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CHAPTER I GENERAL RULES

[Article 1] These Regulations are formulated according to present economic conditions for the purpose of protecting the health of paid labourers and easing the special difficulties in their livelihood.

[Article 2] In the implementation of these Regulations, the procedures for provisional implementation in key enterprises shall be adopted and the implementation shall be popularized after achievements are made and experience is obtained in the provisional implementation. Their application shall be limited to the following enterprises for the time being:

(1) State-operated, joint state-private, private and cooperative factories, mines and their subsidiary units and business management organizations, each of which employs more than 100 workers and staff members.

(2) Each railway, shipping or postal and telecommunications enterprise and its subsidiary units.

[Article 3] With regard to the labour insurance of the enterprise beyond the limits of Clauses (1) and (2) of Article 2 and seasonal enterprises, the administration or capital of each enterprise and its grass-roots trade union committee shall consult with each other and enter into a collective contract to stipulate it on the principles of these Regulations and in accordance with the actual conditions of the enterprise.

[Article 4] These Regulations shall be applicable to all the workers and staff members (including apprentices) working in each enterprise which practises labour insurance, making no distinction between nationalities, ages, sexes and citizenship, but those who are deprived of political rights shall be excluded.

[Article 5] The labour insurance remuneration to the casual labourers, seasonal workers and personnel on probation working in each enterprise which practises labour insurance shall be separately prescribed in the rules for the implementation of these Regulations.

[Article 6] If an enterprise to which these Regulations are applicable is difficult to maintain owing to special economic difficulties or has not officially commenced business, the administration or capital of the enterprise shall consult and reach an agreement with the grass-roots trade union committee and put off implementing these Regulations with the approval of the labour administrative authorities of the local people's government.

CHAPTER II THE COLLECTION AND MAINTENANCE OF LABOUR INSURANCE FUNDS

[Article 7] All the labour insurance payment stipulated in these Regulations shall be borne by the administration or capital of each enterprise which practises labour insurance, part of them be

directly paid by the administration capital or the enterprise and the other part to be handed over by the administration or capital to the trade union organization for disposal as labour insurance funds.

[Article 8] The administration or capital each enterprise which practises labour insurance accordance with these Regulations shall, by the month, pay the amount which is equivalent three percent of the total of the wages of all the workers and staff members of the enterprise for use as labour insurance funds. These labour insurance funds shall not be deducted from the wages of the workers and staff members nor be separately collected from them.

[Article 9] The procedures for the collective and care of the labour insurance funds are follows:

(1) The administration or capital of an enterprise shall calculate the monthly payable labour insurance funds on the basis of the total of the wages in the previous month and pay them once to the state bank appointed by and on behalf of the All-China Federation of Trade Unions to collect labour insurance funds within the limited time from the first to tenth days of each month.

(2) Within the first two months of the beginning of practising labour insurance, all labour insurance funds paid monthly by the administration or capital of every enterprise shall be deposited into the account of the All-China Federation of Trade Unions as general labour insurance funds for use to run collective labour insurance facilities. Commencing from the third month of the beginning of practising it, 30 percent of the labour insurance funds paid each month shall be deposited into the account of the All-China Federation of Trade Unions as general labour insurance funds; 70 percent shall be deposited into the account of the grass-roots trade union of each enterprise as labour insurance funds for use as the pensions, subsidies and relief funds which are payable to its deserving workers and staff members in accordance with these Regulations.

[Article 10] If the administration or capital of an enterprise does not pay or is in arrears with the labour insurance funds when the time limit is exceeded, the fines for late payment shall be additionally paid, the sums to be one percent of the unpaid parts. If they are not paid 20 days in excess of the time limit, the grass-roots trade union committee shall notify the local state bank to deduct them for payment from the funds of the state, joint state-private or cooperative enterprise; with regard to a private enterprise, the grass-roots trade union committee shall report to the labour administrative authorities of the local people's government so as to investigate and affix the responsibility on the owner of the enterprise.

[Article 11] The All-China Federation of Trade Unions shall entrust the People's Bank of China with the care of the labour insurance funds on its behalf.

