

# China's Social Security: Development and Prospects——Based on Research Methods of Social Systems

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## Abstract

*China's social security system has been initially created from 1950s, now more than 60 years of history. In this course, formative stage of labor insurance consisting mainly of social security, social security-oriented stages of reform, with the goal of balancing urban and rural development and system innovation. Development of the social security system has made significant progress, mainly in: the benefit of communities and greatly expanded coverage of social security, social security benefits significantly improved, the new social assistance system has been basically formed. At present the main problems are: the diversity of the social security system have been existed, significant gap between security groups; social security fund balance faced big challenge, management mechanism and operation mechanism is not perfect and the institutional lack of capacity. Most studies on the development of China's social security are qualitative point of view or theoretical overview, few scholars described the development process of China's social security from the perspective of system theory. In this paper, from the sociological point of view, the system is based on four principles of social research methods, make a simple sort for the development of social security system in China, described social security system achievements and problems, looking forward to the future of social security system.*

**Keyword:** China's social security system, social system research method, four principles, development, outlook

## 1. Introduction

Social security system originated in Germany, and extensions in the world. Began in the 1950s, Chinese enterprises generally implemented included the pension, medical, work injury, maternity social insurance program 《People's Republic of China Labor Insurance Regulations》.provide a more comprehensive risk protection for the state organs, institutions of staff. In rural areas implementation of the five guarantees system<sup>[1]</sup>. In the 21st century, the social security system has been raised to an unprecedented strategic level, urban and rural development entered innovation phase<sup>1</sup>:fully carry out the new rural cooperative medical insurance; establish and improve the urban and rural medical assistance system; establish and improve the urban and rural medical assistance system; social insurance coverage to town's flexible employment; put migrant workers into urban social insurance ; the full establishment of the rural minimum living security system. China's social security system is an extremely complex system. In this paper, the author use research methods of social systems, from four principles: system - environment, integrity, structure – level, openness .Exploring China's social security system development can grasp the history of social security law, analyzing the existing problems in the development of the social security system, looking forward to the future of the development of the social security system.

## 2. Overview of the China's Social Security System

The social security system is socialized production, industrialization and development of the market economy to a certain degree of product. Since the social security system generated in German in 1883, it has experienced 130 years of history. So far, almost all the countries in the world have established a comprehensive social security system, social security system has become an integral part of modern society, a social economic system, and it is also an important tool of modern government management of social and economic life.

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<sup>1</sup> Jiang Zemin's. political report on behalf of the Sixteenth National Congress of China (8 November ,2002)

The social security system is an objective common economic category, the social security system model in the practice of all countries show great differences, therefore, around different institutional models of the social security systems' theory must be multi-angle. Social security is a dynamic, historical category conception, Li Zhen (2013) social security system is through national legislation, take coercive measures for national redistribution, for temporary or permanent incapacity, and disadvantaged members of society due to various reasons provide basic living security measures and basic medical services<sup>[3]</sup>. Li Bin (2004) theory of the social security system give a detailed summary :it is a relief of the Poor system, safety system, welfare system, regulatory policies, the superiority of institutional relief, etc<sup>[4]</sup>. Meng Xing (2005) ILO definition the social security : Social Security is social through a series of public measures to protect its members to prevent them due to illness, pregnancy, injury, unemployment, disability, old age and death the cause of the interruption or income suffered greatly ,to reduce the economic and social difficulties, to provide medical care to members of the community as well as subsidies for families with children (1984) <sup>[5]</sup>.

In summary, the essential characteristics of the social security system are summarized below: Social security system is a risk diversification mechanism; provide basic living guarantee for the members of the society; ensure reproduction of labor power, stable social stability and economic growth; through redistribution to the main responsibility of state and government to ensure social justice. So the social security system is based on the government as the main organization of individuals and legal persons to participate, through distribution and redistribution of national income .In the period, to provide basic living allowances for some members of the community, welfare and economic systems, in order to enhance the economic and social development of stability, It is an important component of the market economy.

### ***3. Overview of the Social System Research Methods***

System method is the last century attracted wide attention with the rise of systems science research methods, and widely used in the natural and social sciences .Marxist classics on the study of human social development vividly manifestation of systematic research methods, He put the social organism divided into five parts: productivity systems, the relations of production systems, superstructure system, population systems, and natural environmental systems <sup>[6]</sup>.

Systematic research approach is systematic and scientific achievements latest product of refined philosophical thinking, dialectical thinking is the latest development in the contemporary; solve complex system problems scientific method. Based on the system of scientific research methods to solve the complex system problems have shown the traditional methods cannot be compared with the advantages. Society is a typical complex system, so the system research method is particularly suitable for social phenomena and social science research. Due to the complexity of the social security system problems, compared to other countries, China's social security system has its own unique personality, regards the social security system as a large system, describes the development process of China's social security from four principles, and analyzes the problems of existing system, and Looking to the future.

