

# The New Chinese Employment Law

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## I. Introduction

In the People's Republic of China the new Employment Contract Act came into effect on the 1<sup>st</sup> of January 2008.<sup>1</sup> As the title suggests it applies to employment contracts but furthermore it pertains to sets of regulations which are established by the employer after negotiations with the employees' side (Art. 4), as well as collective contracts whose potential scope of application may be extended (Art. 51 ff.).

The previous law, especially the so-called Labor Act from 1994<sup>2</sup>, remains. The new act prevails only where it sets out different regulations.

In the following, this legislative reorganization which is extensive in many respects will be outlined. This article relies on the translation by the Chinese co-author. After that, it will be attempted to put this Act in the context of China's political development, although, due to the lack of assured fundamentals, many questions can only be answered by more or less plausible speculations and suppositions.

The Employment Contract Act comprises 98 articles. For reasons of space only the parts with considerable novelty value can be depicted here.

## II. Fixed-Term Contracts

Limited employment contracts have become the dominant form of employment agreements in China in the past ten years. This not only holds for the private sector, but state-owned companies also made use of this option when recruiting. Effective limits did not exist. Pursuant to sec. 20 subs. 2 of the Labour Act from 1994, after ten years of service a permanent employment contract was to be concluded if the parties „agreed to continue the contract“.<sup>3</sup> As fixed-term contracts were usually between half a year and three years an increased dependence on the respective employer was created. Hence, long-term life planning was made quite difficult for the workers.

Now different legal rules apply.

- If the employee has worked for more than ten years without interruption for the same employer, a permanent employment contract has to be concluded on request of the employee (Art. 14 no. 1).
- If the employer already has concluded two fixed-term employment contracts which probably have not necessarily to follow each other with the same employee, then the third contract has to be a permanent one. However, unlike contracts after the ten-year

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<sup>1</sup> Articles without legal specification are from the Employment Contract Act.

<sup>2</sup> Thereto V. *Schneider* AuR 1998, 429; *Bauer/Diem* NZA 1997, 978 ff.

<sup>3</sup> Thereto *Geffken*, Arbeit in China, 2004, p. 60

period, this only holds for contracts concluded after the 1<sup>st</sup> of January 2008 (Art. 97 subs. 1 s. 2). An exception applies if a permanent employment relationship may be terminated (Art. 14 no. 3).

- If no employment contract in written form is concluded one year after commencement of employment, a permanent employment relationship is formed according to the last sentence of Art. 14. Especially for smaller businesses and migrant workers this should be of significance.
- If the employer does not meet his obligation to the conversion into permanent employment the owed salary is doubled pursuant to Art. 82 Abs.2.

The legal consequences of a fixed-term contract were mitigated. The employment contract does not expire but continues automatically if certain grounds, paraphrased by Articles 42 and 45, are at hand. This holds for an employee's pregnancy and lactation period which is twelve months from birth according to the „Regulations to the Industrial Safety of Employees“ by the Chinese State Council<sup>4</sup>. The same holds for the „treatment time regulated by law“ in the case of illness.<sup>5</sup> If the employee has become completely or partly incapacitated for work because of an occupational accident or illness the special regulations of the accident insurance apply but the employment relationship does not expire as long as a medical examination has not clarified if such a case really is at hand.

Henceforth, employers have to pay compensation pursuant to Art. 46 no. 5 if a temporary employment contract expires, if the employee has not turned down a renewal of the employment contract under the same or better conditions. This compensation amounts to one monthly salary per year of employment in the company, though only time after the 1<sup>st</sup> of January 2008 counts according to Art. 97 subs. 3. Therefore, there will be a „precarity bonus“ in future, just as it has been discussed in Germany at times<sup>6</sup>

The Chinese legislator has relatively sparsely attended to the problem of evasion of the law. Thus, it is conceivable that the ten-year period as well as the maximum number of fixed-term contracts may be sidelined if an employee works for a different allied company of a group of enterprises (corporation ist die einzelne Gesellschaft) every time. It also remains unclear if the expressly permitted „time limitation for a project“ counts in the same way as a fixed-term contract.<sup>7</sup>

