

On the Convergence of Urban and Rural Basic Endowment Insurance System in China

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Abstract. To solve the convergence of urban and rural endowment insurance system is the key to the development of urban and rural endowment insurance system. Based on the analysis of the necessity of convergence of urban and rural basic endowment insurance system, five key issues are pointed out to achieve the convergence of urban and rural basic endowment insurance system. Countermeasures and suggestions to achieve the convergence and transformation of urban and rural basic endowment insurance system are emphasized from the aspects of making good preparation, narrowing differences of the level of endowment, implementing the “golden insurance project”, directly incorporating migrant workers into “city residents insurance”, paying attention to legislative protection and eliminating obstacles for the system and so on.

The necessity to achieve the convergence of urban and rural basic endowment insurance system

It is benefit to expand the scope of the basic social security rights of citizens in China

The fair social security rights should contain two aspects: One is that everyone can enjoy; two is that this right is fair to everyone [1]. China began to establish pilots of urban and rural social endowment insurance all over the country since 2012, marking every citizen enjoying the social security right. With the improvement and perfect of the basic endowment insurance system, every citizen has the basic social security right. However, not everyone enjoy the right fairly. National systems' disconnection makes it difficult to transfer relations and renewal the insurance in other places, which damages the benefits of floating populations who should enjoy the basic endowment insurance, and some even be terminated. Therefore, in order to make equitable access to basic social security rights and maintain rights and benefits of the insured in old age, the country's endowment insurance systems of all parts should be connected to ensure that the endowment rights and benefits of citizens are not affected by population migration.

It is benefit to promote the rational flow of human resources in urban and rural areas

The rational flow of labor can form rich human resources under the system of market economy, which can provide fresh labor to the economy development of our country. As the perfect of our country economic system, various forms of employment appear, including rural population go into joint ventures and private enterprises, which expands our flexible employment. Labor flowing reasonably between urban and rural areas, between enterprises and between industries can be bound to make the number of personnel of flexible employment increase. The basic endowment insurance system has a great impact on the rational flow of personnel, so in order to meet the need of human resources of our country; we must continue to develop the basic endowment insurance system. To perfect the convergence of national endowment insurance system, giving flowing labor no worries of endowment insurance, complies with the development of human resource market. The perfect convergence mechanism is advantageous to maintain the interests of endowment insurance of human resources and promote the rational flow of human resources to all parts of our country where they are needed. Here lies the inevitable requirement for the sound development of human resources market.

It is benefit to further perfect the urban and rural basic endowment insurance system

We have established a nationwide endowment insurance system covering urban and rural residents since the reform and opening up. It is an important achievement in the endowment insurance [2]. Due to the difference of China's economy in urban and rural areas and regions during the process of reform, the urban and rural basic endowment insurance system of our country appears to be dual-developed and diversification. This pattern, the inevitable choice of history, is superior in our basic national conditions, which can promote the development of all kinds of security systems aiming at the conditions and needs of different insurance groups. Because of the differences of local security system, migrant workers will encounter difficulties in the conversion of types of insurance, which is not conducive to the development of China's urbanization and can not meet the demand of market economy to flexible employment. It gives a bad effect on China's urban and rural development. Therefore, our country shall establish a perfect basic endowment insurance system, guaranteeing the endowment insurance rights and benefits of flowing people. As a result, the endowment insurance can be sustainably and cumulatively developed in superposition. We should unify the basic endowment insurance system all over the country to realize system connection and provide favorable conditions for the development of urban and rural basic endowment insurance. It is the correct view of our system pattern of endowment insurance system in China under our national conditions, and it is inevitable embodiment of the differences between urban and rural economies, as well as between regional economies. Also it is the real demand to construct a better urban and rural basic endowment insurance system.

