

## IV. Measures to Protect Livelihoods during the COVID-19 Pandemic in China

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### 1. Introduction

#### a) Historical Overview<sup>1</sup>

The COVID-19 pandemic broke out first in Wuhan, China, the provincial capital of Hubei, at the end of 2019. Compared with other countries, at that time, China faced quite different conditions in terms of the huge psychological distress and the lack of knowledge of the new virus. About one month later, the new lung disease was legally confirmed as an infectious disease.<sup>2</sup> The disease was soon proven to be so severe that the national emergency response of the highest level was launched on 15 January 2020. The central leading body<sup>3</sup> and the leading and coordinating working agency of the State Council<sup>4</sup> were then established and national administration began to take the major responsibility for the prevention and control of the pandemic. On 23 January 2020, Wuhan was sealed off, and from 23 to 29 January 2020, all provinces successively launched provincial emer-

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1 See the white paper “China’s Action to Fight the COVID-19 Pandemic” (抗击新冠肺炎疫情的中国行动) released by the State Council Information Office on 7 June 2020.

2 On 20 January, the National Health Commission (NHC) announced to include the new lung disease as a Class B infectious disease of and allowed the state to adopt measures to cope with infectious diseases of Class A. This procedure is stipulated in Section 4 Para. 1 Law of Prevention and Treatment of Infectious Diseases (2013 Amendment) of 29 June 2013 (中华人民共和国传染病防治法). All normative documents cited in this paper, unless otherwise specified, can be found in the [database “北大法宝”](#).

3 The Central Leading Group for Responding to the COVID-19 Pandemic (中央应对新型冠状病毒肺炎疫情工作领导小组) was established on 25 January 2020 and works under the leadership of the Standing Committee of the Political Bureau of the CPC Central Committee. The team leader is Keqiang Li, the Premier of the State Council.

4 The State Council’s Joint Prevention and Control Mechanism against the COVID-19 Pandemic (国务院应对新型冠状病毒肺炎疫情联防联控机制).

gency responses at the highest level. Comprehensive and strict measures were taken in all provinces, especially in Hubei. The Spring Festival (25 January) holiday was prolonged. Travelling across the country was strictly limited and a large number of migrant workers who had gone home for the Chinese New Year were stranded in their hometowns. Economic and social activities were to a large extent stopped. Another month later, starting from 21 February 2020, provinces gradually lowered the level of the provincial emergency response and lifted traffic restrictions. On 19 March 2020, no infection had been confirmed in any province except Hubei for 7 consecutive days. After this period of intensive and rapid responses, infections in China occurred only sporadically on a small scale and thus remained controllable.

### *b) General Introduction of the Measures*

China adopted a zero-tolerance policy on the COVID-19 pandemic from the very beginning. This came from an understanding of the normality that people should never live with the virus, which was based on a common understanding that the novel virus was extremely dangerous and could bring unbearable suffering to society. It was partly based on the painful memory of the SARS pandemic in China 17 years ago. Seen from the viewpoint that the pandemic would bring problems that cannot be solved by individuals privately, state interventions are to a large extent justified. This applies also to the later stages of a pandemic where controllability is often the main goal. The measures taken in China to cope with the pandemic are thus, in the public perception, to some extent comparable to a war, where all are required to act by fulfilling their specific functions in this war. During such a period, the central government decides on the collective goals. In the early stages of the pandemic it was emphasised that “people’s life safety comes first”.<sup>5</sup> As the pandemic showed first signs of being controllable, it was decided to “balance pandemic prevention and control with economic and social development”.<sup>6</sup> The focus then changed to poverty alleviation in rural areas<sup>7</sup> and the comprehensive goal of the “six stabilisations and six protections”<sup>8</sup>.

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5 According to the instructions of Jinping Xi on 20 January, see white paper (fn. 1).

6 According to the instructions of Jinping Xi on 19 February, see white paper (fn. 1).

7 According to the instructions of Jinping Xi on 6 March, see white paper (fn. 1).

8 “Stabilisation of employment, finance, foreign trade, foreign investment, investment and expectations, protection of employment, basic livelihood, market sub-

The livelihood protection measures are very fragmented and lack general systematisation. Benefits were provided according to a mixture of considerations, not referring to specific legally discernible reasons. Many measures were based on political and administrative decisions, which sometimes deviated from legal provisions. Rules, principles, guidelines and policies were mixed in many governmental documents and were usually temporary, although some measures might have been prolonged even several times. One could hardly say that legal institutions played a major role.<sup>9</sup> The effective implementation of the decisions was mainly ensured through accountability mechanisms in the bureaucracy.

Meanwhile, these measures also show a considerable degree of continuity. Many measures were taken in the framework of the existing schemes of employment promotion, social assistance, social insurance and poverty alleviation. The pandemic just sharpened the problems the schemes had been dealing with and helps accelerate the reforms and transformations that had already started to take place in China.

In some cases, the state participated directly in the production and distribution of medical materials and food and provided relevant services. This was the case in areas where normal economic activities were not possible due to pandemic prevention and control measures or were not effective enough to meet urgent needs. As Wuhan was “locked down”, the state established a joint supply mechanism,<sup>10</sup> mobilising eight provinces with a large vegetable production to collectively ensure the supply of daily necessities in Wuhan – also the central frozen pork reserve<sup>11</sup> had been included in the supply measures. The residential communities in Wuhan took the responsibility of delivering living necessities to the residents quarantined at home. The state provided Wuhan citizens with medical

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jects, food and energy security, stability of industrial supply chain and grassroots operations.” The Political Bureau of the CPC Central Committee proposed “Six Stabilisations” on 31 July 2018 and “Six Protections” on 17 April 2020.

- 9 It is interesting to read the three batches of guidance cases (疫情防控和企业复工复产律师公益法律服务指导案例) the Ministry of Justice released for the guidance of lawyers to better solve pandemic-related lawsuits with emphasis on the goal of maintaining overall social stability during the pandemic. The cases can be found in the [database “北大法宝”](#).
- 10 The Ministry of Commerce established the “joint supply cooperation mechanism” (联保联供协作机制) on 23 January.
- 11 “National meat reserves” include live pig reserves and frozen meat reserves set up by the Ministry of Commerce in various provinces and cities across the country, see Measures for the Operation and Management of the National Meat Reserve of 9 December 1996 (国家储备肉操作管理办法).

materials, dispatched medical staff and built modular hospitals there, and coordinated 19 provinces to provide medical support for other cities in Hubei. In other areas, the vegetable basket project<sup>12</sup> and the food security measures<sup>13</sup> secured sufficient food supply. The state subsidised persons providing medical services<sup>14</sup> and also imposed wide-range obligatory PCR tests and financed them.<sup>15</sup>

In most cases, especially since the pandemic is under control, people are expected to be more self-responsible. The state generally took measures in the framework of the mechanism of market economy: on the one hand, the state ensured workers could stay active in the labour market (2), supported productive institutions in using the productive forces profitably (3a), and facilitated the combination of workers and other productive forces through employment promotion (3b); on the other hand, the state protected the subsistence of people and furthered their ability to participate in economic activities mainly as labour providers and consumers (4). In the following, the individual measures will be presented.

## 2. *Job Retention*

Measures taken to protect the jobs and income of employees have been the responsibility of enterprises and unemployment insurance.

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12 In 1988, the Ministry of Agriculture started the “vegetable basket project” to ensure the nationwide supply of non-staple food by coordinating the production and circulation of non-staple food across regions. The implementation of this project is the mayor’s responsibility.

