

# China: Migrant Workers Want 'Decent Work'

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## Abstract

China now has a second generation of rural-to-urban migrant workers. An estimated eighty percent of these workers were born in the 1980s or after. Many of these young workers has been unwilling to follow their parents in acquiescing to dirty, exhausting backbreaking work. China's young migrant workers are demanding 'decent work'. They want increased wages that are paid in full and on time. They also want improved working conditions and some are expecting work that will provide them with 'self-fulfilment and self-esteem'. In this contribution to the journal I discuss the reasons young migrant workers are unhappy with the employment and conditions on offer in China's export manufacturing hubs.

*Keywords:* China, rural-to-urban migrants, young workers, wages and conditions, and 'decent work'.

## Introduction

China's leaders now find that their government must address a pressing need to expand access to 'decent work'. In China today a lack of employment positions where wages are paid in full and on time and where workers' rights are recognised and pride can be felt in one's skills and achievements is an obvious potential cause of social and political unrest. It is also contributing to a persistent and substantial shortage of young migrant workers. This shortage is particularly evident in the entry-level labour-intensive/low-profit clothing, textile, footwear and toy manufacturing sector and the electronic assembly sector. The goods produced are principally for export.

Chinese government figures indicate that there is an 'apparent over-supply' in China's labour pool as a whole. However, it is reported that 'about 45 percent of the enterprises in the Pearl River Delta and 34 percent in the Yangtze River Delta' are short of migrant workers. This is a conservative figure. It is estimated that the annual growth in rural-to-urban migrant workers is now as low as 5 percent in an

industry that is said to have expanded by 'about 10 to 15 percent a year since 2003'. This means that even as the shortage of migrant workers has become evident, China's low-end manufacturing sector has been falling behind in terms of migrant worker supply by as much as one to two-thirds its level of expansion. Nevertheless, China currently has an estimated 210 million rural-to-urban migrant workers (*China.Org.cn*, 26 December 2005; *People's Daily*, 21 October 2006; *China Daily*, *BIZCHINA*, 15 June 2007; *Xinhua*, 12 January 2008; *People's Daily Online*, 04 March 2008).

## **The Youthful Profile of China's Migrant Workers**

Employers in China's low-end export manufacturing sector have hired young workers and the expected stamina of these workers has afforded factory owners the opportunity to insist on long working days. A large number of low-end factories engaged in labour-intensive manufacture have required migrants 'to work four hundred hours or more every month' and have usually not paid the workers for the extended hours they have worked. Migrants' wages are low relative to those paid to permanent urban workers and working conditions are basic and quite often dangerous. Not only are the hours exhausting, but the work is often mind-numbingly repetitive. The long hours and crude working conditions have led to work-place injuries and deaths and some say it has led to the premature aging of migrant workers. The situation has also fostered urban work place challenges - workers have engaged in labour disputes, employer/worker mediation and arbitration, petitions, public demonstrations, strikes and has sometimes included Luddite behaviour. (*China.org.cn*, 27 December 2005; and Lee 2007 b:163-70).<sup>1</sup>

At the same time as young workers have been required to tap their stamina and physical endurance and have increasingly been challenging their employers over their working conditions, employers and even at least one director of a supervision department of China's labour administration have claimed that their country's 'labor law is too advanced'. This is because it does not recognise the advantage gained by China's low wages for export manufacturing workers. The relatively young age profile of these workers has played an important part in encouraging factory owners and employers in dominating their workers and easily discouraging and dismissing their complaints and petitions. There have even been calls to revise the recently adopted up-dated edition of China's Labor Law rather than altering present work practices (Wang

2006). Meanwhile, workers have pointed out that 'there are laws, but no one implements them' (Wang 2006 and Lee 2007 a: 31).

