

Research on Social Security for Migrant Workers in China

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Abstract

The 1997 Asian Financial Crisis brought disaster to south-eastern Asian countries. It also shocked China's social security system. In order to build a consummate social security system, China has undergone continual reform and has achieved sound results. This article analyzes the social security for migrant workers in China, points out that there are concept reasons for the lack of labor rights and social security for the current migrant workers.

Keywords: migrant workers, social security, China

1. Introduction

China's comparative advantage in its labor force is one of the main factors contributing to the country's rapid economic development. This advantage, to a great extent, depends on the large-scale shift of rural labor to non-farming sectors (Jing, 2011). But the huge migration of migrant workers has new characteristics such as high degree of concentration, the bad order, low level of collective action, marginality in social status, unfair treatment, the new return trend of rural migrants, and difficult integration of the new generation, which causes 'urban diseases' in China.

Migrant workers are a large labor force springing up after the reform and opening up in China and have contributed a lot to China's economic development. However, compared with the contribution, they are still in a vulnerable position in many fields like education employment, government management, market access and social security.

Over six decades ago, when the People's Republic of China had just been founded, it followed the economic model of the Soviet Union, featuring public ownership with no space for private enterprise to develop. This meant that if you were employed, then you were employed in a state-owned or collectively owned enterprise that took responsibility for everything in the life of their employees from housing and medical care to pensions. However, this meant the rural residents, which made up the majority of the Chinese population, and unemployed urban residents were excluded from the social security system.

After reform and opening-up began, China's economy has made much headway, with a more and more vibrant private economy creating half the country's wealth. By the end of 2015, there were 9.98 million private entrepreneurs and over 243 million employees in the private sector. Under the old social security system, the number of people that couldn't enjoy the benefits provided only in state-owned enterprises was growing. That gave the impetus for reform.

In China, "social security fund" can be defined in a broad or a narrow manner. Broadly speaking, it consists of three parts: The first is the five contributory funds of the basic social insurance system, which we often call the first pillar, including the aged, health, unemployment, work injury and maternity insurance. The second is the voluntary contribution fund, which is referred to as the second pillar, including the funds of supplementary corporate pension plans and health insurance plans. The third is the National Social Security Fund (NSSF), which is controlled by the State Council, the asset value of which has now amounted to nearly RMB300bn. Because this fund is directly affiliated to the State Council, it has a set of specially designed funding rules and investment regime. It is a strategic reserve, in a closed operating way with no obligation of payment at present. It adopts a market investment mechanism, which only faces market risk and operational risk (Li, 1996).

2. Theoretical Researches

Zheng Gongcheng emphasizes the appeal and misunderstanding of recognition. Based on the traditional

management of planned economy and the interest of urban dwellers, the government regards migrant workers as destabilizing factors and the prescribed policies mainly focus on domination, restriction and prevention. This negative political orientation will not only do harm to the organic integration of migrant workers and the urbanization as well as industrialization in China but also lead to the marginalization of migrant workers. There are possibilities in the personal risks of migrant workers transforming into social risks. 5 kinds of ideological misunderstandings on recognition exist in acknowledging the authenticity, distinctiveness and social security appeal. Firstly, migrant workers are equated farmers simply and unrealistically. Secondly, land function of life guarantee is overestimated and the countryside is taken as the impounding reservoir of transferring the economic crisis. Thirdly, the corresponding social security system has been rejected on the pretext of no governmental promise to rural residents. Fourthly, financial shortage is overemphasized and the costs of establishing social security system of migrant workers are overestimated. Lastly, the increasing demand of social security of migrant workers and the diversification of security demand are ignored (Zheng, 2001).

Zhang Yuanyuan conducted the theoretical establishment based on utility maximization theory, operating theory of guaranteed enterprises and promoting production development. The first is utility maximization theory of social security under the constrained circumstance of fixed resources. Since the current supplier of social security resources is the government, social security resources are limited with low utility. Social security system is a kind of social system providing basic living guarantee through state legislation when citizens are difficult in surviving because of old age, permanent disability, unemployment and some other factors. The second is operating theory of the guaranteed enterprises. The funds of China's social security are mainly collected from national finance inclining to the town and neglecting the countryside, which leads to the low standard of social security of migrant workers. With social development and economic transformation, the original system must be reformed. And migrant workers' knowledge and skills should be improved through educational training so as to strengthen their competitive forces. The third is theory of promoting productivity. Social security is, in essence, a kind of redistribution, achieving rapid development of productivity force under the modern rule of law of equity and justice. Migrant workers' risks of going out can be reduced through establishing social security system of migrant workers. And employment opportunities can be increased and idle human resources reduced by improving the skills of migrant workers, promoting the development of social productivity (Zhang, 2009).

