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# **EU-China Social Security Reform Co-operation Project**

## **for The People's Republic of China**

***Appraising the Current Patterns of Social Security for Migrant  
Workers in China***



A Co-operation Project jointly funded and undertaken by the People's Republic of China and the European Union

## Appraising the Current Patterns of Social Security for Migrant Workers in China

**Abstract:** Through inspecting the social security systems at present stage for Chinese migrant workers in each place, we may divide the current patterns of Chinese migrant worker social security into four kinds as the following: First is *The City Social Security Pattern*; Second is *The Double Low Pattern*; Third is *The Package insurance Pattern*; Fourth is *The Rural Social Security Pattern*. From the four aspects which include the value idea, the operating effect, the compatibility and the sustainability of the system, we have carried on detailed appraisal and comparison to these four kinds of patterns. We get the following conclusions: First, the four kinds of patterns have certain differences in the value idea, the system operating effect, the compatibility and the sustainability of the system. Each kind of pattern has its merits and the shortcomings, adapting to different types of migrant workers separately. Second, the excessively high contribution is the important attribute affecting to realize the social security right of the majority of the migrant workers, therefore, we must establish and consummate the social security system for the migrant workers by reducing the threshold of participation for the migrant workers and according to the principles that things should have their order of priority proceeding in an orderly way and have laminations and classifications. Third, the backwardness of management level is the primary reason of causing the designing and operating problem of the system. Therefore, we must strengthen the scientific management, raising the designing level and the operating efficiency of the system.

**Key words:** the migrant workers, the social security systems, the City Social Security Pattern, the Double Low Pattern, the Package Insurance Pattern, the Rural Social Security Pattern.

## Introduction

The migrant workers are a special community which appears in the process of Chinese urbanization and industrialization. The migrant worker community will always exist in the foreseen future before the Chinese dual economic system has not vanished completely. Conceptually saying, the migrant workers refer to these persons whose household register status is the agricultural registered permanent address, and correspondingly has the management right of the contracted land in specific region, but mainly engaging in non-agricultural production and taking wages as main source of income. The narrow concept of the migrant workers generally refers to the person entering a city to work from one region to another region. Generalized migrant workers include not only the persons entering a city to work from one region to another region, but also include the rural labor force employed in the second and third industry in the county. In this report the migrant workers refer to the generalized concept. From the urbanized degree of the migrant workers, the present migrant workers may be divided into three kinds approximately. One kind is the completely citified migrant worker, namely the migrant worker who has reached the stipulated housing age limit in specific cities and has fixed residence, relatively stable work place and income. The other kind is of high citified degree and strong fluidity, namely the migrant worker who works in different cities year to year, lacks stable post, and has no fixed residence in the cities. They may have the possibility to be the industrial worker in the future, and also have the possibility to return to their home village to be farmers again. Another kind is of low citified degree, namely the migrant worker who works in the cities discontinuously and returns to home village to be a farmer. They are mainly farmers, only in very short period they are workers. Or they are both farmers and workers. In this report the migrant workers includes these three kinds.

According to "the Investigation Report of the Chinese Migrant Workers " issued by the State Council Laboratory (in 2006), at present the population of Chinese migrant workers is about 120 million, there are another approximately 80,000,000 people employed in the local village and township enterprises . Therefore, according to generalized migrant worker concept, the population of the migrant workers is 200 million approximately which has surpassed 20 percent of the rural population. The main characteristics of the migrant workers are:

① Made primarily by young adults with education of junior middle school. Statistics have indicated, in 2004, the average age of the migrant workers is 28.6 years old, and these with education of junior middle school accounts for 66 percent;

② Primarily coming from mid-west areas. In 2004, the migrant workers coming from the mid-west areas are 47.280 million which are 40 percent of the total migrant workers all over the country;

③ Primarily working in manufacturing industry, architecture industry and service industry. In 2004, the migrant workers account for 33 percent in the manufacturing industry employment, 22.9 percent in the architecture industry employment, and 10.4 percent in the social service industry employment;

④ Primarily employed in the eastern areas and the big or media-sized cities. In 2004 the cross-province flowing migrant workers account for 51 percent, in which the migrant workers in seven provinces and cities such as Beijing, Tianjin, Shanghai, Zhejiang, Jiangsu, Guangdong, Fujian and so on account for 82 percent. The migrant workers work in the big or media-sized cities surpass 60percent.

⑤ Primarily flowing between urban and rural. Restricted by the different household register systems in urban and rural, the migrant workers' occupation separates from their status, presenting the characteristics of flowing between industry and agriculture or between urban and rural. This kind of flowing has two forms. One kind is the Clock Pendulum Type, flowing between the urban and rural or between regions and taking a year as the cycle. Another kind is Part-time Type, using the slack farming season time to work outside and taking the agricultural production season as the cycle. In 2004, the population of the seasonal migrant workers is 20 percent of the total migrant workers.

As a result of the present urban social security systems arrangement, as well as the understanding disparity between the government and the enterprises and so on, the overwhelming majority of the migrant workers can not enjoy the basic social security. According to the announced data of the Labor and Social Security Department, at the end of 2006, the national population of the migrant workers participating in the occupational disability insurance is 25.37 million, the population participating in basic medical insurance is 23.67 million, the population participating in basic old-age insurance is 14.17 million. Thus it can be seen, the task of Chinese migrant worker social security is extremely arduous.

To establish the sustainable migrant worker social security systems which can cover all migrant workers, adapt to the pay ability of the migrant workers and satisfy various kinds of social security demands of the migrant workers is a challenge for us. The aim of this research is to propose suggestions of consummating the migrant worker social security systems in our country by comparing and analyzing the present patterns of the migrant worker social security in our country.

## I. The main social security patterns for Chinese migrant workers at present

At present, the construction of social security systems for Chinese migrant workers is still in the process of unceasingly exploration and perfection. The social security systems of migrant workers which is implementing in each place mainly focus on the scope of social insurance. The social rescue and welfare systems which conform to the demand of migrant workers are also very few.

On the foundation of inspecting present social security policies for migrant workers and from the angle of constructing social security systems for migrant workers, we may divide the current patterns of Chinese migrant workers social security into four kinds as the following:

First is *The City Social Security Pattern* which integrates the migrant workers directly into the cities staff social security system; Second is *The Double Low Pattern* which is formed on the foundation of trimming the cities staff social insurance system considering the migrant workers' characteristics; Third is *The Package insurance Pattern* which is designed specially for the migrant workers; Fourth is *The Rural Social Security Pattern* which integrates the migrant workers into the rural social security system.

### 1. The City Social Security Pattern

At present, China has established the social insurance system basically covering the cities staff (to see Table 1). From the legal angle, these system stipulations are suitable to all kinds of laborers including the migrant workers. Regarding the migrant workers of regular employment or non-regular employment, the enterprise and the migrant worker individual have the right and the duty to participate in the cities staff social security.

Table 1 The main systems of present cities staff social security in China

Decree Institution	Filename	Decree Number	Promulgation Date	Primary Contents (Extract)
the State Council	Occupational Disability Insurance Rules	No.375 of the State Council, the People's Republic of	April 27, 2003	1.Within the boundaries of the People's Republic of China, each kind of enterprises and individual industrial and commercial businesses with employees have to participate in occupational

		China		<p>disability insurance;</p> <p>2. All kinds of laborers with each kind of employing forms or employing time limit, who has labor relations with the employer, are all in the coverage.</p>
Ministry of Labor and Social Security	The opinions concerning many questions about non-full-time employment	Decree [2003] No.12 of the Ministry of Labor and Social Security	May 30, 2003	<p>1. The employer must defer to the national related stipulations to pay the occupational disability insurance premium for the non-full-time worker who has established labor relations with the enterprise;</p> <p>2. The non-full-time worker having job injury can enjoy the benefit of occupational disability insurance legally;</p> <p>3. If appraised for the disability of 5-10 level, the disability benefit and the related expenses can be settled in one lump after the worker and the employer having consulted unanimously.</p>
Ministry of Labor and Social Security	The Notice about the Related Questions Concerning the Migrant workers' Participation in Occupational Disability Insurance	Decree [2004] No.18 of the Ministry of Labor and Social Security	June 1, 2004	<p>1. When the employer handles the occupational disability insurance in advance for the migrant workers, the managing organization in every place should handle;</p> <p>2. The employer whose registration place and producing and operating place are not in the same pooling area, participates in occupational disability insurance in the registration place in principle. These employers who have not participated in occupational disability insurance in the registration place, should participate in occupational disability insurance in the producing and operating place. When the migrant worker is injured on job accident or contracts occupational disease, the injury should be recognized and the ability to work should be</p>



			<p>appraised in the participation place. Then the migrant worker can enjoy the occupational disability insurance benefit legally according to the stipulation in the participation place. For the employer which has not participated in the occupational disability insurance in the registration place and the producing and operating place, when the migrant worker is injured on job accident or contracts occupational disease, the injury should be recognized and the ability to work should be appraised in the producing and operating place, and the migrant worker can enjoy the occupational disability insurance benefit paid by the employer legally according to the stipulations in the producing and operating place.</p> <p>3. For the migrant worker flowing across provinces, namely the migrant worker whose household register is not in the province (autonomous region, municipality) of the pooling area (producing and operating place) participating in occupational disability insurance, there are two ways the payments of the long-term benefit for those with disability of 1 to 4 level to choose: payment in one lump or in long-term. When the migrant worker chooses one-lump or long-term payment, the managing social security organization which pays the occupational disability insurance benefit should make an explanation to the migrant worker. Enjoying the long-term benefit of occupational disability insurance in one lump must be proposed by the migrant worker who should relieve or terminate labor relations with the</p>
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				<p>employer and sign agreement with the managing social security organization in the pooling area to terminate occupational disability insurance relations. The concrete means and standard for the migrant workers with disability of 1 to 4 level who can enjoy the long-term benefit of occupational disability insurance in one lump are formulated by the labor security administrative department of the province (autonomous region, municipality) who should report to the people's government of province (autonomous region, municipality) for authorization.</p>
the State Council	Decisions about establishing basic medical insurance system for cities staff	Decree [1998] No.44 of the State Council	December 14, 1998	<p>1. All units in cities and towns including the enterprises, State organs, institutions, social groups, non-enterprise units managed by people as well as their staff and workers must participate in basic medical insurance;</p> <p>2. Whether the township enterprises and the staff, the owners of individual economic organizations in cities and towns as well as its staff and workers should participate in basic medical insurance is stipulated by the people's government of provinces, autonomous regions and municipalities.</p> <p>3. Implement the fund management pattern of unifying the social pooling and individual account. The contribution rate of the employer is controlled about 6 percent of the total wages. The contribution proportion of the individual staff is starting from 2</p>

