectively, whether they are provided by government or in the market.

Australian hospitals have been provided with government support since the early 20th century. In 1984 the national Medicare system replaced hospital and medical insurance which consumers formerly purchased in the private sector with major government subsidy. Medicare guarantees universal, taxpayer-funded, basic hospital and medical care, administered by the national Health Insurance Commission (HIC) from general taxation revenues and a levy on taxable incomes. The HIC also administers the Pharmaceutical Benefits Scheme (PBS) which subsidises thousands of competitively priced drugs. The Commonwealth government additionally provides subsidies to health care consumers who choose to purchase extra entitlements from private health insurers. From a government perspective the major point of encouraging people to take up additional private health insurance is to increase the overall pool of health funds and public or private facilities available for general use (Industry Commission 1997). Since 1986 Australian governments have also provided substantial funds for health promotion programs which aim to

reduce major health problems by changing the behaviour and environment of relevant populations. Community based rehabilitation services were also introduced.

Throughout the 20th century, state workers' compensation schemes were repeatedly established either as government monopolies or with competitive insurer underwriting, depending on the political persuasion of the state government. There is now increasing commitment to national uniformity based on the managed fund model of service delivery which was first introduced by the NSW government in 1987, in addition to requirements for work related rehabilitation services (Heads of Workers'Compensation Authorities 1996). Under this social insurance model, the government and industry own the premium pool and underwrite the scheme. A statutory authority with a board of experts drawn from government, employers, workers and insurers establishes the level of benefits for injured workers, and the risk rated levels of premiums for industries and organisations. It licenses a dozen insurance companies and pays them to collect premiums, administer claims, invest funds, and collect data on its behalf. Very large employers may be approved to self-insure. Premiums also pay for administration of occupational health and safety (OHS) legislation which, since 1983, has provided employers and workers with duties of care, consultation and education regarding the identification and control of risk. Government inspectors or trade union representatives may fine employers or take prosecutions for dangerous work practices, whether or not death or injury has occurred. The traditional adversarial determination of levels of permanent disability after an accident at work has recently been replaced by compulsory conciliation, directed by medical panels. Self-employed contractors not deemed employees in workers' compensation legislation must make their own insurance arrangements. Forms of 'top-up' or extra insurance and related benefits may also exist (Industry Commission 1994).

Australian inquiries into social insurance

Since the early 1970s, major debate has occurred on a continuing basis about the best forms of social insurance. A key aspect of this has often been whether insurance funds should be underwritten (therefore owned) by government or the private sector, in order to achieve the best service outcomes for injured individuals, premium holders and the broader community. Internationally based insurance companies which have the largest slice of the Australian insurance market are commonly regulated under state legislation and are also subject to national controls. Many insurance schemes still retain strong links with the ancient, lawyer driven operations of the British common law, in that benefits are available to the injured only if a court can find a plaintiff's adversary to be the cause of their injury. Third party motor accident insurance and professional and product liability insurance are examples. On the other hand, benefits are provided to the injured regardless of fault under third party insurance schemes in which employers pay premiums to meet rehabilitation and compensation needs of injured workers and in private health insurance schemes in which individuals take out premiums to cover themselves and family members for health care.

During the past two decades, a considerable number of Australian inquiries have been conducted into insurance by governments of both major political persuasions, at state and federal level. Although the detail is very complex, the benefits of broad industry and community ownership of funds which are competitively, effectively and openly managed appear increasingly clear, but are still being debated. The Industry Commission (1994) inquiry into workers' compensation concluded there was a lack of evidence of benefits from private sector underwriting, and so did the joint report of Australian Heads of Workers' Compensation Authorities (1996: 132-133). They argued that other factors, including quality of scheme administration, provide more important indicators of performance. In NSW the Motor Accidents Authority overlooks a third

party insurance scheme where private insurers underwrite the business and those injured on the roads can claim benefits only if a court decides another person was to blame. At a public inquiry into the scheme the regulator indicated that the insurers did not distinguish motor accident premiums in any way from their other general insurance funds, so the Authority therefore had no basis on which to exercise the powers of financial monitoring provided in its legislation. Whether it is ever possible for government to achieve effective disclosure and monitoring when insurers underwrite the business appeared to be a moot question (Standing Committee on Law and Justice 1997). Major modifications have since been made to the scheme structure.