### III. Temporary work

Subcontracted labour is drastically reduced. The temporary employment agency has to be a corporation with nominal capital of at least 500.000 Yuan (Art. 57). The employment contract between the temporary employment agency and the temporary employee can be limited to no less than two years and must, furthermore, comprise precise regulations regarding the agency, time of hiring-out, and designated job. In the case of temporary unemployment the local minimum wage has to be paid. Besides, pursuant to Art. 63 the equal-pay-principle

<sup>4</sup> Issued 1<sup>st</sup> of September 1988.

<sup>5</sup> According to regulations of 1.1.1995 of the Ministry of Labor the lawful duration of treatment is dependent on duration of occupation and period of employment and is between 3 and 24 months.

<sup>6</sup> *Däubler*, Tarifvertragsrecht, 3. edition 1993, margin no. 980 with further references.

<sup>7</sup> „Employer and employee agree on the completion of a certain work as point of termination of the employment contract.“

holds – quite different to the German system – without exceptions being permitted. Also, temporary employment is only tolerable for „transitional, assisting and substituting jobs“ (Art. 66). Finally, Art. 67 prohibits the formation of an agency that hires out employees to other affiliated companies of the group of enterprises.

Under these circumstances there are hardly any cases conceivable in which, from the employer's point of view, the use of temporary employment yields advantages which a normal employment relationship does not.

#### **IV. Part Time**

Unlike about the regulations about fixed-term contracts and temporary work, European employers would be quite satisfied with the provision regarding part time. Art. 68 defines part time as an occupation which does not last more than 24 hours a week and as a rule not more than 4 hours a day. Part time is shaped as a „hire and fire“-employment relationship: It can be terminated at any time without reason and without period of notice, a compensation is not owed. The agreed hourly payment simply must not go below the minimum wage but it has to be paid not later than every 15 days. If wage equality in comparison to full time employees has to be observed is subject to discussion.<sup>8</sup>

Part time is not as important in China as it is in Europe although employers are to a great extent exempt from social security contributions. Women typically work full time. Therefore, in the opinion of different experts the mentioned regulations should especially apply to jobbers who, for example, have an extra income as students. This could have been clarified by denoting it as a „auxiliary employment relationship“. All the more because of the well developed protection of standard employment relationships<sup>9</sup> the switch to part time seems obvious. Why should cleaners, sales assistants and waiters not be employed part time? After all, malpractice of the type that two group-affiliated companies both conclude a part time employment relationship with the same person cannot be excluded. If there will be tendencies of this kind and if courts and institutions will intervene correctively is presently not foreseeable.

#### **V. Protection against dismissal**

The value of an unlimited full time employment relationship depends on under which requirements a dismissal by the employer is possible.

Pursuant to Art. 39, termination without notice is possible in the case of a serious breach of contract. This is emphasized by a general clause and a set of individual cases. The case that a lack of aptitude becomes apparent in the trial period is on equal terms.<sup>10</sup>

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<sup>8</sup> Specified in Qian Wang, China aktuell, Heft 1/2008.

<sup>9</sup> Concerning the right of continuance, see V.

<sup>10</sup> According to Art. 19, the maximum trial period depends on the duration of the employment relationships and is not allowed to exceed six months in the case of contracts that are permanent or longer than three years. Trial periods are excluded in respect to project limitation and contracts up to three months as well as part time employment. During the trial period the in principle arranged and agree upon payment can be undercut by 20 % or a lower wage scale can be chosen, in compliance with Art. 20.

More attention should be paid to the dismissal with notice, which is possible, in compliance with Art. 40, with a period of 30 days. An immediate release is possible if the payment continues for these 30 days.

