

Social Change, Social Classes and Stratification



Chinese Migrant Workers: From Labour Surplus to Labour Shortage

***“Help Wanted”: China’s Migrant Workers Have Been Slow to
Return to the Cities & Those Who Have Returned
Have Now Demanded Higher Wages***

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Abstract

In mid-2010 a public spotlight was shone on the wages and conditions of China’s rural-to-urban migrant workers when there were a number of worker suicides at the giant Foxconn conglomerate’s factories in Shenzhen. However, this was not all that was happening. More importantly, and at the same time, strike action was being taken by car-workers at Honda and Toyota plants. There were also reports of strikes by workers in textile, electronic enterprises (other than the Foxconn factories and including at the Japanese Brother sewing machine company), and sporting goods manufacturers, together with a range of other export production enterprises.¹ It is now widely recognized that the recent increases in migrant worker wages owe much to the publicity afforded the Foxconn troubles and particularly the work stoppages in the automobile and other export manufacturing sectors. The wage increases have been substantial. As much as a sixty-six per cent increase has been promised to Foxconn’s migrant workers in the Taiwanese-owned multinational’s Shenzhen plant and between twenty and thirty per cent wage increases are cited as a consequence of the Honda strike action and in the case of a range of other export manufacturing enterprises.²

Keywords: *Chinese migrant workers, wages, work stoppages*

1. Introduction

Migrant workers are the mainstay of China’s labour-intensive manufacture for export sector. There are estimated to be 230 million rural residents who have moved to cities to find employment, with 145 million of these migrant

workers employed outside their home towns and provinces.³ Many of them find work in China's eastern sea-board manufacturing centres in the Yangtze and Pearl River Deltas.

In the first part of this paper, I discuss the over-supply of migrant workers that followed the fall in export orders in the context of the global financial crisis. Migrant workers were dismissed or left their jobs when their wages were significantly reduced. However, by August/September/October 2009 the surplus of migrant workers generated by the effects of the global financial crisis had been reversed. A shortage of migrant workers again became evident and "Help Wanted" signs were restored to factory gates.

In the second section of my paper, I will discuss the present situation. China's migrant workers have reached the point where what has been aptly described as their "slow-burning but persistent" quest for improved wages and conditions has become more pressing. Their passive action of going home and staying home when wages are low and urban living expenses high has been upgraded to a more active pursuit. In May, June and July of this year (2010) China's migrant workers initiated and participated in work stoppages. Workers who had accepted urban-based employment refused to work for the wages offered. This more active strategy was successful. Employers increased migrant worker wages.

Migrant worker strike action also led to Chinese government policy-makers and administrators in Beijing warning local provincial officials that "a crackdown is not the right reaction to a labor dispute". The advice from Beijing was that what governments should do during strikes is "maintain social order and help the two parties [employers and migrant workers] build a more efficient communication mechanism".⁴

In the last section of my paper I argue that China's migrant workers have long been obliged to pay a disproportionate price for their country's industrial and urban development. The low wages paid to migrant workers, the over-time worked and the modest and often unsafe conditions endured by rural-to-urban workers, have provided a channel for the ongoing funding of China's urban based development. The life style and "life-chances" of the urban elite, and the considerable financial accumulation overseen by the central government, including the country's burgeoning foreign exchange holdings, have been made possible by the surplus drawn from the labour contributed by migrant workers to the low cost production of exported goods. The global financial crisis led to the already low wages and modest conditions of migrant workers being further reduced and the path back to the payment of pre-global financial crisis wage levels to migrant workers has proved to be slow and difficult. Employers proved to be exceptionally tardy when it came to raising migrant worker wages.

2. Migrant Workers Coming and Going and in Short Supply

In the months before the global financial crisis, in early to mid 2008, there had been a steady increase in production costs. These costs included a relatively modest increase in migrant wages combined with central government pressure to pay wages in full and on-time and to improve working conditions.⁵ In the period immediately before the global financial crisis the wage increases and/or the pressure to increase wages combined with pressure to improve wage payment practices and working conditions had been promoted both by the Chinese government and by a long-standing and persistent shortage of low-cost migrant workers. And, at the same time, there had been central government taxation initiatives aimed at encouraging capital to move from labour-intensive production for export to more capital intensive high tech production for export. Prior to the global financial crisis there had also been government sponsored measures aimed at closing small (and even medium-sized) enterprises deemed to be low tech, labour intensive, inefficient, particularly energy hungry and polluting. At this time it was recognized that while Beijing's sponsorship of a new Labor Contract Law had made the business environment more difficult for all manufacturers (with some even complaining that "the new labor law should be amended to [also] protect business interests"), it was small manufacturers who were hardest hit by the requirements of the law. It was argued that they could not be expected to and had proved to be unable to absorb "the 30 to 50 percent jump in costs [experienced] in the last twelve months [prior to April 2008]".⁶