In addition to turning a deaf ear to their employees' discontent, factory owners have chosen to join with a cohort of conservative domestic commentators who charge that China's younger adults are selfish and lack a sufficient sense of responsibility. The factory owners have expressed 'disappointment' in their young employees. For example, a textile factory owner/manager from the export manufacturing city of Dongguan in the Pearl River Delta is keen to declare that her young migrant workers are spoilt and selfish. She insists that her workers are members of the generation that has been indulged. She complains that unlike their parents, these workers are 'disobedient'. They complain too much. Other Chinese commentators note (with obvious disapproval) that the population of migrant workers 'who used to be a silent segment of society' now have voices and they expect to be 'heard by both employers and the rest of society'. At the same time as their demands for improved working conditions are made and while they are being criticised for their 'disobedient' ways, China's young migrant workers are making it clear that they will not 'follow in their parents' footsteps. They are unwilling to undertake tough and dirty work in China's booming cities . . .' They declare that they want 'decent' wages and 'decent' working conditions. They want 'decent work'. (*China Daily*, 11 September 2006 and *People's Daily*, 21 October 2006).

## **Low Social Status and Difficult Working and Living Conditions**

China's second generation of migrant workers find that, like their parents before them, they are criticized and treated 'with disdain and rudeness' by both their employers and by permanent urban residents including urban administrators. Permanent urban residents are pleased to have 'little contact' with temporary urban 'new-comers'. Migrant workers often live in 'a separate world'. It is noted that 'urban residents and migrant workers live segregated lives . . . and the former are not much interested in the latter'. It is recognised that 'fewer than a third of urban residents communicate with migrant workers regularly'. It is also reported that many permanent urban residents do not even want to discuss matters related to migrants in their daily conversation (*People's Daily*, 21 October 2006; *China.Org.cn*, 26 December 2005; *China Daily*, 18 December 2007).

To date, China's rural-to-urban migrants have been viewed as 'newcomers' to cities and transient members of the urban workforce and they have viewed themselves in this way. The temporary nature of their residency has been under-written by the on-going difficulty in obtaining permanent urban resident status. The temporary and often 'illegal' status of migrant workers has then served to feed the prejudice and contempt shown by employers, local administrators and permanent urban residents. And, even when Beijing leaders and administrators and local government leaders (including the mayor of Shanghai) have attempted to go even a small way toward improving the lot of migrant workers, there has quite often been a 'sting in the tail'. For example, there has been a push to increase visits from the rural families of migrant workers to family members (in this case usually husbands) working long hours in the construction and manufacturing sectors. However, this initiative has included newspaper head-lines that have shouted 'migrants troubled by lack of sex'. The attending comment argued that migrants' 'sexual frustration might lead to social problems such as rape and prostitution'. Though, in order to be provide a balanced account of the newspaper article, I should also point out that the authors had included the view that 'the government should prompt factories to give migrant workers regular paid holidays to return home . . .' There are also a significant number of newspaper articles and government sponsored edicts that now aim to improve the life of migrant workers. However, this approach is often, as in the case I have just cited, double-edged in the way it has been presented. On balance it is apparent that China's rural-to-urban migrant workers continue to be regarded by their employers (and by many government officials and other permanent urban residents) as little more than fodder for construction projects and labour-intensive/low-added value manufacture (*South China Morning Post*, 19 August 2005; *People's Daily*, 03 May 2006 and 31 July 2006; *China Daily BIZCHINA*, 05 June 2007; Lee 2007 b: 165; and Wang 2006: 193).

It has long been recognised and acknowledged that the social services enjoyed by permanent urban workers have not been extended to migrant workers. The extent of this problem can be graphically demonstrated by using 2004 revenue figures for the city of Shenzhen. That year the city received 118.3 billion yuan in revenue with eighty percent of these funds coming from industries that had principally employed migrant workers. An estimated '42.5 billion of the revenue was spent on one million local residents, but not a fen was spent on the [then] eight million migrant workers' (*China.org.cn*, 26 December 2005). And, where there has since been some recent change in this situation it has often been grudgingly

