

Chinese Social Pension Insurance System: Improvement and Development

SYSTÈME DE LA PENSION SOCIALE EN CHINE: DÉVELOPPEMENT ET RÉFORME

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Abstract: summarize the experience of foreign social old-age insurance policy, analyze the conflict and problem of Chinese current old-age policy, and improve Chinese social old-age insurance system.

Key words: social pension insurance; economic transition; population aging

Résumé: par le bilan des expériences des réformes du système de la pension, nous analysons les contradictions et les problèmes dans le système actuel de la pension en Chine, dans le but de réformer et d'améliorer le système de la pension en Chine.

Mots-Clés: Pension sociale : transformation économique; vieillissement

1. IMPROVEMENT OF FOREIGN SOCIAL PENSION INSURANCE SYSTEM

Welfare social pension insurance system adopted by western countries is based on the long-termed rapid growth and powerful economy. Government has built a comprehensive social system including pension, unemployment benefit, medical insurance, family benefit, housing subsidy and so on. With the coming of capitalist inflation in 1970s, population ageing problem becomes more severe. Excessive social unfairness and welfare largely spending has brought about a serious ageing problem and then forces foreign countries to focus on improving social pension insurance system. From 1980s, social pension insurance improvement has become an international trend.

The improvement mainly focused on two aspects. One is about justice and effectiveness through improving social pension insurance system, which is always the key to western countries' improvement

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action. Western countries begin to focus on the inactive relationship between the effectiveness of social pension insurance system and economy, and to consider the relationship between social pension insurance and macro economic operation, market and government in the process of improving social pension insurance system from the perspective of macro economic stability and economic growth. The other one is that due to the decline of birth rate and the severity of ageing, retiring age is adjusted, and pension is closely connected with working time and the salary before retirement. In the policy of pension, it is encouraged to postpone retiring time, stimulate employees' working passion so as to slower pension sending and to solve financial deficit.

2. ANALYSIS ON CHINESE SOCIAL PENSION INSURANCE SYSTEM

The announcement of Chinese Employment Insurance Terms by State Department in 1951 marked the building of Chinese social pension insurance system. It is based on planning economy and its target is the low-incoming group in state-owned enterprise. The implement of this system has played an important role in economic rapid development, resource fast accumulation, employees' basic life ensure and social stability. However, if this system strives for social fairness to the extent, it will also bring about many problems such as a lack of incentive scheme. Since 1980s, government has adopted a series of improvement in pension insurance system and medical insurance system in order to make the two social insurance projects in accordance to Chinese national situation, the core of which is social insurance fund system combined personal account and social coordination. Now the improvement has shown some positive effects. But there are still many problems in the social insurance system and are now on the verge of emerging.

The problems in social pension system are

Social pension channel is not fluent ;

The increasing of social insurance demand far exceeds the number of pension provider;

Employee workload multiplier keeps increasing;

Basic pension situation is getting severe;

It is very difficult to expand the coverage;

The policy to combat population long-termed ageing crisis could not be implemented;

Certificate check and pension payment are not in accordance thus will make it hard to manage.

The problems of medical insurance system are mainly: over concentration on form and the pilot policy is too rigid; the rate of collecting fund is too high that it makes financial and enterprise difficulties more difficult; medical system improvement is inadequate; distribution method is messy and makes social common welfare very hard; commercial insurance development is too slow so that it could not help to solve the welfare stretch.

3. THE IMPROVEMENT AND DEVELOPMENT OF CHINESE SOCIAL PENSION INSURANCE SYSTEM

3.1 Coordinate Social Pension Insurance System

A justice and effective social pension insurance system should apply to every national member. Thus, China should build a national social pension insurance system with no differences among urban and

countryside step by step. It is required to coordinate social pension insurance system, integrate urban and countryside social pension insurance system step by step; coordinate multi-layer and multi-support pension insurance project; well use the interactive relationship between basic social pension insurance, enterprise additional pension insurance and individual saving pension insurance so as to ensure the level of pension insurance.

3.2 Improve the investment management system of Chinese social pension insurance

The reasonability and effectiveness of the fund maintain value and additional value of Chinese social pension insurance shall make government to lead social pension insurance fund investment in a right way. A benign social and economic effectiveness could bring trust and support from social members. We could learn from Singapore Central Public Fund System to provide employee as well as his family with economic protection in every aspect through social pension insurance system. In this way, social pension insurance system, even the whole social ensure system, could become the pushing force for the harmonious and stable development of society and economy.

3.3 Government takes the total system changing cost and invisible debt

Government shall take the total system changing cost and invisible debt, which is in adherent with Chinese national situation of economic change and population ageing problems. It is encourages to select an appropriate social pension insurance financial system to realize the distribution of social overall account and personal account, and then compensate for personal account, avoid the constant floating of blank account as well as overspending. Finally, partial accumulation system will be changed to total accumulation system. Based on enforced payment, individual saving should be encouraged to build a multi-functional personal pension system.

3.4 Set related policies to encourage and support family endowment

Family endowment is Chinese traditional pension mode, and should be the basic pension mode. With the improvement of social pension insurance system, family endowment mode should be improved and enhanced. The country should advocate and encourage this mode, enhance public propagation, carry forward traditional Chinese ethics, publicize the education of old-age caring, reinforce the public awareness of looking after old people so as to build a benign environment of family old-age respecting and caring in the society.

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