Later in 2008, in the first week of November and just as the effect of declining orders due to the global financial crisis were being keenly felt by China's exporters, I was returning to China to undertake a short period of research. As I passed through the station in the sprawling manufacturing city of Dongguan, migrant workers were standing in line on platforms ready to board trains to Guangzhou and then onward to their rural homes and this would have been only the tip of the iceberg. Most migrant workers travel between Dongguan and Guangzhou by bus. It is cheaper and the buses run more often. (The workers then travel to their rural homes from Guangzhou rail-hubs). The workers were leaving Dongguan because the factories they worked in had closed or the management had decided to downsize the company's workforce. At the same time, migrant workers who continued to be employed began to have their hours and their wages reduced. On the same day in November 2008 as I was entering China by train, Chinese papers were announcing that orders for toys, furniture, textiles and garments had already dropped 20 per cent while electronics and footwear sales had dropped 15 per cent. The anticipated drop in demand for 2009 was higher: thirty per cent for shoes, 35 per cent for textiles and garments, toys and electronics, and 40 per

cent for furniture. The actual figures for the contraction of China's export manufactured goods during 2009 were a 35.8 per cent fall in garment exports in the first two months of 2009; a 17.2 per cent contraction in exports as a whole in March and a 22.6 per cent decline in April. The obvious decline in export orders combined with the figures carried in Chinese reports during November 2008 had clearly jolted the confidence of export manufacturers. The previous established position of a significant shortage in the supply of migrant workers suddenly changed. While export manufacturing enterprises in the Yangtze and Pearl River Deltas had spent most of the previous four or five years complaining that they were chronically short of migrant workers, almost overnight they found they had a *surplus* of workers (from under-supply to over-supply).⁷

The sudden about-face in migrant labour flow and the corresponding steep reduction in employment opportunity and in migrant worker wages immediately gave rise to a range of pressing economic, social and political problems. The extent of the migrant worker return to their home provinces quickly became evident. Hubei provincial sources reported the return of 300,000 of the province's 7 million migrant workers in October and November 2008. The Jiangxi provincial administration reported that 300,000 of the province's 6.8 million migrant workers had returned by mid-November 2008 and administrators from the Hunan provincial government were estimating that 2.8 million migrant workers would return to their province during the following year (in 2009). The Guangdong Deputy Governor then added to the gloomy announcements. He noted that by the end of 2008, 600,000 migrant workers had left his province and then he predicted that by the beginning of 2009 as many as "one in every three migrant workers employed in Guangdong might have left".⁸

A year ago, in April/May 2009 and again in July/August, I was again interested in the coming and going of migrant workers at China's railway stations. I stood outside railway stations in Shanghai and in Guangzhou interviewing migrant workers who were coming to the Yangtze and Pearl River Deltas to find work or who were returning home to the countryside. In the case of the latter group I wanted to know why they were returning home. I assumed that the majority were returning because they had been dismissed from their jobs. However, I soon found that many returnees had not been told they no longer had a job. While some had met with this fate, many more had decided that they could no longer afford to live and work in the city. A typical example of this situation is evident in an interview with well dressed young woman passing through Shanghai on her way to Wenzhou where she had been working for five years weaving clothing fabric. She had been working 15 hours per day/7 days per week. By the second half of 2009 she was working 9 hours per day/6 days per week and was earning only 1,000 yuan per month

and had to pay for factory based accommodation and food from this sum. Like most of the workers I interviewed, she had not been working under a contract. She was wondering aloud how long it would be before she decided to return home because the present situation was not worthwhile. Another young woman waiting for a train to take her home said that she had also worked in the Shanghai area for around five years and that she had previously been earning 3,000 yuan per month. By the time I spoke to her she was earning less than half that amount. She said “the situation is not good” and that “she is going home for now”. Others, such as a young couple working in a clothing factory in Suzhou (they had also worked in “their” factory for around five years and worked without a contract) said they were alright at the moment. However, they were worried that their present wage would not be maintained. My research was suggesting that their concerns were well placed.

The situation among the migrant workers outside one of the railway stations used as a transit point in Guangzhou was very similar. An early interview was with a couple who had worked in a shoe factory in the nearby manufacturing city of Dongguan. They were going home because the amount they were now earning did not cover their expenses. The factory that had employed them manufactured for export and had lost orders. They also pointed out that factory management had become more vigilant over matters such as production quality (probably driven by their buyers’ leverage in a tightened market), but this was happening at a time when the factory was experiencing a relatively rapid turn-over in its workforce. The factory was losing experienced workers who were unwilling to work for the new lower wages and this couple questioned how quality would be improved as expertise was lost.

The migrant workers I interviewed were knowledgeable. They recognized many of the issues that the global financial crisis had visited on them and on their employers. They pointed out that while a factory may not sack workers, factory managers expected workers to leave when it was obvious that the factory had insufficient orders to maintain its present workforce. They also pointed out that as wages plummeted factory managers were flouting local provincial government basic wage rate regulations. Some factories were resorting to charging extra for hostel accommodation and were using already established shady ploys such as trying out workers without payment or for long periods at very low wages before formally employing them.