13 See Several Opinions of the State Council on Establishing and Improving the Responsibility System of Provincial Governors for Food Security of 31 December 2014 (国发〔2014〕69号).

14 Persons providing medical services for pandemic prevention and control were paid CNY 200 or, respectively, CNY 300 per day by the central government; expenses of medical institutions for purchasing medical equipment for prevention, diagnosis, treatment and rapid diagnostic reagents were paid through local financing with subsidies from central finance. See Section 2 Notice of the Ministry of Finance and the NHC on the Relevant Funding Guarantee Policies for the Prevention and Control of the Corona Pandemic of 25 January 2020 (财社〔2020〕2号).

15 Section 2 Para. 1, Section 5 Para. 3, Implementation Opinions on Accelerating the Promotion of PCR Tests against COVID-19 of 8 June 2020 (联防联控机制综发〔2020〕181号).

a) *Ban on Terminations and Job Stabilisation Subsidy*

The Minister of Human Resources and Social Security issued a short document<sup>16</sup> and announced the two most important measures for job retention: a ban on terminations, and a job stabilisation subsidy.

Accordingly, the employer is not allowed to terminate the labour contract and should pay wages when an employee is unable to provide labour due to an infection with COVID-19, suspected infection, or due to having been in close contact with somebody who is infected and in quarantine for medical treatment or observation, or due to quarantine obligations or other emergency measures stipulated by government, unless the employer has the right to unilaterally terminate the labour contract due to the fault of the employee according to Section 39 of the Labour Contract Law (LCL).<sup>17</sup> If the labour contract expires during such period, it should be extended to the end of the medical treatment or observation, the quarantine or other emergency measures taken by the government.<sup>18</sup> This special rule expanded the restrictions stipulated in LCL on dismissal by employers (Section 42 LCL) and situations of non-termination of the labour contract when it expires (Section 45 LCL). However, the legal basis for this extension is unclear, since such an extension is only allowed through the laws or regulations of the State Council (Section 42 No. 6 LCL).

Enterprises were provided with job stabilisation subsidies (稳岗补贴) if they faced difficulties but avoided layoffs during the pandemic. Meanwhile, when suspending its business, an enterprise shall pay wages as stipulated in the labour contract within one pay period; after that, it should pay a wage not lower than the local minimum wage standard if an employee provides normal labour, and pay a living allowance (standard set by provinces) if he does not.<sup>19</sup> The basic idea of the job stabilisation subsidy, also called job stabilisation rebates of the unemployment insurance (失业保险稳岗返还), is to encourage enterprises to bear the responsibility for retaining the respective jobs and incomes of their employees, during difficult or normal times, by giving enterprises the possibility to get a

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16 Notice by the General Office of the Ministry of Human Resources and Social Security of Issues Concerning Properly Handling Labour Relations during the Prevention and Control of the Outbreak of COVID-19 of 24 January 2020 (人社厅明电[2020]5号).

17 Labour Contract Law of the People's Republic of China (2012 Amendment) of 28 December 2012 (中华人民共和国劳动合同法).

18 Section 1 人社厅明电[2020]5号 (fn. 16).

19 Section 2 人社厅明电[2020]5号 (fn. 16).

refund of the money they paid to the social insurance funds. This subsidy is paid out of unemployment insurance funds. However, it is neither prescribed as an insurance benefit in the Social Insurance Law<sup>20</sup> nor in the Unemployment Insurance Regulation of the State Council.<sup>21</sup> Although extended several times, provision of the subsidy remained temporary and subject to political change.<sup>22</sup> It was introduced in 2014 to help solve the problem of unemployment in the process of industrial upgrading, applied just to enterprises that needed specific support regarding transformation<sup>23</sup> until the end of 2020.<sup>24</sup> The subsidy was, originally, not very generous, being restricted access and in a low amount.<sup>25</sup> In 2019, it was expanded to all insured enterprises, with an increased amount,<sup>26</sup> and further increased

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- 20 Social Insurance Law of the People's Republic of China (2018 Amendment) of 29 December 2018 (中华人民共和国社会保险法).
  - 21 Unemployment Insurance Regulation of the State Council of 22 January 1999 (失业保险条例).
  - 22 According to the policy introducing this measure, the job stabilisation subsidy will be provided until the end of 2020, Section 3 Notice of the Ministry of Human Resources and Social Security, the Ministry of Finance, the National Development and Reform Commission, and the Ministry of Industry and Information Technology on Issues concerning Granting Support in Respect of Unemployment Insurance to Enterprises for Stabilising Employment of 11 June 2014 (No. 76 [2014] of the Ministry of Human Resources and Social Security).
  - 23 Section 1 No. 76 [2014] of the Ministry of Human Resources and Social Security (fn. 22).
  - 24 Section 3 No. 76 [2014] of the Ministry of Human Resources and Social Security (fn. 22).
  - 25 Enterprises that have participated in unemployment insurance and paid full unemployment insurance contributions meet the requirements of national and regional industrial restructuring policies and environmental protection policies and have a sound financial system and standardised management and operation, etc. could apply to the human resources and social security apartment for the subsidy, which amounted to a certain percentage (not more than 50%, the specific proportion determined by the provincial human resources, social security and financial departments) of the total amount of unemployment insurance contributions actually paid by the enterprise in the previous year, if they had no layoffs in the previous year or where layoff rates were lower than the regionally registered urban unemployment rate of the previous year, Sections 2, 3 No. 76 [2014] of the Ministry of Human Resources and Social Security (fn. 22).
  - 26 All insured enterprises, if they do not have any or fewer layoffs, could be returned 50% of the unemployment insurance contributions they had paid in the previous year. From 1 January to 31 December 2019, enterprises facing temporary difficulties in production and business could get subsidies with increased amounts: The subsidy amounts to 6 times of the result of the amount of the local average monthly unemployment benefit multiplied with the number of insured employ-

during the pandemic.<sup>27</sup> All enterprises in Hubei, as well as medium-sized, small and micro-enterprises with fewer layoffs could be returned 100% of the unemployment insurance contributions they paid in the previous year. An enterprise facing difficulties could get a subsidy amounting to not more than 6 times the result of the amount of the local average monthly unemployment benefit multiplied with the number of insured employees in this enterprise, or amounting to all social insurance contributions to be paid by the enterprise for 3 months. This measure was extended until 31/12/2021. However, the amount of the subsidy decreased and it was more precisely distinguished between enterprises of different sizes so that the subsidy was especially beneficial for small enterprises.<sup>28</sup>

*b) Unemployment Insurance*

In case of unemployment, unemployment insurance benefits are granted. In China, unemployment benefits are relatively low (between minimum

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ees in the enterprise, or amounts to 50% of all social insurance contributions to be paid by the enterprise for 6 months, Section 1 Notice of the Ministry of Human Resources and Social Security, the Ministry of Finance, the National Development and Reform Commission, and the Ministry of Industry and Information Technology on Granting Support in Respect of Unemployment Insurance to Enterprises for Stabilising Employment of 11 June 2014 (No. 23 [2019] of the Ministry of Human Resources and Social Security).