### ***4. Based on Four Principles of Social System Research Methods to Describe the Development of China's Social Security System***

#### **(1) From the System - Environmental Perspective to Describe the Development of China's Social Security System**

System is a combination of interrelated elements of the primary interaction , evolution of the environment and the system has a close relationship, environment is the basis and premise for the existence and development systems , leaving the existing environment or environmental changes, the system will change <sup>[7]</sup>. The best example is due to the social environment of each country is different, each country has itself distinctive pattern of social security. If regard China's social security system as a big system, then China's social environment is the foundation and prerequisite for the existence and development of the system. Gong Weibin(2010) with the improvement of the socialist market economic system, the traditional social security system can no longer meet the needs of social development <sup>[8]</sup>. Han Keqing (2013) study on social structure changes influence the development of China's social security system, from the social security develop so far, great social structure changes occurred in China, the social security system will be continuous improvement and innovation in order to adapt the changes of the social structure <sup>[9]</sup>.

Before reform and opening up, China's social security system is an urban-rural split system: In urban areas, established national insurance as the mainstay unit of the welfare system to supplement; in rural areas, established social relief as the mainstay, supplemented by a system of collective welfare.

1850s—1980s, because of the low level of productive forces, China has established an urban-rural divided social security system (China's social security system is unique in the world). During this period, the urban social security system in China is adapted to the planned economic system, specifically in this field: labor insurance provides a series of risk protection; "state - Enterprise" security mode; the coexistence of social welfare inadequately and corporate welfare over. Economic basis of the social security system in rural China are mainly collective economy in 1949-1978; 1960s, in rural, there established five guarantees to support the pours and established rural cooperative medical system. Rural social security is on the vacuum in 1978-2002, until in the 1990s, China began to explore the rural social security system in the true sense.

Since the 1980s, under the socialist market economic system, social security from the enterprise insurance turns to the social insurance. The party specified in the "decision" document to establish a social security system for the first time in 1993, social security content concludes the social insurance, social relief, social welfare and special care and protection. To create a multi-level social security system, establishing the overall goal of the social security reform.<sup>2</sup> Reform and opening up is vital to the destiny of contemporary China, so China's economic, industrial and social structure change dramatically. in this context, the model, functional structure, coverage, along with changes in the management of social security system are: to establish and improve the pension system; establish and improve maternity, employment injury unemployment protection system; fully established urban residents, rural minimum living security system; establishment of the National Social Security Fund; create a "new rural pension insurance" and "new rural cooperative medical insurance" system, and actively establish a social security system of covering urban and rural residents.<sup>3</sup>

## **(2) From the Integrity Perspective to Describe the Development of China's Social Security System**

Integrity of system research methods is that the whole is composed of several parts. The sum of Parts is not equal to the overall, and the whole has restrictive of parts. The social security system is a whole; it is a general conception, not simply the sum of all kinds of patterns subdivision. "If we put on the whole is equal to the sum of its parts, applied this principle to our theme, that is wrong<sup>[10]</sup>". The social security system as the model to specific show the social security system, can be summarized as: oriented the social insurance as main body, social assistance, social welfare and commercial insurance as supplement, gradually achieve the coordinated development of urban and rural social security system.

Before the reform and opening up, urban-rural dual structure of the system, making the urban social security system has been ahead of the countryside, After the reform and opening up, constantly exploration, corporate insurance system in urban gradually transform into employment-related social security system. In 1993, as a milestone quickly began to carry out. From 1994 to 1999, one after another has established maternity, work injury, workers' basic pension insurance system, the basic medical insurance system for urban workers and unemployment insurance. In 2007 and 2009 were established the low-income and lower-middle income earners targeted low-rent housing and public rental system. So far, China's urban social insurance of social security system generally established.

With the increasing aging population, the impact of globalization on people's consumption and insurance concept, China's social security system is also stepping up the pace of reforms carried out top-level design. Social security is the protection of people's lives, as a basic system to adjust social distribution. To insist on full coverage, warranty basic, multi-level, sustainable approach to enhance fairness, adapt mobility, to ensure sustainability, focusing on the completion of a comprehensive social security system covering urban and rural residents.<sup>4</sup>

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<sup>2</sup> "Decision on the establishment of a socialist market economic system, a number of issues," the Third Plenary Session of the Communist Party of China's 14 1993.

<sup>3</sup> In 2002, the 16th National Congress stressed that "Social Security is important to ensure social stability", that "in 2020, covering urban and rural social security system basically established, universal access to basic subsistence."

<sup>4</sup> Hu Jintao: report Eighteenth National Congress the Chinese Communist Party on (November 8, 2012)

### **(3) From the Structure—level Perspective to Describe the Development of China's Social Security System**

Structure is a way of the material elements of the system constitutes a relatively stable intrinsic, is an organic in accordance with the internal. Three factors determine the function of the system, the main component elements is structure. Level is a system composed of different subsystems, systems and subsystems is relative.