implemented and minimal. It is also more than two decades late. The problem is made even clearer when we note that rural-to-urban migrants have not only lacked access to urban based health services, pension funds and state sponsored education for their children, they have also been obliged to take up factory provided hostel accommodation with its over-crowding and day-to-day discipline exerted over employees who are often young women. Otherwise, migrant workers have had to accept cubicles and overcrowded rooms in unsuitable urban buildings or they have been obliged 'to cram themselves into rented housing on the outskirts of town'. Living spaces are small and particularly in the case of privately rented housing, migrant workers are often not only overcrowded but also forced to live in quarters that are unheated and lacking 'running water and sanitation facilities'. Shanghai has had a particular problem with 'the unlicensed division' of unsuitable buildings to accommodate migrants, while surveys conducted in Beijing and Guangzhou have underlined the anecdotally well known point that 'migrant worker population is densest where it is farther from downtown'. Urban administrators have been voicing concern over the development of urban slums, but effective measures to address this problem have not usually been forthcoming and local administrators have usually stood back as farmers who own land on urban fringes have 'drawn a sizeable income from renting self-built housing to migrants'. Farmers with the right to the use of land on what are now the urban fringes of cities have maximised their profit opportunities by building high density informal accommodation. These areas are described as usually being low on infrastructure such as street and sufficient sanitation arrangements, but always 'packed with people' (Fulong Wu, *et. al.*, 2007: 293-4; Naughton 2007: 128-34; *China Daily*, 29 July 2007; *China.org.cn*, 27 December 2005 and 17 November 2007; and *China Daily*, 15 November 2007).

## **The Shortage of Migrant Workers**

The current shortage of young migrant workers in the textile, clothing, footwear, toy manufacturing and electronic assembly hubs on China's east coast has been evident for some time: four or five years. In late 2003/4, it was noted that almost ninety percent of the Taiwanese and Hong Kong and Macao invested factories in the important Pearl Delta manufacturing centre of Dongguan city were 'in dire need of workers'. The city's permanent population is around three million citizens and then it has been usual for the city to host a further six million rural-to-urban migrants. (The Pearl

River Delta as a whole is reckoned to host twenty three million migrant workers, though this is a somewhat elastic figure. Other estimates claim that Guangdong Province hosts as many as 50 percent of China's migrant workers which would suggest a far higher number in the Pearl River Delta). In the nearby low-end manufacturing centre of Shenzhen worker shortages have been similarly evident. In Shenzhen in 2004 the 'general worker shortage gap' was estimated to be equal to 30 to 40 percent of the workforce. Even then the inescapable and reluctantly drawn conclusion was that 'the Pearl River Delta shows that labour intensive enterprises, once the most thriving industry of the region, are being troubled by worker shortage' (*Xinhua*, 08 August 2004; and *China Daily*, 25 August 2004). The most recent figures relating to this issue released by the Shenzhen Labor Bureau show that in the third quarter of 2007 there was a shortage of 700,000 workers in the city. This was an increase over the 470,000 shortage estimated for the previous quarter and almost three times the figure given for the same quarter of 2006 . The problem can only be described as both chronic and acute (*China Daily*, 18 January 2008).

A labour shortage will obviously have both supply-side and demand-side causes. Issues such as currency values, government taxation policies, international tariff barriers, the expertise and 'value' of the human capital available to manufacturers, the use of domestically imposed tariff barriers and import quotas and the current concern over the economic health of importing countries (particularly the United States and European Union member states), are obvious components of production decision-making and promotion. On the demand-side of the equation the end of the Multi-Fibre Arrangement on the 31 December 2004 played a significant role in promoting the further expansion of China's production and export of low-cost textiles, clothing and footwear. Until the end of 2004 the Arrangement had been the basis of a long established system of quotas that provided developing countries (including China) with preferential access to developed country markets for textile, clothing and footwear products.

On the supply side of the causes of China's migrant labour shortage, inequality between the income of permanent urban residents and migrant workers has been an important contributing factor. During the ten years prior to 2004, the 'real' wage of permanent urban workers was estimated to have increased by an average of six per cent per annum. This was in contrast to an eight percent drop in the 'real' wage of migrant workers. It is quite clear that China's permanent urban residents had been (and that they continue to be) the principal beneficiaries of

