

## China's Social Security Boosting Common Prosperity

Jinxu Meng, Xueying Wang, Jin Xing and Yangyang Shang

Anhui University of Finance and Economics, Bengbu, 233030, China.

### Abstract

Social security is the basic system design for promoting common prosperity, and it is a major issue related to the national economy and people's livelihood. Under the new development stage, new development concept, and new development pattern, it is necessary to re-examine the functional positioning of social security, and fully understand that social security can stabilize and stimulate economic growth in the process of promoting common prosperity, fight poverty and improve people's livelihood, and redistribute and promote social security. It plays an important role in social equity, expanding middle-income groups and driving higher-income groups to better return to society. At the same time, it will face up to its problems in the system and related supporting mechanisms in the process of promoting common prosperity, and further deepen the reform of the social security system, extend and enhance the anti-poverty function of the social security system, and improve the social security system's impact on economic and social development. To adapt to the situation, narrow the gap between groups of social security benefits, balance the operating costs of social security project regions, and speed up the construction of a social security system with Chinese characteristics oriented towards common prosperity.

### Keywords

Social security; common prosperity; income distribution.

### 1. Introduction

Social security is the basic institutional design for promoting common prosperity, and it is also an important part of the modernization of the national governance system and governance capacity. The 10th meeting of the Central Financial and Economic Commission pointed out that "common prosperity is the essential requirement of socialism and an important feature of Chinese-style modernization", and pointed out that "it is necessary to promote the equalization of basic public services, increase investment in inclusive human capital, improve pension and Medical security system, bottom-line assistance system, housing supply and security system". After decades of development, China's social security system has played a vital role in ensuring and improving people's livelihood and promoting common prosperity. It is worth noting that due to the gradual reform of social security in China, and the adjustment of the interests of relevant subjects and the impact of the external environment, there is still a long way to go before the requirements for high-quality development. Therefore, in the new stage of development, how to deepen the reform of the social security system, effectively safeguard the basic rights and interests of social members, and play important responsibilities and missions in common prosperity has become a crucial issue[1].

### 2. The new situation facing China's social security from the perspective of common prosperity

The 19th National Congress of the Communist Party of China pointed out that socialism with Chinese characteristics has entered a new era, and "the main contradiction in Chinese society

has been transformed into the contradiction between the people's ever-growing needs for a better life and unbalanced and insufficient development". People's pursuit of a better life is manifested in social security, that is, social security is required to play a further role. Based on the new development stage, implementing new development concepts, and building a new development pattern, social security is urgently needed to target the relevant security demands of the people, build a multi-level social security system, and meet the diverse social security demands of social members from different classes and occupations[2]. It is good to realize that the fruits of economic development are shared by the people and make a difference in the solid promotion of common prosperity.

### **2.1. The newness of the stage: the new development stage requires a new orientation of the social security function**

Correctly understanding the development stage and historical orientation of the cause of the party and the country is an important basis for our party to formulate lines, principles and policies, and an important magic weapon for the party to lead the people of the whole country to achieve success in revolution, construction and reform. The new stage of development is the stage of building a moderately prosperous society in an all-round way, achieving the first goal, and then building a modern socialist country and marching toward the second centenary goal. A new phase of a historic leap. The new stage of development is the stage from the first century of struggle to the second century of struggle. Under the goal of modernizing a powerful country, it not only requires the improvement of individual living standards, but also emphasizes the substantial improvement of national cohesion and innovation[3]. As an important pillar of governing the country and the state, promoting economic development and social stability, social security needs to be expanded from the traditional instrumental system of preventing and resolving risks in the new stage of development to enhancing national identity and national cohesion, enhancing national governance effectiveness and reflecting The goal of the advantages of the socialist system with Chinese characteristics has come up[4].

