

Report on Progress of Economic and Social Rights in China

By China Economic and Social Council

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The China Economic and Social Council (hereinafter referred to as CESC), as the national service provider of economic and social research and consultation, pays close attention to practice and progress of peoples's economic and social rights in China. Working with all walks of life to study and explore some hot and difficult issues encountered in the economic and social development, CESC provides constructive advices for coordinated social and economic development in China.

CESC is convinced that over the past five years, with Chinese government and various social actors attaching increasing importance to citizen's economic and social rights, China has made big strides forward on various fronts in social and economic build-up through investing more resources and adopting more potent measures and effective policies. At the same time, business, non-government organizations and individual citizens have all played important and indispensable roles in this course. As a result, China has scored fresh progress in the development of people's economic and social rights.

1. Domestic legislations have further improved to safeguard citizen's economic and social rights.

- The *Property Rights Law* became effective on October 1, 2007. The controversial lawmaking process and authoritative enforcement of this law have started an enlightenment of the concept about citizen's legitimate rights. During this process, the general public has grown their awareness of economic and social rights while the administrative organizations have reinforced their concept of rule of law.
- The *Labor Contract Law* went into effect on January 1, 2008. The key legislative purpose of this law is to develop harmonious and stable labor relationships. Given the fact that the supply of labor exceeds the demand in China, the labor is the disadvantaged party in the labor-employer negotiation; the *Labor Contract Law* stresses more the protection of the labor.. Through more mandatory stipulations regarding buying employees social insurances, making timely and full wage/salary payment to employees and calling for termination of labor contracts, it powerfully protects legitimate rights and interests of employees and has been well received by them. Meanwhile it is generally acknowledged that firm enforcement of the *Labor Contract Law* has spelled out higher requirements upon employers.
- The *Regulation of Disclosure of Government Information* was brought into effect on May 1, 2008. This regulation provides legal assurance for the public access to government information, for protection of the immediate interests of the general public and for their

growing participation in the administration of national affairs. It also paves a solid foundation for the build-up of a “sunshine government” and helps increase transparency of government administration.

2. Favorable policies to support agriculture and rural development have gradually elevated the living standard of farmers.

- In early 2003, the State Council issued regulations regarding protection and promotion of the migrant workers’ rights and interests. It has reversed discriminations by some institutions and employers against migrant workers, such as in deliberately skimping or delaying wage and/or salary payment to migrant workers, making it harder for their kids to go to city school, etc. At the end of the year, a large-scale movement of clearing the wages and salaries in arrears for migrant workers was launched and was warmly welcomed by the millions of migrant workers.
- In June 2003, following the case of Sun Zhigang, the State Council called a special standing-member meeting and decided that the *Regulations on Handling Indigent Migrants* formulated in 1982 be abolished and that instead, relieving aids should be provided to vagrants and beggars. Such a decision has received tremendous positive feedbacks from all walks of life.
- The epidemic outbreak of SARS in spring 2003 was an extraordinarily major crisis in public health. Having experienced it, the Chinese government has made distinct improvements in areas of information disclosure, disaster prevention and epidemic prevention and control, the construction of public health system, management of unexpected incident and public crisis as well as the government officials’ accountability system, etc.
- The New Rural Cooperative Medical Insurance System was implemented in 2003. The Chinese government has moved up its input in the establishment of this new system. It has raised standard of financial subsidy for rural medical services (per person) from 40 yuan (RMB) in 2007 to 80 yuan in 2008, in which the central government has doubled its subsidy from 20 yuan to 40 yuan (RMB). By 2010, the New Rural Cooperative Medical System is designed to cover all rural residents. This will play a key role in preventing illness-triggered poverty returns among the rural population.
- In March 2006, China announced abrogation of agriculture tax, which had been levied in the country for 2600 years. This favorable farmer-oriented policy has relieved them massively from tax burdens and has been helping develop agriculture and promote social harmony and prosperity in rural areas.
- Since 2005, the government’s increase of input in compulsory education in rural areas has exceeded that in urban areas. As a result, the regional gap as well as the gap between urban and rural areas in compulsory education have been narrowed. In spring 2006, rural students in the compulsory education period in the west China were the first to be exempted from tuition and miscellaneous fees. Nearly 50 million rural middle school and primary school students

benefited from this exemption. Then from January 1, 2007, all rural students in the compulsory education period in the country are fully exempted from tuition and miscellaneous fees. This has increased the number of students benefiting from the exemption up to 150 million and has greatly relieved farmers from financial burdens in education.

- Since 2006 the policies regarding household registration in various regions have become more flexible, enabling migrant workers to become registered urban residents and their children to be admitted in the public schools close to their residence sites and enjoy the same treatment as children of the urban residents.
- The past five years is a period in which Chinese farmers have secured the most benefits up to now. Through implementation of the above policies that benefit farmers, farmers have significantly raised their living standard. According to UN's *Human Development Report 2005*, China ranks No. 85 in 2005 in terms of human development index, up by 20 places in the ranking table of 1990. In light of the poverty line of "1 dollar a day", the poverty incidence of China has been reduced by half from 1990, enabling China to achieve the Millennium Development Goals (MDGs) ahead of schedule.
- Although great progress has been made in China, we must also bear in mind that the absolute number of Chinese people living below the poverty line is the world's second largest, only behind India, according to the study reports of World Bank and Asia Development Bank. Most of the needy people live in the countryside. To alleviate poverty in those areas is more difficult. In addition, China's poverty line is lower than the international poverty standard set by World Bank, and the actual population of China living below the poverty line may have been underestimated.