## 1. Grounds for Individual Dismissals

The grounds for individual dismissals are regulated in Art. 40, mass dismissals in Art. 41. Seen with German eyes, considerable problems of interpretation arise here. However, the legal formulation suggests the conclusion that the definition of the grounds is narrower than in sec. 1 subs. 2 KSchG<sup>11</sup>. Thus, it particularly lacks the required elements of a dismissal on grounds of conduct; a minor breach of duty which is not sufficient for a dismissal without notice would generally not question the existence of the employment relationship.

Art. 40 no. 1 allows a dismissal because of illness, insofar as it is not related to the occupation. It would be required that the employee is not capable anymore to exercise the original or any other job assigned to him. How to deal with frequently occurring illnesses is not apparent. Another case of a dismissal on grounds of personal capability is regulated in Art. 40 no. 2: despite further training and taking of adequate operational measures the employee is not up to his job, he proves to be inapt. If that includes the case of an employed driver losing his driving license appears doubtful.

A further reason stated by Art. 40 no. 3 is modelled after frustration of contract: Only if the objective circumstances given at the time of conclusion of the employment contract change so substantially that the contract cannot be fulfilled and no agreement about a modified work effort can be found, a termination is permitted. Notably, this probably comprises the elements of a termination on operational grounds without actually suggesting requirements and limitations. At least the requirement of a change of the „objective circumstances“ makes clear that an employer's mere decision, to attend to the same tasks with less employees will hardly suffice.

## 2. Grounds for Mass Dismissals

According to Art. 41, it is a mass dismissal if more than 20 employees or more than 10 % of the personnel are given notice to quit. A lower limit to the number of personnel does not exist, as the law does not know any small business exception. If, for example, one employee out of a staff of 8 were dismissed, Art. 41 would be applicable. The provision states three grounds of justification. The case of a reorganization after insolvency law should be relatively unproblematic. However, the second reason, the occurrence of „substantial difficulties“ in production and operation, is in need of interpretation. How many redundant employees and how much decline in turnover constitute „substantial difficulties“? It is similar with the third reason, i.e. the fundamental changes in production and the introduction of new technologies and work methods. Here, a possible orientation towards provisions like sec. 111 s. 3 no. 4 and 5 BetrVG<sup>12</sup> could be conceivable.

It remains unclear, to what extent grounds for a mass dismissal may also justify an individual dismissal as specified by Art. 40 no. 3. Wording and classification suggest that the threshold for an individual dismissal pursuant to Art. 40 Nr. 3 is higher. Just because one can manage

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<sup>11</sup> Kündigungsschutzgesetz = Law protecting against dismissals.

<sup>12</sup> Betriebsverfassungsgesetz = works constitution or works council act

the same work with 46 instead of 50 employees due to the introduction of new technologies, four individual dismissals would scarcely be justified.

There is a problem of selection with mass dismissals. Thereby, the criteria are different to the ones stipulated by sec. 1 subs. 3 KSchG: Employees with short term contracts have to be dismissed before employees with long term or permanent contracts, not depending on the period of service. Furthermore, employees who are sole earners of a family with children or caring for elders should be dismissed as the last ones.

If new personnel is recruited within six months after the mass dismissal, the dismissed employees have to be notified; they must be considered for recruitment with priority.

### **3. Exceptions**

The grounds of dismissal created by Art. 40 and 41 cannot be applied if the exceptions of Art. 42 are on hand. The dismissal is excluded if the partial or total disability is the result of an accident or illness suffered at work. The same holds, if for dangerous jobs, an adequate clarification by a doctor has not yet taken place. Also during a legally regulated treatment period for an illness a dismissal is prohibited. The same holds for employees during pregnancy and lactation. Finally, the „protection for old-aged workers“, Art. 42 no. 5, deserves special emphasis: An employee who has worked 15 years for the same employer and will reach the statutory retirement age in less than five years<sup>13</sup> cannot be dismissed by contractual notice.