### **2.2. New concept: The new development concept requires new breakthroughs in social security functions**

Development is the last word. Realizing that all people can share the fruits of reform and development ultimately depends on development and high-quality development. No

Development, without solid development achievements, the solid material foundation of social security will be impossible to talk about. The Fifth Plenary Session of the 18th Central Committee put forward the new development concept of innovation, coordination, green, openness and sharing. The new development concept is to manage the overall situation, the fundamentals, and the long-term. To this end, it is necessary to take the new development concept as the "baton" of social security development, innovate the design of the social security system, and deal with the new changes in the labor market and employment patterns caused by the current digital economic development; Coordination between different levels and between different reform measures; break down the barriers of social security differences between regions and urban and rural areas, promote inclusiveness and openness, and realize the further expansion of the insured objects from the registered population to the permanent population ; promote social security projects in the rich and the poor. Mutual assistance between groups, between labor and capital, between generations, and between regions can better realize the sharing of economic development achievements[5].

### **2.3. The new pattern: The new development pattern requires new actions in the social security function**

Accelerating the construction of a new development pattern with the domestic cycle as the main body and the domestic and international dual cycle is a major strategic plan proposed by

the Fifth Plenary Session of the 19th Central Committee of the Communist Party of China, which is related to the overall development of China. One of the strategic points of the new development pattern is to expand domestic demand, release the potential of domestic demand, and stimulate household consumption. Under the new development pattern, social security needs to further play the role of preventing and resolving risks, narrowing the income redistribution gap, and stabilizing residents' safety expectations, speeding up the supply-oriented reform of medical and health care, elderly care services and other industries, and boosting domestic consumption on both sides of "supply and demand"[6]. ability. To this end, it is necessary to achieve full coverage of social security as soon as possible, to realize the national overall planning of employee pension insurance as soon as possible, to need social security to play a greater role in the process of promoting urban-rural integration, and to enter a new stage of system integration, coordinated and efficient development of social security reform.

### **3. The role of social security in boosting the process of common prosperity**

In the historical stage of the new journey, it is necessary to place social security in the general logic of boosting common prosperity, improving the socialist system with Chinese characteristics, and realizing national modernization. Looking at the past and present, and looking around the world, if any country or region wants to develop, it must take its own national conditions as a realistic basis, choose a development model and development path that suits its actual situation, and then formulate relevant development rules and policies to mobilize the enthusiasm of all members of society. On the basis of creativity and creativity, we will increase social wealth and continuously improve people's living standards. On the other hand, relevant institutional arrangements and designs are needed to effectively deal with the relevant risk factors that restrict social stability and sustainable development. For example, risk factors that may restrict the enthusiasm and creativity of all members of society, risk factors that may cause some members of society to fall into poverty, risk factors that may lead to social instability and then social unrest, and so on[7]. To put it further, there are main conditions for achieving common prosperity: first, to achieve economic development; second, to deal with risk management and control. Social security is the basic security provided by the state for all members of society to deal with basic risks through legislation.

#### **3.1. Stabilize the economy and promote development**

There are roughly two views on the relationship between social security and economic development. One view believes that social security will promote economic development, such as the "Social Security Act" introduced by the United States in 1935, which helped the United States to overcome the economic crisis to a certain extent; another view believes that social security will hinder economic development, such as that in 2009 The outbreak of the European debt crisis in 2009 was caused by excessively high welfare levels. Objectively speaking, if the relationship between the level of social security and the level of economic development can be properly handled, it can promote the common progress of both. The original intention of the social security system is not simply to promote economic development, but to integrate economic, political and social functions[8]. The economic function of social security can be roughly divided into four effects. One is the income effect. For example, social insurance, social assistance and social welfare can not only increase the income of some low-income people and vulnerable groups, but also further promote consumption and expand domestic demand. The second is the expected effect. For example, social insurance can not only provide income compensation for the insured when dealing with risks, but also stabilize expectations to a certain extent and further promote household consumption. Third, the industrial effect. For