Ren Lixin made relatively systematic researches on the related policies of social security system of migrant workers. The coexistence and confusion of various models of rural worker social security system, implementing effect of unreasonable policies and the presentation of obviously impaired rights of rural worker social security are discussed. And the underlying causes of this kind of situation are the policy defects of establishing social security system of migrant workers. Discussion is conducted from the 3 aspects of policy vacancy, policy conflicts and policy orientation deviating from policy targets. The defects in social security system of migrant workers have caused intense conflicts of interest among all subjects which manifests in the interest conflict between the construction of social security system of migrant workers and the enterprises as well as local government. And this is the direct cause of great difficulties in establishing the social security system of migrant workers under the performance evaluation system. The policy defect of "low insurance coverage rate of migrant workers, low social security treatment and high surrender rate of migrant workers" is mainly because the national unified specific policies and regulations with operability have not been built and the projects as well as modes of social security are not pertinent and cannot meet various social security of migrant workers. Another reason of delayed policy outcomes of rural worker social security is that policy orientation deviates from the planned policy targets (Ren, 2009).

Quite a number of scholars summarized the obstacles to social security system of migrant workers as follows. Firstly, under the current administrative management, there is industry admission discrimination in migrant workers' employment, such as the industry permission restriction in Beijing. Secondly, migrant workers are treated with discrimination in daily life, such as the system of detention and repatriation. Thirdly, there are obvious systematic barriers in education after graduating from high school though compulsory education has been opened in the inflow place of migrant workers. The cause is the defects in social security system of migrant workers which is mainly reflected in relatively high security constraint, overlong duration, prevalent surrender of migrant workers, social security funds of migrant workers being the "cashier dispenser" of social security funds, inflexibility in the present migrant worker social security system, difficulties in meeting various insurance requirements at different levels of migrant workers, relatively low standards of social security and inadequate covering motivation of migrant workers caused by difficulties in transferring social insurance.

3. Migrant Workers

Migrant workers, meaning those who used to be farmers but have left rural areas and found jobs in cities as a

result of economic reform and rapid development in China. In the process of China's modernization, China today has a new class - the farmer workers. "Migrant workers" mainly refers to the people who have the identities of the farmers and have contracted land but mainly engage in non-agricultural industries with wages as the main source of income.

The issue of new generation migrant workers concerns the overall situation of China's economy and society, and influences social progress and harmony. Besides, it is strategic mission of building characteristic socialist society and plays a significant role in stabilizing overall situations of reform and development and promoting urbanization, industrialization and modernization. Nevertheless, due to limitation of regional, social and economic conditions, new generation migrant workers are still faced with many difficulties in integration into urban life and transformation of ideas.

With the accelerating of industrialization and urbanization, land has been expropriated. More and more land has become non-agricultural construction, so that many farmers lost most or all of the land, then the number of land-lost farmers has increased dramatically. Related survey data showing, the number of land-lost farmers has more than 50 million people in 2014, which is expected to be more than 100 million people in 2020 (Duan, 2011). The emergence of so many farmers, deviated from the purpose of industrialization and urbanization development. Social security problem of land-lost farmers has received extensive attention of the society. If the Chinese land-lost farmers' social security problem can get reasonable solution, which relations with China's social stability and economic development. Therefore, how to reasonably solve the land-lost farmers' social security problem properly not only become an urgent problem, but also become a topic of common concern to society. Land-lost farmers' social security problem has affected the normal operation of the economy in our country, and hindered the construction of well-off society and harmonious society. So, taking positive measures to deal with the land-lost farmers' social security problems has very important practical significance in China's social development.

States prove, transfer surplus rural labor to cities and towns was produced along with industrialization and urbanization, widespread, and is generated by groups of migrant workers based on binary household registration system in China under the system of social management of special groups. All along the edges of migrant workers living in cities to become second-class citizens of the city, not only in the employment and life wide discrimination and on social rights is also missing, the most important is the lack of the right to social security. Employed in the town for the city's prosperity and economic development for their hard work, added city jobs vacant and become indispensable to urban construction and development of labor force, however, with the urban workers enjoy the same social security, this is not only a manifestation of social injustice, this way will impede the development of the economy, even threatening social stability. Thus the farmer worker social security is a matter of should and must be heeded.