Some critics of increased competitive contracting by government (Hancock 1999; Smyth and Cass 1998) tend to ignore the relationship this may bear to national and state regulatory processes which have progressively extended government and industry ownership of health, workers' compensation and retirement funds over the past two decades. Formerly, such funds were privately owned and commercially driven, supposedly in the interests of all shareholders. On the other hand, the Australian insurance experience often indicates that private sector underwriting and competition on premium price inhibits effective injury prevention, rehabilitation, fund management and cost containment. (National Committee of Inquiry 1974; NSW Government 1986; NSW WorkCover Review Committee 1989; House of Representatives Standing Committee on Transport, Communications and Infrastructure 1992; Review of Professional Indemnity Arrangements for Health Care Professionals 1995; Standing Committee on Law and Justice 1997; Industry Commission 1997; The HIH Royal Commission 2003).

Although Australian and U.S. health care systems both employ the term 'managed funds' their fund ownership structures differ. The universal coverage of the Australian Medicare system and its integrated requirements regarding voluntary private health insurance put downward pressure on the prices that all doctors, hospitals and insurance companies charge because all Australian have a right to taxpayer funded hospital and medical care. In the U.S., on the other hand, employers take out private health care insurance coverage for their employees, or individual consumers may purchase it from competing health care funds on their own behalf, if their employer does not carry it for them. The government provides a safety net health care system that applies only to a small and impoverished population group. In a comparative review of the evidence, Duckett (1997) found the Australian Medicare system outperformed the U.S. health care structure on many social indicators related to service access, equity and cost, but not service quality. Findings of comparatively poor service quality in Australia may appear surprising in the light of the comprehensive national scope that Medicare potentially provides for the collection and analysis of reasonably consistent and reliable health service data across all public and private sector hospitals. However, a range of reports have also pointed out the need for better coordinated professional and academic organisation and practice, in order to achieve the transparent data driven management systems which are so necessary for this kind of quality management and related research. (Review of Professional Indemnity Arrangements for Health Care Professions 1995 ;Industry Commission 1995: 32; Australian Health Ministers' Advisory Council 1996; National Expert Advisory Group on Safety and Quality in Australian Health Care 1999; Review of Higher Education Financing and Policy 1997; Senate Employment, Workplace Relations, Small Business and Education References Committee 2001).

The NSW workers' compensation insurance design promotes insurer competition to collect and manage premium owned by industry and government. Income from fund investment is returned to the key stakeholders. Insurer competition on premium price is discouraged and competition for provision of effective injury prevention and rehabilitation services is promoted. Better risk management and outcome data gathering systems are required to achieve the potential of the basic insurance design. However, the most recent national inquiry into workers' compensation

and OHS has stated that the most significant current issues now arise from differences in state and industry schemes which generate major compliance burdens and costs for multi-state employers (Productivity Commission 2003). The inquiry recommended steps for more self-insurance and the gradual establishment of a consistent national workers' compensation scheme. Private sector underwriting was recommended, in spite of the fact that the only reported Australian case for this was made by the Insurance Australia Group. This got a little support from the NSW Labour Council, a historically strange group of trade union bedfellows, who also admitted to being uncommitted in the longer term.