My railway station research also confirmed that older workers (workers in their late 30s and in their 40s) were more likely to be dismissed from their jobs. When interviewed, these workers said they would not be returning to the city to find work. They would stay in the countryside. However, unlike their younger colleagues, many “middle aged” migrant workers had some farming skills. Younger workers had left their family homes and gone to the

city to work as soon as they finished junior or senior high school. They had no farming skills and did not want to be farmers. The younger workers said they would return to urban areas to look for work at a later date. The permanent return to the country-side by older workers was also sensible in light of the often stated employer preference for young, better educated workers.⁹

I also interviewed migrant workers at one of Guangzhou's bus stations. Here many of the workers were coming into the region to find work. A young couple were playing cards sitting in the shade on the pavement near the bus station. They were waiting to be picked up by their employers. He had previously worked for this employer for three to four years. She was new to the city. The company that would employ them was relatively small. It had around eighty workers. The company was producing for China's domestic market more than it had in the past. The couple expected to have contracts and to work 6 days per week for 10/12 hours per day. They were not yet sure what they were going to be paid. Another worker who had already been working in Dongguan said that her company (a well known international brand of clothing and women's accessories) had coped with reduced overseas orders by shutting down for seven days per month. Her accommodation was provided by the company and she had a contract. She was very proud of the company she worked for saying that it was a cut above the average. She felt that this provided her with increased status. She had been working 6 days per week for around 10 hours per day. She said that her wages were relatively "good". A couple that I then interviewed were on their way to Shenzhen. He had worked in a shoe factory and now he was married he was bringing his new wife to find work at the same factory. Like others I interviewed at the Guangzhou bus station they expected to earn between 1,300 and 1,500 yuan per month each. However, my research was showing that 1,000 yuan a month was usual, 1,200 was quite good and a mean salary would amount to less than 1,000 yuan a month. Prior to the global financial crisis these same workers could have reasonably expected to receive 1,500 and often 1,800 or 2,000 yuan per month and in the case of some highly skilled workers, over 2,500 yuan per month.¹⁰

By the middle of last year (2009) it had become clear that the global financial crisis meant that China's rural-to-urban migrant workers had gone from being relatively low paid to being even lower paid.

The lowering of wages due to the effect of the global economic downturn on China's export-manufacturing sector is not at all surprising. However, something less expected (at least at first glance) then happened. During the last three months of last year (2009) Chinese media sources began using headings such as "Labor Shortage Hinders Guangdong Factories" and "More Factories Experience a Labor Crunch". The articles that followed detailed the problems China's export manufacturing enterprises were having in attracting

migrant workers with suitable skills for the wages and conditions they were offering. They reported the return of chalk-boards with “Help Wanted” signs and noted that when detail was included in the signs they illustrated the shortage of skilled workers. Signs offered work to those “who can sew belt loops and another who can stitch pockets”. A fabric-stretcher was also required as well as a pants-hemmer and a zipper-stitcher.¹¹ As workers I interviewed a few months earlier who were returned home to the country-side because their city jobs now paid so little predicted, there was a evident shortage of skills in China’s export manufacturing sector. Nevertheless, the overall “dearth of workers” was “a surprising turn in an economy where millions were laid off just months ago”.¹²

By the latter months of 2009 factory administrators in the Pearl River Delta were complaining that “for every 10 people we look for, we can only find two or three”. This was a serious shortage of migrant workers. At the same time in Zhejiang in the eastern Yangtze River Delta, there were media reports of a shortfall of as many as 250,000 migrant workers. It is currently (in mid-2010) recognized that “labor-intensive industries in the Yangtze River Delta region continue to be in dire need of more staff”. And, the shortfall of workers is reported to be at least fifty per cent when it comes to the supply of experienced migrant workers to Chinese manufacturers in the export manufacturing centres in the Pearl River Delta.¹³

In late 2009 media discussions of the surplus of migrant workers that had by then become a pronounced shortage touted the view that this shortage of workers was due to migrants being unwilling to come back from the country-side to work in the cities when the economic recovery was still fragile. These media sources argued that while the labour market was “fickle” migrant workers would not want to risk the economic cost of returning. These discussions stressed that the post-financial crisis recovery was still fragile. The media commentators noted that “spending the cash for a job search in a faraway province can be a big investment” for a worker and his or her family and that “many don’t want to risk it now if the prospects aren’t solid”. They also pointed to the greater number of jobs now available in inland China. Many of these employment opportunities had resulted from Beijing’s large stimulus package together with worker training programmes and micro-loans to assist migrant workers to establish small businesses in the countryside. Other arguments cited in media discussions opined that “the recent [late 2009] labor strains underscore a growing need for the region [in this case the Pearl River Delta] to upgrade to reduce its reliance on low-end and labor-intensive industries”. However, workers who were interviewed at the time and asked why they were not returning to work in manufacturing jobs as soon as employment had become available were keen to point out that wages that had been lowered in response to the global financial crisis had now been combined

with insecure employment and conditions. This was why there was a tardy response to taking up the employment offered. One interviewee stated that he “would be willing to work for the average wage of 2,000 yuan a month”, but he “doubted that any of the factories would pay him that much ...”¹⁴ (As I have noted above a monthly wage of 2,000 yuan a month or a little less is the amount he would have received prior to the global financial crisis. In the period following the crisis he was much more likely to earn a monthly wage of around half that amount, or a little more if he was lucky or more importantly skilled in a particular field).

