New Rural Pension Participation, Labor Migration and Rural Elderly Economic Support: Analysis Framework Construction

Xiao-Zeng WANG\textsuperscript{a} and Lin-Ping WANG\textsuperscript{b}

College of Economics, Fujian Agriculture and Forestry University, Fujian, P. R. C.

\textsuperscript{a}64797770@qq.com, \textsuperscript{b}1134230692@qq.com

Keywords: New rural pension system; Labor migration; Economic support.

Abstract. The impact of social pension system on the economic support of elderly has attracted hot debates recently. The present study, different from previous research, analyzed previous studies by taking migration of young labor force as a moderating factor to explore the impact of the new rural pension mechanism on the economic status of elderly. Besides, the present study also analyzed the effects of the new rural pension policies and proposed suggestions for future researchers.

Introduction

At present, China’s aging population and urbanization resulted in a series of social problems. Among the problems, the most serious one is the social pension problem in rural areas. Under the current social and economic situations, material support for the elderly is the major concern of the government when making policies to administer pension system. Simply put, pension system plays an important role in supporting the elderly in rural areas when considering their living quality and quantity. The rural elderly's source of financial support primarily comes from their children. According to the sixth census, it was found that 47.7% of the elderly's income comes from their children. However, the migration of middle-aged and youngsters to cities has resulted in their segregation from their parents, in which the elderly left in rural areas cannot be taken care of. The separation between the elderly and their children prohibit the elderly from directly obtaining economic support and health care from their children, which does not correspond with the convention of traditional Chinese families. The State Council launched a new social pension system for residents in rural areas in 2009 (hereinafter referred to the new rural pension system) in some districts of China. At the end of 2012, the new policy can be administered nationwide. According to the statistics reported by the Ministry of Human Resources and Social Security, by the end of 2017, the total number of urban and rural residents participating in social pension system would be 512.55 million, in which 155.988 million people receive 125 RMB as pension per month, accounting for 12.53% of the income of rural households. The new rural pension system has become an important part of life for the elderly in rural areas.

As an innovative institutional system, whether the new rural pension system can effectively alleviate the plight of the pension problems in rural society, the expected objectives would be the index for the government officials to decide whether to sustain the pension system continuously in the future. Whether the elderly participate in the new rural pension system and regularly receive pension might directly impact the welfare of their family members. The research with respect to the effects of new rural pension system mostly investigated its impacts on family members\textsuperscript{[1]}, particularly elderly welfare. The results in previous study with regard to rural pension system, however, showed inconsistent results\textsuperscript{[2,3]}. The studies investigating the effects of new rural pension system and the quality of elderly’s welfare are not many. Whether the administration of the new rural pension system will change the younger generation’s migration behaviors and how the children support their parents are what the present study concerned. The present study systematically analyzed the relation of new rural pension system, labor migration, and economic support by considering the factor of labor migration among the younger generations as a moderating factor. The results of the present study will propose some suggestions for researchers in the future.

The Impact of Young Labor Migration on Elderly’s Participation in New Rural Pension System

Due to the imperfect pension mechanism in rural areas of developing countries, the elderly generally receive economic supports from family members or younger generations. The younger generation provides the elderly with spiritual and financial supports, in which the younger generation may have to spend lots of time taking care of the elderly’s daily life and providing medical treatment. If the younger generation is bound by the daycare services provided to the elderly, they may not be free to go out to work. However, if the elderly participate in the new rural pension system, they will receive pension to strengthen their sense of security, self-esteem and social respect, and depends less on their children. At the same time, the income received from pension system can help the elderly afford medical treatments, so that new rural pension system can replace the role of younger generation to take care of the elderly and relaxes the economic constraint of the younger generation, thus facilitates their migration to cities. Besides, the elderly supported by new rural pension system will have more time and energy to take care of grandchildren, if this is the case, migrants’ economic burden will be released, thereby promotes the younger generation's motivation to migrate to cities[4].