				<p>percent of one's own wages. The concrete fund raising standard in the pooling areas is determined respectively by the local governments.</p> <p>4. Establish pooling fund and individual account fund. The pooling fund is mainly used to pay the major and hospitalization medical expenses. Individual account fund is mainly used for job payment and medical expenses of outpatient service.</p>
Ministry of Labor and Social Security	The instructions about the flexible employees in cities and towns participating in basic medical insurance	Decree [2003] No.10 of the Ministry of Labor and Social Security	May 26, 2003	<p>1. Unify the understanding, and positively integrate the flexible employees into the scope of basic medical insurance system;</p> <p>2. Make the policy clear and regulate the participating way for the flexible employees;</p> <p>3. Enhance the management, and practically complete the management and service of medical insurance for the flexible employees;</p> <p>4. Carefully organizing and steadily advancing the participation work of the flexible employees.</p>
Ministry of Labor and Social Security	The opinions concerning many questions about non-full-time employment	Decree [2003] No.12 of the Ministry of Labor and Social Security	May 30, 2003	The non-full-time workers can participate in basic medical insurance by personal capacity and enjoy the corresponding basic medical insurance benefit deferring to the principle of link up the benefit level with the payment level.
Ministry of Labor and Social Security	The opinions about advancing the enterprises of mixed	Decree [2004] No.5 of the	May 28, 2004	1. Gradually integrate the migrant workers from rural to urban who has formed labor relations with the employers into the medical insurance coverage;

	<p>ownership system and the economic organizations of non-public ownership system as well as the staff and workers to participate in medical insurance</p>	<p>Ministry of Labor and Social Security</p>		<p>2. Practically guarantee the rights and interests of medical insurance for the insured. Carry out the same medical service regulatory policies and means such as the fixed point management of basic medical insurance, the payment scope and standard of medical service project and so on. Settle the medical expenses promptly and guarantee the realization of benefit. While insisting on basic payment policy of medical insurance benefit and according to different security forms, adopt the ways of linking up the payment standard of benefit with continuous contribution years, establishing the lowest contribution years system and so on to encourage the continual contributions of the employers and workers.</p> <p>3. The flexible employed migrant workers from rural to urban who are engaged in individual businesses in cities and towns and so on can participate in medical insurance deferring to the related stipulations for the flexible employees' participation.</p>
<p>the State Council</p>	<p>Decisions about establishing the same enterprise staff old-age insurance system</p>	<p>Decree [1997] No.26 of the State Council</p>	<p>July 16, 1997</p>	<p>1. Defer to the basic pattern of unifying the social pooling and individual account. Stipulate that, the enterprise contribution can not surpass 20 percent of the total wages generally and the individual contribution proportion in 1997 can not be lower than 4 percent of one's wages, which later will be enhanced a percentage point every year until achieve 8 percent.</p> <p>2. Unify the scale of individual</p>

				<p>account, and stipulate to establish the individual account of basic old-age insurance according to 11 percent of the staff wages as contributions.</p> <p>3. Unify the calculation means of basic old-age insurance. The retired staff's basic pensions compose two parts: basic pension and individual account pension. The basic pension is 20 percent of the monthly average wage of the local staff in previous year. Individual account pension is 1/120 of the individual account accumulation.</p>
the State Council	Decisions about consummating enterprise staff old-age insurance system	Decree [2005] No.38 of the State Council	December 31, 2005	<p>1. Reduce the scale of individual account. The contribution is reduced from 11percent of one's wage to 8 percent. The individual account fund is formed completely by personal contributions.</p> <p>2. Change the way of calculating and paying individual pensions. Encourage that More working, More payments and More pensions.</p> <p>3. Expand the coverage of old-age insurance through reducing the premium rate and providing social security subsidy for individual industrial and commercial businesses and the flexible employees</p> <p>4. Stipulate the means of transferring and renewing old-age insurance during the process of changing jobs for the workers.</p>
Ministry of Labor and Social Security	The notice of the related questions about consummating	Decree [2001] No.20 of	December 22, 2001	<p>1. The farmer-contract-system staff participating in old-age insurance can renew or transfer the old-age insurance relations if</p>

	the cities staff basic old-age insurance policy	the Ministry of Labor and Social Security		<p>getting employed again after relieving or terminating labor relations with the enterprise;</p> <p>2. The farmer-contract-system staff who has accumulated the contribution periods for more than 15 years can receive the basic pension according to the stipulations when the male is 60 full years old and the female is 55 full years old. All of the amount in the individual account will be paid completely to the staff whose accumulated contribution periods are fewer than 15 years.</p>
Ministry of Labor and Social Security	The opinions concerning many questions about non-full-time employment	Decree [2003] No.12 of the Ministry of Labor and Social Security	May 30, 2003	<p>1. The non-full-time workers must participate in basic old-age insurance, in principle executing compared with the participation means of the individual industrial and commercial businesses;</p> <p>2. Regarding the personnel who had participated in basic old-age insurance and established individual account, merge all contribution periods for calculation;</p> <p>3. When conforming to the retired conditions, calculate and pay the basic pension according to the national stipulations.</p>
the State Council	Unemployment insurance rules	Decree [1999] No.258 of the State Council	January 22, 1999	<p>1. The coverage includes all kinds of enterprises and institutions in cities and towns, state-owned enterprises, cities collective enterprises, foreign investment enterprises, cities and towns private enterprises, other cities and towns enterprises, unemployment units with non-commercialized management.</p> <p>2. The employer contributes 2 percent of its total wages as</p>

				<p>unemployment insurance premium, and the staff individual contributes 1 percent of the wages as unemployment insurance premium.</p> <p>3. One of the conditions of enjoying unemployment insurance benefit is that the employer and the staff have contributed for a full year according to the stipulation.</p>
Ministry of Labor	Tentative methods of the enterprise staff birth insurance	Decree [1994] No.504 of the Ministry of Labor	December 14, 1994	<p>1. The coverage includes all female staff working in State agencies, mass organizations, enterprises and institutions within our country's boundaries.</p> <p>2. The birth insurance premium in principle cannot exceed 1 percent of the total wages of the enterprise, the individual need not contribute.</p> <p>3. The benefits of birth insurance mainly include the maternity leave benefit for female staff, the birth allowance and the medical service (including inspection expenses, childbirth expenses, operation fees, hospitalization expenses and charges for medicine, birth control operation fees and so on).</p>

*Resources: the Report of "Research of Beijing Migrant Worker Social Security Question" by Lv Xue-jing in 2006. The author has reorganized partial contents according to the original laws and regulations.*

At present many provinces and cities in China defer to the above systems to handle the social security for the migrant workers. For example, Guangdong Province has integrated the migrant workers into the unified cities staff social security system from 1994. Since 1998, this province has issued old-age insurance rules, Occupational disability insurance rules and unemployment insurance rules one after another. The pooling areas above the county level in the whole province have all carried out medical insurance, in which partial cities have also carried out birth insurance.

From the angle of stipulated policy, the standards are the same for the migrant workers and the cities staff in the aspects of the insurance pattern, contribution, benefit and so on. Only when aiming at the peculiar circumstance of migrant worker's transfer and withhold, Guangdong Province stipulated in the old-age insurance rules that after the farmer-contract-system staff has terminated or relieved working, the social security organization may manage to dispose the fund in individual account of the old-age insurance to the worker in one lump, and simultaneously end the old-age insurance relations.

Because the contribution threshold is excessively high, it has affected the migrant workers and enterprises' enthusiasm. The migrant workers' coverage rate paces back and forth continuously in the low position, and the phenomena of *drawing back* are serious.

## 2. The Double Low Pattern

The characteristics of this pattern are aiming at the reality that the threshold of the cities staff social security is excessively high, considering the bearing capacity of the migrant workers and the enterprises, on the foundation of the cities staff social security system , mainly through the way of reducing contribution base and proportion of each kind of social security projects and so on, to reduce the participation cost for the migrant workers and correspondingly reduce the benefit level of the migrant worker social security suitably. At present this kind of pattern is adopted by many areas. This pattern has many representatives such as Beijing, Zhejiang, Shenzhen and so on.

Since 1999, Beijing has successively promulgated " Tentative methods for Farmer-Contract-System Staff to Participate in Beijing Old-age Insurance and Unemployment Insurance ", " Tentative Methods for Beijing Migrant workers to Participate in Old-age Insurance ", " Tentative methods for Migrant workers Coming from Areas Outside Beijing to Participate in Basic Medical Insurance " and so on, stipulating that the contribution base of the migrant worker 's old-age insurance, unemployment insurance and birth insurance is the minimum monthly wage standard of the city staff in previous year and the contribution base of the migrant worker medical insurance is 60 percent of the average monthly wages of previous year in this city, both of which are lower than the cities staff's contribution base.( to see Table 2)

Table 2 Data sheet of present migrant worker social security policy in Beijing

Decree Institution	Filename	Decree Number	Promulgation Date	Primary Contents (comparing with
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				cities staff social security in Beijing)
Bureau of Labor and Social Security in Beijing	Tentative methods for Migrant workers Coming from Areas Outside Beijing to Participate in Basic Medical Insurance	Decree [2004] No.101 of the Bureau of Labor and Social Security in Beijing	July 28, 2004	<p>1. The contribution base is low. The contribution base of the migrant worker medical insurance is 60 percent of the average monthly wages of previous year in this city. But the contribution base of Beijing cities staff medical insurance is 100 percent of the average monthly wages of previous year. Employer's contribution base equals the sum of contribution base of the wages of the whole enterprise staff.</p> <p>2. The employer contribute, and the migrant worker individual need not contribute. But the basic medical insurance of Beijing cities staff is contributed by the employer and the staff together.</p> <p>3. The contribution proportion is low. Do not establish individual account. The employer contribution base is 60 percent of the staff</p>



				<p>monthly average wages of previous year in this city. 2 percent of the contributions is used for the basic medical insurance premium paid monthly, in which 1.8percent is for basic medical insurance pooling fund and 0.2percent for large quantity medical service cooperation fund. But in the Beijing cities staff basic medical insurance, the enterprise contribution proportion of the contribution base is 9 percent, the staff's contribution proportion is 2 percent. For the large quantity medical expense cooperation fund, the employer's contribution base is 1 percent of the sum of contribution base of the wages of this whole enterprise staff, and the staff and the retired contribute 3 Yuan each month each person.</p> <p>4. Insure for big sickness, mainly is to insure hospitalization expense. The outpatient service expense is paid by the migrant worker.</p> <p>5. Insure for the</p>
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				<p>present time. Enjoy the benefit of the present time .No time limit for contribution periods. After retirement the migrant worker can not enjoy the medical insurance benefit for the retired. But after participating in the cities staff basic medical insurance, they can enjoy the medical insurance benefit for the retired.</p>
<p>Bureau of Labor and Social Security in Beijing</p>	<p>Tentative Methods for Beijing Migrant workers to Participate in Old-age Insurance</p>	<p>Decree [2001] No.125 of the Bureau of Labor and Social Security in Beijing</p>	<p>August 27, 2001</p>	<p>1. The contribution base is low, which is the minimum monthly wage standard of the city staff in previous year.</p> <p>2. The old-age insurance premium is contributed by the employer and the migrant worker together. The employer contributes 19 percent of the minimum monthly wage standard of the city staff in previous year as the old-age insurance premium each month, according to the numbers of the migrant workers. The migrant worker contributes according to the minimum monthly wage standard of the city</p>



