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# Construction Strategies of Social Security System for Wan-jiang Urban Belt's Migrant Workers

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**Abstract** Theoretical debate and practice exploration on social security of migrant workers were introduced. The political direction and security layer on social security for migrant workers in Wan-jiang urban belt were analyzed; the first layer is to implement wage payment guarantee and employment injury insurance; the second layer is to emphasize serious disease insurance and endowment insurance; the third layer is unemployed insurance and social assistance. The primary strategy of building a social security system for migrant workers in Wan-jiang urban belt was put up; wage payment guarantee system that is united in certain regions should be promoted; employment injury insurance system that is undertaken by enterprises should be built; a social health care system for serious diseases should be set up; multi-layers endowment insurance system for migrant workers should be created; vocational training and training in how to start a business should be built as well as the unemployment insurance system; social assistant system based on the basic cost of living allowances should be set up.

**Key words** Wan-jiang urban belt, Migrant workers, Social Security, China

Documents which are aimed at integrating the regional economy and society of Wan-jiang urban belt and issued from central government are constantly promoted; *Several Suggestions to Promote the Rising of Central China By the State Council* which was issued in April, 2006 confirmed Wan-jiang urban belt as a key development region; in early 2008, President HU Jin-tao inspected Anhui and pointed out that Anhui ought to take full advantage of the good aspect of its location, natural resources, and labor resources, take part in division of Pan-Yangtze River Delta, undertake industry transferred from coastal areas and strengthen economic cooperation with adjacent provinces<sup>[1]</sup>; in January of 2010, the State Council of China approved *Demonstration Plot Layout for Wan-jiang Urban Belt Undertaking Industrial Transfer*. Henceforth, studies on Wan-jiang urban belt have been focused on deep cooperation of this area. One of the most important problem is how to build social security system for migrant worker from rural areas to Wan-jiang urban belt. After all, a social security platform is required to back free flow and allocation of production factors such as labor forces in Wan-jiang urban belt. Besides, based on the distribution of functional population zones and the urgent demands for coordinated development of economy and society, building a sharing platform of social security for migrant workers is a top priority.

## 1 Theoretical argument and practice exploration on social security

Existing studies indicated that there is argument on social security solutions for migrant workers. Some believed that the

protection of migrant workers should be included in existing social security system for people who live in cities either by hierarchical ways or by reforming residence registration<sup>[2]</sup>; some others thought the protection of migrant workers should be included into rural social security system because it is more practical and an integrated urban-rural social security system can be built by improving rural social security system<sup>[3]</sup>; the third group believed a separate social security system should be established for migrant workers, which was agreed by many people. The most representative statement was the social security system aimed at migrant workers who cannot be completely integrated into the one for urban workers at present stage but a hierarchical or classified security solution can be implemented for them; firstly, an industrial injury insurance system has to be built for migrant workers; then a safeguard mechanism for serious disease should be set up; finally a social rescue system should be created<sup>[4]</sup>. Also, there were scholars gave ideas from the aspect of unemployment security, they thought the lowest living standard system should be established for floating population working in big cities so that those temporarily unemployed workers migrating from rural areas will make a living by public working<sup>[5]</sup>, or a social security system centered in "the lowest living standard" ought to be built and provide migrant workers with social warfare via professional warfare or community service<sup>[6]</sup>. Some scholars even thought a new social security platform can be designed in a holistic angle. In their opinion, migrant workers, as a group out of social insurance system, can be included in a new, open and sustainable plan with low entrance level. Compared to some cities where migrant workers are protected by social insurance system, the new plan is more reasonable and practical. Besides, migrant workers' rights will be maintained<sup>[7]</sup>. Therefore, the controversy on social security for migrant workers was construction idea of system and scholars did not reach an agreement on starting points and goal<sup>[8]</sup>.

The above three types of social security system can be found in factual operation in cities. That is, bringing into urban security system (Guangdong, Xiamen, Nanjing, Shenzhen, Beijing, Tianjin and Zhengzhou), into rural security system (developed coastal rural areas) and integrated insurance model (Shanghai, Chengdu and Dalian). Each model has its own advantages and disadvantages. As the first national exemplary region approved by central government to undertake industrial transfer, the social security mode for migrant workers applied in Wan-jiang urban belt plays a significant role in exploring ways for labor transfer, flourishing of midland part and promoting co-operation of Pan-Yangtze River Delta.