3. The proactive employment policies benefit urban jobless families and unemployed people; but employment pressure is still high.

- Employment is crucial to people's livelihood and it is the foundation for citizens to access the economic and social rights. Since 2002, the Chinese governments at various levels have adopted proactive employment policies. They make incentive policies encouraging businesses to provide jobs for those who have difficulties in landing jobs; they support individuals to start their own business through reduction and exemption of taxes and provision of small loans and vocational trainings; and they also give priority to those from the jobless families to take welfare posts, which are created or subsidized by the local governments. Ever since the implementation of the proactive employment policies, the number of newly employed people in urban areas has increased from 8.4 million in 2002 to 12.04 million in 2007.
- Due to the large population base of China and many uncertainties in the economic development, China is still confronted with very high employment pressures. In 2007, the registered unemployment rate in urban areas was 4%. However this number cannot tell the full story of the overall employment situation in China. In the rural areas, there are still over 120

million surplus laborers; meanwhile in the urban areas, there exist around 240,000 unregistered jobless families. In addition, there are 8.58 million unemployed disabled people who are of working age and have working abilities. Since 2008, unprecedentedly grave employment situation has been seen in the Pearl River Delta region and Yangtze River Delta region, where China's small and medium-sized enterprises (SMEs) concentrate (like in many other countries, in China the SMEs are also the main force that offer jobs), and where the challenges of creating new jobs are becoming all the more severe.

- CESC proposes that as long as the steady and rapid economic growth be assured, the government should give special support to SMEs in terms of financing and tax treatment, and continue the proactive employment policies that should be made more pertinent and effective. These policies should be applicable also to migrant workers, as they have not been registered as urban residents eligible to these policies. The government should also improve the basic living allowance system, raise the minimum salary standard and push forward reforms in medical services and housing systems so as to provide basic living allowance, healthcare aids and low-rent houses to the people that have most difficulties in making the living in urban areas.

4. Break-through has been made in establishing trade unions in multinational companies, and employees' legitimate rights and interests are more effectively secured.

- In general, the supply of labor in China exceeds the demand. Therefore employees are greatly disadvantaged in securing rights and interests from employers. To reverse the power pattern featuring "overpowered capital and weak labor", trade unions must be established to represent employees and to safeguard their legitimate rights and interests through an organization.
- In 2006, CESC conducted a survey, in association with some other relevant organizations in China, on the issue of protecting employees' rights and interests, and on the establishment of trade unions in foreign-funded companies. As a result of efforts made by CESC and the relevant organizations, the first trade union in War-Mart's (the world No. 1 retailer) was set up in China. Afterwards, trade unions in all the rest of War-Mart stores in China have been established. They have played an important role in improving employees' salaries and welfare.
- During the past five years, big progress has also been made in the establishment of sector-based trade unions in the more developed east coastal areas, where there are more migrant workers. Representing migrant workers who were originally scattered, these trade unions are capable of doing collective bargainings on their behalf with their employers and have signed group labor contracts, thus providing effective protection of the workers' legitimate rights and interests.

5. The Sichuan disastrous earthquake and successful Beijing Olympics stimulate growth of civil society in China.

Civil society is a responsible society where rights and obligations are well-matched. The good performance of the civil society in both the Sichuan earthquake rescue work and the Beijing Olympic Games has won sweeping praises.

- Giving a full play to volunteer service, the general public and non-government organizations played an active part in the earthquake rescue/relief efforts. They took an earnest initiative to fulfill citizenship responsibilities and obligations and thus won widespread attention and applause. The earthquake has also witnessed the growing-up of corporate citizens. Responsible corporate citizens are an important part of a civil society. Business organizations of various ownerships, whether they are state-owned, private or foreign-funded, have all played an active role in various charity and donation activities, regardless of their size and profitability levels. The government also vigorously facilitated participation of disaster relief efforts by individual citizens and business entities. Facing such an unexpected and enormous calamity, the Chinese government not only responded swiftly, but also ensured high transparency of post-disaster information disclosure and openness to receive aids from all over world. All these are unprecedented and have clearly demonstrated that the Chinese government is a responsible government that ensures public access to information, value people's lives, and is accountable for its people.
- The Beijing Olympics provided a new arena for the civil society to exercise its energy and responsibility, and further boosted the development of a civil society in China. It was an excellent opportunity to show the fine qualities of Chinese volunteers and the development in China's voluntary services over the past two decades. The number of volunteers worked for the Beijing Olympic Games reached an unprecedented number of 1.7 million in the Olympics history. During the Games, domestic and foreign media were able to fully and freely report on every aspect of the Games and China. The successful people-oriented Beijing Olympics has brought forth a complete showcase of Chinese society's openness and progress.