

Social Insurance System Transformation for Rural-to-Urban Peasants

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Abstract—Social insurance system is a very social guard for the rural-to-urban peasants. At present, related researches are so few. The social insurance systems are different from rural areas and urban areas. This paper analyses both urban and rural social insurance system, discusses the job changing of the rural-to-urban peasants, and special needs for social insurance system. Basic on job changing discussion, this paper constructs social insurance system framework explaining which type of rural-to-urban peasants are involved in different social insurance system.

Keywords—Rural-to-Urban peasants; endowment insurance; transfer; occupation identity

I. INTRODUCTION

Urbanization research originated from abroad, and the model of urbanization is the starting point [1]. According to John f. Long's urbanization development model [2], the different stages of urbanization will cause people migrated in different directions. At present, with the rapid advance of the industrialization and urbanization in our country, China keeps in the rapid migration process that rural population moving to the urban[3]. Affected by a variety of factors such as limited literacy[4], the livelihoods of the agricultural population will face huge challenges when they moved into the city. The social security system, as a social guard net, has been given a lot of hope for the sustainable livelihood of the rural population.

In the social security system, the endowment insurance system is the most and its guarantee capability is the strongest. When the agricultural population retired, the livelihood directly depends on the scientificity and rationality of the policy design of the endowment insurance. At present, the majority of researches on the rural-urban peasants endowment insurance system related to migrant workers, the main contents include insured behaviors and influence factors of the migrant workers endowment insurance (Wang Cuiqin, 2014; Zuo Ting, 2015), the willingness to participate (WangHua, 2013), the system fairness (Yin Haohua, 2014), the government responsibility (Ren Qingwei, 2013), as well as the system transference (Wang Aihua, 2014 & 2014; Liu Mengran, 2014), etc. In terms of discourse change (Shi Yuantao, 2015) and group content, migrant workers are an important part of the rural-urban peasants, but not all. For this, the discussion of the endowment system needs to be extended to a larger group level. Zhao Lili has studied the low participation rate of the

rural-urban peasants endowment insurance from the holistic perspective of social security (Zhao Lili, 2015). Zhao Jiying proposed (Zhao Jiying etc., 2013) that, achieving nationwide networking mechanism of individual pension accounts, and paying attention to the possibility of the pension insurance transformation with its identity transformation is the main points of the rural-urban peasants endowment insurance system construction; Zhang Yan (Zhang Yan, 2014) summarizes the basic practices about social security for the agricultural migrants in China.

The migrant workers are just a part of the rural-urban peasants group. The extension of the rural-urban peasants is more rich than "migrant worker" [5]. Therefore, the discussion of the existing rural-urban peasants endowment insurance can not only focus on migrant workers, but also pay attention to all the people needing to transfer into city. Second, the existing research of agricultural migrants' endowment insurance only focus on the endowment insurance rates of rural-urban peasants as well as some exploratory practice, lacking systematic theoretical research. In the specific "country - city" pension insurance system transference study, Zhao Jiying and Zhou Liqui [6] proposed the view that according to identity to transfer, which is very enlightening. But the authors don't discuss further. Based on this view, this paper will combs the current rural and urban endowment insurance system, analyses the identity change during the process of agricultural population transferring, studies the special needs of rural-urban peasants about endowment insurance system transference, and builds the corresponding endowment insurance system architecture.

II. THE PRESENT SITUATION OF RURAL AND URBAN ENDOWMENT INSURANCE SYSTEM IN CHINA

A. Rural endowment insurance system

The rural residents endowment insurance system appeared in 1987. After years of pilot, due to the rapid economic development and the top-level design defect, the original system gradually appears narrow coverage, low payment will, weak guarantee capacity [7] and the system lacking of sustainability. Since 2003, some regions began to explore the new rural residents endowment insurance system. In 2009, the state council issued "the implementation guidance of the new type of rural social endowment insurance pilot", promoting

the construction of new rural residents endowment insurance system gradually.