On the other hand the dismissal protection fails (and the employment relationship ends by law) if insolvency proceedings are instituted regarding the assets of the employer, the employer loses his license or the business is closed down. The same holds if the employee receives benefits from the pension insurance; this is especially of importance concerning dismissal because of illness.

### **4. Compensation**

Everybody who is dismissed on one of the grounds provided by law, automatically receives compensation according to Art. 47. The compensation accounts for one monthly salary per year of employment, whereby a period of more than six months is rounded up to one year, a period of less than six months to one half of a year. The compensation is capped insofar as amounts only up to triple the local average wage are taken into account; in this case 12 monthly wages constitute the absolute upper limit. With unlawful dismissals the employee can choose if he calls for or continued employment or compensation. In this case, pursuant to Art. 87 the latter amounts to twice the rates designated by Art. 47 as an additional compensation. Comparable provisions can be found only in a few European countries, e.g. Italy.<sup>14</sup>

## **VI. Beginnings of a Collective Labor Law**

### **1. The Employer's Set of Rules**

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<sup>13</sup> By law, the retirement age currently is 55 years for women and 60 years for men.

<sup>14</sup> See, e.g. *Roccella*, *Manuale di Diritto del Lavoro*, 2a edizione, Torino 2005, p. 340 ff. (“trattamento di fine rapporto”). Comparative: *Rebhahn RdA 2002*, 272 ff.

Pursuant to Art. 4 the employer must establish a set of rules, which can be described as „work rules“ in the broader sense. It refers to payment, working time including rest periods and holidays, as well as safety standards, integration into social security and granting of social insurance benefits, further training of the employees, and finally it also comprises rules regarding the abidance (das Wort kenne ich nicht) to work discipline. Before one of these subjects is regulated „negotiations on an equal footing“ with the labor union, employee representatives or all employees have to take place. In this context, the employees' side can raise objections against unreasonable regulations and demand improvements.

The act does not state what happens if there is no settlement reached. The first draft devised that in that case the concept formulated by the employees' side would become binding. This caused quite a stir<sup>15</sup> and notably prompted the chamber of US-American investors to declare – which is not even far-fetched – that such a reglementation would be „worse than in Europe“.

With this previous history, it might be understood from the effective wording that, in the event of disagreement, the employer may issue the set of rules. If and to what extent a strike were permissible is not adressed, albeit it does occur in practice.

## **2. Status of the Unions**

The Employment Contract Act refers to the labor unions in several points. It is remarkable that, in Art. 4, they are mentioned only as *one* factor which is part of the negotiations about the work rules. Its relation to the personnel's representatives and employees' meeting as alternative institutions remains unclear. Art. 6 assigns labor unions with the tasks to advise employees regarding the conclusion and performance of their employment contracts as well as to represent the employees' interest in the case of collective negotiations. The latter corresponds with the statement of sec. 7 subs. 2 of the Labor Act of 1994, after which the union represents the rights of the employees and „independently and autonomously“ takes action. This will be elaborated below. If mass dismissals are planned, the labor union has to be consulted at least 30 days before the dismissals are declared, i.e. included into the process of exchanging views (Art. 41).

## **3. Conclusion of Collective Agreements**

Art. 51 to 56 contain provisions regarding collective agreements. Traditionally, these are concluded at plant level. There, the employees are represented by the union, though the draft has to be submitted to the meeting of the employees or their representatives before „for discussion and adoption“ (Art. 51). What is supposed to happen if a majority of the employees says „no“ is not regulated; probably there would be another negotiation. If the plant does not have a union, a person who signs the collective agreement is determined by the employees

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<sup>15</sup> See also Hanau/Adomeit, Arbeitsrecht, 14. edition 2007, preface.

under directives of the labor union of the next higher level. By which procedure this representative is determined and if he has to be an employee is not addressed. Probably, any external may be appointed, who does not have to fear sanctions.