- 27 Section 2 Implementation Opinions of the General Office of the State Council on Strengthening Measures to Stabilise Employment in Response to the Impact of the Corona Pandemic of 18 March 2020 (No. 6 [2020] of the General Office of the State Council).
- 28 Insured enterprises with no layoffs or a layoff rate not higher than the previous year's national urban survey unemployment rate control target and insured enterprises with less than 30 people (inclusive) whose layoff is not higher than 20% of the total number of insured employees can apply for job stabilisation rebates; large enterprises shall refund not more than 30% of the unemployment insurance contributions paid by the enterprises and their employees in the previous year, and small, medium-sized and micro-enterprises shall refund not more than 60%, Sections 1, 9 Notice of the Ministry of Human Resources and Social Security, the National Development and Reform Commission, the Ministry of Education, the Ministry of Finance, the Central Military Commission, and the National Defense Mobilisation Department on the Continuation of the Implementation of Some Policies and Measures to Reduce Burdens, Stabilise Jobs and Expand Employment of 20 May 2021 (No. 29 [2021] of the Ministry of Human Resources and Social Security).

living allowance and minimum wage),<sup>29</sup> so that besides their social security function, granting is even more guided by the labour market objectives of motivating the labour force population to stay active in the labour market. That is why it is presented in this section instead of Section 4. In reaction to the pandemic, there were mainly three changes. (a) The prolongation of unemployment benefit for older people: For those who were less than one year away from the legal retirement age when the period of receiving unemployment benefit expires, the benefit could be paid further until these persons have reached legal retirement age.<sup>30</sup> This measure was not introduced specifically to combat the consequences of the pandemic, but aimed to solve the general unemployment problem in China.<sup>31</sup> It factually played an important protective role during the pandemic, so that the Ministry of Human Resources and Social Security extended it in 2020 without prescribing a termination date.<sup>32</sup> (b) Introduction of temporary unemployment subsidy (失业补助金):<sup>33</sup> Those who were not employed after the expiration of the period of unemployment benefit receipt and those who were insured but do not meet the conditions for receiving unemployment benefit could be provided an unemployment subsidy not higher than 80% of the local unemployment benefit for 6 months. The unemployment subsidies were paid by unemployment insurance funds.<sup>34</sup> (c) Introduction of temporary living subsidy (临时生活补助) for unemployed

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29 According to Section 47 Social Insurance Law, the local government sets the amount of unemployment benefit and this must not be less than the minimum living allowance. According to Section 18 Unemployment Insurance Regulation of the State Council, the unemployment benefit is to be set lower than the local minimum wage. The benefit is therefore not dependent on the salary of the insured person. Accordingly, it does not aim to maintain the previous living standard in the sense of a wage replacement, but rather to prevent the insured person to fall into poverty on the one hand, and to motivate him to work on the other hand.

30 Section 20 Opinions of the State Council on Further Stabilising Employment of 13 December 2019 (No. 28 [2019] of the State Council).

31 See preface of No. 28 [2019] of the State Council (fn. 30): “Recently there are more and more risks and challenges inland and abroad and the pressure to stabilise employment has increased.” The pandemic belongs also to these “risks”.

32 Section 2 Notice by the Ministry of Human Resources and Social Security and the Ministry of Finance on Expanding the Coverage of Unemployment Insurance of 29 May 2020 (No. 40 [2020] of the Ministry of Human Resources and Social Security).

33 Section 14 No. 6 [2020] of the General Office of the State Council (fn. 27).

34 Section 3 No. 40 [2020] of the Ministry of Human Resources and Social Security (fn. 32).



insured workers with rural household registration who do not meet the conditions for receiving a one-time living subsidy<sup>35</sup>. From May to December 2020, an unemployed worker with rural household registration who had joined the insurance after 1 January 2019 and for less than one year was provided a monthly temporary living subsidy according to the urban minimum living standard of the city he got insured in for no more than 3 months.<sup>36</sup> The temporary unemployment subsidy and the temporary living subsidy were extended until 31/12/2021.<sup>37</sup>

### 3. Measures to Support the Economy

#### a) Measures to Support Companies

Special loan programmes applied to “key enterprises for pandemic prevention and control” (“key enterprises”) that produced important goods and provided essential services for combating the pandemic.<sup>38</sup> The central and provincial governments decide on the national and local lists of key enterprises upon application. The People’s Bank of China issued special central bank lending to national banks and local corporate banks to grant beneficial loans to these key enterprises. On the basis of that, the central government provided to them interest subsidies for not more than 1 year. The key enterprises were required to use beneficial loans and interest

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35 According to Section 21 Unemployment Insurance Regulation of the State Council, an insured employee with rural household registration is provided a one-time living subsidy in the case of unemployment, if he has continuously worked for one year and the employer has paid unemployment insurance contributions for him. Compared with other employees, employees with a rural household registration do not have the obligation to pay unemployment insurance contributions, and get a one-time benefit rather than a monthly unemployment benefit. This is to facilitate their movement between different regions as migrant workers. However, if a worker chooses to pay contribution for himself, he could also get normal unemployment benefits like other employees.

36 Section 4 No. 40 [2020] of the Ministry of Human Resources and Social Security (fn. 32).

37 Sections 6, 9 No. 29 [2021] of the Ministry of Human Resources and Social Security (fn. 28).

38 Definition see Section 1 Para. 1 Emergency Notice of the Ministry of Finance, the National Development and Reform Commission, the Ministry of Industry and Information Technology, etc. on Winning the Battle of Pandemic Prevention and Control and Strengthening the Financial Support for Key Enterprises in Pandemic Prevention and Control of 7 February 2020 (财金〔2020〕5号).

subsidies only for the purposes of operating businesses related to pandemic prevention and control measures, and they were to follow the unified allocation plans of the state as regards their production. Beneficial guarantee programmes applied to small and micro-enterprises and agricultural companies of a moderate scale (农业适度经营主体). In addition, a series of tax reductions applied to key enterprises, enterprises of industries in difficulties (transportation, catering, accommodation and tourism, etc.), individual industrial and commercial households (个体工商户)<sup>39</sup>, small and micro-enterprises (with special tax exemption for those in Hubei),<sup>40</sup> pharmaceutical and medical equipment enterprises, import and export enterprises, agricultural businesses and so on.<sup>41</sup> Some of the tax breaks for small and micro-enterprises, individual industrial and commercial households and farmers have been extended until the end of 2023.<sup>42</sup>

The most important measures were the exemptions of social insurance contributions and possibilities of deferring their payment. Starting from February 2020, in all provinces besides Hubei, micro-, small and medium-sized enterprises were exempted from the employer's contributions towards the basic pension, unemployment and occupational accident insurance ("the three social insurances") for no more than 5 months; for large enterprises the employer's contributions towards the three social insurances had been reduced to 50% for no more than 3 months. In Hubei, starting from February 2020, all enterprises were exempted from paying employer's contributions towards the three social insurances for not more than 5 months.<sup>43</sup> In addition, insured enterprises nationwide in serious difficulties could apply to defer the payment of employer's contri-

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39 According to the legal definition of Section 54 Para. 1 Civil Code (中华人民共和国民法典), an individual industrial and commercial household is a natural person conducting industrial and commercial operations upon registration in accordance with the law.

40 From 1 March to 31 May 2020, small-scale taxpayers in Hubei Province were exempted from value-added tax and the rate of value-added tax for small-scale taxpayers in other regions was reduced from 3% to 1%.

41 For a summary of these measures see "Q&A on Policies and Measures for Fiscal Support for Pandemic Prevention and Control" provided by the Ministry of Finance.

42 Announcement of the Ministry of Finance and the State Administration of Taxation on Continuing the Implementation of Beneficial Tax Policies for Inclusive Finance of 20 April 2020 (财政部、税务总局公告 2020 年第 22 号).