Given the initial financial pressure and the need of expanding the coverage, the starting point of the new rural resident endowment insurance system implementation is low, and in accordance with the "personal payment, collective subsidies and government subsidies" mode. The state establishes the personal account for the insured. The individual contribution standard is set to be 100 yuan to 500 yuan each year 5 class, accumulating interests totally. The treatment of insured retiree is made up by the basic pension of financial burden and individual pension accounts together. Anyone who reaches the age of 60 and has paid more than 15 years shall be entitled to the pension according to the relevant treatment criteria.

B. Urban endowment insurance system

The development of urban endowment insurance system is more complicated. Affected by the pattern of factors such as economic system, China's urban endowment insurance system is divided into urban residents endowment insurance system, town enterprise worker endowment insurance system, institutions and civil servants pension insurance system. Some areas also established the endowment insurance system for migrant workers, farmers and urban flexible workers.

In order to avoid the fragmentation of endowment insurance problems and expand the pooling level of endowment insurance, the state gradually increases its efforts to reform the urban endowment insurance system. In 2014, the State Council issued the policy "established a unified basic endowment insurance system for urban and rural residents" 2; in 2015, the State Council promulgated "the decision that reforming the endowment insurance system of the government public institutions staff" 3, merging the endowment insurance system of the government public institutions and urban workers gradually. Under this background, the migrant workers' endowment insurance system, the landless farmers' endowment insurance and the flexible employees' system are emerging into urban worker endowment insurance system gradually and forming a relatively unified urban worker endowment insurance system. For this, the town covers the urban and rural residents endowment insurance system focused on the non-enterprise, institution and civil servants and the urban workers endowment insurance system targeted at the enterprise, institution and civil servants.

The urban and rural residents pension insurance operates in the mode of "individual contributions, collective subsidies and government subsidies". The contribution level is divided into 100 yuan/year to 2000 yuan/year 12 levels. The state establishes a personal account for the insured. The retirement benefits from the basic pension and individual pension accounts; The issued group of urban worker endowment insurance system covers all workers of enterprise, institution and civil service units, the basic pension insurance premium shared by units and individuals. Individual account paid by employees in accordance with 8% of its salary, the pooling account funded by unit employers in accordance with 20% of the total wages . All individual contributions into personal

accounts. Retirement treatment benefits from the basic pension and individual account annuities.

III. THE TRANSFERENCE PATH ANALYSIS OF THE RURAL-URBAN PEASANTS ENDOWMENT INSURANCE SYSTEM

A. The transference characteristics of the rural-urban peasants endowment insurance system

For migrant workers groups, the jobs and forms are more abundant than that in rural areas. But the low cultural level [8], a lack of labor skills and the low social status [9] determine their livelihood, which is still dominated by manual labor. Because this relatively simple way of living has a strong interpersonal alternative, which determines its sizable vulnerability [10]. The livelihood of the existing rural people is still dominated by agricultural farming compared with the migrant workers. Their own quality and skill levels and the cognitive ability and adaptability to the urban social living and life style is low, so the livelihood is more fragile than before.

The transference process of the agricultural population and the living characteristics after transferred, which determines its transference system of endowment insurance with some special characteristics. First, the transference system should be accorded with the overall development law of balancing urban-rural and social security system. Balancing urban-rural development aims to promote the coordination and consistency of urban-rural development [11], and the social security system based on this view should also have such meaning. Endowment insurance system convergence of the rural-urban peasants is also inseparable from this background. Secondly, the system transference has a strong scientificity. The scientificity not only requires a seamless connection of different endowment insurance system, but also means low costs and high efficiency. Thirdly, the endowment insurance system after the transfer should have a strong guarantee capability. From the perspective of sustainable livelihoods, the strong ability of endowment security has special effects on the smooth transference of the agricultural population and the settlement

B. Occupation identity conversion after the agricultural population transfer to the city

According to the employment form, the agricultural population that transferred to the city can be classified into two categories: non-employment and employment. Among them, the non-employment population mainly refers to the population under the age of 16, or the group of students in secondary schools, or the aged groups who have reached the retirement age. For the employment of people, compared to the relatively single large agricultural production in rural areas, the way of livelihood of towns has non-agricultural and diversified characteristics. After the agricultural population shifted into town, the diversified livelihood of the towns gives them more opportunities for employment. As a result, the occupational identity after transferred is more complex. According to the state on occupational classification norms, specific employment nature and form, this paper will classify

the employment of the rural-urban peasants into the following categories:

