# Presentation Title: Comparison and evaluation of the financing system of China's urban social security before and after its reform

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## 1. Aim

This paper examines the sustainability of the financing system of China's urban social security system. In this study, we also discuss and explain the appearance of the 'empty account' element, which severely undermines the sustainability of the financing system. Then, we test the applicability of the current correlation between economy and finance expression of social security.

## 2. Data & Methods

For this purpose, by dividing the development of the financing system into two periods (before and after the reform), we compare the capital collection and the distribution and circulation structures, after reviewing the financing system before and after its reform. We also use the data from Chinese national statistic bureau to test the correlation between the finance expression and important social and economy factors.

## 3. Results

We allege that the money accumulation financing system adopted after the reform, which correlates personal accounts with the social pool, is not running as designed but as a 'pay-as-you-go' system. After evaluating the efficiency and cost-performance of the two financing systems by testing their sustainability and their correlation with the economy and social development, we find that the operation of the financing system after the reform corresponds to the theories tested by the cases of advanced states.

## 4. Conclusion

China's post-reform social security system is significantly more stable. The financing system of Chinese urban social security has fundamentally changed since its reform and the bulk of the cost is now borne by employers and employees. Though that system has been designed to accumulate money and still runs as a PAYG, the stability of money collection, expenditure, and balances has been significantly increased. Besides that, the bi-correlations between important economic, social, and institutional factors and the social security expenditure has been fundamentally changed by the reform. After its reform, the theories effective in advanced western countries can also be applied to the Chinese case, and China's social security system is moving towards the standard western model. Finally, we demonstrate that the most important change to the financing system is not the reform of its structure but the dramatic increase in the amount of money that employers and employees have to pay for the insurance premium. Though the financing system of China's urban social security is still changing, our finding in this study still has value for scholars in studying the transfer between different social security financing systems.