43 Sections 1, 2 Notice by the Ministry of Human Resources and Social Security, the Ministry of Finance and the State Taxation Administration on the Temporary Reduction and Exemption of Social Insurance Contributions Payable by Enterprises of 20 February 2020 (人社部发〔2020〕11 号).

butions towards the three social insurances within 2020 for no more than 6 months.<sup>44</sup> Upon agreement between the employer and the employee, the payment of the employee's contributions can also be deferred. However, in this case, the employee loses the interest for the period of non-payment in his individual account of the basic pension insurance.<sup>45</sup> It is emphasised that the contribution exemption and deferred payment should not affect the rights and interests of the insured.<sup>46</sup> However, the prerequisite for claiming benefits of the basic pension and unemployment insurance is that the deferred contributions must first be redeemed. The claiming of occupational injury benefits should never be affected.<sup>47</sup> These measures of reduction and deferring payment of contributions towards the three insurances were once extended in 2020<sup>48</sup> and should no longer apply since 2021.<sup>49</sup> Meanwhile, the state has decided to continue the measures of reducing the contribution rates towards the three insurances at least until 30/04/2022.<sup>50</sup>

In China, the basic medical insurance has, since 2018, been managed separately by the newly established National Healthcare Security Administration (NHSA, 国家医疗保障局), directly subordinate to the State Coun-

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44 Section 3 人社部发〔2020〕11号 (fn. 43).

45 Section 6 Para. 2 Notice of the General Office of the Ministry of Human Resources and Social Security, the General Office of the Ministry of Finance, and the General Office of the State Administration of Taxation on Issuing the "Implementation Opinions on Issues Concerning the Temporary Reduction and Exemption of Social Insurance Contributions Payable by Enterprises" of 28 February 2020 (人社厅发[2020]18号).

46 Section 5 人社部发〔2020〕11号 (fn. 43).

47 Section 6 Para. 2 人社厅发[2020]18号 (fn. 45).

48 Notice by the Ministry of Human Resources and Social Security, the Ministry of Finance and the State Taxation Administration on Extending the Implementation Period of the Policies Regarding the Temporary Reduction and Exemption of Enterprises' Social Insurance Contributions and Other Issues of 22 June 2020 (人社部发〔2020〕49号).

49 Notice of the General Office of the Ministry of Human Resources and Social Security, the General Office of the Ministry of Finance, and the General Office of the State Administration of Taxation on Issues Related to Social Insurance Payments in 2021 of 26 February 2021 (人社厅发[2021]2号).

50 In 2019, the central government decided to reduce the contribution rate towards the basic pension insurance and temporarily reduce the contribution rate towards unemployment insurance and occupational injury insurance until 30/04/2020. See Notice of the General Office of the State Council on Issuing the Comprehensive Plan of Reducing Social Insurance Contribution Rates of 1 April 2019 (国办发〔2019〕13号). This contribution rate reduction measure has been prolonged for another year until 30/04/2022, see 人社厅发[2021]2号 (fn. 49).

cil. From February 2020, all provinces could decide, according to the financial conditions of the funds and actual needs,<sup>51</sup> to halve the employer's contributions towards the basic medical insurance for no more than 5 months. Deferring the payment of contributions was possible for no more than 6 months.<sup>52</sup> The contribution rate towards the basic medical insurance was reduced in recent years in some cities in order to support the economy. NHSA confirmed this practice, but forbade to cut the contribution by 50% if the contribution rate had been already reduced.<sup>53</sup>

In addition, other financial burdens had been reduced. Before 30 June 2020, enterprises affected by the pandemic could apply for a deferral of contribution payments towards housing funds<sup>54</sup>; in areas with severe pandemic spread, enterprises could also – following consultation with employees – decide whether to pay housing funds and at what rate.<sup>55</sup> Before 30 June 2020, the payment of migrant workers' wage security deposits<sup>56</sup> could be deferred and enterprises with good wage payment

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51 In principle, contributions could be halved where the accumulated balance of the funds can be paid for more than 6 months, otherwise the provinces should make overall arrangements if it is really necessary to reduce the contribution.

52 Sections 1, 2 Guiding Opinions of the NHSA, the Ministry of Finance and the State Taxation Administration on the Temporary Reduction of the Contributions of Basic Medical Insurance for Employees of 21 February 2020 (医保发[2020]6号).

53 Section 5 医保发〔2020〕6号 (fn. 52).

54 The scheme of housing funds has been the Chinese housing security scheme since the 1990s. An employee and his employer should deposit a certain percentage of the wage (not less than 5%) to the housing fund which is owned by the employee himself and can only be used for buying and renting a house. The scheme is regulated in the Regulation on the Administration of Housing Accumulation Funds (2019 Revision) of 24 March 2019 (住房公积金管理条例).

55 Notice of the Ministry of Housing and Urban-Rural Development and the Ministry of Finance and the People's Bank of China on Properly Implementing the Temporary Support Policy of the Housing Fund in Response to the Corona Pandemic of 21 February 2020 (建金〔2020〕23号).

56 This system was firstly introduced in 2016, Section 7 Opinions of the General Office of the State Council on Comprehensively Solving the Problem of Unpaid Wages for Migrant Workers of 17 January 2016 (No. 1 [2016] of the General Office of the State Council). The wage deposit is the special account that is set up in the bank, in which the general construction contractor should deposit a certain proportion of the contract value of the project. The fund is used to pay the owed wages of migrant workers who provide labour for the contracted projects. For concrete details about this system see Notice of the Ministry of Human Resources and Social Security, the Ministry of Housing and Urban-Rural Development, and the Ministry of Transportation on Issuing the "Regulations on the Wage Security

records could be exempted from payment.<sup>57</sup> The state also took measures to reduce the rental costs of small and micro-enterprises and individual industrial and commercial households in service sectors.<sup>58</sup> Among them, the most effective measure was to order state-owned enterprises to exempt the abovementioned companies in difficulties from payment of at least 3 months' rent in the first half of the year.<sup>59</sup>

*b) Measures to Promote Employment*

The State Council issued a guiding document providing a series of measures to promote employment.<sup>60</sup> It referred to many terms and benefits in the framework of Employment Promotion Law (EPL).<sup>61</sup> These benefits are paid from the employment promotion funds allocated by local governments from the fiscal budget (Section 15 EPL); the use of the funds is regulated in detail in "Measures for the Administration of Employment Subsidy Funds" (ESM).<sup>62</sup>

Measures to support employment were taken against frictional unemployment. Enterprises in industries that absorb the majority of the working population were provided assistance in terms of sanitation and pandemic prevention. For migrant workers who constitute a large part of the

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Deposit of Migrant Workers in the Field of Engineering Construction" of 17 August 2021 (人社部发〔2021〕65号).

57 Section 1 Para. 2 No. 6 [2020] of the General Office of the State Council (fn. 27).

58 See Guiding Opinions of the National Development and Reform Commission, the Ministry of Housing and Urban-Rural Development, and the Ministry of Finance on Further Helping Small and Micro-Enterprises and Individual Industrial and Commercial Households in the Service Sector to Reduce Housing Rental Pressure in Response to the Corona Pandemic of 9 May 2020 (发改投资规〔2020〕734号).

59 Notice of the General Office of the State-Owned Assets Supervision and Administration Commission of the State Council on Further Doing a Good Job in the Rent Reduction and Exemption for Small and Micro-Enterprises and Individual Industrial and Commercial Households in the Service Sector of 20 May 2020 (国资厅财评〔2020〕158号).

60 No. 6 [2020] of the General Office of the State Council (fn. 27). The following, if not specifically cited, is based on this document.