				<p>staff in previous year as a base, in 2001 7 percent for the old-age insurance premium.</p> <p>3. Settle the benefit in one lump.</p> <p>4. The old-age insurance relations can be transferred. The individual can receive the old-age insurance benefit in one lump and terminate the old-age insurance relations, namely withhold the insurance.</p> <p>5. Transfer into the rural social security. Returning to the countryside, the migrant worker can transfer the amount in individual account and benefit calculated according to the stipulations into the rural old-age insurance account in this city and enjoy the corresponding benefits according to the stipulations of the rural social security.</p>
Bureau of Labor and Social Security in Beijing	Tentative methods for Farmer-Contract-System Staff to Participate in Beijing Old-age Insurance and Unemployment Insurance	Decree [1999] No.99 of the Bureau of Labor and Social Security in	May 17, 1999	<p>1. The contribution base is low, which is the minimum monthly wage standard of the city staff in previous year.</p> <p>2. The individual migrant worker need</p>



		Beijing	<p>not contribute. The employer contributes 1 percent proportion. But the Beijing cities staff unemployment insurance defers to 1.5 percent proportion contributed by the employer, defers to 0.5percent proportion contributed by the individual.</p> <p>3. The benefit is low. After being unemployed, the migrant worker who conforms to the stipulation can enjoy the cost-of-living allowance in one lump. If the migrant worker has contributed continuously for one full year, the cost-of-living allowance in one lump is provided according to 120 Yuan as standard. The continuously contribution period surpasses 12 years, according to 12 years for calculation. After being unemployed, the Beijing cities staff can enjoy 24 month-long unemployment insurance premium at most and 60 percent to 80 percent of the total medical subsidy amount of the</p>
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				unemployment insurance premium.
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*Resources: the Report of "Research of Beijing Migrant Worker Social Security Question" by Lv Xue-jing in 2006. The author has reorganized partial contents according to the original laws and regulations.*

In July of 2003, the government of Zhejiang province issued "Opinions concerning consummating the ways of Low Admittance Threshold and Low Standard Benefit about staff basic old-age insurance ", which has reduced the threshold for the migrant workers to participate in old-age insurance. Among them, the contribution proportions of the insured enterprises and individuals dropped separately to 12 percent and 4 percent. However, the insured migrant worker participation rate is still very low. To the end of 2003, the actual population of the migrant workers who have participated in cities staff basic old-age insurance is approximately 1,500,000 in the whole province, which is less than 20 percent of the total migrant workers.

On February 23 in 2005, Shenzhen promulgated " Experiment site methods of the migrant worker cooperative medical service in Shenzhen ", which further reduced the migrant worker's participation cost. The contribution standard of the migrant worker cooperative medical service is 12 Yuan each month for each individual, in which the employer contributes 8 Yuan and the migrant worker contributes 4 Yuan. The insurance scope includes two items: hospitalization and outpatient service. The migrant worker can choose voluntarily to participate in the existed hospitalization medical insurance or the cooperative medical insurance. On May 12 in 2006, on the foundation of consummating the pilot site, Shenzhen has officially promulgated "Tentative methods of the medical insurance for the migrant workers in Shenzhen " (Decree [2006] No. 80 of the municipal government), implementing from June 1<sup>st</sup> in 2006. In fact, the migrant worker's contribution proportion has been reduced unceasingly in the process of reforming the cities staff medical insurance system in Shenzhen. For example, in 1992, when Shenzhen established the social medical insurance system, the migrant worker and Shenzhen household register staff contributed equally. At that time, the contribution standard of comprehensive medical insurance is 8 percent of the total wages of the individual. Because the premium rate is excessively high, the insured number is only 20,000 before 1996. In 1996, Shenzhen reformed medical insurance system, stipulating that the migrant workers can participate in hospitalization medical insurance and the medical insurance contribution standard was changed to 2 percent of the monthly average wages of the whole cities staff in precious year. The burden of the enterprise was reduced greatly, and the number of the insured migrant workers has achieved 700,000 at the end of June in 2003. In July of 2003, Shenzhen promulgated to implement "Methods of Cities Staff Social Medical Insurance in Shenzhen ". The

contribution rate of the migrant worker's hospitalized medical insurance declined to 1 percent of the average monthly wages of the cities staff in precious year. At the end of April in 2005, the population of the migrant workers participating in basic medical insurance has already been 1,420,000. From March 1 in 2005, Shenzhen started to carry out the migrant worker cooperative medical service system. At the end of the same year, there have been 1,240,000 insured migrant workers. (to see Table 3 )

Table 3 Advancement of the migrant worker medical insurance system in Shenzhen

Time	Contents of Medical Insurance	Contributions rate	Contributor	Insured number
1992.5-1996.6	Comprehensive medical insurance (for both hospitalization and outpatient service)	8 percent of one's wages	Enterprise	20,000
1996.7-2003.6	Hospitalization medical insurance	2 percent of social average wages	Enterprise	700,000
2003.7-2005.2	Hospitalization medical insurance Local supplemental medical insurance Comprehensive medical insurance (extremely small parts)	1 percent of social average wages 0.2 percent of social average wages 8 percent of one's wages	Enterprise Enterprise Enterprise bears 6 percent, individual bears 2 percent	1,420,000
2005.3-2005.12	Hospitalization medical insurance Local supplemental medical insurance Comprehensive medical insurance (extremely small parts)	as the above		1,630,000
	Migrant worker cooperative medical service	12 Yuan	Enterprise 8 Yuan, individual 4 Yuan	1,240,000

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*Resources: " Document Compiles 2003 of Shenzhen Social Security Laws and Regulations ", " Compiles 2005 of Shenzhen Social Security Situation of Migrant workers ", Edited by Shenzhen Labor and Social Security Bureau.  
Requoted from "Investigation Report of Shenzhen Migrant workers' Medical Insurance " (Zheng Gong-cheng, 2006)*

### 3. The Package Insurance Pattern

This is one kind of social security pattern specially made for the migrant workers. This pattern was designed and implemented first by Shanghai. Soon, Chengdu implemented the similar pattern. The main characteristic of this pattern is to tie up the migrant worker's occupational disability insurance, medical insurance and old-age insurance together to charge at a unified low contribution rate, which greatly reduced the threshold for the migrant workers to participate in. (to see Table 4)

Table 4 Contents of the package insurance and the national cities staff social insurance system in Shanghai and Chengdu

	Package insurance in Shanghai	Package insurance in Chengdu	National cities staff social insurance system
<b>Insured Items</b>	Occupational disability, hospitalization medical service and old age subsidy	Occupational disability, hospitalization medical service and old age subsidy	Occupational disability, medical service old age, unemployment, birth
<b>Insured</b>	External jobholders	Non-cities household register staff	All cities staff
<b>Premium rate</b>	12.5 percent the construction enterprise of outside areas is 5.5	20 percent	Occupational disability: Average 1 percent Medical service: Employer 6 percent, individual 2 percent; Old-age: Employer 20 percent, individual 8 percent; Unemployment: Employer 2 percent, individual 1 percent;

			Birth: The employer does not surpass 1 percent
<b>Contribution base</b>	60percent of the average monthly wages of the whole cities staff in precious year	60percent-200 percent of the average monthly wages of the whole cities staff in precious year, 8 grades altogether	Generally it is real wage of the staff, the lower limit and the upper limit are 60 percent and 300 percent of the average monthly wages of the whole cities staff in precious year respectively.
<b>Employer contribution</b>	Contributed completely by the employer	14.5percent	approximately 30percent
<b>Individual contribution</b>	No Contribution	5.5percent	11percent
<b>Contribution terms</b>	Contribute monthly	Contribute monthly	Contribute monthly
<b>Benefits</b>	External jobholders with employer: Occupational disability benefit, hospitalization medical benefit and old age subsidy  The construction enterprise staff of outside areas: Occupational disability benefit, hospitalization medical benefit	Occupational disability benefit, hospitalization medical benefit and old age subsidy	5 benefits : Occupational disability, medical service , old age, unemployment, birth
<b>Transfer or termination</b>	Receive the old age subsidy certificate.  No transfer, no withholding	No transfer, can withhold	Transfer social insurance relations and individual account, but in fact very difficult
<b>The areas enjoying the old-age subsidy</b>	Birth place or other areas	Birth place or other areas	
<b>Managing institution</b>	Manage by the government institution.	Package insurance center manages	the social security managing organization

	Trust the commercial insurance company to handle the payment and operation	old-age project by itself, trusting commercial insurance company to handle the occupational disability and medical service projects	
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*Resources: Tian Xiao-wen & Fei Wei: " the Review of Migrant Worker Social Security Policy ", Journal of China Social Security, 2006(4). The author has revised the related contents according to the newest laws and regulations.*

On September 1st in 2002, "Tentative Methods of Package Insurance for External Jobholders in Shanghai "started to implement, in which, the external jobholders package insurance is still managed by the government administrative department but belonged to the social security. While in the aspect of operation, it trusts the commercial insurance company to carry out compensation. It includes three items of insurance benefits: the occupational disability (or accident injury), hospitalized medical service and the old age subsidy. Every employer employing external jobholders and the external jobholders without employer must contribute package insurance premium (The employer contributes for the external jobholders employed, external jobholders without employer contribute by oneself).Except the construction enterprises of outside areas, the employers and the external jobholders without employer contribute 12.5percent proportion of the contribution base, and the construction enterprises of outside areas contribute 7.5 percent proportion of the contribution base. The contribution base is 60 percent of the average monthly wages of the whole cities staff in precious year. In the aspect of old age subsidy, the employers and the external jobholders without employer having contributed for a full year continuously can obtain an old age subsidy certificate, and its specified amount is 5 percent of the actual contribution base; The external jobholders, when the male is 60 full years old and the female is 50 full years old, can receive the old age subsidy from the organization which the commercial insurance company agrees to in the household register locus, with the old age subsidy certificate and the identification.

After implementing this system for two years, the Shanghai people's government issued " Decisions about the people's government of Shanghai revising Tentative Methods Of Package insurance for Shanghai External Jobholders " on August 30 in 2004 carried out from September 1 in the same year, which reformed and consummated the original system (Hu Wu, 2006). The contents mainly include:

① Abolish the request that the employer employing the external personnel need administrative permission and establish the employing labor registration system for the convenience of the enterprises' participation.

② Improve contribution cycle. In order to adapt to the characteristic of the frequent flowing of migrant workers, changes the original stipulated contribution cycle from three months to one month.

③ Reduce the premium rate of Shanghai Construction Enterprise. Reduce the premium rate of the construction enterprises by 7.5 percent to 5.5 percent.

④ Strengthen the management of the insured construction enterprises of architecture industry, and integrate the package insurance premium into the cost of the project construction.