At this stage in China's rapid economic development at the same time, China began to focus on people on social security, on how to perfect China's social security system, how to let people share the fruits of economic development to become one of the major goals of China's future development. And a settlement of the problem of peasant workers' social security was indispensable to the construction of China's social security system and whole steps. But at this stage, the situation of rising labor costs in China, the deficiency of peasant workers' social security increased the cost of migrant farm laborers, working partly peasants' resistance, increasing shortages of migrant workers has become one of the important reasons.

4. Social Security

After three decades of reform and opening up, China made remarkable achievements. But, with the deepening of reform, China is also faced with unprecedented difficulties and challenges (Liang, 2005). The differences between incomes are increasing. The Gini coefficient remains high level. Owing to the international financial crisis, the trade friction and unemployment rate are growing, and the domestic demand is withering (Niu, 2007). These issues will hinder the further development of Chinese economy. The reform of China will be full of risk. The biggest problem of Chinese economy is insufficient domestic demand. The reason is inadequate development of Social Security system. The reform and Chinese people need social security, while the current Social Security system of China can't meet these needs. China should strengthen and improve its Social Security system. With 30 years rapid developing, China is able to develop her Social Security system. In fact, Social Security is a redistribution system of social wealth. Justice is its basic requirement. It's focusing on dealing with the social risks which are faced by low-income people.

With 100 years of developing, modern Social Security system has become an indispensable social system in the world. There is no difference in socialistic countries or in capitalistic countries. It is an important symbol of the

contemporary development of civilization and social progress.

Owing to long history of developing, modern social security system has a lot of experiences and lessons. These can help China to promote its Social Security system. Without sufficient treasure, China can't afford the high level Social Security system that like Nordic welfare state model. Because of the absence of mutual aid and prevalent, China also can't choose the model of Chile and Singapore. In addition, Chile and Singapore have smaller economy and population than that of China. It's not proper to compare the Social Security system between China and these two countries. Given the issues of land area, economy and population, only the United States is close to China. In addition, American social security has lower level than that of Europe developed countries. The model of social security system of USA is more suitable for China. In 1935 the U.S. promulgated "Social Security Act". Then the U.S. established Social Security system throughout the country. After more than 70 years of development, the Social Security system of the U.S. made remarkable achievements and acquired a lot successful experiences and frustrated lessons.

5. The Existing State of Social Security for Migrant Workers in China and Reason Analysis

5.1 The Existing State of Social Security for Migrant Workers

5.1.1 Lack of Labor Rights

The problem of migrant workers is a special phenomenon which is accompanied by China's economic development and social transformation. Due to the acceleration of modernization, urbanization and the changes in rural production mode, a large number of rural surplus labor surged into cities to participate in jobs such as construction and urban services, of course which are in non-agricultural works. But the changes of migrant workers' life and the nature of their work do not change their status as farmers.

At present, China's urbanization is in a low degree, and land urbanization surpasses population urbanization. This is the result of government's policy and responsibility delay as well as urbanization development deficiency and rural labor's quality limitation, among which urban-rural binary is the most obvious factor. Urban-rural segmentation and urban-oriented binary system not only violate economical laws and enlarge the differences in rural worker labors and city-countryside, but also intensify the binary economic and social system, hinder the process of urbanization and might finally result in the failure of industrialization. Thus social security system brought by the binary system become the major obstacle collection for the transfer of rural worker labors.

5.1.2 Lack of Social Security

Internationally, the social security system resulted from industrialization. There have been over 130years history since the first social security schemes had been initiated in Germany in 1883. Recently, there are more than 100 counties and regions having established social security systems. In 1952, the International Labor Organization (ILO) defined the main benefit coverage of the social security system should include the following aspects: medical care, sickness benefits, unemployment benefits, pension, employee injury benefits, family allowances, maternity benefits, disability benefits, survivor benefits, etc. ILO also gave the required minimum standards of each scheme. Generally, a social security system should include social insurance schemes, social reliefs, and social welfare schemes. In modern market economy, a social security system is functioning as helping its citizens get out of crisis, providing the basic living needs, and protecting social fairness and justice. In China, with the growing population of migrant workers, problems about them, including social security of them have become more and more important. The number of migrant workers covered by the pension security has increased steadily over the five years ago but still only stands at about 322 million (see Table 1).

