

Research on Old-age Security for Land-lost Peasants

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Abstract: Along with the process of Chinese urbanization, a great number of farmland has been expropriated, bringing about a new kind of disadvantaged group—land-lost peasants. Those peasants have lost the land they lived on, and encountered difficulties when migrating to cities and searching for jobs to support their retired life. This study analyzes reasons of this situation and the necessity of the endowment insurance system for land-lost peasants. On this basis, suggestions are proposed to improve endowment insurance system for land-lost peasant for the consideration of relevant governmental departments.

1 CURRENT SITUATION AND REASONS OF ESTABLISHING CHINESE ENDOWMENT INSURANCE FOR LAND-LOST PEASANTS

1.1 The Large and Increasing Population of Land-lost Peasants

The significant development of urbanization in China has led to phenomenal infrastructure construction in transportation and energy industry in recent years. It is estimated that there are tens of millions land-lost peasants and also tens of millions acres farmland expropriated for non-agricultural uses. There is also uncounted farmland being traded privately or expropriated illegally without approval. In short, by the end of 2012, basic farmland in China has reduced to 2.027 billion *mu* (0.0667 hectares). The loss of farmland has decreased income and living standards of peasants' life. Some peasant households even lost all of their farmland, in other words, their source of income. Most land-lost peasants live nearby large or medium-sized cities, where great and fast modernization happens with the demand for more farmland. In brief, rural areas closer to developed cities will lose more farmland.

1.2 Low Literacy of Land-lost Peasants

Low literacy is a common feature shared by many land-lost peasants in China. A majority of the peasants only have education under high school, mostly in primary school and junior middle school.

They have disadvantages in employment market due to low literacy and the isolation from mainstream society. For most peasants, the loss of farmland equals to unemployment and the loss of stable life status at the same time. Except for low literacy, most peasants are trained only for agricultural work. The lack of professional skills brings about more difficulties for them to find jobs in cities. There is usually one-off compensation for land-lost peasants paid by governments and other land expropriators. However, peasants tend to consider more about immediate interest and fail to require long-term and stable compensations. Therefore, some land-lost peasants only rest on their laurels without a stable and proper income after that.

1.3 Single Way of Governmental Arrangement to Resettle Land-lost Peasants

In the process of farmland expropriation, governments can serve as land expropriator and supervisor. As a land expropriator, governments use the land for the construction of urban infrastructure such as viaducts and resident-benefit projects. As a supervisor, governments keep an eye on approved enterprises when they expropriate farmland to build commodity houses, etc. Despite the different roles played by governments, compensation is mainly paid in a one-off way by cash. Peasants, possessing money instead of farmland, usually have nothing to do but stay at home idly. Other than cash compensation, there is a governmental arrangement to resettle land-lost peasants: operating collective business entities. This method is not only risky but

also failed to take actual situation of each peasant into consideration. If the entities close down or go bankrupt, peasants will lose not only their land but also their money. However, if peasants do not follow governments' arrangement, they will still have difficulties to find jobs due to the lack of education. They can only find part-time and casual work, instead of stable and long-term one, to support their families.

2 NECESSITY OF ESTABLISHING THE ENDOWMENT INSURANCE SYSTEM

2.1 Improving Living Standards of Land-loss Peasants

Young land-lost peasants usually go to cities for regular education or professional training. The land-lost peasants over their middle age, however, have to stay at home. Therefore, the most serious problem for land-lost peasants is the lack of stable and long-term livelihood. When they lose their labor capacity as they get aged, their living standards decrease sharply. Some of them even fail to support their daily life. If the endowment insurance system for land-lost peasants is established through the cooperation of society and governments, the peasants will have at least one mean to secure their retire life. Moreover, this insurance system will also bridge the gap between urban and rural areas by involving land-lost peasants into welfare system.

2.2 Lightening the Burden on Households of Supporting of the Aged

In traditional Chinese society, supporting the aged at home is the general way to look after the aged. The old saying "raising children for old age", an expression of the traditional practice, has been challenged in modern society. Firstly, fewer children are born in families based on family-planning policy. Each of them has more responsibilities than before. Secondly, family structure in China has changed to be nuclear family with parents and children only. There is another severe problem for land-lost peasants to deal with. When many young land-lost peasants make this way to cities for better life, their parents will lose their children and land at the same time. Youngsters are unable to stay at home and look after their parents. When the aged

parents get ill, their children have difficulty in making choice between career and family. Besides, the establishment of endowment insurance will considerably ease financial pressure of land-lost households. It can help the households out of financial crisis and improve living standards of the aged.

2.3 Promoting Social Stability and National Development

There is a large rural population in China, outnumbering its counterpart in urban area. Unsecured life of rural population is adverse to the development and prosperity of our country. Land-lost peasants are only a small part of rural population. But it is equally important for social stability and development that land-lost peasants have better living standards and provision for the aged. They usually suffer psychologically and physically from the loss of their land. It may get worse if there is no proper endowment insurance system for them. When the negative feelings grow, they are likely to do things harmful to society, such as violating the Punishing Rules of Public Order and Administration, and even committing crimes.