example, endowment insurance can ensure the retirees have a stable source of income, which in turn can improve the purchasing power of the elderly group, which is conducive to the development of old-age service-related industries (for example, long-term care insurance promotes the rapid development of old-age service industries such as rehabilitation institutions and nursing homes) ; Social welfare drives the development of industries such as child care and elderly care services. Fourth, the employment effect. For example, social welfare programs provide services while providing material benefits, and the latter has created a demand for employment positions such as child care workers, elderly care workers, social workers, and rehabilitation specialists. In 2020, facing the goals and tasks of building a moderately prosperous society in an all-round way and fighting poverty, especially in the face of the sudden new crown pneumonia epidemic, China has timely introduced relevant social security policies and measures in terms of medical security, employment promotion, and social assistance, which not only effectively It has guaranteed the safety and health of the people, and played an important role in promoting the resumption of work and production in the whole society.

It is worth noting that, relative to the cyclical changes in economic operation, the social security needs of social members are rigid. Generally speaking, in a period of healthy economic development, the level of input and payment of social security can keep pace with economic development; while in a period of economic downturn, the social security needs of social members will only be stronger, rather than shrinking. Correspondingly, social security investment cannot be reduced because of this. On the basis of achieving economic development and steady growth of financial resources, we must do our best and do our best to further build the "safety net" of social security and maintain the welfare level of social members. , release the consumption potential of residents and promote the smooth operation of the economy.

### **3.2. Anti-poverty and promote people's livelihood**

Poverty eradication is the dream of human beings. The communist theory founded by Marx and Engels profoundly revealed the essence of the exploitation of workers in capitalist society, and proposed a solution to the problem of poverty in capitalist society: eliminating private ownership and establishing a communist society with public ownership. As a Marxist political party, the Communist Party of China has always attached great importance to the cause of anti-poverty. The purpose of "beating the local tyrants and dividing the land" is to turn the poor peasants into liberation; to engage in socialist construction and reform is also to allow the people of all ethnic groups to live a happy and prosperous life; the new era of poverty alleviation is also to make the poor Really get rid of poverty and go to a well-off life. Whether poverty can be fundamentally resolved has become an important symbol of the success and superiority of socialism with Chinese characteristics.

On the 100th anniversary of the founding of the Communist Party of China, "China's poverty alleviation battle has achieved a comprehensive victory. Under the current standard, all 98.99 million rural poor people have been lifted out of poverty, all 832 poverty-stricken counties have been removed, and 128,000 poverty-stricken villages have been listed, and the overall regional poverty has been improved. solve and complete the arduous task of eliminating absolute poverty." This great achievement is a major event in the history annals both in the history of the development of the Chinese nation and in the history of the world. It not only strongly promotes the process of China's common prosperity, but also provides all countries in the world. Learned from experience.

### **3.3. Redistribution to promote fairness**

General Secretary Xi Jinping emphasized: "Let the achievements of development benefit all people more and more fairly, continuously promote the all-round development of people, and make continuous progress towards the realization of common prosperity for all people." As a

system design for sharing the fruits of development, social security is essentially a An important institutional arrangement for the state to redistribute income. However, social security differs from taxation, transfer payment and other mechanisms for regulating income redistribution. The original intention of social security is to help social members deal with basic risks, and the redistribution function is only a derivative function. Therefore, the income redistribution function of social security cannot be discussed in isolation from the basic policy objectives of social security. The role of social security in income redistribution is mainly achieved through the two aspects of "income" and "expenditure" of social security funds. On the one hand, from the perspective of social security fund income, differences in social security financing sources, financing standards, and payment ratios or payment rates will have different effects on income distribution. On the other hand, from the perspective of social security fund expenditure, different groups receive different social security benefits, and different levels of social security benefits also have different income redistribution effects. Its manifestations include "vertical redistribution", "horizontal redistribution" and "personal life cycle redistribution". "Vertical redistribution", that is, the redistribution of income between different income levels and groups in different regions, mainly refers to the transfer of part of the income of high-income groups to low-income people. The social security items provided; "horizontal redistribution" refers to the redistribution of income among the same income groups, mainly referring to the groups with the same income level but different expenditure levels due to the burden of supporting the elderly or raising children, and families with heavier burdens Families with lighter burdens will receive more subsidies or funds; "individual life cycle redistribution" means that the state realizes the income distribution of social members between the working period and the retirement period, the healthy period and the disease period through social security.