Inquiries have often found that private sector underwriting is not transparent, and premium price competition promotes general economic instability rather than injury prevention. It is also more costly. Private underwriters require high profit margins to guard against the effects of competitive premium price-cutting, global economic fluctuations, unexpected court awards or long tail claims, poor investment decisions and inefficient administration practices. Such events have produced insurer insolvencies in Australia, at great cost to the individual, industry and public purse. Whenever the national premium pool is broken up and owned by competing insurers, they require international reinsurance as well as high profit margins to guard against insolvency. These costs are often borne by the community of premium holders. When funds are owned by government and industry, and when premiums and benefits are established by legislation, the insurers contracted to manage the system ideally compete for market share by providing premium holders with risk management and investment services, rather than premium price cuts. Benefits of managed fund investments return to scheme stakeholders. Shiller (2003) provides an opposing U.S. perspective on the appropriate management of financial risk in the 21st century. This market driven approach to insurance appears to support unlimited protection for risk takers who can pay the premiums required. The assumption of risk can also be contracted out freely. This does not appear to be a proposal which can promote injury prevention or contain business cost for the majority, although the opportunity to continue to shift costs onto innocent bystanders may please many major risk takers.

In Australia there appears to be scope to increase transparency and reduce health care costs through better national integration of the aims and administration of Medicare, private health insurance, workers' compensation and supporting prevention, rehabilitation and insurance services (O'Donnell 2000). Related concerns are that court systems, which have historically made adversarial, lawyer driven estimates of fault, disability, pain and suffering, and future economic need, are irrational on health and economic grounds. In mid 2002 the Premier of NSW discussed the passing of the NSW Civil Liability Act and the need 'to restore personal responsibility and diminish the culture of blame'. He has called for ' a fundamental re-think of the law of negligence', appealing on national television for a major focus on 'the national insurance crisis', health and education. The Australian Medical Association supported the Premier, urging the Commonwealth government to act urgently on the establishment of a national insurance scheme and tort reform. The current government seems willing to listen. This is an opportunity.

Taking work health, education and research to the community fringe and funding it

Gailbraith (1973) and other dual market economists (Averitt 1968; Doeringer and Piore 1971; Gordon 1972) have described market driven organizations and nations as having a central tendency towards being planned or monopolistic, with a highly competitive but impoverished economic periphery. Governments have been advised to bring dual economies into greater equilibrium by increasing competition in monopolistic sectors, and strengthening communities in peripheral sectors (Galbraith 1973). China has a pattern of dual development based around cities and rural areas. In 1950 the average Chinese life expectancy was thirty-two but by 1985 it had risen to

seventy-one for women and sixty-eight for men (Pearson 1997). During the 1970s China passed through a health transition and now the most common causes of death are non-communicable diseases. However, marked differences remain in the quality of health and education for urban and rural populations (Pearson, 1997; Cheng Kai-Ming 1997) where infectious diseases remain a major problem. Chinese income inequality has increased in recent years, between and within the urban and rural sectors (Saunders and Shang 2000). The United Nations (2003) has noted that primary education provides the greatest return on investment for individuals and communities. Education is also closely related to effective fertility control. In 1993 China joined eight of the most populous countries of the world in their aim to meet the U.N. goal of education for all, which is also conceived as a matter of fundamental human rights and curbing population growth.

In speeches to an annual bank conference on development economics, Stiglitz and Muet (2001) stated economic crises have shown the need for greater world governance, especially to manage 'public goods' such as financial stability and environmental protection. The French Prime Minister emphasised the need for a comprehensive and balanced approach to development and for 'governance' of the international economy. The President of the World Bank lamented that traditional economic policies for growth have seldom been accompanied by an equal focus on governance for health, education and environment improvement and that those with a narrower professional or short-term commercial focus still drive development outcomes. Stiglitz and Muet (2001) concluded that many economists now seek to go beyond 'the Washington consensus' which involves a plea for unconditional liberalization of markets, lack of attention to institutions, and macroeconomic policies geared too much towards lowering inflation and not enough towards development and employment. They claim there is a failure to understand how weak financial institutions lead to macro-economic instability as bad as large budget deficits, and also fuel dramatic financial crises. They view development success as requiring high savings, rapid capital accumulation, high levels of training, strong capacity to acquire new knowledge and rapid insertion into international trade.