61 Employment Promotion Law of the People's Republic of China (2015 Amendment) of 24 April 2015 (中华人民共和国就业促进法).

62 Notice of the Ministry of Finance and the Ministry of Human Resources and Social Security on Issuing the Measures for the Administration of Employment Subsidy Funds on 13 October 2017 (No. 164 [2017] of the Ministry of Finance).

working population, special measures such as the “point-to-point” return-to-work service and mutual recognition of health information between exporting and importing places were taken. Also, job agencies were subsidised and active support was provided to older and low-skilled workers, such as pushing job information through phone calls and text messages.<sup>63</sup>

Measures were also taken to boost employment with industrial policies. Investment was guided towards labour-intensive projects. In order to further simplify the procedure of environmental impact assessment of those projects, a positive list shall be established.<sup>64</sup>

In particular, entrepreneurship, flexible employment<sup>65</sup> as well as platform employment were strongly encouraged. The “street vending economy” model and the construction of infrastructures like pedestrian streets were promoted, which is especially meaningful for the employment of residents in rural areas. Platform employees who purchased the necessary equipment for their businesses could apply for secured loans and interest subsidies for entrepreneurship. Platform enterprises were guided to relieve entry conditions and reduce management service fees.<sup>66</sup> The social security of flexibly employed people was improved, applying two measures: Firstly, the restrictions for participation in the basic pension insurance schemes for enterprise employees within provinces, based on urban and rural household registration, were removed – this means that those in flexible employment with rural household registration could participate in the basic pension insurance for enterprise employees in urban areas where they worked and thus enjoy higher pension benefits. This measure shall remain in place, since the central government has ordered that as of 2021, all localities, except some super cities, shall loosen the restrictions stipulated by household registration requirements for flexibly employed persons, allowing them to participate in basic pension and basic medical

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63 Section 18 No. 6 [2020] of the General Office of the State Council (fn. 27).

64 Section 3 No. 6 [2020] of the General Office of the State Council (fn. 27).

65 According to the Social Insurance Law, persons in flexible employment (灵活就业人员) are self-employed persons registered as ‘individual industrial and commercial households’ without employees, part-time employees not participating in the scheme through their employers, and other persons in this catalogue. Usually, workers employed in new forms who get employed through Internet platforms and have not established labour relations with the platform companies also belong to this category, see for example the administrative regulation in Henan (豫人社规[2021]3号) and in Anhui (皖人社发[2021]17号).

66 Section 1 Para. 5 No. 6 [2020] of the General Office of the State Council (fn. 27).

insurance schemes for enterprise employees in the place of employment.<sup>67</sup> Secondly, compared to the provision of ESM,<sup>68</sup> college graduates who had not been employed for long (1 year instead of 2 years) after graduation could get subsidies to social insurance contributions if they were flexibly employed.

In rural areas, local employment has been supported by upgrading the economic model and carrying out more projects extending rural infrastructure and improving environmental measures. New types of agricultural companies and industries like specialty breeding, intensive processing, ecotourism have been supported.

Special measures aimed to support the employment of major social groups were taken, including migrant workers, graduate college students, persons with employment difficulties, and people in Wuhan. (a) In addition to the abovementioned “point-to-point” return-to-work service, vocational training programmes for migrant workers were carried out. The employment of the poor labour force population in rural areas, which was during the pandemic mainly composed of migrant workers who failed to return to work or to get employed, was supported through poverty alleviation schemes.<sup>69</sup> (b) Medium-sized, small and micro-enterprises that employed college graduates in the graduation year and had signed labour contracts for more than one year were provided a one-time employment subsidy.<sup>70</sup> Compared to the provision of ESM,<sup>71</sup> this new benefit encouraged also more enterprises (also medium-sized) to employ college graduates. State-owned enterprises were asked to employ more college graduates in

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67 Section 1 Para. 8 Guiding Opinions of the Ministry of Human Resources and Social Security, the National Development and Reform Commission, the Ministry of Transport, and Other Ministries and Commissions on Protecting the Labour Rights and Interests of Workers Employed in New Forms of Work of 16 July 2021 (No. 56 [2021] of the Ministry of Human Resources and Social Security).

68 According to Section 7 No. 2 ESM, those with employment difficulties and college graduates who have not been employed within 1 year after graduation are paid social insurance contribution subsidies if they can obtain flexible employment.

69 According to Section 8 No. 6 [2020] of the General Office of the State Council (fn. 27), leading poverty alleviation enterprises and workshops are supported; localities can pay enterprises which employ a large number of poor workers a one-time reward from the poverty alleviation funds.

70 Section 9 No. 6 [2020] of the General Office of the State Council (fn. 27).

71 According to Section 7 No. 2 ESM, small and micro-enterprises that employ college graduates within the graduation year and sign labour contracts of more than one year are given social insurance subsidies.



2020 and 2021 without requiring internship in these enterprises.<sup>72</sup> College graduates of some majors could be exempted from examinations to obtain the relevant vocational qualification certificates.<sup>73</sup> Enterprises were encouraged to establish more trainee positions, and the trainee subsidy which is paid to enterprises that provide trainee positions for graduates with employment difficulties (Section 10 ESM) was improved: If the training is temporarily interrupted due to the pandemic, the trainee subsidy is extended accordingly; if an enterprise signs labour contracts with the trainee before the probationary period expires, the trainee subsidy for the remaining probation period is still to be given.<sup>74</sup> Public institutions, residential communities and the military should also recruit more graduates. (c) Persons with employment difficulties (就业困难人员) get various kinds of support in the framework of EPL (Sections 52 ff. EPL). These are persons who have difficulties becoming employed due to physical conditions, skill levels, family factors, loss of rural land, etc. (Section 52 Para. 2 EPL). During the pandemic, the State Council required that the criteria for identifying persons with employment difficulties should be dynamically adjusted in order to include those affected by the pandemic and to ensure the number of families with no member employed dynamically remains zero.<sup>75</sup> This means that the subjective criterion in EPL was objectified and more flexibility was required. In addition, temporary public posts such as related to disinfection, pandemic prevention and sanitation were established and post subsidies and social insurance contribution subsidies were paid for no more than 6 months,<sup>76</sup> while the maximum subsidy period for these subsidies is normally 3 years (Section 7 No. 1, Section 8 Para. 3 ESM). (d) At last, special measures were taken to support employment in Hubei.<sup>77</sup> An important measure was to provide a one-time job-seeking and entrepreneurial subsidy to graduates of Hubei colleges and college graduates with household registration in Hubei in 2020. This subsidy is, according to ESM, provided for college graduates from poor families only (Section 11 ESM). Thus, a certain compensation character was added to this benefit that was based on previous need.

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72 Section 9 No. 6 [2020] of the General Office of the State Council (fn. 27).

73 Section 10 No. 6 [2020] of the General Office of the State Council (fn. 27).

74 Section 12 No. 6 [2020] of the General Office of the State Council (fn. 27).

75 Section 15 No. 6 [2020] of the General Office of the State Council (fn. 27).

76 Section 15 No. 6 [2020] of the General Office of the State Council (fn. 27).

77 Section 16 No. 6 [2020] of the General Office of the State Council (fn. 27).



#### 4. Social Protection

The pandemic challenged the effectiveness of the social security system not only in terms of procedures, but also in terms of the ability of the system to achieve its social protection goals. Chinese social insurance and social assistance systems aim, in principle, to provide security of a basic level. A moderate social security level could be then achieved only if people also have enough ways to protect themselves on this basis. The pandemic weakened the opportunities of residents to obtain income by participating in economic activities for self-protection; thus, basic social protection must be improved accordingly.

