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# China's century-old employment system seeking a new chapter

## EDITOR'S NOTE

Employment is crucial to people's wellbeing. This page outlines the evolution of China's employment policies and sheds light on the future trends of high-quality employment development in the new era.

BY HUI JIANGUO  
and LIU GUANJUN

The National Bureau of Statistics' data indicate, by the end of 2020, China's population reached 1.41178 billion, and the working age population aged from 16 to 59 reached 880 million. China's scale of employment is much larger than that of other countries, which is significant as employment is pivotal to people's wellbeing.

China's employment policy has always adhered to the combination of socioeconomic development and economic system reform, and has always implemented the people-centered development philosophy. Reviewing the achievements and development course of China's employment policy in the past century is important for achieving the goal of more full and high-quality employment and promoting the high-quality development of China's economy.

### Upgrading employment policies

The CPC's employment policy can be traced back to the Agrarian Revolution period, with directly redistributing means of production needed for employment (i.e. land) as its primary means, and sustaining peasants' livelihoods and providing for the Agrarian Revolutionary War (1927–1937) as its goal. According to different times and contents, the Party's century-old employment policy development could be roughly divided into four policy stages: employment stability, employment promotion, active employment, and pro-employment.

First, the employment stability policy stage could be subdivided into the protection of employment policy stage before the PRC's founding in 1949, and the centralized labor allocation policy stage after the PRC's founding. Before the PRC's founding, the employment policy was mainly reflected in the direct distribution and protection of the means of production needed for employment. After PRC's founding, the Party's Central Committee immediately adjusted the wartime employment policies, and the state uniformly trained and deployed the labor force, continuously improved the employment quality of workers, and optimized the labor allocation structure. Finally, the employment policy of a "centralized labor allocation system" was formed, which continued to exist until the reform and opening up.

The second stage is the stage of the employment promotion policy. The convening of the Third Plenary Session of the 11th CPC Central Committee in



Graduates seek job opportunities at a career fair in Sanya City, Hainan Province. Photo: CFP

1978 marked China's entry into the period of reform and opening up. The employment policy of the "centralized labor allocation system" under the planned economic system urgently needed to be reformed, and a new employment policy was to be explored and formed. In 1980, the reform of the employment system, in which the labor force is uniformly distributed by the state and allocated for life at one time, was carried out. Since 1980, the employment method of "open recruitment, voluntary registration, comprehensive assessment, and selective employment" has been implemented, realizing the two-way choice between employers and workers. The labor contract system formulated and implemented by state-owned enterprises meant the birth of a labor resource allocation system dominated by the planning means and supplemented by the market means. China's "dual track" employment policy had been officially formed, and the employment policy had begun to turn to employment promotion.

The 14th CPC National Congress in 1992 clearly put forward the goal of establishing a socialist market economic system. Labour Law of the People's Republic of China promulgated in 1994 extended the labor contract system to all types of enterprises, and the "reemployment initiative" was launched in 1995 for laid-off workers. These measures meant that the government further loosened the regulation of employment. In addition, the implementation of compulsory education and the strategy of rejuvenating the country through science and education have generally improved the ability of workers to choose jobs independently, the market has gradually become the main means of regulation, and the impact of the planning has gradually weakened.

The third stage is the stage of an active employment policy. When the academic circles summarize the active employment policy, they divide it into four versions. Among them, active employment policy 1.0 determines the basic framework of the active employment policy, marked by the notice of the CPC Central Committee and the State Council on further improving the reemployment of the laid-off and the unemployed in September 2002.

The active employment policy 2.0 expanded the coverage of the reemployment scheme from the laid-off personnel of state-owned enterprises to all employees, which is marked by the notice of the State Council on further strengthening employment and reemployment issued in November 2005. Active employment policy 3.0 elevates some policies into laws and forms an employment regulation system jointly constructed by laws and policies, including the Employment Promotion Law of the People's Republic of China promulgated in 2007 and the Notice of the State Council on Doing a Good Job in Employment Under the Current Economic Situation issued in response to the 2008 global financial crisis. The latter is regarded as a landmark document for the final formation of the active employment policy. Active employment policy 4.0 incorporated "entrepreneurship" into the employment policy system, the notion that "entrepreneurship drives employment" set off a wave of "grass-roots entrepreneurship" and entrepreneurship training, and launched the "mass entrepreneurship and innovation" era of China's employment policy.