## 2 Policy trend and protection layers

The State Council of China issued *Several Suggestions from the State Council to Solve Problems of Migrant Workers* on March 27, 2006 and put forward guiding rules of "fair treatment in whole procedure, strengthen service; complete management; comprehensive programming; rational guidance; environment-concerned treatment, classified guidance; long-term view based on present situations". The document emphasized to transfer insurance and salary seamlessly, protect migrant workers' rights during migration and consider real situations to motivate employer and employee to accept insurance with low entrance level and progressive implementation<sup>[9]</sup>. Wan-jiang urban belt could build a social security system for migrant workers along with the direction and define its bridge function for connecting rural and urban areas, uniting 9 cities and 2 district counties in Wan-jiang urban belt as well as 3 cities and 6 counties in north Anhui. In addition, it will boost population migration flow and the urbanization. It is essential to consider the feasibility, timeliness and sustainability during implementation; meanwhile, the features of migrant workers in Wan-jiang urban belt and the butt joint between binary social security systems of different regions should also be taken into account. Within the acceptable range of revenue and employers, a united social security system that is separate and transferrable with well classified layers, low entrance level and wide coverage can be established.

Due to migrant workers varied with the job they have, the income and the flowing degree, differentiation can be set in specific items. For those who have fixed work and income, the way for raising money can consult standards for workers in city or simply integrate the two. For those who are hired to unfixed job, flexible and separate policies should be applied. Different social security policies can be implemented based on importance and feasibility in different stages to meet specific needs of different types of migrant workers (especially social insurance and social assistance system).

Seen from present Wan-jiang urban belt, the first layer is to implement wage payment guarantee and employment injury insurance, the second layer is to emphasize serious disease insurance and endowment insurance and the third layer is unemployed insurance and social assistance. Moreover, migrant workers group who is movable can neither be simply included

into urban social security system nor rural security system but to be jointed together with the two, develop transfer properties of cross-administrative region and build a united social security system for migrant workers in Wan-jiang urban belt. Firstly, the social security system of target cities has to be completed so that migrant workers can be protected by the system as well. In such united system, a flexible charging solution is offered based on multiple layers and social insurance levels varied in degrees. Furthermore, on the basis of low entrance level and wide coverage, previous social security system can be revised to narrow the gap between migrant workers and citizens. This method not only help labor forces flow reasonably and boost the formation of a united labor market, but also is propitious to explore the core effect of functional population zones and accelerate urbanization.

## 3 Basic strategies for building social security system

**3.1 Promote united payment security system in certain regions** Arrears and underpayment of wage have always been the primary problem in maintaining legal rights of migrant workers. According to statistics yearbook of Anhui, there were 4 592 cases involved in arrears and underpayment of wage were investigated in 2007, around 184 million RMB was cleared and about 153.7 thousand migrant workers involved<sup>[10]</sup>. To protect migrant workers' right to get payment and deal with arrears of wage, local governments of Wan-jiang urban belt cooperate with each other and constituted a united security system for payment.

At first, local enterprises were asked to promote work attendance checking system as well as to complete labor contract system, which is a proof for work and payment, in order to prevent arrears and underpayment of wage, establish cooperative relationship between employer and employee, and to avoid labor dispute; next, the timely payment mechanism has to be established and completed. In construction field, which is known for arrears, the institution of "monthly payment, quarterly clear" and "caution money for payment" is implemented to replace previous mode of payment that is not to give payment until the end of project except the cost of living firstly. Governments can also introduce professional labor service company and gradually reduce contracting segments to avoid underpayment. Additionally, investigation and treatment mechanism should be set up to deal with arrears cases and credit review mechanism has to be established for employers. Also, a united punishment mechanism cooperated with departments of labor, construction, taxation, industry and commerce, finance and supervision can be explored. Now, the payment security system for migrant workers in Anhui has covered construction field, high way construction and water conservancy construction which have the maximum quantity of migrant workers. Finally, *Supervising Delegation Method for Labor Security in Pan-Yangtze River Delta* can be a reference for claiming back salary from different places. Consequently, migrant workers who are adjunct to Anhui can turn to censorial institutions in their home-

town for help when they encounter arrears and underpayment of salary.