##### a) Improvements in Different Social Security Schemes

###### aa) Basic Medical Insurance

Chinese basic medical insurance schemes only pay partial medical expenses and below a certain amount.<sup>78</sup> The rest of the expenses are partly covered by critical illness insurance schemes<sup>79</sup> as supplementary insurance schemes, and by medical assistance as special social assistance benefits. In reaction to the pandemic, the medicines and medical services for persons diagnosed with a COVID-19 infection were temporarily included in the payable items of the basic medical insurance.<sup>80</sup> The state fully subsidised

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78 See the two framework documents for basic medical insurance schemes for employees and for rural and urban residents, Decision of the State Council on Establishing the Urban Employees' Basic Medical Insurance System of 14 December 1998 (No. 44 [1998] of the State Council) and Opinions of the State Council on Integrating the Basic Medical Insurance Systems for Urban and Rural Residents of 3 January 2016 (No. 3 [2016] of the State Council).

79 For the framework document concerning the critical illness insurance scheme for urban and rural residents see Opinions of the General Office of the State Council on Comprehensively Implementing Critical Illness Insurance for Urban and Rural Residents of 28 July 2015 (No. 57 [2015] of the General Office of the State Council). No national scheme of critical illness insurance applies to employees. They can participate in critical illness insurance schemes on a local basis.

80 Section 3 Notice of the NHSA and the Ministry of Finance on Doing a Good Job in Medical Security during the Corona Pandemic of 22 January 2020 (国医保电〔2020〕5号).

uncovered medical expenses for persons with a diagnosed infection<sup>81</sup> and also for persons with a suspected infection.<sup>82</sup>

*bb) Occupational Injury Insurance*

In reaction to the pandemic, the scope of people eligible to receive insurance benefits has been broadened. Accordingly, insurance benefits have been paid in cases where uninsured people providing medical, nursing and related services got infected with COVID-19 or died of COVID-19 infection due to the performance of their working duties in the prevention and medical treatment work of the pandemic. The benefits shall be paid by the employer, and if the employer receives financial subsidies from the state,<sup>83</sup> the expenses shall be subsidised by state finance.<sup>84</sup> According to the regulation of the State Council, the employer only has the obligation to have all “employees” (职工) – these are, in the Chinese context, those who have established labour relationships with the employer – covered by the occupational injury insurance and pay contributions for them; only employees have the right to insurance benefits accordingly.<sup>85</sup> If an uninsured employee suffers an occupational injury, the employer shall pay the insurance benefits.<sup>86</sup> The idea behind this rule is that the employer is liable for any violation of the law. Compared to the legal provisions, the specific measure in reaction to the pandemic is in three aspects remarkable: First, not only illegally uninsured employees, but all uninsured people providing

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81 Section 2 国医保电〔2020〕5号 (fn. 80), Section 1 Notice of the Ministry of Finance and the NHC on the Relevant Funding Guarantee Policies for Pandemic Prevention and Control of 25 January 2020 (财社〔2020〕2号).

82 Section 2 国医保电〔2020〕5号 (fn. 80), Section 2 Supplementary Notice of the General Office of the NHSA and the General Office of the Ministry of Finance on Doing a Good Job in Medical Security during the Corona Pandemic of 27 January 2020 (国医保电〔2020〕6号).

83 In this context it refers to public institutions (for example public hospitals) that obtain business funds from state finances.

84 Notice by the Ministry of Human Resources and Social Security, the Ministry of Finance, and the NHC on Issues Concerning the Protection of Medical Staff and Other Related Staff Infected with COVID-19 due to the Performance of Duties of 23 January 2020 (Letter No. 11 [2020] of the Ministry of Human Resources and Social Security).

85 Section 2 Regulation on Occupational Injury Insurance (2010 Revision) of 20 December 2011 (工伤保险条例).

86 Section 62 Para. 2 Regulation on Occupational Injury Insurance.

medical, nursing and related services are to receive insurance benefits from the employer. Thus, this obligation of the employer is based rather on the social responsibility the state has imposed on the former. Second, not all uninsured people, but only those providing specific services combating the pandemic could receive insurance benefits. It has a character of compensation for special damages. Third, again, the financing of social insurance benefits was part covered by the state.

*cc) Other Social Insurances*

In respect to unemployment insurance, the prolongation of unemployment benefit for older people and the provision of temporary benefits for those who are insured but do not fulfill the eligibility criteria have been mentioned above (Section 1 b). Broadened access for flexibly employed persons to participate in basic pension insurance has also been mentioned.

*dd) Social Assistance*

In recent years, Chinese social assistance has been undergoing structural reform. The Social Assistance Law was drafted in 2020; the draft (SAL draft) was published with a call for public opinion.<sup>87</sup> Access to social assistance is to be broadened and benefits are to be generalised in order to solve the problem of poverty more effectively. The outbreak of the pandemic has, to some extent, facilitated and accelerated the reform process, since it increased the pressing and widespread poverty problem. During the pandemic, temporary assistance played a particular role to cover all those in need as promptly as possible and the process of integrating poverty alleviation measures into social assistance was accelerated.

The influence of the pandemic on the social assistance system can only be clarified by looking at the structure of this system and its recent reforms. Its legal base is the regulation of the State Council of “Interim Measures for Social Assistance” (SAIM)<sup>88</sup>. The main social assistance benefit is

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87 Notice of the Ministry of Civil Affairs and the Ministry of Finance on Public Comments on the “Social Assistance Law of the People’s Republic of China (Draft for Comment)” of 7 September 2020.

88 Interim Measures for Social Assistance (2019 Revision) of 2 March 2019 (社会救助暂行办法).

the minimum living allowance (最低生活保障), paid monthly to a “*Dibao* family” (最低生活保障家庭) after passing a means-test.<sup>89</sup> Another important recipient category for social assistance is that of “extremely poor people” (特困人员), who are older, with disability or children who have no working capacity, income or family support. They are provided with mainly goods and services (Sections 14 ff. SAIM). The family members of the *Dibao* family and extremely poor people have access to special social assistance benefits, including sickness assistance, educational assistance, housing assistance and job-finding assistance (Sections 27-46 SAIM). Among them, only sickness assistance is also accessible to other people in difficulties as defined by local governments (Section 28 Nr. 3 SAIM). The special social assistance benefits are relatively generous, while to apply for the status of *Dibao* family is extremely difficult due to the very low minimum living standard and other strict requirements. These benefits constitute the main body of the social assistance system, in which higher amounts of benefits are obtained by a small number of the poorest people.<sup>90</sup> More accessible are temporary benefits (临时救助). According to SAIM, they are mainly “temporary assistance due to an emergency” (急难型临时救助) provided to families temporarily in need, and “temporary assistance due to increased expenditure” (支出型临时救助) provided to *Dibao* families,<sup>91</sup> and are also provided to families in other special difficulties (Section 47 SAIM) as well as homeless people and beggars (Section 50 SAIM). They are specifically regulated by the local governments (Section 49 SAIM). Besides, specific national assistance schemes apply in the case of natural disasters (Section 20 ff. SAIM).

Under the reforms, social assistance is extended to low-income families that are not recognised as *Dibao* families and their family members according to local regulations.<sup>92</sup> The temporary assistance is becoming

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89 These are families in which the per capita income of its family members living together is lower than the local minimum living standard and the assets do not exceed the local standard, Sections 9 ff. SAIM.