Social security system model is a complex system, the framework consists of three levels: the first level is the social security system, mainly relevant laws, regulations and policies; the second level is the social security system, including social insurance, social relief, social welfare and other special care constitute. China's social security system as the main body of government-run to implement, coexistence of diverse forms of security: commercial insurance, corporate welfare, charity and family mutual aid .Those are an important supplement of social security system. The third level is social security's run system; mainly consist of the Social Security Fund, the Social Security Administration, social security system services, and social security information.

Interlink ages between the three levels of the social security system model, mutual influence, directly determines the function of the system model. China's social security system should be composed of four level: the first level is the basic insurance is that mandatory by the government, including the basic pension insurance, basic medical insurance, unemployment insurance, work injury insurance and maternity insurance, security standards to meet people's basic needs; The second level is the supplemental insurance, which is organized by the employer, including the supplementary pension , supplementary medical insurance, this is the supplement for the first level of security standards ,in order to improve the standards of living for workers. Third level is the personal savings insurance and commercial insurance, long-term voluntarily financial investment access to people's life more comfortable. The fourth level is social assistance and social welfare, sound relief, special care and placement system, to give the minimum living guarantee for pools. In contemporary social practice and social science research, the structural principle has been widely used, more and more countries emphasis the important of structural methods. Such as economic structure, political structure, social structure. Reasonable structure could be promoting the optimization of system functions.

### **(4) From the Openness Perspective to Describe the Development of China's Social Security System**

Social system is a open system, and the system between the external environment and the ongoing exchange of matter, energy and information, and through this exchange so that update the system and maintain its structure, achieve the evolution from disorder to order; If the system openness receive damage, the system will be chaotic .China's modern social security system started late compared to the West, and because of China's special conditions , the development of Chinese social security system is relatively slow. Social security system is a producer of industrialization, signs of civilization and progress of human society, lessons learned from forerunner is important for latter. With scientific and objective manner, the social security system model to compare different countries, revealing the common characteristics and personality differences, thus provide a useful experience

Currently, there are more than 170 countries have been established a social security system. Due to the impact of different theoretical basis, the level of economic development, historical and cultural traditions, and other factors, the social security system is also distinctive. Comparison and Review mode, not simply list country's social security situation, use a uniform scale model to classify the International Social Security system, analyze the basic characteristics of each type of social security model, operational targets and ways. Interpreted their personality differences and common features, compare their economic impact, and social distributional effects, reveals trends in today's world of social security systems, promote China's Social Security Innovation.

## **5. Conclusion**

Some researchers put demographic changes, economic development, institutional change, employment, improved living standards and other factors into a large system model, and analysis <sup>[9]</sup>. Social Security is no longer an isolated closed system, but rather as an integral part of the overall social and economic operation of the system, from a broader perspective to carry out research, our understanding of the development of the internal laws of social security is more profound. China's social security system is closely based on the situation in China, the population's economic development and the unique dual economic structure; develop a suitable social security system with Chinese characteristics.

Through integrity , social security system should be top-level design activity, reduce China's social security "fragmentation", gradually move to the national co-ordination, by adjusting and optimizing the system's structure ,make the system function achieve the maximum optimal; In the analytic hierarchy process, with a focus on specific attributes at all levels, and special laws, qualitative differences in research at all levels, which reveals the uniqueness of each of its constituent elements, reaching levels of coordination. with an openness thinking to top—level design, standing on the shoulders of giants, continuous exploration equitable, sustainable social security system.

Use of social systems approach to do a simple sort for the development of the social security system , the social security system from the fragmentation gradually move to national co-ordinate , from the corporation insurance to the social insurance development, continuous coverage and benefit more groups.

The rapid development of China's social security is obvious, but there are also exist problems in the develop process: fair issues still need to setter which resulted from diversification; empty individual account insurance system is an urgently needed to deal with; sustainability Fund faced with severe challenges. New policy make some measures for the future: put forward establish a more equitable and sustainable social security system. Adhere to the principle of actuarial balance; advance the cause of endowment insurance system reform ; integration of urban and rural residents in the basic old-age insurance system, the basic medical insurance system; promoting urban and rural minimum living security system and rural development; establish a sound and reasonable taking into account all categories of personnel identified and normal social security benefits adjustment mechanism; promote for transferring social insurance policy, expand insurance coverage to pay; timely and appropriate to reduce social insurance rates; research to develop progressive retirement age policy. Accelerate the establishment of the social security management system and handling service system.<sup>5</sup>

## 6. Prospects

The development of China's social security prospects mainly from two aspects: equity and sustainability. "Multi-track" system of pension insurance is a typical representative of the system unfair; the state should balance the interests of more groups. The next time one of the key contents is the fairness, another of the key contents is the sustainability. Transpose costs are historical issues, affected companies pay social insurance premiums, and make personal accounts are difficult to do it. In this paper, improvement and innovation of China's social security system is definitely hold a positive attitude, I believe that China's social security system would be more equitable and sustainable in the future.

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<sup>5</sup> Hu Jintao: CPC Central Committee on deepening reform of the overall number of major issues (12 November 2013)