3 SUGGESTIONS TO IMPROVE ENDOWMENT INSURANCE SYSTEM FOR LAND-LOST PEASANTS

3.1 Establishing Endowment Insurance System for Land-lost Peasants

There are several principles should be taken into consideration when establishing endowment insurance system. The system should meet basic needs, treat every peasant as individuals, perform fairly and effectively and be in line with current social security system. China is currently in the first stage of socialism so does Chinese social security and economic development. Being unable to provide land-lost peasants with dynamic endowment security, Chinese government and society has to make the best to guarantee their basic living needs. Given the age span of the peasants, endowment insurance for the youngsters should consider more about their future and the immediate interest for the aged. The fairness of the endowment insurance system is to be considered in three aspects. Firstly, opportunity of endowment insurance should be provided equally to every land-lost peasant,

disregarding age, nationality and region. Secondly, governments ought to provide endowment insurance to land-lost peasant with no excuse when peasants pay their fees. Thirdly, endowment insurance system should be connected to social security system as a whole. The system is unlikely to sustain if isolated from other parts of society.

3.2 Setting up a Special Fund for Endowment Insurance

Land-lost peasants have already lost their means of livelihood. Their living standards will decrease inevitably if they are required to pay for the endowment insurance permanently. But without the payment, governments cannot afford the large expenses on endowment insurance and peasants will lose a stable source of income when they get aged. Therefore, the fund for endowment insurance for land-lost peasants should be contributed by both governments and peasants. Governments play a leading role to make policies and decide budgets for endowment insurance for land-lost peasants. It should also set up a special fund and raise money to financially support the system. Besides, governments determine the proportion of fund contributed by peasants to encourage more peasants take part in endowment insurance system within their capacities. A special fiscal account should be opened by governments after enough fund has been raised. The fund is to be deposited or invested for long-term increment, lightening the burden of both governments and individuals.

3.3 Improving Supporting Measures of Endowment Insurance System

Family supporting is a traditional and important way to provide for the aged, especially for peasants. Family supporting for land-lost peasants should also be emphasized along with the establishment of endowment insurance system. Endowment insurance isn't a complete substitute for other financial sources of peasants' income but an improvement of them. Households are encouraged to support and comfort aged land-lost peasants by special welfare. For example, their children can go to nearby school to receive education.

3.4 Broadening Channels of Employment for Land-Lost Peasants to Develop National Economy

Economic development is the primary task to

improve social security system and people's living standards. The contribution of peasants is important to sustain the endowment insurance system. However, peasants need to get rich to do this. For land-lost peasants, only fast economic development can provide them with a better employment market and more job opportunities. Governments need to emphasize on regional economic development of living areas of land-lost peasants in the first place by introducing external investments and establishing employment platforms. Self-employment of land-lost peasants is given more support by governments not only in finance but also in policies. Professional technicians are hired by governments to teach land-lost peasants in skill training projects, thus promoting competencies of the peasants for new jobs.

3.5 Improving the Land Compensation System

The compensation for expropriated land determines the pension standards of land-lost peasants to a certain extent. It is important for peasants, families and society. Therefore, the amounts and ways of compensation should be clarified in the course of land expropriation. Amounts of compensation need to be made according to the market prices of land and actual regional situations. Attention should also be paid to the coordination with peasants and the relationship between collectives and peasants. Once the compensation amounts are determined, governments supervise and ensure the timely payment of compensation by land expropriators. The practice of "expropriation first, payment second" and IOU is not permitted. Compensations for collective land should be based on a majority of relevant peasants, instead of partially or radically determined by leaders.

3.6 Strengthening Supervision Mechanism of the Funds of Endowment Insurance for Land-Lost Peasants

It is crucial to manage properly the funds of endowment insurance for land-lost peasants. The funds should be used reasonably and rationally to keep the value of the funds. Supervision mechanism should be strengthened to prevent peasants' interest from being harmed in "black box operations." On one hand, administrative departments regulate the use methods and standards of the funds in writing. Transparency of endowment insurance system makes it easy for social supervision. On the other hand, functions of administrative departments

should be clarified and promoted by employing professional managers. Specialty and authority of administrative departments help to avoid financial loss due to human factors. Land-lost peasants will trust and invest an endowment insurance system with perfect supervision. This also indirectly prevents peasants from being harmed by fraud such as illegal private financing and usury.

4 CONCLUSIONS

In brief, family supporting is still the most important way of provision for the aged of land-lost peasants, with the financial support of governments and land expropriators. Governments establish social security system while land expropriators provide land-lost peasants with job opportunities. Basically it is an issue of economic development. Consequently, economic development in rural area should be accelerated to lighten the burden of peasants and increase their incomes.

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