90 For this reason, *Dibao* families are sometimes even regarded as belonging to a privileged class.

91 Section 47 SAIM: “Temporary assistance is provided to families that temporarily have serious difficulties in basic life due to emergencies such as fires, traffic accidents or sudden serious illnesses of family members, *Dibao* families when a sudden increase in the necessary cost of living leads to serious difficulties in basic life temporarily...”

92 The low-income standards are set by the local governments concerning the per capita income of family members and family assets. These families originally only had access to housing security benefits according to Several Opinions of the State

more and more accessible and functioning with increasingly systemic importance. Temporary assistance due to an emergency is also provided to individuals<sup>93</sup>, and temporary assistance due to increased expenditure has been extended to all families with a lower income.<sup>94</sup> In 2020, the central government clarified the multi-layer structure of the social assistance system and the reform goal of enhancing its timeliness and effectiveness.<sup>95</sup> Accordingly, the special assistance shall be accessible to more families, and temporary assistance is provided under much-generalised conditions with a clearer function as a final protection net. The SAL draft stipulated that the temporary assistance “should be provided to families or persons in sudden, urgent or temporary difficulties, who are not covered by other social assistance benefits or who still have difficulties in basic life after receiving other social assistance benefits.” (Section 37 SAL draft).

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Council on Solving the Housing Difficulties of Urban Low-Income Families of 7 August 2007 (国发〔2007〕24号). As the reforms of the social assistance system are going on, they are gradually entitled to more benefits of social assistance.

- 93 “...who are temporarily suffering difficulties in their basic life due to emergencies and are unable to receive family support”, Section 3 Para. 1 Notice of the State Council on Comprehensively Establishing a Temporary Assistance System of 3 October 2014, (国发〔2014〕47号).
- 94 These are families in which the available per capita income of the family is lower than the available local per capita income of the previous year and the sudden increase in the necessary costs of living are in principle limited to costs in the areas of medical care and education, Section 2 Para. 1 Opinions of the Ministry of Civil Affairs and the Ministry of Finance on Further Strengthening and Improving Temporary Assistance Work of 23 January 2018 (民发[2018]23号).
- 95 “Opinions on Reforming and Improving the Social Assistance System” Issued by the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council of 25 August 2020 (中办发〔2020〕18号). These layers are (1) the regular assistance for Dibao families and extremely poor people; (2) the special assistance for Dibao families, extremely poor people, low-income families and families with large rigid expenditures that cause serious difficulties in basic life (they are categorised in Section 18 SAL draft as “poor families with high expenditures” (支出型贫困家庭)). Compared to the definition of the families receiving temporary assistance due to increased expenditure (fn. 94), the necessary expenses of medical care and education of a family do not need to be a sudden increase in its expenditure for it to get social assistance. When these expenses exceed a proportion of the total costs of living or the amount provided in local regulations, this family is entitled to special assistance); (3) the emergency assistance for families and people whose are temporarily facing difficulties, including temporary assistance and assistance for the homeless and beggars; and (4) the disaster assistance.

A key aspect of China's poverty problem is rural poverty. That's why schemes of poverty alleviation run parallel to social assistance schemes. These schemes have separate budgets and administrations (Poverty Alleviation Office of the State Council) and are highly politics-oriented. A reason for this is the underdeveloped economy and social security in rural areas. In urban areas, social protection has long been based on employer responsibility through the institutions of *Danwei* (单位). The minimum living allowance was originally only introduced in urban areas in 1997<sup>96</sup> to solve urban poverty due to the declined ability of *Danwei* institutions to effectively avoid unemployment and provide social security. In rural areas, very limited basic protection was provided to those most in need through a quite informal "five guarantees" scheme, administered by villages on their own terms. Meanwhile, the schemes of poverty alleviation in rural areas commenced in the 1980s. Despite the undergoing process of integrating urban and rural schemes of combating poverty into one unified social assistance system,<sup>97</sup> its implementation in rural areas has always been ineffective. This was not only caused by corruption, but also by the fact that in rural areas, due to the underdeveloped economy, every person living in a village or an area faced a similar degree of poverty. On the other side, urban poverty is exceptional and mainly due to unemployment. That is why there is a need to apply special poverty alleviation programmes rather in rural areas. Since 2014, "targeted poverty alleviation" schemes have been introduced to improve the effectiveness of poverty alleviation. It is partly to combat corruption, but the more fundamental reason is that, with the development of the rural economy, poverty has increasingly become an individual rather than a general problem. Correspondingly, the programme of "Creating Archives and Identification Cards" (建档立卡) was started to collect detailed information of households in rural areas, accurately identify those in need, find out the specific causes of their poverty and accordingly carry out assistance measures on a case-by-case basis. Digital archives and databases were established and families received identification cards according national poverty alleviation standards. They could get vari-

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96 Announcement of the State Council on Establishing a Minimum Living Security System for Urban Residents in the Nation of 2 September 1997 (国发[1997]29号).

97 The minimum living security scheme was introduced in rural areas in 2007, Announcement of the State Council on Establishing a Rural Minimum Living Security System in the Nation on 11 July 2007 (国发[2007]19号). The "five guarantees" schemes have gradually become a unified assistance system for the extremely poor which is applicable to both urban and rural areas.

ous specific subsidies or support under the schemes of poverty alleviation, which are very flexible depending on policies, administrative discretion and decisions on a case-by-case basis. In recent years, targeted poverty alleviation has increasingly been integrated into the social assistance system in order to further improve the effectiveness of combating rural poverty.<sup>98</sup> In this process, temporary assistance, due to its wide accessibility, provides benefits in a more flexible way and functions as a final protection net. It has therefore become an important bridging instrument.<sup>99</sup>

Against the abovementioned background, during the pandemic it was generally required to accelerate the inclusion of those persons according with national poverty alleviation standards under the protection of the social assistance system and to give full weight to the role of temporary assistance.<sup>100</sup> An example was to temporarily provide a one-time temporary assistance payment to unemployed persons without insurance if they are in difficulties.<sup>101</sup> This measure shows the function of social assistance in terms of supplementing social insurance deficiencies, which is remarkable as it implies the idea of normalising social assistance – it should no longer be limited to a lower social class within the traditional understanding, but be extended to more working poor persons. Also, the amount of temporary assistance could be increased on a case-by-case basis for those encountering huge difficulties<sup>102</sup> and for families in which members died

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98 Letter of the Ministry of Civil Affairs to Reply to the Proposal on Strengthening the Effectiveness of Bridging Social Assistance and Targeted Poverty Alleviation and on Focusing on Improving the Effectiveness of Poverty Alleviation of 27 August 2019 (民函〔2019〕785号).

99 Opinions of the Ministry of Civil Affairs, Ministry of Finance and the State Council Poverty Alleviation Office on Giving Full Weight to the Role of Temporary Assistance in Poverty Alleviation of 19 September 2019 (民发〔2019〕87号).

100 Notice of the Central Leading Group for Responding to the Corona Pandemic on Further Doing a Good Job in Safeguarding People in Difficulty during Pandemic Prevention and Control of 6 March 2020 (国发明电〔2020〕9号).

101 Uninsured workers, such as migrant workers who are unable to return to work due to the pandemic, who have no income for three consecutive months, are living in difficulties and are neither covered by the unemployment insurance nor by minimum living security, can apply for a one-time temporary assistance payment by the government of the place of work or of habitual residence, Section 2 Notice of the Ministry of Civil Affairs and the Ministry of Finance on Further Doing a Good Job regarding Basic Living Guarantees for People in Difficulty of 3 June 2020 (民发〔2020〕69号).