⑤ Enhance the proportion of the old age subsidy to the comprehensive social security contributions, and improve the calculation method of the time needed to obtain old age subsidy. Increase the old age subsidy by 7 percent of the actual contribution base. Change the original stimulation that only having contributed continuously for a full year can receive the old age subsidy into new stipulation that having contributed accumulated for 12 months in three years can obtain an old age subsidy.

⑥ Cancel the unreasonable limit to hospitalized medical service benefit. Integrate the insured working woman, who is in hospital because of pregnancy, miscarriage, childbirth, contraception, sterilization surgery, treatment of the sterility, artificial insemination and complication caused from this, into the benefit scope of hospitalization medical service in comprehensive insurance.

⑦ Reduce the period of exempting responsibility in hospital medical service. The period of exempting responsibility now is one month instead of the original three month-long. The highest amount of benefit is also adjusted in hospitalization medical service correspondingly.

⑧ Additionally set the daily medical expenses subsidy benefit. The daily medical expenses subsidy is 20 Yuan for each month, putting into the Package insurance Card for Shanghai External Jobholders monthly.

⑨ Raise the one-lump compensation level of the occupational disability largely. From April 1<sup>st</sup> in 2005, all the one-lump compensation of the occupational disability from one to six level is increased greatly, in which the compensation amount of the occupational disability from one to six level doubles for the migrant workers aged 25 years old and above.

⑩ Revise the provision of external personnel without employer participating in comprehensive social security. In view of the fact that the accident injury payment of the external personnel without employer meets a series of questions in the actual operation, it still have no good solution. The 11th condition of "The Executive Regulations of Shanghai Labor And Social Security Bureau about Implementing Tentative Methods Of Package Insurance for Shanghai External Jobholders "implemented from September

1st in 2004 stipulates: There have other concrete methods formulated separately for the self-employed without employer who has legitimate housing place and legitimate working and operating place in community of this city to participate in package insurance.

Chengdu implemented " Tentative methods of package social security for Chengdu Non-Cities Household register Jobholders " (Decree[2003] No 7 of Chengdu People's government) from March 1<sup>st</sup> in 2003, which stipulates: The package insurance project includes three items of benefits: the occupational disability or accident injury, hospitalized medical service and the old age subsidy. There are eight levels of contribution base which can be chosen from 60 percent to 200 percent of the average monthly wages of the whole cities staff in precious year. The contribution rate is 20 percent, in which the employer with employees undertakes 14.5 percent and the individual undertakes 5.5percent, the individual without employer undertakes all. The package insurance premium can be contributed monthly or yearly. The employer and individual stop contributing when the male is 60 full years old and the female is 50 full years old. In the aspect of enjoying the old age subsidy benefit, establish the individual account of old age subsidy according to 8 percent of the contribution base. When the male is 60 full years old and the female is 50 full years old, the individual can receive old age subsidy in one lump. The formula is: the deposit amount in individual account + one's annual average contribution base of package social security \* one's accumulated contribution years ×0.6percent. The accumulated deposit amount in individual account can be returned to those who are not employed or stop working in this city before reaching the stipulated age in one lump, or be received in one lump by the legal heir of the death.

#### **4. The Rural Social Security Pattern**

So-called The Rural Social Security Pattern is a rural social security system integrating the migrant workers into the flowing-out place. At present our rural social security system is extremely imperfect, still depending on family security and the land security primarily, and can only solve the aged question of the migrant workers partly.

Although started from 1987, each place was positively carrying on the exploration of the rural old-age insurance continuously, but as a result of various reasons, there is still no quite mature system today. The insured of the rural old-age insurance mainly are the migrant workers working in the village and township enterprises.

According to the investigation of the Ministry of labor and social security (Zhao Dian-guo, 2006), at the end of 2003, the nation had approximately 14,000,000 migrant workers in village and township enterprises participating in the rural old-age insurance, which is 10 percent of the total number of the staff and workers in village and township enterprises.

On April 10 in 2005, the office of people's government in Shanxi Province issued " Notice about the Work of Social Old-age Insurance for Rural Enterprise Staff" (Decree [2005] No 21 of the office of people's government in Shanxi Province).According to the new methods of participation, there are more than 3,750,000 rural enterprise staff in the entire province to participate in social old-age insurance, including more than 3000,000 migrant workers.

There are many preferential policies in Shanxi Province for the village and township enterprises to participate in social security such as enjoying listing payment before taxing, the insurance premium exempting the business tax, interest tax and personal income tax and so on, which has solved the transfer question of old-age insurance between the urban and rural, and between regions in the entire province.

① The enterprises contribute 10 percent of the total wages of the staff with agriculture registered permanent address in this enterprise. The staff contributes 5 percent of one's wage, reduced monthly by the enterprise for contribution.

② Establish the staff individual account of social old-age insurance. The part contributed by the individual staff is calculated completely into one's own account; About the 10 percent contributed by the enterprise, 6 percent is calculated into the individual account, 4 percent integrated into the pooling fund. The pooling fund implements the way of provincial pooling and level-to-level administration. The rural social security organizations of the province and the city respectively manage 50 percent of the fund, mainly used for the normal payment of pension which is produced due to the longer life than the average life of the insured staff and also used for establishing pension adjustment mechanism.

③ The staff who is 60 full years old can receive pension monthly, which is 1/160 of one's own accumulated deposit amount in individual account. In the peculiar circumstance, the staff can receive pension ahead of time or postpone it for at most 1-5 years after authorization. Pensions received each year ahead of time will be reduced by 1.5 percent, while pensions postponed to receive for each year will be increased 1.5 percent. The legal heir or the assigned beneficiary can receive the balance of individual account in one lump if the staff died before reaching the stimulated age or died but receiving pension less than 10 years.

④ If the insured has serious sickness or incurable illness and has difficulty in paying the medical service, after the hospital and the employer (or collective) writes up the proof, the insured can borrow the partial even the whole accumulated or remaining medical expense from the individual account of old-age insurance.

⑤ Extracting and using charges of the social old-age insurance for the staff with agricultural registered permanent address is executed according to present stipulations of the rural social old-age insurance. The means of transferring and renewing of rural social old-age insurance between the urban and rural for the rural enterprise migrant workers are stimulated in addition.

⑥ For the staff with agricultural registered permanent address in village and township enterprises who has participated in the cities enterprise staff old-age insurance, continue to carry out the old methods; For those participated in the rural social old-age insurance, continue to contribute according to the new stipulation. For those participated in the commercial insurance which can not replace the social old-age insurance, defer to this stipulation.

On December 22 in 2005, the Beijing municipal government issued "Notice about Printing and Distributing Instructions of Constructing Beijing Rural Old-age Insurance System" (Decree [2005] No.62 of the Beijing municipal government). This is the first document issued by the provincial government about establishing new rural old-age insurance system in our country; On May 22 in 2006, the Labor and Social Security Bureau and the Finance Bureau of Beijing together issued " Notice about Concrete Means to Implement the Instructions of Constructing Beijing Rural Old-age Insurance System " (Decree [2006] No.75 of Beijing Labor and Social Security Bureau), which symbolized that Beijing rural old-age insurance has entered to the stage of reforming and implementing. After reforming, the new rural old-age insurance system has six characteristics:

① Establish government subsidy fund. On the original foundation of individual contribution and collective subsidy, simultaneously increase the financial subsidy from the municipal and county for the insured farmers. And later the individual contribution, the village collective subsidy and two level of financial subsidy will be put into the individual account.

② Establish the old-age insurance system pattern of "Individual account primarily combining with the benefit adjustment mechanism". Change the pattern of completely individual account into the pattern of individual account combining with the benefit adjustment mechanism. Request various regions and counties to establish benefit adjustment reserve. Raise the pension level at the right moment according to these factors such as the average disposable income per person, the living consumption index, the price index, the lowest

rural security standard and the scale of the benefit adjustment reserve and so on.

③ Establish dynamic contribution mechanism, coordinating with the rural lowest security system.

④ Establish the coordinating mechanism of the urban and rural old-age insurance, realizing the pooling of the urban and rural. When the migrant workers of this city who have already participated in the cities enterprise staff basic old-age insurance reach the retirement age, the whole contribution can be transferred completely to the county rural social old-age insurance management institution in the area of its registered permanent address to establish individual account. They can receive the benefit of the rural social old-age insurance monthly, to realize the mutual coordination of the urban and rural insurance.

⑤ The fund can be managed by the special financial bank account to enhance the security of managing the fund.

⑥ The managing institute of the rural social old-age insurance can no longer charge for the management service, and the fees of the personnel and operation are included in the fiscal budget of the same level.

In the aspect of solving the rural enterprise staff's participation and transferring of migrant worker old-age insurance, Beijing and Jiangsu have issued related policies, namely the rural enterprise without the condition to participate in city insurance should participate in rural insurance. "Instructions of Constructing Beijing Rural Old-age Insurance System " stipulated that when the migrant workers of this city who have already participated in the cities enterprise staff basic old-age insurance reach the retirement age, the whole contribution can be transferred completely to the county rural social old-age insurance management institution in the area of its registered permanent address to establish individual account. The calculation and payment of the pension defer to the stipulations of rural social old-age insurance.

Because the rural social old-age insurance adopts the pattern of accumulated individual account fund, this system has high flexibility and widespread compatibility, which adapts to the characteristics that the employment of the migrant workers is unstable and with great fluidity and low income. The fund in individual account belongs to the insured and can be transferred, so the migrant workers' rights and interests can be guaranteed. It can be easily accepted by the enterprises and the peasants.

However, because the present rural social old-age insurance implements the method of official organization guiding and the peasant participating voluntarily which is not compulsory, the participation rate of the enterprises and migrant

workers is not high.

The new rural cooperative medical service system has developed quite quickly in recent years.

The migrant workers can participate in the new rural cooperative medical service together with the rural family members. In order to solve the medical benefit of the migrant workers during their out-working period, some provinces with many output laborers have also taken some measures. Taking Xinyang of Henan Province as an example, it has successively established many fixed point hospitals for the migrant workers participating in the new rural cooperatives medical service in many places such as Beijing, Wuhan, and Zhengzhou, where the medical expenses in these hospitals can be integrated into the reimbursement scope of the new rural cooperatives medical service.

## **II Appraising the patterns of social security for the migrant**

### **workers**

Regarding the social security systems appraisal, usually we can appraise from four aspects at the same time such as the system idea and the value orientation, the compatibility of the system to the time and the national condition, the validity and the sustainability of the system and so on.(Zheng Gong-cheng, 2002).Combining the condition of the migrant worker social security system in our country, we can value the above four kinds of migrant worker social security patterns from four aspects: the value idea, the system operating effect, the compatibility and the sustainability of the system and so on.

#### **1.The appraisal of the city social security Pattern**

##### **(1) Analysis the value idea**

The migrant workers at present have already become an important constituent of industrial workers in our country. According to the resources of the fifth national census, the migrant workers account for 58 percent of the jobholders in the second industry, 52 percent of the jobholders in the service industry, 68 percent of the jobholders in the processing and manufacturing industry, and 80 percent of the jobholders in the architecture industry. The fairness and equality of the social security systems arrangement involving this huge community is of great significance.

