

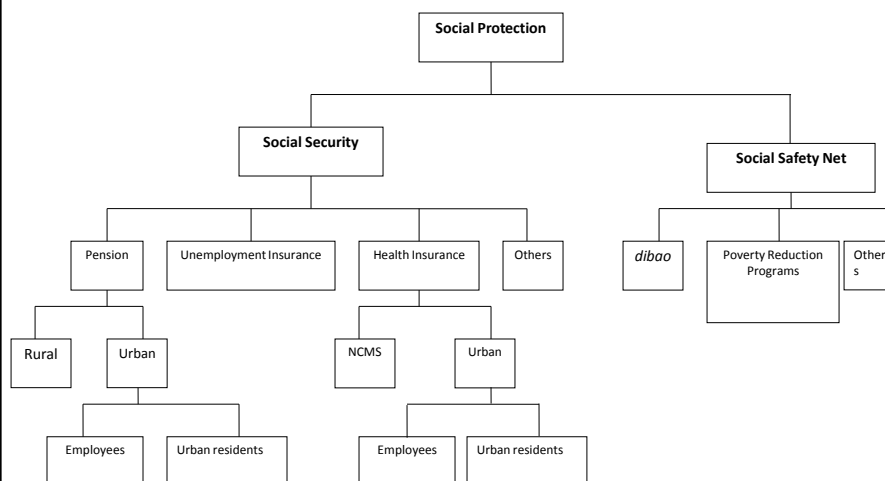
Improving Social Protection System in China: Key Trends and Policies

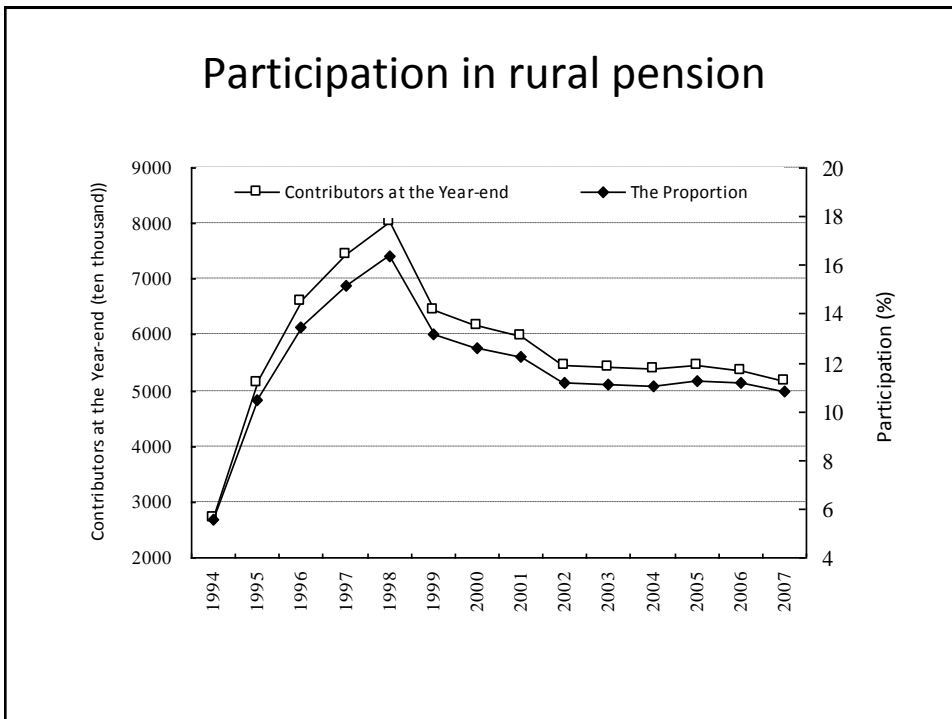
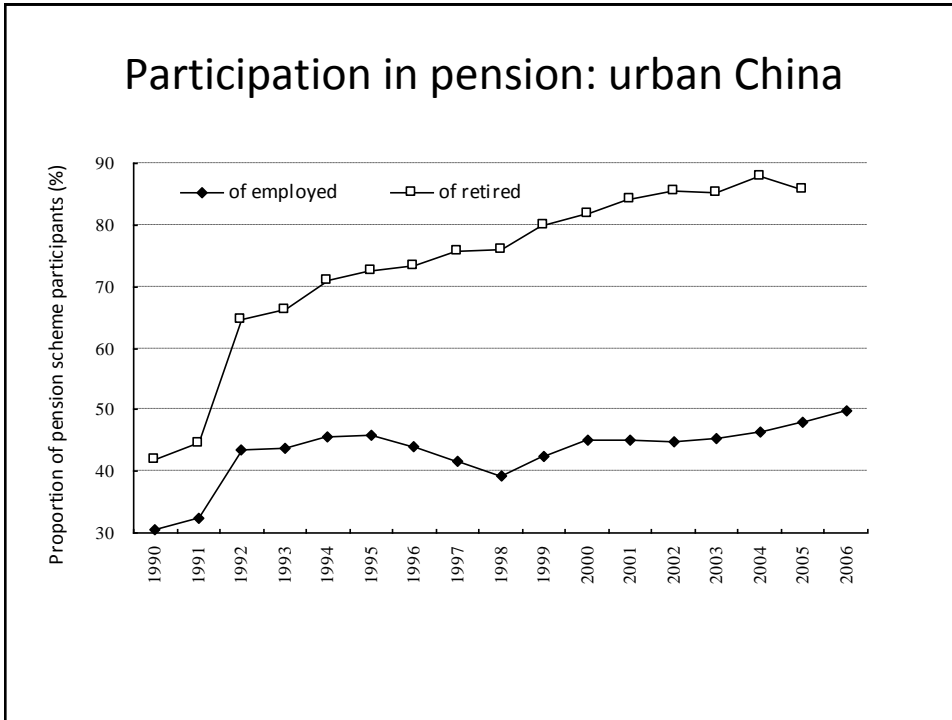
Du Yang