The collective agreement may refer to the same subjects than the employer's „set of rules“ pursuant to Art. 4, though special collective agreements may be concluded for respective domains. They become effective later when they are reported to the employment authority and no objection is raised within 15 days (Art. 54). In China the principle of favorability also holds; according to Art. 55 employment contracts must not fall short of the standard of the collective agreement.

The provision of Art. 53 is striking: industrial sector pay scales may be concluded up to district level which insofar takes wages and employment conditions out of competition. The three „problem sectors“ construction, mining and catering trade are explicitly mentioned where exceedingly numerous deficiencies occurred due to the lack of collective agreements on company level. Though this goes beyond previous practice, currently it cannot be perceived how far this empowerment will be filled with life. A „local“ collective agreement, where every business at a place is included not regarding the affiliation to a certain sector, is also admissible.

The collective agreement is binding for the employer and all employees. The sector agreement comprehends every business and its employers of the respective sector. The same applies to local collective agreements. This results in a normative effect without it being explicitly mentioned. The affiliation in an organization obviously does not figure. This regulation, for example, is also found in Spanish law, which, however, contains differentiating provisions regarding the representative character of the contracting organizations.<sup>16</sup>

If the employer does not abide to the collective agreement, a labor union can „hold the employer liable“ in compliance with Art. 56. After unsuccessful negotiations it can refer the dispute to arbitration and if necessary take legal action at the People's Court (Art. 56).

## **VII. Assessment**

### **1. Legislation as a Reaction**

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<sup>16</sup> Thereto already *Däubler* (ed.), *Arbeitsbeziehungen in Spanien*, 1982, p. 231 ff. Comparative: *Rebhahn RdA* 2002, 214, 217.

The Employment Contract Act marks a reaction to numerous labor disputes and evident grievances. They have been repeatedly documented in western literature,<sup>17</sup> at what it remains unclear if it involves representative events or singular aspects within China's labor force of 758 Mio.<sup>18</sup> Certainly the point in time where the Act passed presents additional indication for the conflict reaction thesis: About two weeks before, the Chinese press revealed cases in which employees were kept like slaves in a brickworks,<sup>19</sup> which became a „national matter“.<sup>20</sup> While shortly before „usually well informed circles“ from the surroundings of the Ministry of Labor and the National People's Congress did not want to specify if and when the draft on hand would pass, it now became law virtually overnight.

The very extensive protection which is purported by the Act's wording has become apparent by the abstract given above. It is complemented by some provisions, which are rather unusual in other countries' labor laws. Art. 9, for example, bars employers to withhold the employee's passport or to demand a deposit of riskmoney – obviously there was cause for such an inhibition. Until now, one could agree upon a contractual penalty that meant the deposit would be forfeited in case the employee terminates the employment contract. In compliance with Art. 84 such violations are penalized; the employment authority demands the return of any item, the employee is entitled to damages. If the employer does not make the payment agreed upon or not completely or if it falls short of the local minimum wage, the employment authority sets a time limit within which the payment must have been made. If this time limit, e.g. 4 weeks, expires effectlessly the employer has to make an extra payment which is set out by the authority and amounts to between 50 and 100 % of the behindhand payment. This „legal penalty“ should especially (but not only) function in favor of migrant workers.<sup>21</sup> Furthermore, penalties, administrative sanctions and damages to the employee are set if the employer forces the employee by means of „violence, threat or unlawful restriction of personal freedom“ to work or if the employee is „insulted, physically harmed, beaten, unlawfully searched or locked up“ (Art. 88) – here the experiences with the cases of slave labor seem to be the background.