Key issues that attention should be paid on the convergence of urban and rural endowment insurance system

The properties of endowment insurance shall be transformed

For a long time, China's endowment insurance has been restricted by the urban and rural dual-structure, from which a series of problems derive, such as the convergence of "the new type of rural social endowment insurance" and "city basic endowment insurance". The unbalanced state of endowment insurance at present is not conducive to the effective allocation of national finance. The reasons causing the unbalanced state are the fragmentation of our endowment insurance: variety, the huge gap between urban and rural areas and different regional patterns, which makes it difficult for government to manage the endowment insurance. Therefore, it is imminent to transform the property of China's endowment insurance system to security, which means no matter the applicant, is a registered resident of urban or rural, and no matter he is a worker, a peasant or a cadre, he should pay and draw the endowment in accordance with the same regulations. This change will not only break obstacles inherent in the original system convergence, but also be benefit to the system combination.

System convergence should pay attention to trade-offs of fairness and efficiency.

System convergence can not be completed in a short time, and how to interface the systems well is a long-term project, while in this process, no matter what convergence strategy we adopt, there must be some people's benefits damaged, so trade-offs of efficiency and fairness must be throughout the entire system. If we only pursuit to efficiency and ignore fairness, it would be opposed to the original intention of endowment insurance, but system convergence, by contrary, would be difficult to put forward. As a result, government and the relevant departments shall deal with fairness and efficiency in time, which is an important issue in whole process of convergence, to make sure that the participants to the endowment insurance can accept and clear the obstacles of convergence.

Pay attention to the establishment of bidirectional conversion mechanism

With the development of China's economy, our step to urbanization has been speed up in recent years, the proportion of city population rising, while rural proportion relative declining. This trend will become more apparent in next few years. If things go on like this, the population flow between urban and rural is strengthened, and the transformation from "rural social endowment insurance" to "city resident's endowment insurance" will appear in large range. However, the convergence of our insurance system is still in the transitional stage, so the promotion to the transformation from "rural

social endowment insurance” to “city resident’s endowment insurance” in large scale is not feasible. On the one hand, there exist differences in the development and fiscal income among different regions, and the income is absolutely different between urban and rural residents in one region and also the discreteness is obvious. On the other hand, some immigrant workers without urban household will face the problem of return. Therefore, to establish a perfect reverse transformation mechanism is very necessary. After this mechanism is completed, it can provide the withdrawal mechanism for a part of people who have participated in endowment insurance.

Pay attention to render long-term and sustainable fiscal investment

To realize the convergence of urban and rural basic endowment insurance system need the support of long-term and sustainable fiscal investment. The reason is that the fee that the new type of rural social endowment insurance requires to pay is lower than that of city basic endowment insurance, so if the new type of rural social endowment insurance transforms to city basic endowment insurance, it will decrease the number of years to pay for peasants, and it will be detrimental to the benefits of peasants. At this time, how much financial investment is will have a direct impact on the benefit of the insured. In the region where has a higher level of economy and local government’s financial resources is abundant, the system convergence would be more easy to do, but financing ability is also limited, which can not support it for a long time. The central and local government revenue is a security factor to ensure the long-term fiscal input. The higher the revenue is, the stronger of the ability to ensure persistence, so it can guarantee to interface system smoothly. The people to transform from “the new type of rural social endowment insurance” to “city residents’ endowment insurance” or “city basic endowment insurance” is becoming more and more, and the financial burden is heavier, because the flowing people from rural area to urban area is increasing. Therefore, another factor is rational convergence system, which not only can reduce the fiscal cost, but also strengthen the effect.

Perfect relevant laws and regulations for basic insurance system

The implementation of the basic endowment insurance system depends on the security of perfect laws and regulations [3]. We can not achieve the convergence of urban and rural basic endowment insurance system without perfect laws and regulations. On one hand, laws and regulations give endowment insurance seriousness, security and authority, so the insured can transform at ease, their basic rights and interests not infringed. On the other hand, laws and regulations can make a series of specific measures and basic principles for transformation to guide the system convergence smoothly.