1) *Employment of State organs, party organizations and institutions.* Since 2010, the state pilot farmers enrollment system⁵ in the Department of Customs, IRS and railway public security departments below the county level. Subsequently, the restrictions to the peasants in the civil servants and institutions recruit examination decreases gradually. Thus, in the citizenization process of rural-urban peasants, some people will enter the employment system of State organs, party organizations or institutions through the enrollment system of civil servants.

2) *Enterprise employment.* All kinds of enterprise are the most important employment sector of the rural-urban peasants. Under the current urban employment system, the urban market inevitably imposed employment discrimination on the rural-urban peasants [12], which caused the employment field centering in the low-end employment sector such as two or three industries. But with the gradual upgrade of the rural-urban peasants and the gradual integration of the rural-urban peasants and the urban society, the employment field of the rural-urban peasants will transfer from the second industry to third industry, from manufacturing and construction industry to service industry, lodging and catering industry gradually [13].

3) *Self-employed employment.* Although the existence of many restrictive factors, such as finance, the proportion of self-employment employment after the rural-urban peasants transferred is still relatively low [14]. But with the guidance of the state and local combined employment promotion policy, the self-employment proportion of the Rural-to-Urban peasants will gradually increase.

4) *Flexible employment groups.* engaging in temporary or seasonal labour activities, or some freelancers. Freelancers belong to the knowledge class, and most of them have a higher level of literacy or special skills in the community to achieve employment in the free capacity [15].

5) *Long-term unemployed.* The long-term unemployed in this department refer to people who have not been found and have been unable to achieve employment for a long time after transferred into town. These groups do not include those who have attained a job after the transfer but subsequently unemployed.

6) *Other forms of employment.* Other forms of employment except the above-mentioned forms of employment.

C. The idea of linking endowment insurance system

For the reform orientation of endowment insurance in China, some scholars propose to avoid fragmentation and establish a unified foundation pension platform [16], [17]. However, considering that the existing system cannot be pushed over [18], the author argues that the convergence of the rural-to-urban peasants pension insurance system should base on the current state of the endowment insurance system in the context of urban and rural co-ordination. And,

after the agricultural population transferred to town, the urban endowment insurance system should be connected with their occupational identity. Specifically: For the people who enter the state organs, party organizations and institutions, and the employment of enterprises, they will transfer into the urban workers endowment pension insurance system; For the self-employed people, they will transfer into the urban employees pension insurance; For the flexible employment groups and the long-term unemployed people after the transfer, they will transfer into the urban and rural residents pension insurance; other employment forms of labour, they can decide how to transfer freely according to their own willingness and the participation ability; for the non-employment population has reached the retirement age, their treatment standard is consistent with the former rural residents pension insurance system; for students in secondary schools, after their employment, they can participate in the corresponding system according to the established occupational status

IV. THE DESIGN OF THE PAYMENT ACCOUNT OF DIFFERENT ENDOWMENT INSURANCE SYSTEM

The new rural residents endowment insurance and the urban and rural residents only set up a personal account, while the endowment insurance system for urban workers not only set up a personal account, but also set up a pooling account. Therefore, transference design is another urgent problem for the rural-urban peasants endowment insurance system.

A. The account design of new rural residents pension insurance transferring urban and rural residents pension insurance

The system transference between the new rural residents endowment insurance system and the urban and rural residents endowment insurance system matched well. The two systems both set up personal accounts and payment methods have taken the mode of "individual contributions, collective benefits, and government subsidy". At the same time, the payment period and treatment mode is identical basically. Based on this, I will focus on the transference of the personal account payment standards here.