CHAPTER III PROVISIONS FOR VARIOUS TYPES OF LABOUR INSURANCE REMUNERATION

[Article 12] The provisions for the remuneration for an injury or disability caused while on duty:

(1) If a worker or a staff member is wounded while on duty, he or she shall be treated at the clinic, hospital or special hospital of the enterprise. If the clinic, hospital or special hospital of the enterprise cannot treat him or her, the administration or capital of the enterprise shall transfer him or her for treatment at another hospital and bear all the treating expenses, medicinal charges, hospitalization expenses, board expenses at hospital and travelling expenses for going to doctors. The wages shall be paid as usual during the medical treatment.

(2) If a worker or a staff member is certified to be disabled due to an injury caused while on duty, the pensions or subsidies for the disability caused while on duty shall be paid monthly under the labour insurance funds in accordance with the following conditions:

a. If he or she needs others' assistance in eating and drinking and other aspects of daily life after discharge owing to the complete loss of his or her ability to work, the sums of the pensions for his or her disability caused while on duty shall be 75 per cent of his or her wages, which shall be paid until his or her death.

b. If he or she does not need others' assistance in eating and drinking and other aspects of daily life after discharge owing to the complete loss of his or her ability to work, the sums of the pensions for his or her disability caused while on duty shall be 60 per cent of his or her wages, which shall be paid until the restoration of his or her ability to work or until his or her death.

c. If his or her working ability is partially impaired but he or she can still work, the administration or capital of the enterprise shall assign him or her to a suitable job and pay him or her the subsidies for the disability caused while on duty according to the degrees of the loss of his or her ability until his or her retirement or until his or her death; the sums shall be five to 20 percent of his or her wages before the disability, but the total of them with the addition of his or her wages when he or she returns to work shall not exceed his or her original wages before the disability. The detailed procedures shall be formulated in the rules for the implementation.

d. The determination and change of the condition of disability shall be examined by the disability examination board. The detailed procedures shall be formulated in the rules for the implementation.

[Article 13] The provisions for the remuneration for diseases contracted or an injury or disability sustained while off-duty:

(1) If a worker or a staff member is ill or wounded while off-duty, he or she shall be treated at the clinic, hospital or special hospital of the enterprise. If the clinic, hospital or special hospital of the enterprise cannot treat him or her, the administration or capital of the enterprise shall transfer him or her to another hospital for treatment and hospitalize him or her if necessary. His or her treating expenses, hospitalization expenses and ordinary medicinal expenses shall be borne by the administration or capital of the enterprise; costly medicinal expenses, travelling expenses to go to doctors and board expenses at the hospital shall be borne by himself or herself.

(2) If a worker or a staff member stops working to receive the medical treatment of a disease contracted or injury sustained while off-duty and the period of his or her treatment is continued for less than three months, the administration or capital of the enterprise shall pay him 50 to 100 percent of his or her wages according to the length of his or her standing in the enterprise; if the treatment continues for more than three months, he or she shall be paid the relief funds for the disease contracted or the injury sustained while off-duty instead by the month under the labour insurance funds until he or she is able to work or is certified to be disabled or until he or she dies, the sums to be 30 to 50 percent of his or her wages. But the continued suspension of work for medical treatment shall be limited to six months and handled according to the remuneration for the discharge owing to disability in Clause (3) if it exceeds six months. The detailed procedures shall be formulated in the rules for the implementation.

(3) If a worker or a staff member resigns because of the complete loss of his or her ability to work due to a disease contracted or disability caused by an injury sustained while off-duty, the relief funds for the disability caused while off-duty shall be paid by the month under the labour insurance funds according to the length of his or her standing in the enterprise until the restoration of his or her ability to work or until his or her death, the sums to be 20 to 30 percent of his or her wages. If he or she has other financial sources to maintain his or her livelihood, these relief funds for the disability

caused while off-duty shall not be given. The detailed procedures shall be formulated in the rules for implementation.