3. Migrant Worker Strikes, Production Halts, and Salary Increases

During the months May, June and July 2010 there was sufficient overt industrial unrest among China’s migrant workers to prompt government sources to warn that labour disputes “must be handled properly to avoid an impact on the economy”.¹⁵

Several strikes were reported in China’s manufacturing sector following the “wildcat work stoppage” at Honda Auto Parts. in Foshan in Guangdong Province in mid May. These strikes have included one that began four days later at the Foshan Fengfu Auto Parts Co. (the company produces exhaust and muffler parts for the Honda assembly line) and there was a third associated strike when Honda Lock (Guangdong) Co. workers left their jobs in mid June. The Honda strikes closed down four assembly and engine plants and adversely affected production at the plant where Honda has a joint venture with the Dongfeng Motor Company. A Honda plant that produces Jazz cars for the European market was badly affected. A short time later workers at a Toyota parts supplier also went on strike and then workers at the No. 2 plant of Toyota Gosei (Tianjin) Co. situated in an Economic Development Area that houses a further twenty Toyota supplies refused to work. Another Toyota Gosei unit was also subject to a strike. This time it was the Tianjin Star Light Rubber and Plastic Co. At the beginning of June it was also reported that workers at Hyundai’s auto parts factory had staged a two-day strike a few days earlier. During May and June there had also been strikes at the sporting goods, textile factories and sewing machine manufacturing plants. In the latter case it was reported that the “expanding industrial unrest [is] pitting manufacturers against increasingly assertive workers”. These workers had made banners demanding increased wages and improved working conditions. One banner tied to a factory gate read “We want a pay raise” and “We want fair treatment”. Local officials noted that “these strikes show that workers feel more confident that the labor market is moving in their favor”. Some managers also stressed that “young workers are much more aware of their rights to pursue higher wages and better working conditions”. This latter

observation is in line with the well aired view that the second generation of China's migrant workers are not willing to undertake the dirty, dangerous jobs their parents engaged in. They want more.¹⁶

In the face of the growing number of strikes, there were also calls by government administrators and academics "urging Chinese [formal] labor unions to play a more active role in protecting workers' legal rights and improving their wages and working conditions". The unions and local government agencies have been accused of "keeping one eye closed" when it has come to solving migrant workers' problems. Even before the current wave of strikes there had been discussion and some action related to the need for collective bargaining to ensure "pay fairness". It had been reported that "about 60 employers in Beijing have been selected to test a collective bargaining system". The government expected this system to deliver "reasonable standards for workers' wages". This process would be most valuable if it took place between the employer and employees. The trade union, and particularly the current official trade union, would be cut out of negotiations. Given workers' views of the official trade union and its widely recognized cooperation with local government officials and employers, or at the very least, its "closed eye" approach when it comes to workers' wages and conditions, this would be a sensible approach. However, discussions of the collective bargaining process trialed in Beijing talked of workers being "typically represented by a trade union that negotiates with employers". Those discussing the collective bargaining proposal also noted that to date, "employers [have] believed they have the right to set wages". Interestingly, it has been reported that the agreement that ended the Foshan Fengfu Auto Parts Co. strike included a promise to increase wages by 135 yuan per month and the concession that the migrant workers would be allowed to form an independent trade union. However, how this employer concession would translate in practice remains unclear.¹⁷

In each case the migrant workers involved in the strikes I have listed above returned to work once they had successfully bargained for a substantial increase in their wages. The Honda workers returned to work once they received a 24 per cent wage rise. The workers in the Japanese sewing machine factory who had hung out banners stating they wanted a pay rise and fair treatment went on to argue that they were on strike "because the factory has never increased our wages, but they keep increasing our workload". Their wages totaled 1,500 yuan per month and some said they were receiving only 700 yuan. The latter amount is below the provincial minimum wage rate. The sewing machine factory workers were granted salary increases. The Honda workers who had struck first had asked for a pay rise from their present 1,000 to 1,500 yuan per month to 2,000 to 2,500 yuan per month. The 24 per cent increase in wages for Honda's production line workers took their wage to

1,900 yuan (A\$280) per month, a little short of the 2,000 to 2,500 yuan they had asked for.¹⁸

While worker strikes were rolling across China's automobile, electronic, sporting goods, textile and clothing export manufacturing sectors the attention of the press was drawn to an even more dramatic situation. At a complex that is often noted to be "the world's largest contract manufacturer of electronics" – Foxconn a conglomerate that employs a young Chinese migrant work-force to manufacture for such well known brands as Apple, Hewlett Packard, Sony and Nokia, several workers had committed suicide. Workers at Foxconn have been kept in closed industrial parks. The migrant workers employed by the company work shifts and live inside a giant compound. Their wages have been relatively low and over-time has been encouraged. The deaths of ten young workers (employees are usually between 18 and 24 years old, though the forging of credentials is so common when migrant workers are employed that workers can easily be younger) and the attempted suicide of three more workers had, it has been said in somewhat of an understatement, "highlighted the management crisis of China's labour-intensive manufacturing industry". There have certainly been management problems in this enterprise. Workers are said to have had no time to communicate with one another. The company is accused of following "a model where fundamental human dignity is sacrificed for development". (One particularly hostile account of management relations at the company argued that "the company has fostered a culture where staff are trained to shiver in conformity before any authority"). Nevertheless, the problem of unhappy and distressed young workers was not addressed through a change of management style. It was addressed through raising wages. At the beginning of June Foxconn management raised workers wages by thirty per cent (a few days earlier a twenty per cent increase in wages had been suggested). The management of the Taiwanese-owned conglomerate then argued that the increase in wages would improve their workers' life-style because it would "help employees increase incomes while reducing overtime, and [they] would have enough time for leisure activities". (Foxconn workers are estimated to have been averaging 28 hours per month in overtime work). Enterprise managers added a further observation that "the big jump in pay could help lift the morale of the workers".¹⁹