Stiglitz and Muet also state that improved world governance must closely involve employers and trade unions as well as non-government organizations. This suggests that governance education should be an international priority. Australian and Chinese collaboration to pilot combined OHS and social insurance systems for large development projects also appears appropriate in this context. Joint work, health and education aims might be effectively coordinated with greater government support for rural health and education development and university partnerships for education and research into social service provision could assist attainment of these broader aspirations. Ideally, governance education should promote the information, expression and participation of all citizens, as an aspect of teaching management and vocational skills.

Saunders and Shang (2002) state that it has been common in developing countries to commence the establishment of social security systems by introducing social insurance in the formal economic sector. They indicate there has been criticism of this approach because it excludes those who are most likely to be poor. Critics claim that income protection of these groups should be provided by the state, leaving social insurance to private provision through the welfare sector. Saunders and Shang argue that China currently has no over-arching commitment to a unified approach to addressing poverty on a national basis and that the current social security system needs to be re-focused in this general direction. An Australian public service reformer (Wilenski 1986: 263) described an earlier Chinese approach as seeking the integration of health education and health work into the overall political and economic development climate of the nation. He admired the mobilisation of a large labour force to carry out the slogan 'Put prevention first' in regard to environmental health tasks. He noted the break-up of the medical monopoly over health tasks, and the creation of new health service delivery models specifically designed to meet the

needs of the people. A renewal of this once familiar Chinese approach might be enhanced through judicious utilisation of information technology developments which have occurred since the 1980s. These would allow a wide range of health and education needs to be identified, prioritised and met on project led and related community basis.

The Committee of Review of the Australian Overseas Aid Program (1997) recommended that programs be used to assist developing countries to reduce poverty through sustainable economic and social investment. In 2001 the Australian Prime Minister announced a new 'premium' research and development tax concession rate of 175% for high spending companies to address concerns about the drop-off in private sector research activity. Additional research and development support also included the ability for small firms to gain the equivalent of 125% research and development taxation concession (The Australian Financial Review 29.1.01: 1). Prior to this, the Review of Business Programs (Mortimer Report 1997) recommended that all business support be focused and delivered through the five key programs of investment, innovation, exports, business competitiveness, and sustainable resources. It also recommended a review of the education system to drive it as a source of comparative advantage for Australia. The Prime Minister committed the government to increase support for innovation by business through a package providing additional grants of $556 million to assist business research and development. The grants were to be up to 50% of project costs awarded on the basis of commercial profit and national benefit. The provision of such public subsidy for individual organizations to undertake research and development may be beneficial for the whole community. However, comparatively few Australian employers will be in a position to undertake or support scientific and technological research and development alone, or purely on their own behalf. On the other hand, it could be of great benefit to Australia if industry leaders, their organizations and members are willing to participate in research and education plans to achieve national research and development objectives related to health and sustainable development which are managed on an industry basis. A submission through the Productivity Commission to this effect now seems appropriate.

Conclusion

The populations of Australia and China are ageing, and the aim of remaining healthy and independent for as long as possible are shared by the elderly and government alike. In Australia, a number of social insurance inquiries have suggested that the benefits of industry and community ownership of funds are comparatively clear, as long as funds are managed effectively by competing insurers. This requires policy driven, consultative management in which administration is also focused on evaluation of service outcomes. Economists have drawn attention to the tendency for dual market development and to the related need for governments to promote competition in monopolistic sectors of the economy and planned development in disadvantaged peripheries. The importance of good governance for health, education and environment improvement is increasingly being recognised in this context. It is hoped that Chinese and Australian universities will consider research and education partnerships related to consultative development of occupational health and safety (OHS) and social insurance systems for major development projects. This might be most effectively coordinated with targeted support for health and education primarily for poor women and children, especially in rural areas. University partnerships for education and research into such social service provision would assist general attainment of regional and international development aspirations. Governance education should promote the information, expression and participation of all citizens. This is the overarching context in which specialised management and vocational skills might be taught and funded by government and industry. A submission seeking partners in this project might be sought through the Productivity Commission inquiry into workers' compensation and OHS.

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