For rural residents, there are two crucial problems in the pension insurance behavior of the new rural residents: low will to participate and low payment standards. And the low income level is the fundamental reason of the two questions[19],[20]. The rural population transferring into the urban and rural residents pension insurance system, their livelihood vulnerability after entering cities makes the possibility of income subversive growth zero almost. It also determines that it can not effectively significantly enhance the ability of the insured in a short term. At present, under the background that most of the rural-urban peasants will choose the lowest grade payment [21], they will transfer into the urban and rural residents pension insurance according to the minimum payment standards, under the premise of the cost of urban life with a substantial increase, the pension problem of the rural-urban peasants will face exceedingly severe challenges. Therefore, under the premise that the rural-urban peasants payment ability is insufficient, how to effectively

increase the personal account funds in the system is an urgent problem.

Differing from the insured of urban and rural residents endowment insurance system of other towns, the rural-urban peasants is the new citizens who abandon rural collective land and rural household entering the urban. During the transfer, the land of the rural-urban peasants will be returned to the rural collective economic organizations by the way of transferring. According to landless peasants land compensation policy, land transfer will have a considerable compensation funds. The existence of land transfer compensation funds creates the possibility of improving personal accounts funds of endowment insurance for the rural-urban peasants. The land transfer income mainly used for the livelihood improvement of agricultural population, this paper propose that using the land transfer income to supply the personal accounts after the transference, to ensure that the retirement benefits could maintain the basic life of the rural-urban peasants. The specific measures are as follows: according to the prediction of the per basic living cost after retirement, estimating the payment standard of each rural-urban peasant by disposable or dynamic allocation standard. The personal payment standard estimated is endowment insurance convergence standard. The margin between the transference standard and personal pension insurance payment standard paid from land transfer expenditure. Individual contributions after the convergence can take a one-time single way or share the dynamic year by year

B. The new rural residents endowment insurance shall be transferred to the accounts design of urban worker endowment insurance

Compared with the new rural resident's endowment insurance system, the guarantee capacity of urban workers' pension insurance system is obviously enhanced. The income level of the rural-urban peasants improved significantly and its stability become better after entering the formal employment unit. Therefore, there will be no discussion of raising the personal payment standards. But because of the difference in the top design of the two systems, there are large differences in the two payment account systems. Namely: the urban worker pension system not only sets up individual account, but also sets up a pooling account.

Individual account paid by workers' individual wage according to the 8 % of the pay treatment .the pooling account is paid by worker's unit, which accounted for 20% of worker's salary amount. When the agricultural population moves into the corresponding employment unit, it will face the issue of personal accounts and the overall coordination. Based on the above peasant migrants ' living characteristics and the analysis of land transfer income, and the assumptions of the pooling accounts needing extra payment .In this paper, according to the following ideas transferring two system of personal account and pooling account.

1) *Personal accounts.* The agricultural population transfer into the enterprises , institutions or civil servants units, according to the regulations of the urban worker endowment insurance,establishing personal accounts for them. The

original insured personal accounts funds of the new rural resident endowment insurance will be transferred to the personal accounts of the urban workers' pension insurance .After the rural-to-urban peasants transformed into the urban workers' pension insurance system, the fixed number of years shall be counted as the starting year of the new rural residents pension insurance.

2) *The pooling account.* After the transfer of the agricultural population to the enterprise workers endowment insurance in the city, the pooling account funds shall be paid up. The fixed period began with the new rural resident endowment insurance years, ended with the transfer of joining the urban worker endowment insurance system. The payment standard of pooling account will be calculated according to the 20% of the average wage of the workers in the area where the rural-urban peasants works.The fund shall be jointly borne by the income from the transfer of rural land and the rural-urban peasants of local land leasing .If the income from the transfer of rural land aren't sufficient,the shortage will be paid by the land-transferring fees

V. SUMMARY

The social insurance systems are different from rural areas and urban areas. Basic on job changing discussion, We constructs social insurance system framework explaining which type of rural-to-urban peasants are involved in different social insurance system. Finally, we think that the new rural residents endowment insurance and the urban and rural residents only set up a personal account, while the endowment insurance system for urban workers not only set up a personal account, but also set up a pooling account.

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