The workers enjoy the equal right in the employment and social security, which is stipulated in our national labor law explicitly, and also stipulated in "International Joint Pledge of Economical, Social and Cultural Rights ". Our country has already been one of the signing countries of this joint pledge. The applicable scope of the cities staff social insurance system stipulations in our country includes all kinds of laborers employed in the cities and towns. Integrate the migrant workers into the cities staff social security system. Let the migrant workers participate in each kind of cities social security items according to the cities social security policies and enjoy the same social security benefit as well as other cities staff. This has manifested the fairness and equality of the policies.

## **(2)Analysis of the system operating effect**

Regarding the appraisal of the system operating effect, we can analyze from four angles: the insured coverage, the satisfying degree of the social security, the efficiency of using the resources and the objective function to the economic and society.

①**Coverage.** According to the investigation of Guangdong Province, where this pattern has been implemented, by the topic-based group of the Labor and Social Security Department (Zhao Dian-guo, 2005), to the end of 2003, the population of the migrant workers participating the old- age, unemployment, medical, and occupational disability insurance respectively in Guangdong Province is 4.11 million, 3.3 million, 1.57 million and 5 million, and is 45 percent, 36 percent, 17 percent, 54 percent separately of the 9.22 million migrant workers known by Labor and Social Security Department. But if really calculated according to 25 million of migrant workers in Guangdong Province, the above proportion respectively is 16 percent, 13 percent, 6 percent and 20 percent. The participating rate of the old-age insurance in other provinces and cities is lower. The total participating rate is less than 10 percent. While the participating rates of the medical insurance and occupational disability insurance are less. Among the insured migrant workers, most of them are working in regular departments and are employed stably.

②**The satisfying degree of the social security demand.** The cities staff social security includes the occupational disability insurance, the medical insurance, the old-age insurance, the unemployment insurance and the maternity insurance. It has basically covered the main risks during the period when the migrant workers work and live in the cities. The benefits of various insurances can basically satisfy each kind of staff's security demands. For example, in our country at present the benefits of occupational disability insurance include the medical service, the injury allowance, the nurse expense, the disabled assistance appliance expense, the disabled allowance, the one-lump disabled subsidy, the funeral subsidy, the pension providing for the relative, the one-lump death subsidy and so on. The benefits of the cities staff

medical insurance in our country at present include outpatient service and hospitalization service and so on. The old-age insurance benefits include the basic pension, the funeral subsidy, the one-lump pension and basic medical insurance premium providing for directly-related family members and so on. The unemployment insurance benefits include the unemployment insurance money, the medical subsidy, the funeral subsidy, the pension, the occupation training allowance, the occupation introduction subsidy and so on. The maternity insurance benefits include the maternity leave treatment, the birth allowance, the medical service and so on. These basically can satisfy the demands of the insured.

But because the majority of the migrant workers get employed with quite strong fluidity, when they leave the place where they have participated in social insurance, the phenomena of withdrawing are quite prominent. When the migrant workers get employed once more, they need to participate in social insurance again. The social insurance has not played its role for the majority of the migrant workers. There still have problems when they get old in the future.

③**The efficiency of making use of social security resources.** Because the design of the system is unreasonable, the social security resources are partial to the cities staff excessively, which does harm to the rights and interests of the migrant workers. For example, when the migrant workers need to withdraw if getting outside or returning home, they can only get back the accumulated capital in the individual account contributed by themselves. However, the social pooling part will be kept in the locality, thus the family and the place of the household register have the responsibility to take care for these aged.

④**The objective function to economic and society.** Integrating the migrant workers into the cities social security system conforms to the urbanization of the rural gradually as well as the integration of the urban and rural, which is advantageous for the massive rural laborers shifting stably to the second and third industry in cities and towns; Next, after integrating the migrant workers into the cities social security system, the social security cost for the employer is nearly the same whether they employ local staff or external migrant workers. The cost standard of labor force between employers can be more unified. In this way, it can reduce the phenomenon of employing laborers uninsured or with very low insurance cost distortedly. At the same time, the external migrant workers and the local workers all participate in the cities social security system. The calculation basis of labor force price will also tend to consistency, so that the workers requesting to have the social security will have the same competition in the labor market comparing with the workers not requesting to have the social security.

### **(3) The analysis of the system compatibility**

The cities staff social security system in our country at present has many characteristics such as high contribution base, high premium, high benefit, and high subsidy and so on. The contribution base is at least 60 percent of the average monthly wage of the local staff. According to the present premium, the employer probably contributes 30 percent, individual probably contributes 11 percent, and in addition, many places adopt unified colligated charging means such as *Five Fees for One*. Speaking of the migrant workers with low income level universally, this is a very high threshold undoubtedly.

At present the premium rate of the cities staff social security in our country is excessively high, mainly considering the questions that the historic debt of the state-owned enterprises is a serious burden in the process of transferring social security systems.

This system basically adapts to the migrant workers working in the regular department stably at present. It does not adapt to the migrant workers working in the non-regular department and flowing frequently.

#### **(4) The analysis of the system sustainability**

The cities staff social insurance system in our country implementing at present is established on the foundation of economic restructure. The initial goal of designing the system is to serve the state-owned enterprise reform instead of constructing a social security system to cover all people. Because the initial goal of designing the system has trouble (mainly refers to the old-age insurance), the sustainability of the system is dubious as the following shown:① The present system lacks of precise determination regarding the Transferring Cost and has not arranged appropriate channel to repay the recessive debt of the social security to the old staff. Therefore, the social security overall premium rate is excessively high at present, which directly influents the coverage of the social security;② The pooling level is excessively low which directly influents the continuing and renewing of social security in each place. Statistics have indicated, up to the end of 2005, there are only 9 provinces and cities to implement the old-age insurance by pooling at the provincial level in the whole nation, and 74 cities (regions) by pooling at the city level, 1228 counties (cities) by pooling at the county level (Li Bin, 2005).Due to the low pooling level, there are great differences in the contribution rate, the benefit standard and the concrete way of management in different pooling areas. Bad management has limited the continuing and renewing of social security, and is also harmful to the reasonable flowing of labor force.③ The future balance of the fund is difficult. The migrant workers contribute basically according to 60 percent of the social average wage. At present the migrant workers will not live in the places where they participate in social insurance when they get old, so there is still no payment pressure. However, once the

urbanization speeds up, the massive migrant workers precipitate to live locally instead of returning home, the fund will withstand the formidable payment pressure with great difficulty.

## **2. The appraisal of the Double Low Pattern**

### **(1) Analysis the value idea**

The Double Low Pattern in fact is one kind of choice of reforming the present migrant worker social security systems in our country. This kind of choice has intense dependence on the existed cities staff social security system. As a result of the designing question of the system, the existed cities staff social security system can not completely suit to the majority of the migrant workers in our country at present. The prominent question is that the contribution is excessively high, which has surpassed the bearing capacity of the enterprises and the migrant workers. Therefore, in order to pursue the so-called pursue fairness and equality but without considering the characteristics of the migrant workers and the enterprises in our country, integrating the migrant workers into the cities staff social security system in fact is simply unfair to the migrant workers. Especially some local authority expands the coverage forcefully in order to alleviate the payment crisis of the local cities staff social security fund. This deprives of the migrant workers once more, and is unfair to the flowing migrant workers. Under maintaining the unification of the institutional framework, the Double Low Pattern can reduce the participation cost of the migrant workers, and is advantageous in realizing the social security right of the migrant workers truly.

### **( 2 ) The analysis of the system operating effect**

①**Coverage.** The expanding degree of the coverage, theoretically speaking, should have positive correlation with the reducing scope of the premium, and have inverse correlation with the reducing scope of the corresponding benefit. Because the reducing scopes of the premium are of great difference in different places which carry out the Double Low Pattern, so is the coverage. According to a sample investigation research about the condition of Beijing migrant worker social security in 2005, in the sample(Lv Xue-jing, 2006), the Beijing migrant workers participating in the cities social old-age insurance account for 11.6 percent, participating in the cities social medical insurance account for 17.3 percent, participating in the occupational disability insurance account for 8.8 percent, participating in the unemployment insurance account for 5.4 percent, participating in the maternity insurance account for 0.4 percent. It showed that the overwhelming majority of the migrant workers have not participated in any social security project. After expanding the coverage for nearly two years, the migrant workers in Beijing participating occupational disability insurance and medical insurance respectively achieves 1.203 million and 1.145 million at the end of 2006, which

accounts for 1/3 of the total migrant workers. Zhejiang Province has implemented the Double Low Pattern in view of the old-age insurance for the migrant workers. Due to the quite high premium, the participating rate of the migrant workers is still very low. To the end of 2003, the actual migrant workers in the entire province participating in cities staff basic old-age insurance approximately are 1.5 million, which is less than 20 percent of the total migrant workers. On the contrary, Shenzhen has implemented the Double Low Pattern in view of the medical service insurance for the migrant workers. Along with reducing the threshold of participation in large scale, the coverage has expanded fast. There are 3.43 million insured migrant workers up to the end of 2006. Shenzhen plans to make the coverage of the medical insurance for the migrant workers achieve 80 percent in 2010.

②**The satisfying degree of the social security demand.** According to the Double Low Pattern, the benefit will be reduced correspondingly while the contribution is reduced. The benefit level will be reduced, but the insured items will not be deflated obviously. In fact the social security defers to the *Large Number Rule*. Regarding the occupational disability insurance, medical insurance and unemployment insurance, the more the insured the less the cost each shares at the similar insurance level. On quite low contribution foundation, the medical insurance for the migrant workers in Shenzhen not only includes hospitalization treatment, but also includes outpatient service and so on, which has met the needs of the insured.

③**The efficiency of making use of social security resources.** The Double Low Pattern has wide difference in different areas and in different items. Therefore, the efficiency of making use of social security resources is different. For example, comparing the medical insurance for migrant workers in Beijing and Shenzhen, the efficiency of making use of social security resources in Beijing is quite low (to see Table 5). In 2007 the amount of contribution of the medical insurance for migrant workers in Shenzhen is only 1/3 of Beijing. But the medical insurance items in Shenzhen are more comprehensive. In particular, the migrant workers can enjoy the outpatient service, which has enhanced the benefit of the insured greatly. Because most of the migrant workers are young adults, the probability of having serious sickness is very small. On the contrary, the probability of having slight illness is bigger because of the bad working and living condition. While the benefits of hospitalization service for the migrant workers in Beijing and Shenzhen have no difference. The practice has proved that, Shenzhen has solved the problems of seeing a doctor difficultly and expensively for the migrant workers with quite low cost, so more and more migrant workers participate in the medical insurance. However, the migrant workers' participating rate of the medical insurance in Beijing paces back and forth continuously in the low position.