Foxconn's basic salary for an assembly line worker had been 900 yuan per month (US132). The thirty per cent increase raised this amount to 1,200 yuan with salaries for workers and foremen that were higher than the low base rate paid to assembly line workers also rising by thirty per cent. This salary increase came into effect on June 1st 2010. Then, Foxconn management announced that if workers passed a performance evaluation that lasted three months or a three month period of probation if they are a new employee, they would qualify for a further pay increase to come into effect on October 1st.

The additional pay rise would mean that the base salary had been adjusted from 900 yuan per month to 1,200 yuan and then adjusted again from 1,200 yuan per month to 2,000 yuan. Foxconn whose parent company is the Hon Hai Group, employs 800,000 workers in China with 430,000 of these employed the giant Shenzhen complex where the suicides (and attempted suicides) had taken place.²⁰

Local governments reacted to recent migrant worker unrest and the wage increases that followed by raising their official minimum wage rates. For example, Beijing increased the lowest monthly salary rate to 960 yuan (US142) from 800 yuan. At least twenty provinces either have or intend to increase their basic wage requirement. Shanghai has already increased the rate by almost seventeen per cent to 1,120 yuan per month and Guangdong Province with various minimum wage rates according to geographic area, the rate has been increased by an average of more than twenty per cent in five local areas. The highest rate in Guangdong is reported to be 1,030 yuan per month in the provincial capital Guangzhou. The rate for the export manufacturing city of Dongguan is set at 920 yuan. (Raising the minimum wage rate has clearly been in response to worker unrest, though it is being promoted as a measure that will increase domestic demand and is “a part of the rebalancing” of the Chinese economy). China has no official data telling us how many workers are paid the minimum wage. What we do know is that “the proportion of [China’s] GDP that goes towards salaries has steadily decreased”. We also know that as the wealth gap has increased it has been “the poor migrant workers who feel the greatest pressure”. Data that has recently been collected tells us that “the share of personal income in China’s gross domestic product has fallen to 39.7 percent from 53 percent in 1999”. This percentage in the United States is reported to be 57 per cent. In Japan it is 51 per cent.²¹

In the context of my argument in this section of this paper, it is also worth noting that China’s auto producers enjoyed a surge in their sales of 46 per cent to 13.6 million units last year (2009) and that they are expecting that their sales will enjoy a year-on-year growth of no less than twenty per cent. As well, Honda, Toyota and Nissan are all expecting to increase their import substitution programme to the point where ninety per cent of the parts they require will be manufactured in China. It has also been announced that in May 2010 (the same month as workers began their rolling wave of strikes) China’s overseas shipments increased by nearly fifty per cent. Chinese economists have noted that exports grew to US\$131.76 billion in May (“18.1 percentage points higher than in April”) and that China’s trade surplus then stood at US\$19.53 billion. (China recorded a US\$196.1 billion trade surplus by the end of 2009 and some economists are forecasting this surplus to reach US\$100 billion by the end of this year. The country’s foreign exchange

reserves had reached a record high of US\$2.4471 trillion by the end of March 2010). While a cautionary note has been sounded in the face of the sovereign wealth fund crises in Europe and the on-going problems associated with the United States economy, “many economists have tipped export growth at 30 to 33 percent”. These figures provide little excuse for the tardy re-instatement of migrant worker wages to the relatively low level paid prior to the global financial crisis.²²

4. Migrant Workers Have Paid a Disproportionate Price for Their Country’s Industrial and Urban Development

China’s rural-to-urban migrant workers have spent three decades in legal limbo. They have been permitted to enter cities to access urban wage-paying employment while not being afforded the legal status of permanent urban residence. The illegality of their city residence has played a part in legitimating and assisting their crude exploitation. Though there are now small changes in this situation, it has long been the case that the temporary/illegal nature of their city working life has also encouraged migrant workers to see themselves as temporary urban residents. China’s migrant workers have not been permanent urban citizens or permanent urban workers. They have been contract workers with many (most) working without formal contracts governing their wage payments and working conditions. Without contracts they have been employed on the basis of an informal arrangement. While some new generation migrants do now aspire to urban residence, being obliged to meet conditions such as purchasing an apartment of specific size and/or worth and residing and working in an urban area for a significant and continuous period, has meant that many do not have realistically attainable access to permanent urban residence. They have often worked and lived in urban areas for three, five or even ten years while they have been denied the services and improved social status that the “prize” of formal urban residence would afford them. Almost all first generation migrants and many second generation workers have continued to identify themselves as rural residents. Many return for family reunions at festival times, particularly at Chinese New Year. They also return “home” to marry, though there is a clear tendency for new generation migrants to marry fellow migrant workers. Rural-to-urban migrants return home when they are unemployed due to circumstances such as sickness (for medical attention and/or to access medicines), due to pregnancy, and in the case of other causes of financial duress, including when wage rates are lowered while urban living expenses remain high. Their rural residence has provided them with security while they have been building China’s new urban sky-lines, mining the coal that feeds the power-grids that manufacturers must draw from, laboured for long hours in “Workshop of the World” export

manufacturing plants, and provided services for permanent urban residents. They have made an essential and invaluable contribution to their country's huge foreign exchange reserves.

