

The Division of Intergovernmental Responsibilities and Powers for China's Basic Pension System: Some Conclusions and Policy Recommendations

Dehao LIU (Ph.D Candidate, Renmin University of China)

Shaoguang LI (Professor, Renmin University of China)

Paolo Urio (Professor, University of Geneva, University of Lugano)

Abstract

To allocate the responsibilities and powers rationally and clearly among different levels of governments is a crucial issue for improving China's pension system and maintaining its sustainable operation. Based on the theoretical analysis and case researches, the authors argue that the principle of division is to achieve the incentive-compatible conditions by adjusting the financial responsibilities and other duties, and the specific provisions of division should be decided by mechanism of negotiation. The authors give some specific suggestions on the transition cost, subsidy responsibilities for the deficits of pension system and the investment model of accumulated pension funds. Especially, this paper put forward to build up a special committee belonging to the NPC as the platform of negotiation among the related parties.

Keywords: Pension System; Division of Intergovernmental Responsibilities and Powers; Negotiation