

# Policy, Legal and Institutional Environment for China's informal workers

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# The society is divided

- **China has been for a long time a dual society with an overt socioeconomic line drawn between urban and rural.**
- **The Household Registration System is the base of the segregation.**



# The Importance of *Hukou* before reform

- For Urban Residents:  
Access to almost all living necessities (housing, education etc.) and social security  
Job assignment (private employment virtually did not exist before 1980).
- Universal formal employment,
- low income,
- social equality at low development level.
- working unit-based welfare



# The Importance of *Hukou* before reform

- For Rural Farmers:
  - Employment relations with the communes (“Formal” employment)
  - Community-based welfare (e.g. Medicare, old-age support, education etc.), limited but stable



# Major drivers of informalization

- Rural reform: Rural commune system (rural collective economy) was replaced by Household responsibility system
  - Large-scale rural-urban migration, floating population
- SOE (State Owned Enterprises) reform and the development of market-oriented economy
  - Restructure of urban labour force, laid off workers
- Reform of urban-based social security system
  - From working units to socialisation of the system
  - Four social insurance schemes: pension, medicare, housing, unemployment

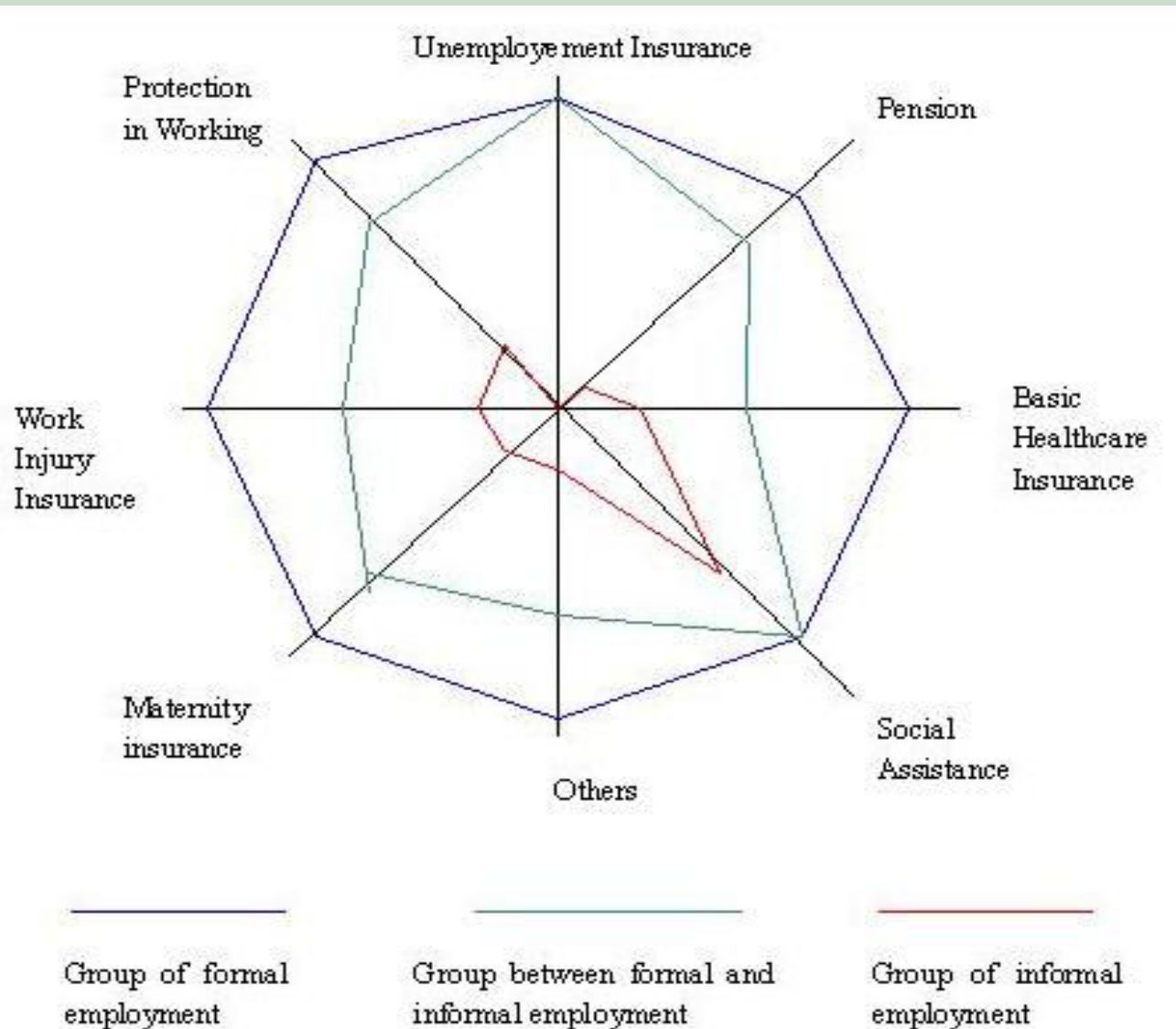


# Main features of China's social welfare

- Segmentation (Rural-Urban Division)
- Highly Decentralised Financing & Management ( Low level of pooling)
- Contributory Schemes Vs. Non-Contributory Schemes or Social Safety Net (still based on Hukou status)



# Access to Social Protection by Different Groups



## Government attitudes towards informal employment:

- Supportive in general
- Main aim is to cope with urban unemployment problems, and to absorb migrant workers
- Not-coordinated between government agencies
- Always try to formalise informal employment





# The focus of government's labor market policy

- In 1998, focus on providing social security;
- in 2002, focus shifted towards an active labor market policy, such as promoting re-employment and encouraging flexible employment.
- In 2005, much attention was given to the improvement of employment quality and building a rural-urban unified labor market .

# Positive employment policies

- Taxes and fees exemption.
- micro-credits.
- Subsidized social security.
- Employment aid.
- Major and minor separation.
- Employment service.
- Financial investment.
- Social security.
- Regulation reducing redundant staffs.
- Community-based employment service.



# Legal protection

- Reform in *Hukou* system, gradually remove all barriers of rural-urban migration.
- Labour Laws
  - The Labour Contract Law, the public consultation on the draft is underway,
    - Restrictions on the use of corporate rules to axe workers vs. participation of trade unions in the process of layoffs.
  - Employment Promotion Law
  - **Program for the Development of Chinese Women (2001-2010)**



# Employment Promotion Law

- implement coordinated employment policies in both urban and rural areas, so as to provide equal employment opportunities for the labor force.
- prohibits discrimination against job seekers for their backgrounds of ethnicity, race, gender, religious belief, age, or physical disability.
- requires governments above the county level to establish an early warning system to prevent, regulate and control possible cases of large-scale unemployment.
- stipulates that government-run employment service agencies must provide free services to the labor force and are prohibited from commercial operations.
- staff members of the government's labor and social security departments who are found to have committed abuse of power, dereliction of duty or cheating will be held to account for criminal responsibilities or given disciplinary punishment.
- intermediary employment agencies not registered or approved by the labor and social security authorities and industrial and commercial authorities will be closed down and fined 10,000 yuan to 100,000 yuan.
- education funds for employees, professional training

# Other institutional arrangements

- Family, kinship, village network
- Labour/employment agencies
- NGOs/associations/ guild
- Community/working units
- Cultural/social capital/social network



# New Development of reforms

- Household Registration System
- Social Security System



# Future works on law and policy

- Legal protection, inclusion
- Specific policies and programmes
- Mainstreaming/multi dimensional



# Thanks for your time!

Any question and comment?  
问题和评论？