#### **4. Specific measures to improve the social security system and promote common prosperity**

At the Fifth Plenary Session of the 19th Central Committee of the Communist Party of China, General Secretary Xi Jinping emphasized: "China's modernization is a modernization with a huge population, and a modernization in which all the people are prosperous." China's social security is not only a basic right of all members of society, but also a national Promote the basic system design for common prosperity. In the current and future period, we should face up to the problems existing in the development of China's social security undertakings, and further "understand the bottom line, weave a dense network, and build a mechanism" in accordance with the requirements of the "14th Five-Year Plan", and deepen the reform of the social security system in the direction of common prosperity. , to accelerate the construction of a fairer and more sustainable social security system.

##### **4.1. Strengthening the anti-poverty function of the social security system**

Getting rid of poverty is a prerequisite for achieving common prosperity, and social security is an important basic institutional arrangement for China's fight against poverty. In the stage of relative poverty governance, it is still very difficult to consolidate the achievements of poverty alleviation. China's anti-poverty cause still has a long way to go. To this end, it is necessary to reposition some items of the social security system and optimize the system design to enhance its anti-poverty function. Extend the "guaranteed development" of social security, and promote the organic integration of social security system with support for ambition and wisdom. Supporting aspirations means supporting ideas, concepts, and confidence, helping the recipients to form a positive spiritual outlook, strengthening their confidence in poverty alleviation, and forming an atmosphere of "you chase after me"; supporting wisdom means supporting education, improving the educational level, production and business skills to enhance the endogenous drive to get rid of poverty and become rich. To this end, it is necessary

to strengthen the support of social security, especially social assistance. First, increase education assistance. Strengthen social assistance in pre-school education, compulsory education, and higher education, to ensure that children from disadvantaged families can enter kindergartens and school smoothly. Second, strengthen employment assistance. Increase social security policies to support industries and employment in poverty-stricken areas, provide employment skills training for aid recipients, so that poor people can master the skills of getting rid of poverty and become rich, and encourage these groups to get rid of poverty and become rich through their own wisdom and labor. Third, provide psychological assistance. In order to avoid "relief dependence", social assistance should also provide psychological counseling, counseling, emotional communication and other services for the relief recipients, so as to enhance the confidence and determination of the recipient groups to get rid of poverty. Strengthen the "survivability" of social security, and improve the design of social insurance and other related systems. Taking medical insurance as an example, the integration of medical resources should be strengthened, and a special supplementary insurance fund for major and major diseases should be established to provide partial compensation for the medical expenses of major and major diseases such as cancer and tumors; the basic medical insurance system should realize the fund liability cap system as soon as possible. The change of the personal responsibility cap system, setting the upper limit of personal medical expenses according to the actual income of the family, etc., and the basic medical insurance fund is responsible for the part exceeding the disposable income level of the family, so as to effectively deal with the phenomenon of poverty due to illness and return to poverty due to illness.