(4) If a directly-related family member supported by a worker or a staff member becomes ill, he or she shall be given free treatment at the clinic, hospital or special hospital of the enterprise. He or she shall bear half of the ordinary medicinal expenses, with costly medicinal expenses, travelling expenses for visits to doctors, hospitalization expenses, board expenses at hospital and all other costs to be borne by himself or herself.

[Article 14] The provisions for the remuneration for the death of a worker or a staff member or a directly-related family member supported by him or her:

(1) If a worker or a staff member dies while on duty, the administration or capital of the enterprise shall provide funeral expenses, the sums to be two months' average wages of all the workers and staff members of the enterprise. In addition, the pensions shall be paid every month to the directly-related family member(s) according to the number supported by him or her under the labour insurance funds until the supported become(s) disqualified for the support, the sums to be 25 to 50 per cent of the deceased's wages. The detailed procedures shall be formulated in the rules for the implementation.

(2) If a worker or a staff member dies of a disease contracted or an injury sustained while off-duty, the funeral subsidies shall be paid under the labour insurance funds, the sums to be one month's average wages of all the workers and staff members of the enterprise. In addition, relief funds shall be paid to the directly-related family member(s) normally supported by him or her according to the length of his or her standing in the enterprise, under the labour insurance funds, the sums to be three to 12 months' wages of the deceased. The detailed procedures shall be formulated in the rules for the implementation.

(3) If a worker or a staff member dies after his or her discharge owing to the complete loss of his or her ability to work because of the disability caused while on duty, funeral subsidies and relief funds for the directly-related family member(s) normally supported by him or her shall be paid according to the remuneration stipulated in Clause (2) of this Article.

(4) If a worker or a staff member dies after his or her retirement, or if he or she dies after his or her discharge because of the complete loss of his or her ability to work owing to the disability caused while off-duty, funeral subsidies shall be paid under the labour insurance funds, the sum to be one month's average wages of all the workers and staff members of the enterprise.

(5) If a directly-related family member supported by a worker or a staff member dies, the funeral subsidies for him or her shall be paid under the labour insurance funds. If the deceased is above the age of 10, the sum shall be one third of one month's average wages of all the workers and staff members of the enterprise, one quarter of one month's average wages for the deceased in the range of ages from one to 10 and no remuneration shall be given for the deceased below the age of one.

[Article 15] The provisions for the remuneration to provide for old age:

(1) If a male worker or staff member has reached the age of 60, the general standing of 25 working years and the standing in his own enterprise of 10 working years, old-age pensions shall be paid according to the length of his standing in the enterprise under the labour insurance funds until his death, the sums to be 35 to 60 percent of his wages. If he continues to work as required by the work of the enterprise with his own consent, in-service old-age pensions shall be paid per month in

addition to the deserved wages, the sums to be 10 to 20 percent of his wages. The detailed procedures shall be formulated in the rules for the implementation.

(2) A female worker or staff member who has reached the age of 50, the general standing of 20 working years and the standing in her own enterprise of 10 working years shall enjoy the remuneration of old-age pensions stipulated in Clause (1).

(3) With regard to those who work in underground mines or regularly in a working place at low temperatures below 32 deg. F or at high temperatures above 100 deg. F, a male worker or staff member who has reached the age of 55 or a woman worker or staff member who has reached the age of 45 shall be entitled to enjoy the remuneration of old-age pensions stipulated in Clause (1). But in the calculation of his or her general standing and the standing in his or her own enterprise, one year for working in such a place shall be calculated as one year and three months.

(4) In the case of those who are directly engaged in work which is harmful to health in the refinement or manufacture of lead, mercury, arsenic, phosphorus, acids and in other chemical or ordnance industries, a male worker or staff member who has reached the age of 55 or a female worker or staff member who has reached the age of 45 shall be entitled to enjoy the remuneration of old-age pensions stipulated in Clause (1). But in the calculation of his or her general standing or his or her standing in the enterprise, one year for being engaged in such work shall be calculated as one year and six months.

[Article 16] The provisions for childbearing remuneration:

(1) If a female worker or staff member gives birth to a child, she shall have leave of 56 days before and after the childbearing and her wages shall be paid as usual during maternity leave.