Table 5 Comparison of the contribution and benefit of the medical insurance for the migrant workers in Beijing and Shenzhen in 2007

	Beijing	Shenzhen
Contribution standard	36 Yuan (60 percent of the average monthly wage of previous year in this city as contribution base, contributes the basic medical insurance premium monthly according to 2 percent of proportion)	12 Yuan (fixed)
Contributor	Employer	The employer undertakes 8 Yuan, the migrant worker undertakes 4 Yuan.
Insured Items	① Hospitalization service ② Outpatient service expense for malignant tumor radiotherapy and chemotherapy, kidney dialysis, different anti-platoon medicine after kidney transplant	① Outpatient service ② Hospitalization service ③ The hospitalization pooling fund can pay 50 percent for the followings: the outpatient service dialysis for chronic bad kidney function, outpatient service with the anti-repel medicine after the organ transplanting, the medical expenses including outpatient service chemotherapy for malignant tumor, the involvement treatment, the radiotherapy or nuclein treatment, and these belonging to the table of contents of drugs and the diagnosing and treating.
The bottom-line contribution	① 1300 Yuan (the first accounting period) ② 650 Yuan (the second and later each accounting period in a year)	① Outpatient service: The outpatient service fund pays all for the diagnosing and treating item or medical material pricing under 90 Yuan each. The outpatient service fund pays 90 Yuan for these pricing above 90 Yuan each. ② Hospitalization service: Local hospital of Level One and below is 200 Yuan; Local hospital of Level Two is 300 Yuan; Local hospital of Level Three is 400 Yuan; Hospital outside the city is 500 Yuan.
	① The pooling fund of	① Contribute less than one year: half of

<p>The highest contribution</p>	<p>basic medical insurance yearly: 50,000 Yuan ②The medical mutual fund of large amount yearly: 100,000 Yuan</p>	<p>the average monthly wage of previous year in this city ② Contribute less than one year but more than a half year: the average monthly wage of previous year in this city ③ Contribute less than three years but more than one year: one and half time of the average monthly wage of previous year in this city ④Contribute more than three years: twice of the average monthly wage of previous year in this city  ( In 2006 the average wage of Shenzhen cities staff is 31135 Yuan, then the highest contribution is between 15568 Yuan and 62270 Yuan )</p>
<p>The proportion of reimburse</p>	<p>① The reimbursement of the basic medical insurance fund: The hospitalization medical expense is lower than 10,000 Yuan, reimburse 80 percent-85 percent; 10,000 Yuan - 30,000 Yuan, reimburse 85 percent-90 percent; 30,000 Yuan - 40,000 Yuan, reimburse 90 percent-95 percent; Above 40,000 Yuan, reimburse 95 percent-97 percent; ② The reimbursement of the medical mutual fund of large amount: 50,000 Yuan - 100,000 Yuan, reimburse 70 percent.</p>	<p>① The reimbursement of the outpatient service: Armor class medicine 100 percent, class B medicine 80 percent; ②The reimbursement of hospitalization service: Local hospital of Level One and below is 95 percent; Local hospital of Level Two is 90 percent; Local hospital of Level Three is 80 percent ; Hospital outside the city is 70 percent.</p>
<p>The time of enjoying the benefit</p>	<p>Benefit follows the contribution.</p>	<p>Enjoy the benefit in the following month after contributing.</p>

*Resources: "Tentative methods for the migrant workers coming from areas outside Beijing to participate in basic medical insurance" (Decree [2004] No.101 of the Bureau of Labor and Social Security in Beijing) and "Tentative methods of the medical insurance for the migrant workers in Shenzhen " (Decree [2006] No. 80 of the municipal government)*

**④The objective function to economic and society.** The Double Low Pattern has played the positive role in realizing the social security right of the migrant workers. In this way, each place has initially established the social security system quite suitable to the migrant workers with low income level and high fluidity through reducing the contribution, which has met part of the social security needs of the migrant workers. The contribution of the migrant worker social security is quite low, which will have certain negative influence on the unified labor market.

### **(3) The analysis of the system compatibility**

The Double Low Pattern is developed on the foundation of the cities staff social insurance system. This pattern has considered that the primary factor at present which restricts the migrant workers to participate in the social security is the contribution. Therefore, it stresses on reducing premium in order to expand the social security coverage of the migrant workers. This system depends on the original cities staff social security system to operate. It is unnecessary to establish new specialized agency. This way of reforming the system has long-term significance, but because it does not separate the fund raising mechanism of the migrant workers social security from the original cities staff social security at present, the migrant workers also need to undertake part of recessive debt burden because of the economic restructuring. Therefore, when reducing the contribution in each place, the reduction scope is not big enough, affecting the expansion of the coverage. In fact, because the age structure of the migrant workers is quite young at present, it can be definitely possible to use a lower cost to construct the comprehensive social security system for the migrant workers. Not only this system pattern has met the present needs of the migrant workers in our country, simultaneously it has kept quite good connection with the cities staff social security system, and also has long-term compatibility.

### **(4) The analysis of the system sustainability**

The system sustainability is mainly decided by the calculation of each premium rate. If the calculation has big error, when the premium rate is overestimated, it cannot reduce the contribution effectively and cannot expand the coverage. When the premium rate is underestimated, it cannot keep the long-term balance of the fund, and the system cannot sustain. For example, the Double Low Pattern of the old-age insurance for the migrant workers in Zhejiang Province was stopped because the calculation error. At present the contribution is excessively high comparing to the income level of the migrant

workers in many areas, it has great difficulty in expanding the social security coverage of the migrant workers.

### **3.The appraisal of the package insurance Pattern**

#### **(1)The analysis of value idea**

At present the social security system in our country is being in the process of transferring and consummating, the existed social insurance systems such as the old-age insurance and medical insurance and so on all have many problems. Under this kind of background, it is very necessary to design a set of relatively independent social security systems which are easy to operate for the migrant workers on the foundation of the basic social security systems in our country. Gradually establishing and consummating the migrant worker social security system by lamination and classification (Zheng Gong-cheng, 2002) has become the mutual recognition of many social security experts and scholars. In view of the current condition of the migrant workers in our country, it does not required to design perfect social security systems for the migrant workers instantly. However, under considering the existed condition, the social security system must satisfy the most needs of the migrant workers first. For the majority of the migrant workers, the biggest risk at present which is the occupational disability and serious sickness risk must be solved first. Therefore this pattern makes emphasis on the occupational disability and medical insurance. Simultaneously the system also pays attention to the demand of the aged migrant workers in the future.

#### **( 2 ) The analysis of the system operating effect**

① **Coverage.** The Population participating in the package insurance in Shanghai rises year by year, which has surpassed 2 million to the end of 2004 and is about half of the total migrant workers of this year. To the end of 2005, the insured population has achieved 2.476 million. And to the end of 2006, the insured population has achieved 2.79 million, and the insured enterprises have achieved 0.18 million. The population of the migrant workers in Chengdu participating in the package insurance paces back and forth continuously in the low position because of some problems of the design and management. To the end of 2005, the insured population was about 0.2 million, the insured proportion is approximately about 10 percent; To the end of 2006, the insured population was approximately 0.33 million, which is far less than Shanghai.

② **The satisfying degree of the social security demand.** The insured items of the package insurance include the occupational disability, medical and old-age insurance. The payment of the occupational disability insurance for the migrant workers in Shanghai has already achieved a quite high level, and the highest payment in one lump was 0.789 million Yuan; The benefits of the medical insurance include not only hospitalization, but also the few daily outpatient service subsidy, also has the physical examination preferential

benefit. Moreover, it also contains the birth and maternity benefit for the working woman. It can solve some economical risks which the working woman faces when giving birth. And it can basically meet the needs of the migrant workers.

However, the benefit level of the old age subsidy is too low, which cannot effectively insure against the risk for the aged in the future. For example, according to the data announced by Labor and Social Security Bureau of Shanghai in 2006 the average monthly wage of the whole city staff is 2464 Yuan, and the monthly contribution base of the package insurance is 60 percent of the social average wage, namely 1478 Yuan. In 2007, the old age subsidy of the migrant worker participating in the package insurance is 1242 Yuan. Supposing according to this standard, even if the migrant workers have contributed for 30 years when getting 60 years old, they can only receive 37260 Yuan in one lump. Its function of caring for the aged after 30 years is very limited<sup>1</sup>.

Because this system lacks of the arrangements of the unemployment insurance for the migrant workers, it cannot satisfy the demand of the migrant workers for unemployment insurance.

③ **The efficiency of making use of social security resources.** Because the package insurance has introduced the commercial insurance company's participation, it has reduced the management cost effectively, providing more security for the migrant workers with relative low contribution. But according to the related research, the efficiency of making use of comprehensive insurance resources is not high enough (Hu Wu, 2006). Taking the amount of the old age subsidy in Shanghai as an example, at present, the old age subsidy is provided by the insurance company, which is only the capital and without interest. The insured of the package insurance generally are quite young. There are 20 or 30 years away from the retirement age. The interest of the old age subsidy will not be calculated actually in such long time, which is unfair to the migrant workers. This simultaneously means, the cost of the old age subsidy is lower than the premium of the old age subsidy. For example, in 2005, the old age subsidy of the migrant worker participating in the package insurance is approximately 925 Yuan. If according to the same interest as that of the individual account of the basic old-age insurance in cities for computation, the female migrant worker can receive 1396 Yuan after 21 years, and the male migrant worker can receive 1669 Yuan after 31 years.

In fact, the old age subsidy is handled by the insurance company. Computed according to the annual interest rate of 3 percent which is also the

compound interest, the first two groups of data should be 1721 Yuan and 2313 Yuan separately. Obviously the migrant workers' loss is very big.

Computed in another way,, supposed by the return rate of 3, the final value of 925 Yuan received after 21 years is equal to the now value of 497 Yuan. The final value of 925 Yuan received after 31 years is equal to the now value of 370 Yuan. This indicates that, the cost of the old age subsidy in Shanghai is less than the half of the premium (7 percent). Under the existed system frame, there is still a big space to enhance the old age subsidy of the package insurance in Shanghai.

For the package insurance in Chengdu, the contribution level is nearly the same as that in Shanghai, but the benefit is far lower than Shanghai (to see Table 5) actually. So, under the existed condition the package insurance in Chengdu can definitely reduce the premium suitably and improve the benefit of the migrant workers at the same time. Only in this way, the migrant workers and the employers can see the advantage to participate in the package insurance. Thus it can increase their enthusiasm to participate in the package insurance.

Table 6 Comparison of the contribution and benefit of the package insurance in Shanghai and Chengdu in 2005 Amount: Yuan

Resources: Hu Wu: "Speaking of the Consummation and Improvement of the

	Contribution per month	Whether the insured contributes	The old age subsidy of each month	Daily medical expenses subsidy	Physical examination	The crest line of the reimbursement for hospitalization	The proportion of reimbursement for hospitalization	The highest amount of the one-lump benefit of occupational disability	Whether the management fee is from the fund expenditure
Shanghai	152	No	85 . 4	20	Every one	97592	80%	789000	No
Chengdu	146	Yes	58 . 6	None	Few people	35131	The highest is76.5%	298912	Yes

package insurance ",Journal of China Social Security", 2006(8)

④**The objective function to economic and society.** The package insurance has carried on the significant system innovation in the aspect of the

social security for the migrant workers, impelling the coverage expansion of social security for the migrant workers, enabling more social security rights of the migrant workers to be realized.