Chinese Academy of Social Sciences

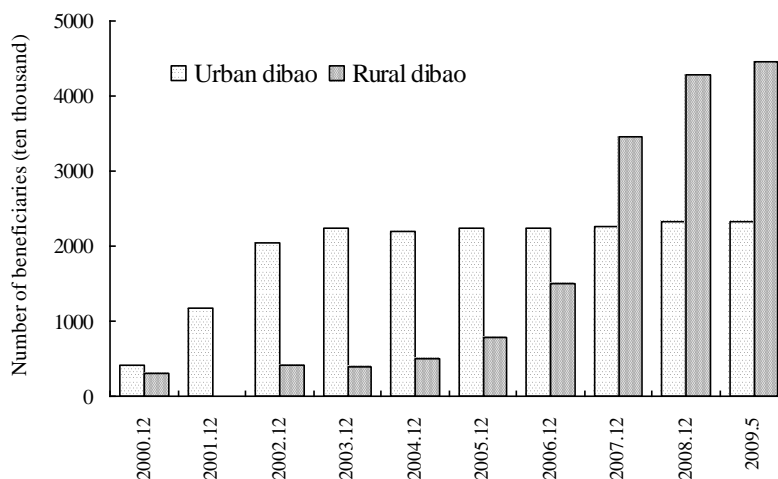
www.oecd.org/els/social/inequality/emergingeconomies

Social protection system in China





Number of urban and rural *dibao* beneficiaries



Social Insurance Coverage (CULS, 2005 and 2010)

	2005		2010	
	Local residents	Migrants	Local residents	Migrants
Pension	65.5	6.1	73.0	19.4
working	74.5	6.0	77.0	20.0
Unemployed	49.1	5.6	37.7	4.11
Out of LM	67.2	9.2	78.7	20.2
Unemployment Ins.	18.9	1.9	26.2	5.75
working	31.8	2.1	47.2	6.58
Unemployed	15.4	0	8.25	0
Out of LM	4.5	0.28	7.80	1.18
Health Insurance	54.4	4.2	74.7	47.4
working	62.7	4.0	76.8	46.9
Unemployed	28.6	0	43.0	37.0
Out of LM	56.3	8.1	77.9	33.8

Progress increasing coverage of migrants, and expanding health insurance coverage, (especially to nonworking individuals)

Labor contract status (CULS, 2010)

	Local residents			Migrants		
	Male	Female	Total	Male	Female	Total
1. Fixed-term labor contract	56.22	61.29	58.35	50.46	52.17	51.26
2. Open-ended labor contract	20.48	14.98	18.17	4.96	2.88	3.98
3. Other contract (for specific work, labor service company)	1.49	1.53	1.50	3.59	2.21	2.94
4. No labor contract	21.81	22.20	21.97	41.00	42.74	41.82

Awareness of labor law provisions (CULS, 2010)

	Local residents	Migrants
1. Do you think that when you are hired your employer should set a labor contract with you? (yes)	96.28	89.66
2. Do you think employers must pay you double wages for each month you worked beyond the allotted time for completing a labor contract? (yes)	82.20	79.47
3. If a worker violates the rules set by an employer can the employer terminate the worker's labor contract? (yes)	68.83	72.90
4. If you meet the required conditions and suggest an open-ended contract, must your employer comply? (yes)	68.65	62.77
5. Within how long do you think the labor contract should be signed after being hired? (one month)	40.14	41.32
6. For a one-year labor contract, what is the maximum probationary period? (2 months)	24.54	23.72