(2) A woman worker or staff member who has a miscarriage shall have 15 days' leave if she is pregnant for less than three months; she shall have 30 days' leave if she is pregnant between three and seven months and her wages shall be paid as usual during maternity leave.

(3) If she still is unable to work at the expiration of her maternity leave (whether normal labour or miscarriage), she shall be dealt with in accordance with the provisions for the remuneration for diseases in Article 13 after being certified by a doctor.

(4) When a female worker or staff member or the spouse of a male worker or staff member gives birth to a child, childbearing subsidies shall be paid under the labour insurance funds, the sum to be the local retail price of 5 chi (1/3 metre) red cloth.

[Article 17] The provisions for collective labour insurance facilities:

(1) All the workers and staff members working in each enterprise which practises labour insurance shall have the rights to enjoy collective labour insurance facilities. Detailed procedures shall be formulated by the All-China Federation of Trade Unions.

(2) Collective labour insurance facilities shall be run by the All-China Federation of Trade Unions in an overall way, but the Federation shall entrust each local trade union organization or each industrial trade union organization with their management, including the following items:

A. Sanatoriums;

B. Asylums for the disabled;

- C. Asylums for the aged;
- D. Orphan asylums;
- E. Rest homes;
- F. Others.

Detailed procedures shall be otherwise formulated by the All-China Federation of Trade Unions.

[Article 18] The workers and staff members working in an enterprise which practises labour insurance who have not joined any trade unions shall only enjoy half of the stipulated sums for all such payments as wages and relief funds during the medical treatment of diseases or injury for non-duty reasons, relief funds for disability for non-duty reasons, relief funds for supported directly related family members, old-age pensions, childbearing subsidies, etc.; but the remuneration for injury, disability or death caused on duty or the remuneration for the treatment of diseases or injury for non-duty reasons they shall still enjoy as stipulated in these Regulations.

[Article 19] In drawing various pensions, subsidies and relief funds, a worker or a staff member who works in an enterprise which practises labour insurance shall only draw the kind of remuneration with the maximum amount and shall not draw two kinds at the same time.

CHAPTER IV PROVISIONS FOR THE GRANTING OF OUTSTANDING LABOUR INSURANCE REMUNERATION

[Article 20] A model worker who makes special contributions to the enterprise or a combat hero who is transferred to work in the enterprise shall be entitled to be granted more outstanding labour insurance remuneration as follows with the proposal of the grass-roots trade union committee and with the approval of each provincial or municipal trade union organization or of the national committee of each industrial trade union:

(1) All of his or her medical expenses and board expenses at the hospital for diseases contracted or injury sustained while off-duty shall be borne by the administration or capital of the enterprise.

(2) His or her wages during the first three months of the period of the medical treatment of diseases contracted or injury sustained while off-duty shall be paid as usual. All relief funds for diseases contracted or injury sustained while off-duty and those for disability caused while off-duty shall be paid at a rate half of his or her wages. The pensions for disability caused on duty shall be 100 percent of his or her wages. The subsidies for disability caused on duty shall be the balance between his or her wages before the disability and the wages now drawn after the disability. The pensions for directly-related family members of one who died while on duty shall be 30 to 60 percent of his or her wages. Retired old-age pensions shall be 50 to 80 percent of his or her wages. In-service old-age pensions shall be 15 to 30 percent of his or her wages. The detailed procedures shall be formulated in the rules for the implementation.

He or she shall have the priority to enjoy collective labour insurance facilities.

[Article 21] In the case of a disabled military man who is transferred to work in the enterprise, his wages during the first three months of the period of the medical treatment of diseases contracted or injury sustained while off-duty shall be paid as usual disregarding the length of his standing in the

enterprise. It shall be handled as stipulated in Clause (2) of Article 13 if the stop lasts for more than three months.

CHAPTER V THE CONTROL OF LABOUR INSURANCE FUNDS

[Article 22] The procedures for the control of labour insurance funds are as follows:

(1) The general labour insurance funds shall be used by the All-China Federation of Trade Unions to run collective labour insurance facilities.