**3.2 Build employment injury insurance undertaken by enterprises** The traditional industries of Wan-jiang urban belt are metallurgy industry, automobile, building materials, electrical household appliances and chemical industry. Most migrant workers engage in rough and risky work in severe conditions, so cripple or disease is unavoidable. Therefore, employment injury insurance should be confirmed as the most basic prior item for social security.

Government has to enforce employers to cover all migrant workers with employment injury insurance, especially to those who engage in high-risk industries such as mining, metallurgy industry, construction, chemical industry and manufacture. After all, there are no account accumulation and insurance transfer in such protection item; it is practical and easier for government to coordinate compensation without any cost. Take *Proposed Regulation Employment Injury Insurance for Enterprise Workers* as a reference, an overall plan and employment injury fund can be executed in specific operation. Employers must employment insurance money that is less than 1% (the proportion can be properly increased due to farmers have low income) of payment in time and migrant workers do not need to pay themselves. In this way, migrant workers can be fairly treated in Wan-jiang urban belt, the labor force will flow in a rational way and the labor efficiency can be enhanced.

**3.3 Build overall plan of health care system for critical illness** Adhere to the principles of "low charge, hospitalization, timeliness, critical illness insurance", the health care system which is fit for migrant workers and risk-share mechanism should be built immediately. Employers undertake most insurance charge to solve health care problems of migrant workers during their working period in cities. Overall insurance fund and system have to be established for them. In enterprises constituted by a large quantity of migrant workers, unionization can organize mutual aid and offer subsidy to migrant workers suffering from serious disease. For those who kept their registered residence in original places and paid enough money required by new rural co-operative medical system, have rights to obtain government subsidy and the equal compensation within acceptable range of system.

**3.4 Build multiple-layers endowment insurance system for migrant workers** The establishment of endowment insurance system for migrant workers in Wan-jiang urban belt should stick to four principles: the first is to protect migrant workers' rights and meet the needs for mobility; the second is to satisfy the demands for urbanization, the aging of population and long-term development of Wan-jiang urban belt; the third is to focus on wide coverage of insurance and persist in low entrance level; the fourth is to give consideration to both rural and urban areas based on their requirements and possibility. Hence, united endowment insurance system is a multiple-layers system aimed at different types of migrant workers.

Accordingly, for those migrant workers, who have been working or living in Wan-jiang urban belt for two years or more

(including those who stayed or changed jobs in cities of this area within the latest two year), the execution can refer to endowment insurance system for urban workers. Overall plan and individual accounts can be integrated together but the charge from individual worker and employers will be transferred into individual accounts. During the procedure, government has to coordinate relations between employment and social security as well as the relations between local governments and employers. For one thing, it prevents low employment of migrant workers since employers are asked to pay their insurance; for another, it is critical to avoid transition problems of insurance brought by mobility of migrant workers. Hence, the insurance fee can be charged in grades when implementing the endowment insurance, which means different proportion can be applied when employers help migrant workers to pay insurance (the longer time they have been in the company, the more proportion they get until it reaches the same level with urban workers). As for migrant workers who worked less than two years in cities, they can be included in rural endowment insurance system executed at their original places because they have unstable job and income. They can transfer the endowment insurance into cities when they have been working in cities for two years. For migrant workers who return to rural areas after working in cities for some time, their insurance documents can be transferred back to rural areas. For migrant workers who neither live on farming nor emigrate from hometown, they can choose to join in rural social endowment insurance system or the one designed for migrant workers in cities based on their own willing. If migrant workers transfer their land use right to others, the money can be converted into individual accounts according to different transition forms of land use right, so that farmers will have no worries during the transition from traditional land dependence to endowment insurance.