## 2. The Law – The Unknown Factor

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<sup>17</sup> Cai ZIAS 2006, 297 ff.; Cheng, The International Journal of Comparative Labour Law and Industrial Relations 20 (2004), 277 ff.; id., ZIAS 2005, 353 ff.; Shen, The International Journal of Comparative Labour Law and Industrial Relations 22 (2006) 347 ff.;

<sup>18</sup> Zimmer, China-Report no. 46 (30. 7. 2007) p. 1, 6 f. (state of 2005)

<sup>19</sup> See, e.g., the report of the 16.6.2007 in „ZEIT-online“, available at [www.zeit.de/online/2007/25/china-sklaven](http://www.zeit.de/online/2007/25/china-sklaven)

<sup>20</sup> See the article of the 21.6.2007, available at [www.n24.de/wirtschaft\\_boerse/wirtschaftspolitik](http://www.n24.de/wirtschaft_boerse/wirtschaftspolitik). [The Employment Contract Act was passed on the 29.6.2007.](http://www.n24.de/wirtschaft_boerse/wirtschaftspolitik)

<sup>21</sup> Zu ihnen Cai ZIAS 2006, 297 ff.



Depending on the national context, legal norms have different effect. Even in Europe there are countries who take their law very serious and countries for whom the recourse to legal norms is an exception. This is particularly true for China. For example, it is made clear by the fact that in China annually about half as many labor law proceedings are instituted than in Germany although the number of dependent employees is approximately 20 times higher. Behind this, is the conception that relationships on a personal level are more about restoring harmony than about prevailing over another. Courts for civil and labor law try hard to end litigation with settlements. According to law firms in Shanghai, above all it is the time factor that is introduced to make the compromise – compared to further waiting – seem like the lesser of two evils for both sides.<sup>22</sup>

The character of the employment regulations fits in with this aim of harmony. In content they often are highly undetermined and leave many questions in the dark. In principle one could also say that about the work of the German legislator, but yet there is a crucial difference: Within a short time there would be numerous commentaries for a comparable German Act or Code of which some would surely go beyond a thousand pages due to importance and complexity of the subject.<sup>23</sup> Such a mode of debate with legal norms which detects gaps and inconsistencies of the law as well as suggesting solutions for them, can only be found in basic form in China. As far as commentaries exist, basically they merely reproduce the legal wording. Thinking further would effectively – such is the sofar undocumented proposition of the German co-author – constitute a kind of impertinence, a self-aggrandizement of the individual, who wants to be smarter than the National People's Congress. Even comparably harmless branches of law, like the law of unfair competition (where primarily corporations as important decision-makers are interested in exact interpretations) do not have commentaries as we know it. Under those circumstances it cannot be expected in the short run that „resorting“ to part time employment is conditioned on a factual reason, as we have done it for decades in respect of the fixed-term contract that obviously disposes of the protection against dismissal.

What follows? The Chinese employment law is led by the principle „control by uncertainty“. Because exact assertions in respect of dismissal on operational grounds cannot be made, as an employer one probably would choose a solution by mutual agreement, e.g. in terms of a transfer or a termination agreement, instead of risking a double compensation. However, this already improves the employees' basic situation. Apart from that, there is a range of provisions, like the restriction to two fixed-term contracts or the regulations regarding compensa-

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<sup>22</sup> Arbeitsstreitigkeiten können sich wegen des vorgeschalteten Schlichtungsverfahrens zusätzlich in die Länge ziehen.(bitte übersetzen)

<sup>23</sup> A German act or code with similar content would, besides causing an outcry, probably result in several authors exceeding the 2000-page mark.

tion which do not allow much interpretation. Here, the employee can effectively claim certain benefits, notably after termination of the employment relationship. This part can be characterized as the Act's „hard core“. Forasmuch, there should be less cause for social unrest and eruptions in future.

