

The Normalization and Development of Social Security Index System in China

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A social security index system is an indication of the quality of a social security system. Unless scientific, the index system will provide a distorted information of the social security situation, and hinders policy-making and construction of a social security system. The establishment of a social security index system is an important link in the reform and development of the social security system and cries out for uniformity and normalization.

1. The problem-analysis of China's existing social security index system

With the development and deepening of its reform in the past ten-odd years, China has seen a rapid progress in the development of its social security system, social insurance system of various kinds set up and gradually normalized, projects like social aid and social welfare fairly progressed, and rural social insurance gradually valued. In fact, such a normalized target social security system as outside enterprises and institutions, with multimode of financing and socialized management and service has been included in the tenth five-year plan. Yet the lagging construction of the social security index system has been, to a certain extent, in the way of the smooth promotion and development of the social security system.

Social security facilities with no specified responsible institutions and/or realm secured lack corresponding index. Due to traditional concepts or man-made factors, some projects which should obviously be included in the area of social security. Another problem with the existing social security index system is its confusion, which can be studied from three aspects. First, there is not enough coordination between different indexes. Secondly, many indexes are not normalized or scientific. Finally, indexes are mixed up.

Many factors have contributed to the confusion of the existing social security indexes, among which, I think, are the following three: (1). Separate control is one of the immediate reasons. (2). Unsocialized social security prevents the systemization of social security indexes. (3). Functional statistical departments of the government fail to place on it enough importance.

In a word, the existing system of social security indexes in China is unscientific and hysteretic, and, as a result, it is difficult to make an accurate evaluation of the social security facilities ever since the foundation of the nation or since the adoption of the open-door policy, and equally difficult to make a comparison with that of other countries. The blindness in the process of making policies is therefore inevitable.

2. Steps to the establishment of a scientific system of social security indexes

It can be seen that there are quite some problems with the design and statistics of the existing social security indexes, and that the problems result from varied factors. This makes it impossible to have a clear picture of the existing social security as it actually is, and of the demand of the community for the security. And due to lack of reliable statistical indexes, the reform efforts of the government may therefore lose their feasibility and add to their blindness, which is most likely to bring about hidden peril for the future development. It is high time a scientific system of social security indexes was established. (1). Introduce legislation. (2). Clarify responsibilities (3). Strengthen technical means (4). Strengthen statistical supervision.

3. Tentative ideas of the establishment of a social security index system in China

(1). Principles for index design. First, the design of the indexes should meet the demand of the country's

control of social security facilities and its overall and accurate assessment and, should be refined and normalized. Secondly, different indexes should be properly coordinated, no repetition or absence allowed. Thirdly, it should be systematic, each type of indexes in itself able to form an independent and integrated assessment system. Finally, it should be hierarchical, indexes divided into different levels according to their contents and scope of application, the index of each level applicable to the assessment of the contents and scope of application at this level.

(2). *Structure of the system.* On the one hand, the social security index system can be divided into such three levels as overall index, subsystem index and project index. At the top of the hierarchy, the overall index reflects, and is used for the assessment of, the overall situation of the social security facilities in the whole country and its coordination with the social and economic development. In the middle of the hierarchy, subsystem index, the core of the whole system, indicates, and is used for the assessment of, the situation of subsystems of social security, such as social insurance, social aid, social welfare, medical care and army men security, and their places in the whole social security system. Project index, the base of the whole system, indicates, and is especially used for the assessment of, specific social security projects. On the other hand, the social security index system can be divided top-down into four levels according to collecting procedure. The first-level index is equivalent to the overall index, including, for example, the overall coverage of social security. The second-level index is equivalent to the first-level index within the subsystem, indicating the overall situation of each subsystem, such as social insurance expenditure, premium (tax) income. The third-level index is equivalent to project index, specifically indicating each security project. Social insurance expenditure, for example, should have this level of index specifically of unemployment, old-age, injury and child-bearing. Finally, the fourth level, at the bottom, is the subsidiary index. Unemployment insurance expenditure, for example, can be subdivided into more detailed indexes such as premium expenditure, medical expenditure and job training expenditure. These two kinds of structures are by no means contradictory, and are rather two aspects of the social security index system.

(3). *An Index design.* Due to the limitation of space, designed here is not a comprehensive version of social security indexes and system, but rather an example, i.e. social security expenditure, which should include such indexes as: 1) *social security (total) expenditure*, an overall or first-level index, indicating total amount of expenditure of all social security services, and, when compared with GDPs, the social security scale of a country or region; 2) *social insurance expenditure*, the first-level index within a subsystem, indicating the total amount of all insurance payments by social insurance bodies of old age, unemployment, on-job injury and child bearing for all laborers; 3) *on-job injury insurance expenditure*, the second-level index of social security programs or within social insurance subsystem, indicating the total amount of on-job-injury-related death indemnity, disability indemnity, medical costs and wages for work absence; and 4) *death indemnity*, a subsidiary one at the four level of social security index, indicating the indemnity in on-job injury insurance paid to the family of the dead, which is only one of the components of the on-job injury insurance expenditure. It can be seen that the design of social security indexes should be very strict and normalized, and different departments responsible should coordinate and collaborate.