the marketisation and attendant expanding domestic consumption in the Chinese economy. In a manner that reflects their relatively greater disposable income, polls conducted just over two years ago (at the end of 2005) among urban workers permanently resident in cities including Beijing, Shanghai and Guangzhou, found that permanent urban residents were confidently announcing that they 'expect[ed] promotion and pay rises in the new year'. One in four of these advantaged workers expected to 'travel for leisure' in the same period and at least a quarter of their number explained that they have already budgeted for the purchase of new white goods and furnishings and that they would consider moving from their present apartment to a newer home. One in ten of their number also expected that they may be able to afford a car (Lee 2007 b: 164; *Xinhua*, 12 October 2004; and *China Daily*, 28 December 2005). These are expectations that cannot be realistically shared by migrant workers employed in the same cities and in export manufacturing centres such as the Pearl River Delta cities of Dongguan and Shenzhen. Indeed, the contrast with the situation that migrant workers find themselves occupying is stark. It is reflected in figures that show the extent of the still widening gap between rich and poor and is played out by young migrant workers whose demonstrations, petitions, numerous calls for mediation and arbitration have led to the export manufacturing city of Shenzhen being currently branded 'the worst mainland city for labour disputes'. It has been estimated that 'China's Gini Coefficient has risen from 0.3 at the beginning of opening up and reform to the current 0.46'. Moreover, four years ago - in 2004 - it was estimated that 'less than 20 percent of the population possessed 80 percent of the wealth'. And, inequality has continued to grow since that time (*China Daily*, 3 March 2004 and *China Daily*, 4 September 2008).

The chronic and persistent gap between the increase in the wages of permanent urban workers and migrant workers employed in cities has consistently widened. This has happened while the living standards and wages of both urban and rural residents have risen. In 2006 urban *per capita* disposable income increased by 10.4 percent (to 11,759 yuan) while rural *per capita* net income increased by 7.4 percent (to 3,587 yuan). Rural *per capita* income includes the income of migrant workers who in spite of their city domicile and work-place participation continue to be counted as rural residents. Both the urban and rural figures have been adjusted for inflation. It has also been noted that the on-the-ground situation is that 'a typical Beijing urbanite [a permanent Beijing resident] makes about 2,000 yuan a month and that the average migrant worker

who has no more than middle school education will only earn 500 to 800 yuan a month in the same city'. These figures were for 2006. They are also rather conservative figures. Further reports and surveys have optimistically recorded that the average monthly wage of migrant workers reached 1,200 yuan in 2007 and that this was a rise of 200 yuan during the year. Nevertheless, even using the higher figure, many migrants reported that they were unable to save any money and that their wages were 'only just enough' to meet their living expenses. At the same time, Western commentators have been considering the 'danger' that rising migrant worker wages presented to overseas investors (Wen Jiabao, March 2007; *China Daily*, 27 July, 2007; *China Daily*, 07 June, 2007; and *Xinhua*, 13 January, 2008).

In spite of repeated government concerns over the gap between urban and rural incomes and attendant government concern over the wage differences experienced by permanent urban workers and migrant workers in cities, it is clear that current circumstances will further exacerbate existing income inequality. By 2006/7 labour intensive, low-end manufacturing plant re-locations, closures and general belt-tightening were under-way. This was occurring in concert with the relative though (until the recent slide in the value of the US dollar) slow increase in the value of the Chinese currency and a similarly slow rise in migrant worker wages. There has also been a recent Beijing initiated decrease in the taxation benefits long enjoyed by the textile industry. Shrinking profit margins coupled with government policy that had celebrated and encouraged plant relocation saw manufacturing moving inland from eastern sea-board provinces to central and western provinces where wages, land and utilities in general are cheaper. At the same time, some manufacturing enterprises moved overseas to lower production cost countries such as Vietnam. It has also been reported that 'inside factories, competitive pressures turn into [even] longer production shifts, declining real wages [even in the face of the general rise in migrant wages] neglect of production safety, consolidation of production sites, and subsequent mass layoffs'. Migrant workers also continue to be subject to informal work-place agreements. The situation continues where 'most migrant workers have no employment contracts'. Workers continue to be recruited through acquaintances' recommendations and there is an attendant lack of contractual and legal guarantee of their 'rights'. These rights include both work-place rights and the rights and benefits attached to permanent urban residence (Angang Hu 2007: 200-6; *China.org.cn*, 26 December 2005; *China.org.cn*, 27 December 2005; and *China Daily BIZCHINA*, 27 July 2007).<sup>2</sup>