### 3. The Status of the Unions

In the overcome planned economy the labor union had the function to contribute to the successful working of the companies. Insofar the unions operated as the Party's transmission belt. In case of conflict they had to arbitrate between authoritarian operating managers and obstructive employees or had to perform a great deal of convincing in respect of the given plan requirements. In a market economy its role is different: The labor union has to represent interests, it has to make sure nobody takes advantages of employees who are the weaker party, and keeps them in absolute dependency. This implies that demands are formulated and it is tried, if necessary even confrontational, to push them through. Such a change of roles is quite difficult, the more so as creative minds can rather be found in the Party or in corporations<sup>24</sup> It adds, that in China social life is more oriented towards personal relations than interests: Should one really risk valuable contacts to the management or to the Party's local level? The fact that already the Labor Act of 1994 speaks of labor union autonomy indicates that it is to a lesser extent the Party's claim to power but rather problems within the unions which oppose the transformation to a representation of interests. This does not rule out that it might be successful in some of the country's provinces – thus far such transformations are not at all ubiquitous. Insofar the progress in Vietnam seems to have gone further. Since the amendment of the Employment Law Code in 2006 not only the right of retention in the case of outstanding wages has been recognized but also – though only exercisable within complicated procedures – a right to strike.<sup>25</sup>

It remains an open question which mechanisms actually provide for somewhat tolerable conditions of employment. Thirty years of economic boom which also led to a significant growth of skill can hardly be managed with „bondslaves“. One can suspect that smaller or bigger groups are formed among the employees – for instance on the basis of regional provenance – where one stands up for another. Therefore, an employer could expect a lot of covert resistance if he treated one of the group members „unfair“. However, in small businesses resistance can only be conducted by quitting and searching for another job. In addition, as a cul-

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<sup>24</sup> Auch bei uns konnte man bisweilen „Anpassungsprobleme“ feststellen, als z. B. plötzlich auf Arbeitgeberseite nicht mehr die kooperative Bundespost und das kooperative Ministerium, sondern verschiedene Unternehmen standen, die ausschließlich an der Profitmaximierung orientiert waren. Bitte übersetzen

<sup>25</sup> The Labour Code of the Socialist Republic of Vietnam, Amended and Supplemented in 2002, 2006 and 2007 (in two Languages Vietnamese – English), Hanoi 2007, Art. 157 ff.

tural particularity, a Chinese never says „no“ but rather expresses discontent and refusal indirectly. If an employer ignores this it might come to eruptions – possibly an explanation for the fact that examples of industrial actions are blockades of streets and railway lines.<sup>26</sup> It has also been reported that employees climbed on roofs of multi-story houses threatening to jump if they did not finally get their wage – evidently they must have felt immense frustration and anger.

#### **4. Conflicts in the „Harmonic Society“**

For two years the „Harmonic Society“ has been, according to the Chinese Communist Party's resolutions, the aim of further social development. Harmony should not only be in families and generally in human relationships but also the relation to nature and the international affairs should follow this goal. This concept that also takes up Buddhist and Confucian traditions is not only a benchmark that one should follow (although even that may be seen as progress in the face of the lack of prospects prevalent in our society). Rather, concrete consequences like the cutback of the discrepancies between urban and rural areas as well as rich and poor are deduced from the concept. The readily available „China Daily“ wrote that if not every citizen had a health insurance the aim of the Harmonic Society would only be „empty talk“.<sup>27</sup> Hu Jintao has compared the path to the Harmonic Society with the „Long March“ in the civil war; this endeavor would not be less difficult and full of challenges and risks.<sup>28</sup> Conclusions were drawn in tax law where peasants were freed of all taxes and high and secondary income earners imposed with higher tax rates.

According to Art. 1, the Employment Contract Act also intends to encourage harmony in the employer-employee relationships. The law does not say much about the means to facilitate the harmony. Occasionally, „negotiations on equal footing“ are mentioned, but in day-to-day life it is difficult to distinguish them from „normal“ negotiations or negotiations where the employees' side is disadvantaged from the start. It is inevitable: The next years will show if and how people can legally reach compromises and hence harmonic togetherness, even by means of strikes and other forms of refusal to co-operate. Until 1982 the right to strike was guaranteed in the Chinese constitution – why should people not remember it?

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<sup>26</sup> Cheng ZIAS 2005, 356 ff.

<sup>27</sup> So Li Xing, China Daily of the 14.9.2006, p. 4

<sup>28</sup> China Daily 23. 10. 2006, p. 4