Countermeasures and suggestions about the convergence of urban and rural basic endowment insurance

Make preparations to the endowment insurance system

First of all, form a professional work team. Prefer to the professional staff that have rich social endowment knowledge and the working experiences to in charge of interfacing system. Secondly, establish a system to converse the type of endowment insurance to provide a basis for the practical work. The central government should prepare corresponding funds and cooperate with the finance department of local government to ensure that the system convergence can be carried out smoothly after publishing the policy.

Narrow the gap between urban and rural pension

In the actual work of system convergence, the biggest problem is the gap between urban and rural pension, and also the amount in force in uneven. All of these become the obstacles of system convergence. Therefore, the state should narrow the gap between urban and rural pension, and reasonably control the growth rate of pension in “city basic insurance” so that to achieve balanced development of both. It provides favorable conditions for the development of system convergence, and also further promotes the coordinated development of urban and rural economy.

Bring the migrant workers endowment insurance into the system of city resident's endowment insurance

Migrant workers are a special team in society, so special consideration should be given to them in endowment insurance. However, if giving them separate management, the burden of our government will increase, and it is inconformity with our road of the basic endowment insurance system. Therefore, they can be accepted into "city resident's endowment insurance", which not only makes them feel the acceptance and care of city, but also clears the obstacles of system convergence. The government's management of migrant workers to participate in the "city resident's endowment insurance" creates favorable conditions for type conversion, which is convenient for the transformation of "city resident's endowment insurance" and "the new type of rural social endowment insurance".

Implement "golden insurance project" and achieve "one card" for the national social security.

Today, due to the development of science and technology, a perfect social insurance network for service and management system shall be established. The piecewise calculation in the EU and social security card in America all depend on the network system. Our nation has not been able to realize endowment insurance nationwide network for a long time, it mainly because it does not have unified regulations, just letting regions develop freely, which make the development not ideal. Therefore, they can not support the conversion of relations by technology. Both the nation and people want to realize "one card" for social security, and the state also actively introduce the policy to plan and develop in unification, gradually connecting transformation information systems from all over the country together. After implementing "one card", the nation can know clearly the relation records for everyone, which can be conducive to transform and interface relations in the future.

Perfect the laws and regulations of endowment insurance, and implement the conversion system for relations

According to the actual situation of practice, laws and regulations about interfacing and transforming urban and rural basic endowment insurance shall be made to provide legal basis for better work. As to specific provinces, in order to realize the unified management, relevant assorted rules shall be established in accordance with Scheme of transiting and transforming urban and rural basic endowment insurance. This document and relevant regulations give the provincial endowment insurance business a standard. At the same time, it provides a legal basis for insurance convergence, making it possible to transform between urban and rural endowment insurance.

In the process of urbanization, migrant workers will flow between city and village in a long time. A perfect endowment transformation system will solve their pension issue in this period. On one hand, there is no serious problem because our country has implemented the urban and rural endowment relations transformation just for a short time. We should make prevention in advance, and make relevant laws and regulations as soon as possible to avoid irreconcilable contradiction. On the other hand, China improves its endowment insurance system gradually. If problems accumulate, they will hinder our target of implementing same endowment insurance system in urban and rural area.

Reform the relative system of endowment insurance, and create a relaxed environment for convergence system

In the process of realizing convergence and transformation of national endowment insurance system, some conflicts with labor employment system or social welfares may happen. In order to unify the national urban and rural social system, we must reform these relative systems. Only opening these systems gradually, urban and rural basic endowment insurance system can be developed in harmonious and healthy institutional environment with a rapid speed. Giving the rural labor an equal employment opportunities and fair competition as urban workers can give resources to converging and transforming of urban and rural basic endowment insurance system; reduce the limitation from household of urban and rural citizens. Citizens are directly managed by the government which the household belongs to. It is convenient for the transformation of insurance and labor flow; providing rural population the same welfare as urban citizens can be benefit to establish a unified social welfare

system, making migrant workers convenient to transform urban endowment insurance, as well as enjoying social welfares as urban citizens.

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