## Evolving Migrant Expectations and Demands

At the same time as China's low-end manufacturers are facing rising manufacturing costs and a corresponding reduction in already very low profit margins (that have been reported to be as low as three percent), today's young migrant workers are not only demanding decent wages, work and conditions, they are also changing jobs more often than they have in the past (*China Daily BIZCHINA*, 21 June 2007; *South China Morning Post*, 12 July 2007; and *Xinhua*, 07 September 2007). The reason for this situation is obviously connected to unattractive working conditions. And, it is also now combined with the restructuring and relocation of manufacturing to cheaper venues. However, the Dongguan textile factory owner who complained that her young rural-to-urban migrant workers are spoiled, selfish, indulged and disobedient chose to focus only on the expectation of fulfilling work aspect of her workers' job changes. She criticised her workers for jumping from job to job and concluded that her young workers' interest in changing their employment positions are now less about money earned and more about 'individual taste and future career planning'. The authors of a recent government sponsored report on migrant workers born in the 1980s also criticised (albeit implicitly) this aspect of workers seeking out new jobs. The authors of the government report undertook a survey of 5,000 young migrant workers in 20 cities on China's east coast and not only found that the workers they surveyed were willing to change jobs more often than in the past, but that '71 percent of migrant workers under the age of 30 preferred service work in restaurants and hotels [though it should be added that many have stated that they are unwilling to undertake low-end service work that involves public and domestic cleaning or public garbage collection and a range of informal activities]'. The cohort of workers interviewed stated that they wanted 'skilled work with decent pay' (*China Daily*, 11 September 2006; *People's Daily*, 21 October 2006).

As the 2008 Lunar New Year celebrations got underway many companies issued their workers with return train tickets to their rural homes. (There was no way that they could have known that acute weather conditions would hinder or prevent a significant number of migrant workers returning 'home' to the country-side for this New Year period). Round-trip train tickets were previously only available to students. The new ticket policy was adopted at a time when workers on leave have not been returning to their jobs after the New Year break. An estimated 20 percent of workers fall into this category. When Shenzhen workers who

did not intend to return to their present employment were interviewed over their plans some said they would try to find better work in other cities such as Shanghai and others said they would 'move back' to their hometowns. (*China.org.cn*, 26 December 2005; *Xinhua*, 28 December 2007; and *Xinhua*, 13 January 2008).

There is a current push by migrant workers to access education and this is an approach that fits neatly with Beijing's present drive to improve technical education in rural areas. China's leaders have not only announced that 'China has entered a stage in its history where it must increase its reliance on scientific and technological advances and innovation to drive social and economic development, but also that 'expenditures for rural compulsory education will be fully incorporated into the central and local government budgets'. Funding for basic rural education is to 'be guaranteed', and vocational education for rural residents is to be actively promoted. The latter is portrayed by China's central government administrators as 'an important and pressing task'. The abolition of agricultural taxation and the provision of direct agricultural production subsidies and free education adopted as a means of increasing rural income are now to be accompanied by a considerable government funding commitment that is intended to ensure that potential young rural-to-urban migrants have access to training that will ensure improved vocational skills. It is reported that in the last two and a half years alone (since the beginning of 2006) 'more than 60 million migrant workers have received free technical training organised by local governments'. Surveys had already shown that between 2003 and 2006 the wages of migrant workers who have received vocational and technical training had increased noticeable faster - by almost 29 percent compared with 22.5 percent for all male migrants and just under 22 percent for female migrants (Wen Jiabao, March 2007; Hu Jintao reported in *Xinhua* 15 October 2007; and *Xinhua*, 27 December 2007).