#### **4.2. Improve the adaptability of the social security system to economic development**

On the one hand, build a social security system that is compatible with the digital age, and improve the refinement of the governance of the social insurance system. The basic risks faced by members of society in the digital age have only changed in form. Social members still need an occupational injury insurance system to deal with occupational injury risks, medical insurance to deal with disease risks, old-age insurance to deal with old age risks, and so on. The employment created by the "platform" is still essentially a combination of capital and labor, and is still a traditional employment-labor relationship. In the digital age, the "platform" has only changed its form, just as the "machine" in the era of machine industry is essentially a form of capital is the same. Therefore, in the face of today's diverse new forms of employment, the criteria for judging labor relations should focus on whether labor and capital are separated. As long as capital is combined with labor and substantially restricts the laborer, it should be identified as having an employment relationship and is responsible for paying social insurance for employees. At the same time, according to the industry nature of the employees on the platform, it is necessary to give priority to ensuring that they participate in the corresponding social insurance types, such as giving priority to ensuring that workers in express delivery, takeaway and other industries participate in work-related injury insurance or insurance types similar to occupational injury protection, as well as medical insurance.

On the other hand, reform the household registration system to reduce the degree of association between the social security system and household registration. First, strip off the subsidiary interests behind the household registration. The huge benefits hidden behind the household registration (such as employment, social status, children's schooling, medical and health) have become the biggest obstacle to its reform. If these "benefits" related to household registration do not exist, the contradiction between household registration and social security can be further alleviated. Second, increase the financial investment in rural social security and improve the level of rural social security benefits. Finally, gradually improve the relevant supporting measures. It is unrealistic to immediately lift household registration restrictions,

and it does not conform to the reality of China's economic development. The development of urban public facilities, health and employment in China is not yet perfect, and the capacity of social security resources is limited. Therefore, the opening of household registration should be an orderly opening based on the gradual improvement of relevant supporting facilities, so as to realize the adaptability between the opening of household registration and the capacity of social security resources.

### **4.3. Narrowing the gap between groups of social security benefits**

The gap between urban and rural areas and population in China's social security has exacerbated the inequity of the society as a whole. To this end, efforts are required in the following areas .

First, steadily improve the level of social security benefits for farmers, stabilize the benefits of workers and keep them at an appropriate level. Some viewpoints hold that the social security of employees is mainly due to their own labor through payment, while farmers pay little or no payment. In fact, the contribution of farmers to the country is enormous. In the era of planned economy, the fruits of farmers' labor are condensed in major projects such as national infrastructure construction, such as a large number of transportation projects and water conservancy projects. They participate in national construction through their own unpaid physical labor, and the country and the whole people are the ultimate beneficiaries. , but their contributions are not properly measured and implemented accordingly. It will be a arduous and long process to eliminate the negative impact of social security caused by the urban-rural dual system on the difference between urban and rural areas. To narrow the huge disparity in social security between urban and rural areas, social security transfer payments are essential. To this end, it is necessary to optimize the urban and rural expenditure structure of social security funds, and increase financial support for rural social security, especially in pensions, medical security, and care security , so that the majority of rural residents can effectively share the fruits of reform and development.

Second, extend some social security programs to rural areas. In the context of today's rural revitalization, social security resources should be reasonably allocated between urban and rural areas. In reality, although farmers have land, they will also face the problem of insufficient employment. In addition, in the process of urbanization, a large number of farmers' land has been occupied, and farmers' unemployment risk exists objectively, but farmers have no unemployment insurance; fertility risk is the responsibility of every member of society. Farmers will also face fertility risks, but there is no corresponding fertility protection; farmers will also face occupational injury risks, but there is no occupational injury protection. Therefore, it is necessary to cover the rural and informal employment groups with social security programs such as unemployment insurance, maternity insurance, and occupational injury insurance. Social security needs to provide farmers with certain employment assistance ; establish a maternity allowance system for the whole population, regardless of urban and rural areas, and include maternity medical expenses into the scope of basic medical insurance; occupational injury protection needs to be included in the scope of all workers including rural workers .

### **4.4. Balancing the operating costs of social security project areas**

Due to China's special national conditions, and China is in a transitional period, the unbalanced level of social security development between regions and within regions is a necessary stage. However, social security should not become a factor affecting the coordinated development of regional economies. It is necessary to improve relevant systems and policies to improve the level of social security across regions in a comprehensive and balanced manner.

