

NEW “IRON RICE BOWL” SYNDROME IN CHINA

CHEN Gang

EAI Background Brief No. 626

Date of Publication: 20 May 2011

Executive Summary

1. The civil service has for years been in the Chinese university graduates' list of ideal jobs, even surpassing those of multinational companies in many cases.
2. Figures show that the number of applicants for the National Civil Servant Exam had surged from 87,000 in 2003 to 1.44 million in 2009, a rise of more than 15 times.
3. "Iron rice bowl," (*tie fan wan*), a Chinese idiom referring to guaranteed lifetime employment, was once offered to almost every one in the work units or *danwei* under the command economy, but now it is only applicable to civil servants and staff in some state-owned sectors.
4. Besides being paid a basic salary, almost all civil servants receive monetary subsidies and enjoy substantial fringe benefits like government-paid medical care and pension, subsidized housing, free use of government cars for private purposes and banqueting at public expense.
5. Every Chinese official/civil servant is managed under the system of "*bianzhi*," which is literally translated as "establishment", referring to the number of authorized personnel in a party/government unit, office or organization.
6. The whole welfare package of a civil servant is tightly linked with the *bianzhi* in a work unit, without which the government will not allocate a corresponding budgetary fund.
7. Workers in the private sector are outside of the "*bianzhi*" system; their pension, medical care and unemployment compensation are dependent on the workers' contribution to the public pension pooling and medical schemes.

8. With its fiscal revenue soaring in the past decade, the Chinese government is well-equipped to reward its 10 million civil servants handsomely. From 2001 to 2010 alone, China's national government revenue quintupled.
9. There are concerns over the excessive brain gain in the government sector, leading to a situation where talented young people are not fully exploiting their entrepreneurial abilities and turning China into a parasitic state.