The dissatisfaction of much of China's rural constituency is widely recognized. At the same time, China's leaders have long expressed concern over an ever rising income gap that leaves rural residents much poorer than their permanent urban counter-parts. However, the Chinese government has consistently taxed the countryside, albeit now considerably less than in the past (at least in terms of direct taxation). China's governments have effectively condoned low "real" wages for their country's army of rural migrant workers. The latter is a virulent form of indirect taxation that continues on. For five decades Chinese governments taxed rural households on the basis of the product they produced. Beijing used mandatory production quotas and price ceilings to pay less than the "real" worth of set volumes of essential agricultural products. This was done without corresponding and reciprocal central and provincial government investment in rural mechanization, infrastructure and social services. Then, agricultural households have been taxed via the low wages and poor working conditions afforded the migrant workers they have provided. While the government's acquisition of rural product began in the 1950s, the movement of rural workers to the cities began much later, in the early 1980s. This movement of workers accompanied the push for "modernization" adopted by China's Deng Xiaoping leadership. This was when the prime labour-time available to rural households began to be sold cheaply (for less than its "real" worth) to employers in the construction, mining and export manufacturing sectors of the Chinese economy.

At the same time as China's rural-to-urban migrant workers have been denied permanent urban residence (and denied the advantages that attend this classification affords, including access to education for themselves and their children, health care, and access to urban housing stock), the limiting of migrant wages has clearly provided a means for capital to save on production costs and so gain global market share on the basis of a price for product advantage. Suppressed wages, including delayed payment of wages and poor working conditions in mines and on construction sites and in factories, made Chinese made products remarkably price competitive, while failure to enforce the conditions set-out in employer/worker contracts has meant that many migrant workers now cannot see any reason to even ask for a contract at the time of their employment. They also express a similar view when it comes for asking government agencies for assistance in claiming back wages, injury compensation, safer working conditions and practices, unfair dismissal and unpaid wages or address for a range of other employment injustices. And, as the Australian academic Professor Anita Chan has noted in an article recently

published in *China Daily*, the migrant workers also have a stereotypical image that the official trade unions are “useless”. She made this comment when discussing the recent worker problems at Foxconn and the migrant worker strikes at the Honda automotive company. She notes that “at Foxconn, the union did not even come forward to make a statement. And at Honda, the union blatantly sided with the local government, which in turn was on the side of the employer”.²³

5. Conclusion

A more pro-active government approach to promoting the interests of migrant workers is long overdue. China’s migrant workers have been consistently and unfairly “left out of the wealth”.²⁴

As the effect of the global financial crisis spread to China, migrant workers lost their jobs and their wages were substantially reduced. Then, as China’s export sector recovered from the affect of the global financial crisis, manufacturers in the country’s two main manufacturing hubs in the Yangtze and Pearl River Deltas were obliged to hang out their “Help Wanted” signs. A migrant worker surplus that followed in the wake of reduced orders at the height of the global financial crisis had returned to an earlier (pre-global financial crisis) situation where there was a shortage of migrant workers. Nevertheless, the country’s export manufacturers did not restore migrant workers’ wages even to the relatively low level paid prior to the global financial crisis. Migrant workers’ wage rates did not rise until the series of work stoppages that took place in May, June and July this year (2010).²⁵

China’s export manufacturers now find they “can no longer avoid rising labor costs, such as wage increases, particularly among the long underpaid groups ...” While many of China’s smaller export manufacturing enterprises, particularly those in the textile, clothing, footwear and toys sector, have very low profit margins (five and even three per cent are figures cited) the rolling strikes that have been experienced in the three months May, June and July 2010 attended by substantial pay increases for migrant workers have put pressure on all export manufacturing companies including borderline companies with low profit margins. At the same time, the large electronic conglomerates and auto manufacturers engaged in production for export have recovered particularly well from the global financial crisis. It is widely recognized that electronics manufacturing is profitable and that “nearly all foreign automakers enjoy high profit margins”. Auto manufacturers are recording particularly large profits and are predicting even larger profits in the near future. The tardiness of these exporters when it has come to raising migrant worker wages is therefore all the more reprehensible. To add insult to injury a number of automotive company managers have recently been

reported as declaring that they “do not think there is anything wrong in workers seeking higher wages”.²⁶

It is not enough for China’s central government leaders and administrators to advise provincial government officials not to react to labour stoppages by “cracking down”, anymore than it is enough to argue that the contribution of migrant workers to their country’s development and wealth should be recognized merely by using congratulatory comment. Policy change and implementation must be effected. During the period covering the events and issues I have discussed in this paper (from October/November 2008 to the migrant worker strikes of May, June and July 2010) the Chinese government at both central and provincial level (in tandem with owners and managers of manufacturing export companies) has been much too slow to promote an improvement in the wages and working and living conditions of their country’s migrant workers.