Table 1. Social security coverage in China (millions)

Year	Pension		Medical insurance		Unemployment insurance		Work-related injury insurance	
	Total	migrant workers	Total	migrant workers	Total	migrant workers	Total	migrant workers
2010	208.91	24.16	318.22	42.66	124.00	15.49	137.87	49.42
2011	235.50	26.47	401.47	43.35	127.15	16.43	148.96	55.87
2012	257.07	32.84	432.63	45.83	133.76	19.90	161.61	63.00
2013	283.91	41.40	473.43	46.41	143.17	23.91	176.96	68.28
2014	304.27	45.43	536.41	49.96	152.25	27.02	190.10	71.79
2015	322.18	48.95	570.73	50.18	164.17	37.40	199.17	72.63

Source: China National Statistical Yearbook and MOHRSS

The annual survey of migrant workers by the Ministry of Human Resources and Social Security (MOHRSS) found that in 2015, only 16.4 percent of the migrant worker employed had a pension and 18.2% had medical insurance (see Table 2).

Table 2. Percentage of rural migrant workers with social insurance coverage (2009-2015)

Social security	2009	2010	2011	2012	2013	2014	2015
Pension	7.8	9.6	13.8	14.4	15.8	15.8	16.4
Work-related injury insurance	22.1	24.3	23.5	23.9	28.5	28.6	29.7
Medical insurance	12.1	14.2	16.6	16.8	17.5	17.7	18.2
Unemployment insurance	3.8	4.8	8.2	8.3	9.2	9.2	9.8
Maternity insurance	2.3	2.8	5.7	6.2	6.5	6.5	7.1

Source: The Ministry of Human Resources and Social Security (MOHRSS) of the People's Republic of China

Since 1980s, with opening-up and reforming policies as well as industrialization, urbanization, a large group of migrant workers appeared and becomes a major component of the industrial workers. Relatively, the migrant workers are faced with greater social and economic risks, their demand for social security is more urgent. However, in the existing Dual urban-rural social security system with regional separation, the migrant's social security is in a vacuum zones, neither belongs to the urban social security system nor to that of the rural areas. Being covered or being excluded. It is in a dilemma. In recent years, with more focus of government policies, the migrant worker's social security system reform has made some progress, but still there are many confronted problems.

5.2 Analysis of the Reasons for Lagged Social Security for Migrant Workers

5.2.1 The Fundamental Reason

The original social security model is broken, but new protection mechanism has not yet been established. The original security model mainly refers to land protection and family protection. With the rapid growth of the rural population and tense relationship between the people and land, a large area of land is abandoned arising from the migration of farmers. The rural cultivated land is not only difficult to play the traditional security function, but also difficult to play the economic development function of means of production. Traditional family protection mode is also increasingly declining.

5.2.2 The Institutional Reason

Institutional barriers leave the migrant workers in the status of marginal group. Traditional household registration system divides the citizens in China into population with agricultural registered permanent residence and population without agricultural registered permanent residence. The migrant workers are defined in the rank of population with agricultural registered permanent residence.

Although the vast majority of them are engaged in non-agricultural industries in the cities and towns, their census register is still in rural areas, and they are still farmers. Having no permanent urban residence certificate means that they can't equally enjoy the subsistence allowances with urban residents. This marginal social status makes it difficult for them to enjoy national treatment, especially social security interests.

6. Current Practice of Social Security Systems for Migrant Workers

Practice of social security items for rural migrant workers refer to social welfare, social assistance and social insurance, among which social insurance is divided into old-age pension, medical, work injury, unemployment and maternity insurance.

6.1 Absence of Social Welfare and Social Assistance

As the rational flow of the population, surplus rural labor force is transferred to non-agricultural industries, and then rural population becoming urbanization which can be treated as a cross-century arduous social economy project of China. As a developing country, using dual-system is the essential feature of Chinese economic structure. If China wants to transform dual economic structure into modern economy, as well as transform backward agricultural country into Modern industrialized countries, the key point will be the non-agriculturization and urbanization of the agricultural labor force. As can be seen, during the processing of

succeed realize transform the dual economy structure into the modern economy structure, peasant Migrant Workers' social security problem is inevitable. In another words, whether peasant Migrant Workers' social security problem can be solved will affect the performance and process of the urbanization、 industrialization and dual economic structure transition as well.