(2) The labour insurance funds shall be used by the grass-roots trade union committee to pay various pensions, subsidies and relief funds and settled once a month, the surplus to be wholly transferred into the account of the provincial or municipal trade union organization or of the national committee of the industrial trade union for use as labour insurance regulating funds (hereinafter simply referred to as "regulating funds").

(3) The regulating funds shall be used by the provincial or municipal trade union organization or the national committee of the industrial trade union to subsidize each grass-roots trade union committee under it when its labour insurance funds fall short of the expenditure or to run collective labour insurance facilities. The national committee of each industrial trade union shall be entitled to authorize its local organization to take care of the transfer and use of the regulating funds. The All-China Federation of Trade Unions shall be entitled to concentrate the regulating funds from each provincial or municipal trade union organization or the national committee of each industrial trade union under it and entitled to use them to run collective labour insurance facilities. If the regulating funds of a provincial or municipal trade union organization or the national committee of an industrial trade union fall short of the expenditure, an application shall be made to the All-China Federation of Trade Unions for the allotment of the regulating funds as subsidies.

[Article 23] Labour insurance funds shall not be transferred for purposes other than labour insurance facilities.

[Article 24] The accounting department of each enterprise shall set up the independent accounting for the labour insurance funds and the special accountant shall take charge of the receipts and payments of the labour insurance funds. The accounting regulations on the labour insurance funds shall be formulated by the Ministry of Labour of the Central People's Government jointly with the All-China Federation of Trade Unions.

[Article 25] The receipts and payments of the labour insurance regulating funds shall be handled by the financial department of the trade union organization at each level in accordance with the provisions of the All-China Federation of Trade Unions.

CHAPTER VI THE EXECUTION AND SUPERVISIONS OF LABOUR INSURANCE TRANSACTIONS

[Article 26] Each grass-roots trade union committee is the grass-roots unit which executes labour insurance transactions and its main functions are to: supervise and urge the payment of labour insurance funds; decide on the expenditure of labour insurance funds; supervise the expenditure of various payments directly made by the administration or capital of the enterprise as stipulated in these Regulations; impel the enterprise to improve the business of its clinic or hospital; execute all actual transactions concerning labour insurance; draw up a monthly statement of labour insurance funds every month, work out budgets, final accounts, business plans and business reports every year and submit them to the provincial or municipal trade union organization or the national committee

of the industrial trade union and the labour administrative authorities of the local people's government; report to the general meeting or the congress of the trade union on its work.

[Article 27] The fund examination committee of each grass-roots trade union committee shall, by the month, examine the receipts and payments of labour insurance funds and various payments directly made by the administration or capital of the enterprise as stipulated in these Regulations and make them public.

[Article 28] Each provincial or municipal trade union organization or the national or regional committee of each industrial trade union shall hold itself responsible for directing and supervising the labour insurance transactions of each grassroots trade union committee under it, to check if there are any mistakes in the monthly statements of the receipts and payments of labour insurance funds, budgets, final accounts and the receipts and payments of labour insurance funds themselves, accept and hear the complaints of workers and staff members on labour insurance matters, draw up a monthly statement of the receipts and payments of labour insurance funds and regulating funds every month, work out budgets, final accounts, business plans and business reports every year and submit them in the following procedure:

(1) Each provincial or municipal trade union organization shall submit the above to the labour administrative authorities of the local people's government and the trade union organization of the large administrative region.

(2) The national committee of each industrial trade union shall submit the above to the All-China Federation of Trade Unions and the Ministry of Labour of the Central People's Government.

[Article 29] The trade union organization of each large administrative region shall hold itself responsible for directing and supervising the labour insurance transactions of each provincial or municipal trade union organization under it and each industrial trade union organization within its region, check the provincial and municipal trade union organizations' monthly statements of the receipts and payments of labour insurance funds and regulating funds, budgets, final accounts, business plans and business reports, draw up a report of the receipts and payments of labour insurance funds every three months, work out budgets, final accounts, business plans and business reports every year and submit them to the department of labour of the people's government of the large administrative region where it is located, the Ministry of Labour of the Central People's Government and the All-China Federation of Trade Unions.