Properly handle the relationship between financial "revenue" and "expenditure". Stable fiscal revenue is a solid material basis for social security spending. First of all, the central and western regions should strengthen the endogenous driving force of their own economic development, and in the face of the impact of population aging, they should seize the opportunity to actively explore the development model of related industries such as elderly care services according to the needs of the elderly, and develop through multiple channels. economy, and improve the financial supply capacity of social security. Second, reform the social security fiscal transfer payment model. On the one hand, it is the vertical transfer payment from the central government to the local government, especially to increase the support to the central and western regions. On the other hand, there are horizontal transfer payments between regions, which will help give full play to the mutual assistance and mutual assistance between regions and balance regional economic development. While the supply level of social security is continuously improving, the economic development level and actual supply capacity of each region should also be comprehensively considered to realize the sustainable development of social security in each region.

Balance the operating costs of social security between different regions, and achieve "the same side and the lower side". The key is to achieve the same actual contribution rate of basic social insurance in all regions, the key of which is the basic pension insurance for employees. In recent years, the implementation of the central adjustment system for employee endowment insurance has to a certain extent promoted the progress of the national overall planning of employee basic endowment insurance. Base. In the next social security reform work, we should conscientiously implement the spirit of the 19th National Congress of the Communist Party of China and the objectives and requirements of the "14th Five-Year Plan", accelerate the realization of national overall planning of basic old-age insurance, and at the same time combine the unified national payment rate with the reduction of unit payment burdens. Make the basic endowment insurance for employees truly unified across the country.

A fair, unified and sustainable social security system with Chinese characteristics is an inevitable requirement of Chinese-style modernization, and will surely become a key institutional arrangement to promote and even support China's future common prosperity. The 19th National Congress of the Communist Party of China drew a blueprint for building a powerful modern socialist country, and the historical process of promoting common prosperity is closely linked to the process of building socialist modernization. At present, China is still in the primary stage of socialism, which is bound to be a long process. In this process, the level of social security that can be achieved in China is still at the stage of "minimum protection" and "basic protection", and is still at the stage of "quantitative accumulation" in the process of promoting common prosperity. With the continuous development of China's economy and society, China's social security will continue to achieve new breakthroughs and finally enter a higher stage of development, and then achieve a "quality breakthrough" in the process of achieving common prosperity.

## References

- [1] Bagchi, S., 2015. Labor supply and the optimality of Social Security. *Journal of Economic Dynamics & Control* 58, 167-185.
- [2] Imrohorglu, S., Kitao, S., 2009. Labor supply elasticity and social security reform. *Journal of Public Economics* 93, 867-878.
- [3] Liebman, J.B., Luttmer, E.F.P., Seif, D.G., 2009. Labor supply responses to marginal Social Security benefits: Evidence from discontinuities. *Journal of Public Economics* 93, 1208-1223.
- [4] Vere, J.P., 2011. Social Security and elderly labor supply: Evidence from the Health and Retirement Study. *Labour Economics* 18, 676-686.

- [5] Wang, Y., Shen, J., 2009. Impact of the Social Insurance Law on the Labor's Security in the Construction Industry of China, International Symposium on Advancement of Construction Management and Real Estate, Nanjing, PEOPLES R CHINA, pp. 1568-1572.
- [6] Wang, Z.K., 2014. China's "labour shortage" and migrant workers' lack of social security. International Labour Review 153, 649-658.
- [7] Yu, J., 2012. XML Based Asynchronous Communication for Labor and Social Security Systems, 4th International Conference on Knowledge Discovery and Data Mining, Macau, PEOPLES R CHINA, pp. 311-318.
- [8] Zhou, W., Zhang, D., 2012. CSCW Based Labor and Social Security and Employment Information System, 4th International Conference on Knowledge Discovery and Data Mining, Macau, PEOPLES R CHINA, pp. 303-310.