102 Section 2 民发〔2020〕69号 (fn. 101).

due to infection with COVID-19.<sup>103</sup> In addition, special measures were taken to expand the access to social assistance. Severely disabled or seriously ill persons in low-income families could apply for a minimum living allowance as a “single-person household”.<sup>104</sup> In areas seriously affected by the pandemic, the requirements of *Dibao* families could be appropriately relieved.<sup>105</sup> The age limit for minors (persons younger than 18 years of age) to receive benefits for extremely poor people has been extended also to 16- and 17-year-olds.<sup>106</sup>

### ee) Price Subsidy Mechanism

The price subsidy (物价补贴) mechanism has existed since 2011, which links social security benefits with price increases. The mechanism is activated when prices rise significantly and reach a specific level; conversely, when prices stabilise or fall, subsidies will be suspended. Before the pandemic, the price subsidy applied for people receiving regular special national subsidies and the minimum living allowance, extremely poor people and people receiving unemployment benefit.<sup>107</sup> In reaction to the pandemic, from March to June 2020, this subsidy was doubled and extended to scattered orphans, children factually not entrusted to anyone’s care, and those receiving unemployment subsidies.<sup>108</sup> Since 2021, scattered orphans and children factually without care have been permanently included in

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103 Section 1 Para. 4 国发明电〔2020〕9号 (fn. 100).

104 Section 1 Para. 1 民发〔2020〕69号 (fn. 101). The low-income families here are defined as “those in which the per capita income is higher than the local urban and rural minimum living standard and lower than 1.5 times of that, and the family assets comply with relevant local regulations.”

105 Section 1 Para. 2 民发〔2020〕69号 (fn. 101).

106 Section 3 民发〔2020〕69号 (fn. 101).

107 Notice of the National Development and Reform Commission, the Ministry of Civil Affairs, the Ministry of Finance, etc. on Further Improving the Linkage Mechanism of Social Assistance and Security Standards and Price Increases of 22 August 2016 (发改价格规〔2016〕1835号).

108 Sections 1, 2 Notice of the National Development and Reform Commission, the Ministry of Civil Affairs, the Ministry of Finance, etc. on Further Doing a Good Job in Periodic Price Subsidies of 8 April 2020 (发改电〔2020〕876号). The increased expenditures will be paid through local finances and the unemployment insurance funds respectively, and central finances will give subsidies to the eastern, central and western regions in different proportions.



this mechanism.<sup>109</sup> It is another example showing that the pandemic stimulated the long-term improvement of social security.

*b) More Effective Procedures*

In respect to social assistance, providing temporary assistance was especially accelerated through decentralising the financial authority to use funds. According to the law, governments at or above county level are responsible for the financing of social assistance through their budgets (Section 5 Para. 1 SAIM). Governments of township and the sub-district offices, which belong to an administrative level below county level, are responsible for the implementation of concrete work including accepting social assistance applications and investigation (Section 4 Para. 1 SAIM). Accordingly, applications for temporary assistance should be approved by the civil affairs department of the respective county government after the investigation and publicity procedures are finished. For assistance regarding small amounts, the county government may entrust the township government or sub-district office with the approval (Section 48 SAIM). This procedure was much simplified by establishing “temporary reserve funds” (临时救助备用金) at the level of township governments and sub-district offices, entrusting them with carrying out “first assistance” (先行救助).<sup>110</sup> The county government allocated in advance part of the funds from the temporary assistance budget to towns or sub-district offices for their disposal. In some areas where conditions permit, or in Hubei and other areas severely hit by the pandemic, financial authority to provide temporary assistance as “first assistance” could even be given to residential communities (villages).<sup>111</sup> The establishment of “temporary reserve funds” belongs also to an important aspect of the future reform of social assistance.<sup>112</sup>

In addition, it is remarkable that residential communities, the grassroots institutions of social management, played an important role in im-

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109 Notice of the National Development and Reform Commission and other Departments on Further Improving the Linkage Mechanism of Social Assistance and Security Standards and Price Increases of 3 November 2021 (发改价格〔2021〕1553号).

110 Section 2 Para. 2 民发〔2020〕69号 (fn. 101).

111 Section 2 Para. 2 民发〔2020〕69号 (fn. 101), Section 1 Para. 4 国发明电〔2020〕9号 (fn. 100).

112 Section 15 中办发〔2020〕18号 (fn. 95).

proving the effectiveness of implementation and information collection concerning social assistance.<sup>113</sup>

(3) In general, digital methods were widely adopted following the no-contact requirement, which also helped accelerate the procedures. Meanwhile, large-scale information collection has been carried out.<sup>114</sup>

## 5. Conclusions and Outlook

The measures taken to protect livelihoods during the pandemic in China show how a strong and active state acts to achieve specific goals. A large number of political and administrative decisions concerning nearly all aspects of social and economic activities were made according to the guidelines of central politics. It is remarkable that many decisions were jointly made by multiple departments, reflecting that the state intervened in a much more comprehensive way. This made it nearly impossible to separately and statically analyse the acts of the state. One could expect budget laws and regulations on authorities regarding the management and use of various funds to factually play a more important regulatory role in the future.

The measures taken to protect livelihoods during pandemic were embedded in the wider processes of transformation in China. It is clear that different goals such as the absorption of excess labour released in the process of urbanisation and industrial upgrading, urban-rural integration, or the reduction of economic burdens of enterprises have also played a

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113 For example, when people have to go into quarantine because they are confirmed or suspected of infection with COVID-19, got fever or have close contacts with COVID-19-infected people, if they are responsible for taking care of elderly, disabled or minor persons who cannot take care of themselves, especially those in extreme poverty, the residential community (village) where they live should visit them and arrange for relevant personnel or institutions to provide guardianship or care services. The residential community (village) should keep regular contacts and carry out visits to elderly widows and widowers, orphans, left-behind children and elderly people, severe ill and disabled persons and any other people in difficulty who are isolated at home, and provide them with timely help, Section 3 国发明电〔2020〕9号 (fn. 100).

114 For example, in the process of integrating poverty alleviation into social assistance, the Minister of Civil Affairs has since 2021 been constructing a national low-income population dynamic monitoring information platform (全国低收入人口动态监测信息平台) and building the national low-income population database (全国低收入人口数据库).

specific role in decision-making with a view to social protection. Against this complex background, it has become increasingly necessary and urgent to find the normative bases for social goals in the future.

The pandemic is a common risk to all. It causes people damages in ways that are very different from the social risks of a traditional industrial society. Similar risks are climate disasters, environmental hazards, as well as falling objects from high buildings since in China, in the process of urbanisation, more and more buildings are built as skyscrapers. Also, these risks may be combined with one another in more complex ways.<sup>115</sup> New instruments against these risks are thus necessary. In the case of the COVID-19 pandemic, different instruments such as social insurance, social assistance, social promotion, poverty alleviation, enterprise social responsibility and general financing were, to a large extent, combined in terms of financing or institutional assignment. Especially the reason for granting a specific benefit could be very interpretable. At least, it is not enough to just vaguely describe every measure as a necessary compensation based on certain collective responsibilities. As for implementation, more effectiveness and flexibility are required. One could expect more framework laws, more administrative bodies with integrated functions, financial and institutional decentralisation, and greater participation of enterprises and residential communities with a view to fulfilling public tasks.

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115 For example, concerning the combination of pandemic and environmental pollution measures see Notice of the Ministry of Finance and the Ministry of Ecology and Environment on Strengthening the Management of Pollution Prevention and Control Funds to Win the Battle of Pandemic Prevention and Control of 20 February 2020 (财资环〔2020〕3号).