Transition is the most difficult problem in the push of endowment insurance. Some measures can be taken in Wan-jiang urban belt: firstly, insured workers can transfer not only the rest money in individual account but also the overall financing for insurance when they transfer endowment insurance. The overall financing for insurance takes up a certain proportion in social average salary and the overall plan made by Ministry of Labor can be a specific reference. Secondly, cancellation of insurance is not available, which means the insurance cannot be transferred when farmers leave the place they were insured and their accounts will be sealed up, but the insurance relationship will be remained until they are old enough to receive the lowest retirement pension. If the place where they keep permanent residence adopting rural social insurance will transfer the rest money and corresponding overall financing for insurance to the origin place, otherwise, the rest money will be returned to policy holder (in Wan-jiang urban belt, migrant workers can be promoted to pay insurance fee in working place with segmental record; the money will be withdrawn in retirement place and the final payment is valid through whole Wan-jiang urban belt).

**3.5 Build employment and business guidance as well as unemployed insurance for migrant workers** To stabilize the

supply and demand of labor market and to take full advantage of labor resource, it is essential for the government of Wan-jiang urban belt to strengthen guidance and platform establishment in vocational education, employment and starting of business, and to build overall measures for employment security. On one hand, the government should encourage enterprisers or other market organizations to offer vocational education and they can directly take part in training or guidance at the same time. Especially for those migrant workers who are temporarily unemployed but stayed in cities, the lowest life guarantee can be provided as well as vocational education in order to help them find another job. *The Provincial Implementation Suggestions for Rural Labor Employment of 2007* initiatively posed that project management would be applied in migrant workers' training, training organizations need to be qualified and project management contract should be signed. As estimated, around 7.93 million migrant workers were trained in Anhui Province in 2007, of which 415 thousands were trained by departments of labor security and 244 thousands obtained certificates for special skill qualification<sup>[10]</sup>. Based on existing experience, 9 cities and 2 districts within Wan-jiang urban belt could consider building community service agency crossing administrative districts and negotiating with cities in north Anhui to coordinate employment of migrant workers.

In the mean time, unemployment insurance should be established by consulting the one for urban workers. Migrant workers need to register and pay low insurance money during early stage they migrate into cities and higher insurance money will be paid by employers when they find jobs. After unemployment, they can withdraw money by month when they are old enough to the insurance age limit and can get free training before being employed again.

**3.6 Build social assistance system centered with the lowest life guarantee** During the procedure pushing base guarantee for migrant workers, flexible assistant methods can be implemented, such as unemployment assistance, health care assistance for critical illness, community mutual aid, education assistance for their children and so on. Organized by government, "Community Labor Service" and financial support can be offered to ensure the lowest life guarantee of migrant workers who temporarily unemployed. "Community Labor Service" mainly engage in environmental hygiene and commonweal service in communities. Unemployed migrant workers can voluntarily apply for work in the service agency which satisfies migrant workers with basic salary, living materials and food. When migrant workers are employed to better jobs, they can end the work in service agency. In this way, it ensures the primary living standards after unemployment, completes weak field of community service and balances the development of labor market.

To be honest, above measures may not be implemented seamlessly due to high mobility of migrant workers. For this reason, we can create individual developmental security accounts integrated with all the above items for migrant workers (similar to Social Security Number in north America, a social security account can be assigned as long as being employed, including payment security, injury, health care, unemploy-

ment, retirement pension, education for children and residence, etc.) to set up a special security system designed for migrant workers during urbanization in Wan-jiang urban belt. The No. 1 file issued by central government in 2010 emphasized urbanization as well. In fact, the most indispensable condition to speed up urbanization is to complete social security system for migrant workers. As shown in statistics, the urbanization rate of China was 46.6% in 2009 and the urbanization rate of Tongling, Ma'anshan, Wuhu and Hefei was separately 76.4%, 67.3%, 66.0% and 64.1%, all of which were much higher than the average level in the nationwide. Urbanization will get into troubles if high rate of urbanization lacks social security for migrant workers and the potential urban population was not included into social security system. A united social security system is required for Wan-jiang urban belt, attention should be paid to transition of social security, the network of social security ought to be strengthened, the linkages have to be reduced in large scale, the labor security information system and relevant financial system should be built so as to realize a united social security network within Anhui Province step by step. Cities in north Anhui which are the main emigration places of labors cannot be neglected in the construction of social security model in Wan-jiang urban belt, because it plays a vital role in the overall development of Wan-jiang urban belt and cities in north Anhui and the real cooperation of Pan-Yangtze River Delta regions.

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