The Influence of Labor Migration among the Younger Generations on the Economic Support for the Elderly in Rural Areas

The younger generation’s migration to cities to earn livings in order to increase income and improve living standards will be the best choice for the majority of the young and middle-aged people in rural China. With the transfer of labor force, the young migrants will be more capable to support their parents. Being influenced by the traditional Confucian concept of filial piety, if the young migrants want to help their family in day care, they will provide more financial supports to their parents through remittances[5]. In addition, as the younger generation go out to work, household choir are more likely to be undertaken by the elderly. In order to achieve better living quality, young migrants out of the village will usually remit more money to increase the economic support for their parents in rural areas. At the same time, with the migration of the younger generation to urban areas, the elderly stay in rural areas will be left behind and may not be able to catch up with the ever-changing society. With the modernization of the society, the economic and social status of the elderly will be more disadvantaged. The elderly in rural areas without money, power and capability might be deserted by their children. With the acceleration of urbanization, the constraints of traditional culture imposed on younger generation would be reduced, the younger generation may eventually lose their willingness to economically support the elderly in rural areas.

A New Analytical Framework

Becker and Barro[6,7] put forward the theory of intergenerational transfer motivation dealing with public security system and private monetary transactions. Based on Becker’s and Barro’s theories, the present study would study the impacts of elderly’s participation in new rural pension system on younger generation’s rearing behaviors.

Through the above analysis, it can be seen that the elderly's participation in new rural pension system affects the labor migration of the younger generation, relaxes the family's economic pressure and benefits the younger children; however, it aggravates the distance between the children who undertake the responsibility to take care of elderly and the elderly who are taken care of. After the younger generation migrates to cities, they have been cultivated by city life and developed different types of lifestyle and concepts different from the ones in rural life. The elderly in rural areas, sort of marginal people without any potential advantages, might lose advantages to gain any economic support from their children. The elderly's participation in new rural pension system might influence the pattern of younger generation’s migration to cities. After the young labors migrate to cities, how they support their parents will be changed, the social welfare system will be influenced as well.
It was assumed that the participation of the elderly in new rural pension can significantly promote labor migration of younger generation. When labor migration of the younger generation significantly facilitates the economic support for their parents, the effect of the new rural pension system will be further strengthened, in which the elder's economic status will be alleviated to a greater extent, and the welfare the elderly enjoyed will also be improved. On the contrary, if the labor migration of younger generation significantly reduces their economic support for parents, the welfare of the new rural pension system will be deteriorated. The new rural pension system may not improve the welfare of the elderly, but will make their living conditions worse to aggravate their living standards. The results of administering the new rural pension system will deviate from the initial intention and objectives of the pension policy.

If the government does not consider that the implementation of new rural pension system might impact the migration of young labor force or if the government only considers the new rural pension policy and disregards other factors, it is difficult to objectively evaluate the effects of the new rural pension system. If this is the case, it is not conducive to the stability and development of rural society. Based on this, in order to analyze the changes of younger generation's economic supporting patterns and objectively evaluate the availability of the new rural pension policy. The present study constructed a framework to explain the relationship among the elderly's participation in the new rural pension system, labor migration, and the economic support enjoyed by the elderly (see Fig. 1).

![Diagram](image)

**Figure 1. The Model of Theoretical Framework.**

**Conclusions and Suggestions**

Based on previous studies concerning new rural pension system, labor migration and economic support, the present study used migration of young labor force as a moderating factor to analyze the younger generations' economic supporting behavior for their patents and comprehensively evaluated the quality of new rural pension system. The main contribution of the present study is taking the labor migration of young labor force as an moderating factor to explore how the elderly's participation in new rural pension system impacted the younger generation's supporting patterns and further analyzed the relationship among the new rural pension, labor migration and economic support.

The future researchers who are interested in this topic can go on to investigate the impact of elderly's participation in new rural pension system on the migration of young labor force by using scientific method. Secondly, taking the migration of young labor force as a moderating factor to study the extent and effect of its influence also deserves further studies. Thirdly, in order to improve the efficiency of new rural pension system and optimize the advantages of the pension system, the government should propose various policies to make up the weakness of the present system.
References


