

Problems and solutions of farmers' retirement system in China

Zhen Zhong
Assistant Professor
School of Agricultural Economics and Rural Development
Renmin University of China

INTRODUCTION

This article focuses on the problems of lost-land farmers' retirement system. Some problems in farmer's retirement system are discussed, which are financial problems of land-lost farmers' pension, and whether they can still own the land, the legalization and urban-rural connection issues. The article also delved in some solutions to the problems. Nowadays, the social security issue of land-lost farmers has aroused public discussion. However, it is still unsolved. This article discusses the problem of social security of elderly peasants without land from the view of peasants' retirement system.

1. The existing problems of China's land-lost farmers retirement system

Building land-lost farmers retirement system is a complex work. There are some key points which the decisive factors are affecting the system.

(1) Land-lost farmers' retirement pension financing problems

The financing ways and the sources of retirement pension are the key factors to land-lost farmers' retirement system. Social old-age security is the utility of the whole society and the retirement pension is the capital of public affairs. Therefore, the source of the retirement pension of the farmers should be fully assumed by the state and society, rather than by individuals.

(2) The land-lost farmers who had finished the retirement procedures face the question on whether they can own the land

The current rural old-age insurance policy regulates that land-lost farmers who have reached the legal age cannot only enjoy endowment insurance, but also hold their land. Recent domestic scholars put forward the theory that farmers can no longer own the land after retirement. This theory is proposed from the reform view that in order to reform the land property rights system, there should be changes in the traditional way of small plots of land production and operation. There should also be focus on using, management and development. With the developing trend of society, retired farmers should not still own the land in order to avoid the waste of land resources. This is beneficial to optimize agricultural land resource allocation, promote the development of agricultural production in the direction of the scale and modernization. Nevertheless, how to solve the problem is still being discussed.

(3) The legalization of land-lost farmers' retirement system

Whether the Land-lost farmers' retirement system could be put on the legal track is an important factor in determining the real implementation of this system. Currently, the existing policy and management practices about land-lost farmers' pension are basically all normative documents

which were made by cities and counties. The pilot program has a low legal effect, and there is no stability and durability. With the question of land-lost farmers' retirement system, China should legislate as soon as possible.

(4) The connecting problem of Land - lost Farmers retirement system with the existing rural endowment insurance system for urban retirees' pension system

Although there are many disadvantages of rural endowment insurance system, but the land - lost Farmers in the current retirement system was generated based on the rural pension insurance system. It also needs to rely on the said system. The Land - lost Farmers retirement system must link up with the existing rural endowment insurance system for urban workers with retirement system. This can reduce the system obstacles and transaction cost involved.

2. Ideas and solutions in the construction of the Land - lost Farmers' retirement system

In view of the above points, in order to solve the land-lost farmers' old-age security problems effectively, this paper puts forward some ideas and solutions of constructing the land-lost farmers' retirement system.

(1) Target and age of retirement

On the basis of the existing rural endowment insurance system, we can actively create new land-lost farmers retirement system referring to the urban pension system for retired employees of enterprises and institutions. Land requisitioned land-lost farmers are all included within the scope of farmers retirement system when they reach the legal age: 60 for males and 55 for females.

(2) Amount and distributed way of Retirement pension

In the distribution of land transfer process, farmers only take up 5% -10%, the collective take up is 25% -30%, government and departments take up 60% -70%. Since most of the benefits are taken by the government, the collective levels should assume that all land - lost Farmers pension funds, and land-lost farmers with emeritus condition do not need to pay any personal pension. Meanwhile, for the retirement procedures-- landless peasants can enjoy pensions for employees of urban enterprises. Similarly, they can go to the designated bank to receive a monthly pension with the corresponding amount.

(3) Establish of land-lost farmers retired management institutions

Considering the particulars of land-lost farmers, various cities county government under the civil affairs bureau and social security department can set up the specifics and persons responsible for the land-lost farmers' retired formalities and related matters concerning full-time management organization, hiring of staff who are familiar with related work. Only in that way can land-lost farmers retirement system shift to the town proper gradually.

(4) Treatment of Land - lost Peasants' death

The total amount of retirement pension in personal accounts should be paid to the heir apparent of the dead after the end of old-age security relationship due to the death of farmers. From the next month of death it will suspended from a retirement pension, they can get funeral pension with cremation certificates and terminate pension relationship.

(5) Accelerate the process of legalization land - lost farmers retirement system

Building land-lost farmers' retirement system is supposed to be legislated by the national government, to formulate unified regulatory documents by the government departments, and to implement by the related department. China has to make the retirement system of the land-losing farmers' legalization as soon as possible. In this way we can ensure the full implementation of the retirement system for land-lost farmers.

Remark

After farmers lost their land, their incomes become unstable. But the existing social pension insurance for workers is unable to take care of these land-lost farmers. So, it is urgent and necessary to set up the land-lost farmer's own retirement system. Some provinces in China have done some trials and the results are relatively good, especially in terms of treatment level and service quality. However, the whole procedure is still facing a number of problems and obstacles, as this article mentioned, involving financial methods, social fairness, and legalization, etc.

Date submitted: July 23, 2015

Reviewed, edited and uploaded: July 24, 2015