Notes

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1. See “Honda Hobbled by Strike at Parts Plant”, *China Daily*, 31/05/2010, “New Strike Halts Toyota Production”, *China Daily*, 23/06/2010, and “Strike Hits Electronics Plant”, *China Daily*, 02/07/2010.
 2. “Strikes Signal End to Cheap Labor”, *China Daily*, 03/06/2010, and “New Strike Halts Toyota Production”, *op. cit.*
 3. Other sources cite 230 million as the number of migrant workers in China today. All the figures used to estimate the number of migrant workers indicate that more than a quarter of China’s 800 million farmers work as migrants. See “Migrant Workers and Employment Challenge: Vice-Minister”, *Xinhua*, 20/03/2010, and “Growth of Rural Income to Slow”, *China Daily*, 16/04/2009.
 4. “Strike Hits Electronics Plant”, *op. cit.*
 5. It is estimated that there were “more than 16 million” factories in China deemed to “with hazardous working conditions likely to cause occupational diseases” and it is recognized that “most workers in these factories are rural laborers”. See “Occupational Hazard”, *China Daily*, 24/06/2009. There has been increased

public discussion over the physical cost migrant workers have paid for their country's fast-paced development. Media articles have point to issues such as "about 8 out of 10 accidents have taken place in either small coalmines, chemical factories, fireworks workshops or construction sites, where the majority of workers are migrants". Examples cited include situations such as that of the 1,001 migrants working at a gold mine in coastal Hainan province. The miners received a government health check and "225 were found to be suffering from pneumoconiosis". Some had already died and many were obviously ill. There is also the endless list of work-place accidents in coal-mines and on construction sites that are reported in the press and by the various communication means used by migrant workers and there is the question of pollution in many labour/intensive/low profit manufacturing plants. "Improving Workplace Illness Cure Sought", *China Daily*, 25/04/2009.

6. Pre-global financial crisis initiatives included a significant reduction in the export taxation rebate offered to textile and clothing manufacturers. Many of these enterprises have low profit margins. However, in the face of the global financial crisis and in part in an effort to slow migrant worker unemployment, the Chinese government reinstated and increased export taxation rebates. This export post-global financial crisis rebate has only recently (in July 2010) been flagged for cancellation. See "Government Pledges Job Support to Labor-intensive Sector", *China Daily*, 28/10/2008, and "Moving On From the Low-cost Era", *China Daily*, 16/04/2008. See also "Jiangsu to Suffer Most from Scrap of Tax Rebate", Xinhua, 15/07/2010.
7. "600,000 Migrant Workers Leave Guangdong Amid Financial Crisis", Xinhua, 08/01/2009, "Jobless Blues", *China Daily*, 29/12/2008, and "Textile Factories Grapple With Labor Woes", *China Daily*.
8. "Migrant Workers Bear Brunt of Crisis", *China Daily*, 21/11/2008, and "Economic Hubs Face Tough Times", *China Daily*, 09/01/2009.
9. See "Migrants' Mass Return Tests Rural Officials", Xinhua, 05/03/2009. The migrant workers who took part in the interviews I conducted and have drawn on came from the provinces of Anhui, Jiangsu, Hunan, Hubei and Sichuan.
10. Most of the workers I interviewed in the Guangzhou bus station came from Sichuan Province Hubei, or Guilin. The Chinese press supported my interview findings in articles outlining the plight of migrant workers seeking jobs. For example the press quoted a chef who explained that he "did not go back to Shenzhen this year". He sought work in Chongqing, but having moved inland to find work he then found that employers were offering 1,200 yuan when he expected at least 1,500 yuan. See "Migrants' Job Situation in Cities Better Than Expected", *China Daily*, 26/03/2009. Among the migrant workers coming to take up employment in Pearl River Delta export cities of Dongguan and Shenzhen there were some workers who were in the local Guangzhou bus station because they had lost their jobs. A group of young men from Hubei province said that they were going home because first their wages dropped from around 2,000 yuan per month to half that amount and then they had lost their jobs with the company owing them back-wages. They had subsequently recovered eighty per cent of the wages owed them. My interview based research in both Shanghai and Guangzhou