Then came into being the pro-employment policy stage. As Socialism with Chinese Characteristics has entered a new era, a series of fundamental transformations are taking place in China's labor market. The labor supply has transformed from infinite supply to limited supply. The employment structure saw a principle contradiction as the supply of high skilled talent falls short of demand and the supply of low and middle-skilled personnel exceeds demand, resulting in the coexistence of a surplus and a shortage of labor.

The rapid evolution of an aging society and the new technological revolution represented by AI have accentuated this structural contradiction. For these new issues and new trends, the 18th CPC National Congress in 2012 proposed to "deliver a better job in creating employment." The 19th CPC National Congress in 2017 further stressed that "we must give high priority to employment and pursue a proactive employment policy, striving to achieve fuller employment and create better quality jobs." Employment policies have been elevated to a strategic level. The Government Work

Report in 2019 clearly required that the pro-employment policies should be incorporated into the macro-regulation system.

Going forward, the 14th Five-Year Plan (2021–2025) for National Economic and Social Development and the Long-Range Objectives Through the Year 2035 points out that "we will implement the employment-first strategy and increase employment opportunities."

### Labor protection

In terms of employment structure, it has been continuously optimized with the improvement of the economic development level and the transformation and upgrading of the economic structure. The tertiary industry has become the most important industry for employment in the new era.

To be aligned with the socioeconomic development level, workers' educational level has also continued to improve. The statutory rest time has increased significantly, from 59 days in 1949 to more than 120 days at present. Continuous innovation, optimization, and upgrading of employment policies have increased wages while decreasing working hours, which allows a better work-life balance.

In addition, China has continuously developed labor protection centering on people's livelihoods and employment, and has achieved a historic leap from scratch. China's employment situation has been stable for a long time, and the largest social security system in the world has been built.

In the new era, we must move forward to the high-quality employment target. We will accelerate the training of skilled vocational professionals and the construction of an all-round employment service system, deepen the labor supply-side structural reform, promote the mass entrepreneurship and innovation initiative, and make steady progress towards enhancing our people's sense of gain, happiness, and security in the developmental path towards high-quality employment.

Hui Jianguo and Liu Guanjun are from the School of Labor Economics and the School of Marxism Studies at Capital University of Economics and Business, respectively.

## Honing skills for a shifted employment landscape

By ZHAO YUAN

According to the employment data released by China's Ministry of Human Resources and Social Security, 6.98 million new urban jobs were created in the first half of 2021. The overall stability of the employment situation in China is due to strong support of economic recovery and the implementation of the pro-employment policy.

An aging society and technological revolutions are the mega-trends transforming the nature of work. To thrive in an era of rapid change, workers should focus on skills, adaptability, and resiliency.

### Future-proof skills

"Skills and productivity are the essential factors for the future job market. With the aging of China's workforce, improvements in the quantity and quality of skills are necessary to improve the standard of living of society. An aging society will turn the labor surplus model on its head and require greater use of AI in not only the manufacturing and service sectors, but also in managing the aged society itself and all the extra jobs created such as in care giving," said Chris Rowley, a visiting fellow from Kellogg College at University of Oxford.

"The skills needed are basically the most human ones, since they cannot be replaced by robots: arts, creativity, human technology, etc.," said Alicia Garcia-Herrero, a senior fellow with European think-tank Bruegel.

### Longevity dividend

According to Andrew J Scott, a professor of Economics at London Business School, "China's demographic trends make seizing a longevity dividend incredibly important. The priority has to be ensuring that the younger generation age as well as possible and stay productive for as long as possible. The three dimensions: life expectancy, health, and the economy are ensuring that longer lives are matched by increases in healthy life expectancy and productive aging."

To cash in on the longevity dividend for the employment market in China, deep-seated changes in individual behavior and corporate and government policies are required. Scott suggested that focusing on delayed aging, supporting employment beyond 50, and tackling ageism are key priorities.