However, because the contribution for the package insurance is only 12.5 percent of the income if the enterprises employ the migrant workers, it may possibly cause employing more migrant workers instead of the local workers with low quality. This can not favor the employment of the local laid-off workers and the workers with low quality, affecting the formation and the operation of the unified labor market. Meanwhile in view of the near future, the package insurance cannot link up with the urban and rural insurance system. But the migrant workers have been more than half of the industrial workers. The massive migrant workers are out of the basic social insurance system in city, which cannot favor the urbanization and cannot favor the risk pooling of the cities staff basic social insurance system.

### **( 3 ) Analysis of system's adaptability**

This system as a social security pattern is designed specially for migrant workers, fundamentally in conformity with their present characteristics such as in the following aspects that:

①this system solve well these tasks of preventing migrant workers from risks of occupational injury and serious illness medical or disease medical;

②this system is easily put into place with low management expense. The package insurance means the combination with three insurances and is marked by the unified contribution and the one-lump benefit, which will reduce the working hours of employers and administration offices at the utmost degree and bring some convenience to units and individuals, meanwhile, help migrant peasants flow.

③this system is easily acceptable to migrant workers for its not full contribution duty to individual, further, is helpful for migrant workers to supervise the lawful contribution of employers and to protect their rights and interests owing to that they still can enjoy some benefits without their individual's contribution.

④this system is also easily acceptable to employers owing to the low premium rate.

### **( 4 ) Analysis of the system's sustainability**

The system is sustainable on the prospective of operation of the fund ,for that it is newly established only for migrant workers with the change of pattern in which migrant workers bear the transformation cost of the city and urban social security system and fill the negative margin of fund, and unnecessarily with the government's financial threshold guarantee while the emergence of negative margin of fund..

Both in the Occupational injury and medical insurances, the contribution

is closely followed by the benefit. However in the old-age insurance, the system employed the old-age subsidization method analogous to one in the commercial insurance. In sum the system in principle is not fall into the financial dilemma and has its own advantages of easy link up the city and urban staffs basic insurance system in the future。

#### **4. The appraisal of the rural social security pattern**

##### **(1)The analysis of value idea**

In China, there have long formed the dualistic social security system in which the populations with rural residence registration depend primarily on the land security and family security. In recent years, with the gradual establishment and perfection of the Rural Old-age Insurance, the new-style rural cooperative medical insurance and the botton-line living standard security system, some experts think that now it is more feasible to integrate migrant workers into rural social security system (Yang Li-xiong,2004). To establish “the rural social security system at the low level and with the wide coverage ”and perfect it step by step can not only meet migrant workers’ need of social security but also solve the social security problems better for these “regurgitant” older migrant workers, which is concluded according to the fact that the dualistic social system will exist for a long time in China.

##### **( 2 ) The analysis of the system operating effect**

① **Coverage.** According to the investigation taken by the Labor and Social Security department(Zhao Dian-guo,2006) , until the end of 2003, these migrant workers of the township-village enterprises cross the nation who participated in the rural old-age insurance are up to 14 million, about 10 percentage of the total population of township-village enterprises staffs. According to statistics of the Department of Sanitary, at the end of 2006, these peasants who are covered by the New-Style Rural Cooperative medical insurance cross the nation are about 410 million, 47.2 percentage of total population registered in countryside and including the migrant workers.

② **The satisfying degree of the social security demand.** Owing to much imperfection of rural social security system, the current security levels of system all are still low. Meanwhile, this system still don’t cover such the occupational disability insurance and unemployment insurance and so on that are in harmonization with modern industry society, so it is not meet the migrant workers’ requirement of social security very well.

③ **The efficiency of making use of social security resources.** On one hand, the rural social security is in the badly shortage of resources at present, on other hand, owing to some problems relevant to the system planning and management, the usage efficiency of resources still is not at high

level. For example, the rural old-age insurances cross all areas encounter such problems one by one as the too high promised benefit level, the limited investment channels, the irregular operation methods and the various risks against fund, etc., which affect immediately and negatively the function of the system. The new-style rural cooperative medical insurance also has the problems, like the relatively low subsidization level, the sediment of capital and so on..

④ **The objective function to economic and society.** For that migrant workers is very difficult to participate in cities and urban social security system, the continuous development and perfection of the rural social security system will play active role in providing migrant workers with some existence and development security, reducing the risk of medical and old-age against some migrant workers, especially the township-village enterprise staffs and promoting the development of township-village enterprises of our country. Further, this development and perfection will also establish a basic to form the pooling social security system for rural and urban areas in the future.

### **( 3 ) Analysis of system's adaptability**

The system is primarily adaptive to migrant workers who are working in the township-village enterprises or take on the seasonal work or return to countryside while at some age. Owing to that the pooling level of the existing rural social security still is lower, generally being country level, or only being township and village level in some areas, only the migrant workers who work or live in the local area are accessible to the related security benefit.

**( 4 ) Analysis of the system's sustainability** We construct the social security system in the orientation of that all citizen will be covered in social security through realizing the entire pooling cross the cities and countryside. At present, the rural social security system defers to the rules of “ low level, wide coverage”, which in principle is in conformity with the current development level of our country's productivity.

With the rise of the transfer payment level of nation to the rural social security system, our country's rural social security projects will accrue, the security levels will also go up, thus the “leaving the land but inhabiting in countryside” migrant workers will obtain the more overall security. In view of this, this system should have some sustainability.

### III. Conclusion and policy advice

Through the above appraisal of existing primary migrant workers social security pattern, we can get the following conclusion and relevant policy advice:

**1. Among these four patterns, there are some differences in the value idea, the operating effect, the adaptability and the sustainability of the system. Every pattern has its own strengths and weaknesses and is adaptive to a variety of migrant workers respectively (to see table 7)**

Table 7 the compare of four primary migrant social security patterns

	the City Social Security Pattern	the Double Low Pattern	the Package Insurance Pattern	The Rural Social Security Pattern
Value Idea	Justice /equality	It's all-important to establish a social security system in conformity with migrant workers' contribution capability .	It's prior to establish the security that means most necessary to migrant workers.	Under the background of long dualistic society, as to migrant workers, the perfection of rural social security system is basic way to solve the social security problems
<b>operating Effect</b>	weak	Not clear	Strong	Normal
Adaptability	Adaptive primarily to fully urbanized migrant workers	Adaptive primarily to the migrant workers working in flexible and irregular way	Adaptive primarily to the migrant workers working in flexible or irregular way	Adaptive primarily to the migrant workers working in short-term form or in township-village enterprises.

Sustainability	Weak	Not clear	Strong	Strong
Strength	①is helpful to make city and urban social security system operate smoothly; ② can keep equality well among the enterprises, among the areas, and among the groups.	①premium rate is relatively low; ② is easily link up with city and urban social security system.	①premium rate is relatively low; ②is easily managed with the low administrative cost.	①premium rate is relatively low; ②the migrant workers who own land, family and community may benefit from various security sources.
Weakness	①premium rate is relatively high; ②it is difficult to transfer the security relationships; ③the system transparence is relatively low; ④the benefit conditions is relatively rigid.	①the linkages among the areas, among the groups and among the enterprises are weak; ②it is difficult to transfer the security relationships.	①fail to link up with both the city and urban social security system and the rural social security system; ②the benefit level is relatively low.	①the security level is relatively low; ②the insured items are relatively limited.

At present, owing to the complicated composition of migrant workers, the desirability and capacities of demand for social security are different among a variety of migrant workers. We can classify migrant workers into three groups according to urbanization degree: the first are fully-urbanized migrant workers, who inhabit in a fixed abode in a specific city or urban for the specified years with relatively steady incomes and working units. The second are the highly-urbanized and highly-flowing migrant workers, who work flexibly amid different cities and urban without steady job and fixed abode. They are not certain of their future status, that is, they can become industry workers, alternatively, they also can return to countryside and become peasants again. The third are lowly-urbanized migrant workers, who work discontinuously in cities and urban or in countryside. They still primarily take on the agriculture

activities and look labor service as the subordinate profession.

The first group of migrant workers have clear desirability of demand for social security. Owing to long living in the cities and being familiar with and trustful to nation policies, they are anxiously demand the social security. They have steady living basis in cities, so they wish to enjoy the old-age benefit monthly and continue their basic medical insurance treatment during the retirement period. Besides this, they also have capability to participate in the city and urban staff old-age insurance and medical insurance. As to this group, we should provide them the city and urban staff social security.

The second group are in big uncertainty for they can continue to work in cities or return to countryside in the future. In the short term., they have relatively strong desirability to obtain the occupational disability insurance and medical insurance, as to the far term, this desirability is relatively weaker. The “Double Low” pattern or the package insurance pattern should be adaptive to this group. Need to notice, the linkage issues of social securities should be considered while we are devising the social security items for them, for that the policy for the second group of migrant workers merely a transitional system arrangement, which will be integrated into the city and urban social security system or the rural social security system in the end.

The third group are urbanized to the lowest degree, they still take their root in the countryside. They enter cities as workers to make some money while in their spare time, they return to countryside to continue to do something agricultural while in their busy-farming time, so their workings in the cities only are short-time activities. Owing to their most producing activities in the countryside, they should be covered in the rural social security system.

**2. To a majority of migrant workers, the too high contribution cost is an important factor affecting negatively the realization of the social security rights. So it is necessary to firstly decrease the threshold of being insured and then establish and perfect the migrant workers social security system step by step, one by one.**

the first reason that contribution costs are too high is that the premium rate of single item is devised too high, for example, the premium rates of city and urban old-age insurance cross the country generally surpass 28%, the premium rates of city and urban medical insurance are above 8%,(to see table 4) ; the second reason is that the **mixed** contribution method is employed in occupational disability insurance, medical insurance, old-age insurance, unemployment insurance, birth and maternity insurance and so on , without

permission of covering single item, which no doubt raises the threshold of being insured. For example, the reason that there are merely 3.61 million person in Shenzhen city who participate in the occupational disability insurance is that the social security departments of the city have long employed the contribution system of “ five insurance merged into one”. At the beginning of 2005, in order to substantially urge the enterprises at high risk such as construction companies to participate in the occupational disability insurance and solve the sticking point of employers’ hesitance of providing insurances for their employed migrant workers, the social security bureau of Shenzhen city cancelled the **mixed** contribution pattern of “five insurance merged into one” and started to permit prior participation in the occupational disability insurance by these units at high risk such as the construction enterprises who are unqualified to participate in overall insurance items. After this cancellation, in 2005, in Shenzhen city, the population of participating in the occupational disability insurance surpassed 6 million, rising by 2.39 million within one year. Until the end of 2006, the insured population reached the 7.047 million, including 80% migrant workers. In principle, the city realize the target of wide coverage of the occupational disability insurance ( Bo Guang,2006).