- revealed that accepting eighty per cent of wages owed is the “going rate”. It is what migrant workers have accepted as a “fair” outcome.
11. “Labor Shortage Hinders Guangdong Factories”, *China Daily*, 25/08/2009, “More Factories Experience a Labor Crunch”, *China Daily*, 14/09/2009, and “Textile Factories Grapple with Labor Woes”, *op. cit.*
 12. See “More Factories Experience Labor Crunch”, *op. cit.*, and “Export Slump Eases and Demand Revives”, *China Daily*, 12/12/2009.
 13. “Demand for Skilled Labor Set to Fuel Higher Wages”, *China Daily*, 28/05/2010, “Weighing Wages on the Scales of Progress”, *China Daily*, Hong Kong edition, 24/06/2010, and “Big Wheels Get Ready for the Fast Lane Despite Labor Bumps”, *China Daily*, 23/06/2010.
 14. See Holiday Labor Shortages”, *China Daily*, 14/12/2009, “Labor Shortage Hinders Guangdong Factories”, *op. cit.*, “More Factories Experience a Labor Crunch”, *op. cit.*, and “Textile Factories Grapple with Labor Woes”, *op. cit.*
 15. “Recent Shutoffs Won’t Start Trend: Minister”, *China Daily*, 19/06/2010, and “Labor Unrest and Role of Unions” (article authored by Australian academic Professor Anita Chan), *China Daily*, 18/06/2010.
 16. See Kate Hannan, “China: Migrant Workers Want ‘Decent’ Work”, *Copenhagen Journal of Asian Studies*, Vol. 26, No. 2, 2008, pp. 60-81. See also “Strike Action Ushers in New Era of Work Relations Says Expert”, *China Daily*, 03/06/2010, “Strikes Signal End to Cheap Labor”, *op. cit.*, and “Recent Shutoffs Won’t Start Trend: Minister”, *op. cit.* Some media sources recognized that workers, including migrant workers, were now “fighting proactively for their interests ...”
 17. See “Strike Hits Electronics Plant”, *op. cit.*, “Weighing Wages on the Scales of Progress”, *op. cit.*, “Collective Bargaining Tests Seek Pay Fairness”, *China Daily*, 14/05/2010, and “New Strike Halts Toyota Production”, *op. cit.* Aside from the strikes I have referred to, strikes (sometimes described as “walk-outs”) were reported in Yunnan, Henan, Gansu, Shandong and Jiangsu provinces. See “Strikes Signal End to Cheap Labor”, *op. cit.*
 18. At the same time as the Honda workers received a wage increase migrant workers at the Pingmian Textile Group factory in central China received a similar amount of 25 per cent after a period of refusing to work. “Strike Hits Electronics Plant”, *op. cit.*, and “Weighing Wages on the Scales of Progress”, *op. cit.*, 24/06/2010.
 19. See “20% Raise for Foxconn Workers”, *China Daily*, 29/05/2010, “Foxconn Raises Workers’ Pay by 30% After Suicides”, Xinhua, 03/06/2010, “Foxconn Announces Another Pay Hike”, *China Daily*, 08/06/2010, and “Suicides at Foxconn Reveal Woes”, *China Daily*, 26/05/2010. See also “Undercover at Foxconn Shows Workers ‘Numbed’”, *China Daily*, 02/06/2010. While the overall focus of Foxconn’s management has been on delivering pay increases to “unhappy” workers, I should add that the multinational’s trade union was told to watch for “abnormal behaviours” among workers and the company also decided to no longer pay compensation to the families of workers who had committed suicide. The families of those who committed suicide received 110,000 yuan in compensation. See “Suicides at Foxconn Reveal Woes”, *op. cit.*, and “Foxconn Ceases Compensation in Bid to End Suicides”, Xinhua, 08/06/2010.
 20. *Ibid.* See also “Foxconn Says to Negotiate Price Rise With Clients”, Xinhua, 08/06/2010.

21. “Chinese Provinces to Raise Minimum Wages”, *China Daily*, 01/07/2010, “Weighing Wages on the Scales of Progress”, *op. cit.*, and “Suicides at Foxconn Reveal Woes”, *op. cit.*
22. See “Big Wheels Get Ready for the Fast Lane Despite Labor Bumps”, *op. cit.*, “May Exports Soar Despite Debt Crisis”, *China Daily*, 11/06/2010, “China Says Trade Surplus to Fall Sharply in 2010”, *China Daily*, 17/05/2010, and “China’s Forex Reserves Rise to 2.45 trillion USD”, Xinhua, 12/04/2010.
23. See “Labor Unrest and Role of Unions”, *op. cit.* The view that government agencies, including trade unions are “useless” was clearly articulated by three young women workers employed in the clothing industry that I interviewed outside the main Shanghai railway station. See also Ching Kwan Lee, *Against the Law*, University of California Press, 2007.
24. “Strike Hits Electronics Plant”, *op. cit.*
25. “Time to Nurture, Educate Migrant Workers”, *China Daily*, 21/03/2009, “More Factories Experience a Labor Crunch”, *op. cit.*, and “Holiday Labor Shortages”, *op. cit.*
26. See “Vuvuzela Sounds Clarion Call for China’s Producers”, Xinhua, 28/06/2010, and “Big Wheels Get Ready for the Fast Lane despite Labor Bumps”, *op. cit.*

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Interviews with Migrant Workers

Interviews were held with migrant workers first at the Shanghai Main Railway Station and then at Guangzhou's central station (rather than the now larger east railway station) and at a nearby domestic bus station. The interviews were conducted between the 27th April 2009 and the 6th May 2009. The railway station interviews were conducted over several days and at different times of the day. The bus station interviews were more concentrated. They were conducted on one day (6th May) in the morning and again in the afternoon. I repeated this process at the end of June and the beginning of August 2009. I will conduct another round of interviews in early October this year.