However, the group of peasant migrant workers, as the urban “marginal person”, which are suffering lower level social security. Actually, the Peasant migrant workers' social security problem is the fact how to realize transforming traditional land security into social security system when transforming the surplus rural labor into urban. If this problem can be solved effectively, the benefits are many, such as, largely promoting transforming of the peasant into urban, speeding up the process of urbanization and industrialization, promoting the development of Chinese society from division of urban and rural stage to urban-rural coordination stage. Obviously, providing moderate social security to peasant Migrant Workers is not only because of the developing of the group, but also a necessary result of national economic development. More than that, it will be an effective way to find a solution of the “Agriculture, rural areas and farmers” issue. Also, it will be an inevitable choice to realize well-off and harmonious society's target. Consequently, to do research on peasant migrant workers social security problem has important practical significance, even more the important strategic significance.

In social welfare, migrant workers are quite limited by dual system model of employment, and they cannot enjoy housing subsidies, job training, community service and other benefits as urban workers (He et al., 2006). They missed government housing benefits and resolved the accommodation problem only through renting, staying with housing of the employing units or simple shelter built by scrap materials (Li, 2006). In 2003, Circular of The General Office of the State Council Ministry on Advice on doing a Better Job on Children's Compulsory Education of Migrant Workers in Urban Areas was issued by the Ministry of Education, which put forward a principle of “two-oriented”, the education environment of migrant workers' children has been improved to some extent. However, due to the current relative shortage of educational resources and funds for education, the living conditions of migrant workers' children are rough and the schools lack of teachers (Xiao & Du, 2008). Some schools do not allow the enrollment of migrant workers' children. Even if the children can be in a middle school of city, they cannot participate in high school entrance examination in the city (Li, 2006; Shi, 2007).

In social assistance, at present, almost all big or mediumsized cities have implemented a minimum living standard of urban residents. However, because of a lack of permanent urban residence certificate, migrant workers living in cities are also not entitled to enjoy such security, even if they were paid lower income (Zhao, 2007). 49.1% of migrant workers living in the city experienced a predicament and could not survive in that situation, in which government aid accounted for only 3.4%. Migrant workers do not enjoy basic social assistance so that they face the risk of survival (Xiao & Du, 2008). Considering the low-rent housing for migrant workers, China began to implement urban low-rent housing system since 1999, in the majority of cities and towns it was only for low-income families but migrant workers will be seldom covered. A survey shows that 54.4% of migrant workers are living in rented rooms, 36.1% are living with housing by the employers or the provision of housing units, and 2.4% are living with their relatives. Most renters live in fringe area and “urban village” and their living conditions are very poor; houses provided by the employers or housing units are overcrowded; most migrant workers engaged in construction industries are living in improvised camps under vile living conditions (Xiao & Du, 2008).

6.2 Low Coverage of Social Insurance Items

6.2.1 Endowment Insurance

Under the background of industrialization and urbanization, the number of Chinese rural migrant workers increases rapidly. And it is estimated the number of these workers will keep on rising in the near future. Therefore, construction a system of endowment insurance for rural labor migration has become a significant issue in China.

Efforts should be made to provide insight for policy design. But it is more complex and more difficult to construct the endowment insurance system of the rural migrant workers than to make other social policy programs for rural migrant workers.

The high mobility and the diversity of the rural migrant workers' employment make it difficult for the traditional endowment insurance system only for formal employees to cover the rural migrant workers.

The rural migrant workers can't be covered by the urban social security system with high contribution base, rate and long payment length. Current endowment insurance system for migrant worker has some gap between supply and demand. The gap and imbalance lies in inconsequence for migrant worker.

6.2.2 Medical Insurance

Influenced long by the barrier of urban-rural, the two-element system and the accumulation of two-element economic construction, two-element social construction and two-element social guarantee system caused by this barrier system, migrant workers' work and lives haven't got rid of the bound of two-element system. Long work time, high-intensity work and tatty life conditions weak migrant workers' resistance ability to disease to large extent, and their health status is worrying. They have become the group in worst need medical service. "The persons in worst need medical treatment are often those who can't afford medical expense." Facing the unstable work and limited income, it is expensive and difficult for migrant workers to see doctors, which seems particularly prominent. They need badly to obtain the medical insurance so as to alleviate their economic burden, and guarantee the accessibility of their basic medical service. Based on the importance of migrant workers' problem and their urgent demand for medical insurance, the study on the problem of migrant workers' medical insurance has great theoretical significance and practical meaning in guaranteeing migrant workers' basic health right, perfecting medical insurance system and furthermore promoting the construction of harmonious society.

7. Conclusions

Migrant workers, characterized by strong movement, have made great contributions to the development of China's economy. It is essential for the building of a harmonious society to establish and perfect the migrant workers' social security system, which also promotes urbanization, coordinates economic and societal development and promotes social stability.

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