[Article 30] The All-China Federation of Trade Unions is the supreme leading body of the national labour insurance business which plans the execution of the national labour insurance business in an overall way; supervises and guides each local trade union organization and each industrial trade union organization in the execution of labour insurance business; checks and compiles the report forms of the receipts and payments of labour insurance funds and general funds; works out the budgets and final accounts of labour insurance funds, business plans and business reports every year and submits them to the Ministry of Labour and the Ministry of Finance of the Central People's Government for future reference.

[Article 31] The labour administrative authorities of the people's government at each level shall supervise the payment of labour insurance funds, inspect the execution of labour insurance business and handle the complaints on labour insurance matters.

[Article 32] The Ministry of Labour of the Central People's Government is the supreme supervisory body of the national labour insurance business which puts the Regulations on Labour Insurance into

effect and inspects the execution of the national labour insurance business, the regulations for the inspection of which shall be otherwise formulated.

CHAPTER VII SUPPLEMENTARY PROVISIONS

[Article 33] These Regulations shall be promulgated and put into effect after adoption by the Government Administration Council of the Central People's Government and the same procedure shall be followed if any amendments are made.

[Article 34] These Regulations shall be put into effect as of March 1, 1951 and the labour insurance payments payable to deserving workers and staff members in accordance with these Regulations shall be paid as of May 1, 1951. In the case of an enterprise which practises labour insurance in accordance with these Regulations, its original procedures for labour insurance shall be annulled as of May 1, 1951. However, if the workers and staff members of the enterprise consider the totals of various kinds of remuneration stipulated in the original procedures to be more than those in these Regulations and are unwilling to change them, the administration or capital of the enterprise shall make an application jointly with the grass-roots trade union committee to the labour administrative authorities of the local people's government and shall be entitled to maintain the original procedures and postpone implementing these Regulations with the approval of the Ministry of Labour of the Central People's Government.

Notes

initially covered employees in state-operated, joint state-private, cooperative and private factories and mines with 100 or more workers and staff (Art. 2, 1953, LIR, 1961, p. 11). This was well under 10% of the industrial labor force. By 1953 coverage included workers in capital construction units of factories, mines and transport enterprises, communication services, and state-operated construction enterprises. The costs were borne in their entirety by management, whether the state or private owners of enterprises (Art. 7), a principle that Lenin had insisted upon as early as 1912 and that was subsequently incorporated in Soviet and Chinese welfare practices (Madison, 1988, pp. 163-164). The 1953 LIR (Art. 12) guaranteed a male worker reaching age 60 who had worked for 25 years, or a female worker reaching age 50 who had worked for 20 years, a pension paying 50-70% of his or her wage at retirement (Art. 15).

China, like many newly independent countries established early retirement with generous pensions and with particularly early retirement for women, all factors made possible by the youthfulness of the labor force at the time of implementation

Participating enterprises contributed 3% of their monthly payroll to a labor insurance fund jointly managed by the enterprise and the trade union. Seventy percent of the monthly contribution was deposited into the account of the enterprise trade union to pay for pensions, disability allowances and subsidies to dependents. The remaining 30% was deposited in the account of the All China Federation of Trade Unions (ACFTU) as a general labor insurance fund for redistribution among enterprises of varying financial strength and current liabilities (Art. 9).

Article 14 of the 1953 LIR provided for generous death benefits. Not only did the state pay funeral expenses but the family of a worker who died on the job received three months' wages and lineal descendants received 25-50% of the final wages until reaching maturity. Funeral and relief expenses were paid for retired workers and even in the case of death of a lineal dependent. The state assumed obligations not only to the living but to the deceased, thus materially and symbolically binding the generations to the party and its policies

In November 1952, 3,816 enterprises participated in the labor insurance program serving 3.2 million state workers and staff members. In addition, 4,300 collective welfare contracts covered over

400,000 longshoremen and porters and over 700,000 employees in transport, banking, cooperatives, state farms, stores, and small work units. By 1956, when the nationalization of industry was basically completed, 11.5 million state workers and staff enjoyed labor insurance benefits. In addition, 7 million urban workers were covered by collective labor insurance agreements