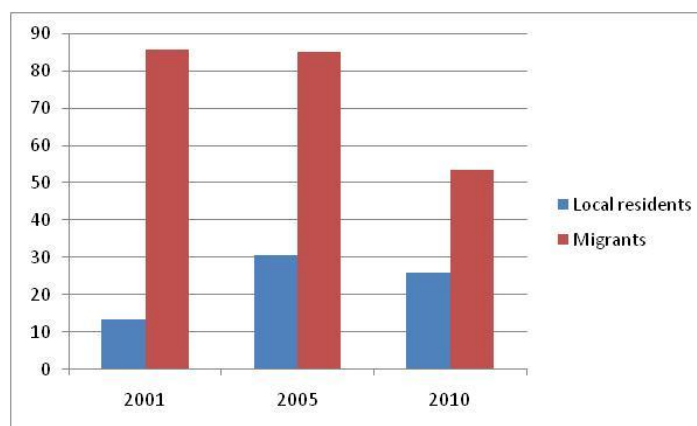
Workers are aware of right to a labor contract, but vary in their familiarity with Specific provisions. Migrants and local residents have similar levels of awareness, which increases the possibility to improve the coverage of social protection .

Informality rates over time (CULS, 2001, 2005, 2010)

	2001		2005		2010	
	Local	Migrants	Local	Migrants	Local	Migrants
All	13.4	85.7	30.7	85.2	25.8	53.3
Wage employees			22.1	54.7	24.7	40.1
By gender:						
Male	13.7	85.7	27.5	82.7	24.3	52.0
Female	13.1	85.8	35.0	88.4	27.8	54.9
By age:						
16~29	11.6	80.9	26.5	81.7	21.2	47.3
30~39	15.8	89.2	34.1	85.2	21.5	53.3
40~49	14.2	94.3	33.8	91.9	31.3	60.9
50~59	9.22	92.1	24.2	85.5	27.1	64.2
60+	20.6	93.9	37.6	84.9	63.2	75.6
By education:						
0~6	41.4	92.7	68.0	86.8	50.6	78.1
7~9	19.4	87.8	42.5	89.3	44.7	61.4
10~12	12.1	78.4	30.4	83.3	27.9	50.0
13+	5.0	61.0	18.0	43.5	11.9	23.4

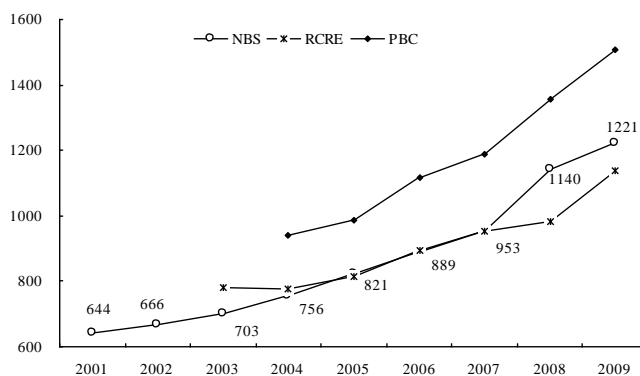
The increasing formality in the labor market facilitate to increase the coverage of social protection. More wage employment in the labor market

Informality by residence status (CULS, 2001, 2005, 2010)



Notable reduction in informality of migrant employment while migrants are vulnerable groups in terms of social protection

Real wages of migrants continued to increase



The increasing wages for migrant workers also induce high demand for social Insurance.

Informal employment: incidence, working hours, and earnings (CULS, 2010)

	Incidence (%)	Weekly Working Hours	Monthly Earnings (yuan)	Hourly Earnings (yuan/hour)
Local workers	100	44.88	2454	13.53
Formal Employment	71.59	42.36	2769	15.66
Informal Employment	28.41	51.26	1659	8.14
Family workers	1.24	49.52	1186	7.02
Self-employment	7.00	60.83	2124	8.99
Employee in informal sector	5.48	48.54	1486	7.67
Employed informally in formal sector	13.99	46.96	1452	7.77
Employer in informal sector	0.71	65.42	3340	12.51
Migrant workers	100	56.98	2591	11.94
Formal Employment	42.18	49.66	3229	16.36
Informal Employment	57.82	62.32	2127	8.72
Family workers	4.57	65.89	1840	7.21
Self-employment	26.07	68.78	2277	8.57
Employee in informal sector	10.80	56.99	1855	8.95
Employed informally in formal sector	14.25	52.22	1912	8.95
Employer in informal sector	2.12	70.57	3724	14.96

But the low earnings in informal sector could be a constraint to increase the coverage

Conclusions

- China has been expanding the social protection system rapidly although the overall coverage rates are still relatively low
- The Chinese government has strengthened the labor market regulations, as evidenced by a flock of new labor related laws enacted. It seems that stricter regulations have positive effects on increasing the coverage rates
- The changes of main labor market outcomes facilitate the coverage improvement too, including the increasing earnings for unskilled workers and increasing formality
- The main work for the Chinese government so far is to construct new system aiming to cover more people, however, in the future China will be challenging by the integration of different components of the system