Owing to a variety of the occupation of migrant workers, the desirability of demand for different social security items is not at the same level among them. Moreover, owing to their high fluidity, even amid the same group, there are many sub-group, so it is necessary to practically make systematic arrangements and establish the social security system in classification. It is also necessary to perfect the system by firstly building the most feasible and impending items. In practice, we should follow the principle of “step by step and one by one”

### **(1) occupational disability insurance system**

It’s most impending insurance item that need get priority to establish. The endlessly emerging occupational disability accidents against migrant workers and occupational diseases hurting them in astonishingly wide scope and which result in numerous disputes between employers and employees all decide that this occupation disability insurance for migrant workers should be taken priority to establish as the most basic social security item. On the other hand, this insurance item, in principle, also is preferential in these countries that have established social security.

This insurance item cost little, as well as, it is a decentralized approach to risk for migrant workers and a compensation mechanism to occupational disability in conformity to the Law of Labor and international custom practices for the employers. It is relatively easier for government to settle the compensation without making some specific payment. The primary duties on the government

are to establish and lawfully fulfill the system and efficiently supervise the fulfillment of system. To the system itself, it should be able to make relevant compensation for migrant workers as soon as the occupational injuries happen. Owing to establishment of the occupational disability compensation mechanism for migrant workers, the employers' will attach more attention on security prevention measure while in the practices, so the occupational injuries accidents will be reduced greatly.

## **(2) Medical insurance system**

As for significance on migrant workers, the medical insurance follows the occupational disability insurance closely. It is necessary to further classify the medical insurance for migrant workers.

These migrant workers who having relatively steady jobs and fix abodes will long work in cities may be covered by the local various medical insurance. These who long work outside with high fluid may be covered by the specific medical insurance for them, under which the migrant workers only need to pay a little contribution, besides, the benefit closely follows the contribution. The security level may be devised on the reality of migrant workers, like the Labor Medical Insurance in Shenzhen city,

These who inhabit in countryside for a majority of months within a year and enter the cities to work only during the spare farming seasons, may be covered by the new-style rural cooperative medical insurance system.

It is noticeable that migrant workers' option should be fully respected in the process that they participate in the existing medical insurance system (Zheng Gong-cheng, 2007). Unlike the old-age insurance, the medical insurance focuses on meeting the balance annually, not within a long span, so it is easy for migrant workers to deal with the linkage issues related to medical insurance relationships<sup>2</sup>. In this year, Migrant workers may choose to participate in the city and urban medical insurance, and in the coming year, they may participate in specific medical insurance. If they return to countryside, they also may participate in the new-style rural cooperative medical insurance. So the problems related to the linkage of systems or the calculation of aggregated benefits don't stand out. The endowment of option to migrant workers is not only in conformity with their marked nature as the fluid labor forces, but also may create a competitive circumstance for a variety of medical insurance systems, in order to increasingly improve their self-perfection and development.

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<sup>2</sup> For example, in Shenzhen city, three kinds of insurances, that is, the comprehensive medical insurance, social medical insurance, labor medical insurance, are provided to migrant workers to choose. Owing to that the top medical security benefit is related to the contribution year, so the "Tentative Methods of Labor Medical Insurance in Shenzhen" stipulate the calculation method relevant to analogous contribution year for these three insurances.

### **(3) The specific old-age insurance system merely for migrant workers**

It is necessary to provide two more methods of old-age insurance for migrant workers with steady profession (having the long labor relationship and fixed occupation) and migrant workers without steady profession (sometimes being fluid) to choose voluntarily, and carry out them as the national policy. Before government put this policy into place, firstly it may appropriately classify the migrant workers. As to these who inhabit for up to the specific years and have the fixed abodes and working units, government may endow them the qualification of enjoying the old-age security benefit as do the local citizens and officially make them register in the local old-age insurance system. As to unqualified migrant workers, government may establish other methods to solve their old-age insurance issues, for example, make them enjoy join in the rural old-age insurance systems of their residence registration places, etc.

There are following problems necessary to focus attention on in the process of establishing the migrant worker old-age insurance system:

**① Aiming at the high flowability of the migrant workers, we should make the old-age insurance relationships transfer without interruption.**

Owing to the high flowability of migrant workers and the possibility of recover farming to them, the transfer of old-age insurance relationships cross different areas becomes a puzzle. Especially in many countryside areas being not covered by rural social insurance, the migrant workers' old-age insurance relationships are not transferred to the areas at all. If fail to fulfill the transfer, the migrant workers will be not able to make their insurances go on. As a result, they have to retrieve the insurance benefits in one lump when they terminate, dissolve the labor relationship or leave the original working units, which actually will not make the old-age insurance play its role. So the pattern of retrieving the benefits in one lump should be replaced by the method of transfer of old-age insurance relationships. On the prospective view, the transferring method should be stipulated while establishing the new-style rural old-age insurance system.

The transfer of migrant worker old-age insurance relationships means the one happened within the same pooling area, cross the different pooling areas and between the urban and the rural. After the termination or dissolution of the labor relationship between migrant workers and employers, these who realize reemployment within the same pooling area will be easy to continue their insurance, for merely requiring the social security administration departments transfer their contribution records not the old-age insurance funds. However to these who work in different pooling areas, the old-age insurance relationships will be difficult not to be interrupted, for that their all personal accounts will have to be transferred with them when they change their insurance relationships. To these who return to countryside for farming, they may

maintain their old-age insurance relationships by temporarily hanging their personal accounts. When they realize reemployment, they may revive their old-age insurance relationship through dealing with relevant procedures of linkage or transfer.

After returning to countryside for the over of the labor contract relationship and not to continue to work in the cities again owing to the old age and disability, migrant workers may transfer old-age insurance relationship and personal accounts to the social security administration offices of county or township and village level in their registration places where they will enjoy the old-age security benefits according to stipulations.

**②The old-age insurance fund should be managed according to the national pooling polices.**

The social security administration departments should be independent to local governments which may bring some disturbance to them. After the realization of the national pooled social old-age insurance for migrant workers, we should establish the transferring mechanisms of old-age insurance cross areas, for example, by building the national internet connecting to computers and providing the old-age insurance cards which can flow cross the whole country like the bank cards. Then migrant workers will not experience the cumbersome procedures any longer on such as quitting or recovering the insurances while they are flowing. Wherever migrant workers flow , they can fulfill their contribution and get their benefits only via the old-age insurance cards carried by themselves, which will be greatly helpful to these migrant workers who with high flowability are hard to enjoy their insurance benefits.

**(4)The unemployment insurance system**

The temporary unemployment is very popular among the most migrant works, with their employment often being in instability. It is not imaged that migrant workers would return to countryside after the unemployment, on the contrary, they will continue to hunt for jobs in cities. Besides, the new generation of young migrant workers have been not familiar with the farming skills, to them, the land's roles of realizing the employment and living security are gradually weak. Generally, the migrant workers are difficult to get the social support during the period of unemployment, the way that they need to weather the difficulties is merely by borrowing the money from their relatives and friends, or by employing the extreme methods. They have same natures as the want citizens. So government should take the duties to provide them the security system. Meanwhile, on the prospective view, the migrant worker will be registered in the cities as the industry workers in the end, so which also decide that to establish the unemployment insurance for migrant workers is one necessary task. However, for that the migrant worker unemployment insurance has its own characteristic, we should take differential treatments

while establishing the insurance system according to types of migrant workers, in absence of the rigidly unified form.

①As to the highly urbanized migrant workers, they may participate in the urban staff unemployment insurance.

②As to the highly flowing migrant workers who long work externally, they may participate in the migrant worker unemployment insurance from which they may get the temporary relief. We may combine the relief with the employment improvement, for example, by establishing relief stations for the unemployed migrant workers, to provide them the dormitories and food bonds, the temporary position of public services and the relevant free employment trainings and information. the unemployed migrant workers must enter the training procedures with the aim at re-employment, which may be supervised along with the stipulation of expense standards on dormitory and food.

③As to the lowly urbanized migrant workers who take most time to inhabit in countryside, they may maintain the land security and family security, which will play the role as “the last resort” when they meet the unemployment risks in cities and urban.

#### **(5) The relief system**

①**The botton-line living standard security system.** Until to present, the botton-line living standard security system has been built both in urban and rural cross the country. However, this system still is a dualistic system, which means that the person registered in city will enjoy the city botton-line living standard security, the person registered in countryside will enjoy the rural botton-line living standard security. Owing to the problem of migrant workers' being long absent to the registration places, they are very difficult to be covered in the system. So it's necessary to exemplify the coverage of botton-line living standard security system, make the migrant workers and their families with no urban residence registration but inhabiting in cities for a specified years enjoy the bottom-line living standard security.

②**The medical relief system.** At present, many cities all establish the medical relief system, however, migrant workers are excluded by the system because of their lack of urban residence registration. In particular areas, the civil organizations take some role of offering medical relief. We suggest that on one hand government should extent the coverage of urban medical relief system to the with-no-urban-residence-registration migrant workers and their families, on the other hand, actively instruct and support the development of civil charities, with their roles of offering the medical relief to migrant workers fully played.

**3. The weak management contributes primarily to problems related to planning and operation of the system, so it is necessary to strengthen the scientific management, improve the system planning standard and operation efficiency.**

**(1) To improve the usage efficiency of social security on the basis of the scientific actuarial procedural.**

To various kind of insurance items, their contribution and benefit standards should be reasonably specified with the scientific actuarial methods, in order to make full advantages of the existing social security sources and make migrant workers enjoy all kinds of basic social security with the minimum contribution.

**(2) To strengthen the transparency of system operation by simplifying the system.**

The education levels among the migrant workers generally are lower, about 80% who are of under the primary-middle education level, which decide that to the entirety of them ,the ability to understand the system is lower, so migrant workers' participation of the social insurance should be instructed on the basic of the direct interest.

**① the concepts of systematic input and outcome should be clear and concise.**

If migrant workers are supposed as the full rational persons, then firstly, they would make clear comparison between the systematic input and outcome. For example, how much subsidy the government will give them correspondingly after they make a sum of contribution; how many benefits a migrant worker will enjoy while in the occurrence of the insurance incident. If only migrant workers feel satisfied with the actual benefits, they would be forcefully instructed to participate in the social security.

**② the system should be carried out through the simple procedure**

The migrant worker social security should be carried out with the help of a simple operational interface through which migrant workers can settle contribution procedures, such as the payment of premiums, the application for continuing and transferring contribution record, and draw and use the insurance benefits as they deal with the cash business at bank. The simplification of operational procedures of social society means to transfer the partial procedures to the background social security staffs and create a easily acceptable, trustworthy, friendly and cordial working environment to migrant workers, not to simplify the management and supervision procedures of the social insurance funds, on the contrary, to which we should rigidly defer.

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