## **A Number of Administrative and Academic Responses to the Labour Shortage**

Well before general and vocational educational opportunities were again dragged to the administrative fore, the need to pay migrant workers on time and in full had prompted one of Beijing's first responses to the significant labour shortage in labour-intensive production in east coast cities. By 2006 there were government claims that migrant workers had been assisted in retrieving 99 percent of defaulted wage

payments. This followed the claim a year earlier that the government had assisted migrant workers in retrieving 33.2 billion yuan in defaulted wage payments. The courts in cities such as Shenzhen also joined the bid to ensure migrant were paid on time. Shenzhen's Labor Dispute Court enacted suitable legislation. These were measures not only aimed at the wider Beijing goal of ensuring that the practice of paying workers late (often very late) did not cause long term damage to the credibility of both the market and the government, but were also intended 'to drastically improve the court's record'. However, the practice of paying migrant workers' wages well after they are due has continued for over two decades and there are numerous reports of this well entrenched practice continuing. Recently, Beijing administrators have even resorted to arresting a token number of employers for the non-payment of migrant worker wages. Meanwhile, the Shenzhen courts invited criticism rather than applause because even at best estimates only half the cases brought before the court were heard. The present increased competition in what is already a low-profit manufacturing export sector of the Chinese economy must surely be fuelling the practice. Delaying the payment of migrant wages is an obvious means of effecting considerable short-term employer savings. It plays an important role in ensuring that China has enjoyed a comparative advantage in the global market-place in terms of labour-time costs. It has played its part in cheapening migrant wages and so has assisted in allowing China 'to rely on labor-intensive growth for more than two decades and rise as a global manufacturing center'. And, there are, as I have noted above, a veritable host of attendant practices imposed on migrant workers that have similarly assisted in the success of China's low-cost 'Workshop of the World' approach to manufacture for export (*People's Daily*, 13 April 2005; *People's Daily*, 22 April 2005; *Shenzhen Daily*, 10 January 2006; and *China Daily*, 29 July 2007. See also *Xinhua*, 27 December 2007 and *Xinhua*, 15 January 2008).

While Beijing has been prematurely boasting about stamping out the practice of delayed wage payments, at the highest level of Chinese government concern has also again been expressed over migrant worker safety. It has been announced that funding will be increased for production safety work, including technical training in matters related to production safety. It has also been announced that backward production facilities with poor safety records (and often bad environmental records as well) will be closed. Backward production facilities almost always employ migrant workers and as competition for profit is ratcheted

upward small informal enterprises, often with bad safety records, are squeezed out of business. However, other small enterprises, often with similarly questionable safety records, are fostered when sub-contracting is encouraged by attempts to off-set rising manufacturing costs by larger production entities (Wen Jiabao, March 2007; *People's Daily*, 03 May 2006: see also *China Daily*, 21 June 2007).

As each Chinese New Year approaches, announcements have been made that note that at least 80 percent of the country's migrant workers do not receive any payment during holiday periods. However, announcements such as this have done little, if anything, to alter present employment practices and, unfortunately, the same can be said of the recently adopted revisions to the Labor Law. Though it should also be noted that the latter includes the stipulation that 'officials who abuse their authority or neglect their responsibilities, resulting in harm in the interests of workers will be penalised' and it is possible that this approach might be useful in curbing the worst employer excesses. The central government's most recent revision of the Labor Law has been promoted as a further means of ensuring that workers, including and particularly migrant workers, have legal rights and that these 'rights' are recognised in the work-place, but little appears to be being done to immediately address the chronic problems associated with the implementation of this law. (Wen Jiabao, March 2007; *People's Daily*, 03 May 2006; and *Xinhua*, 28 June 2007).

Another measure taken by Beijing administrators in their effort to improve the lot of migrant workers has focused on encouraging these workers to join officially sanctioned trade unions. In the recent past there has been the belief among a range of government officials and factory managers that migrant worker trade union membership provided disproportionate benefit to employers. The argument was that 'if the migrant workers are not organised under the union, they themselves might organise a "local gang" on the basis of their hometowns'. The 'local gang' approach was seen to be dangerous because it 'would destroy the stability of production . . .'. However, the disproportionate benefit to employers' argument is not the view that is gaining currency among migrant workers. Trade unions are increasingly being seen by workers as useful vehicles for the implementation of the Labor Law and for the much needed protection of their rights. Government and trade union sources have claimed that as many as 'one in four migrant workers in Shanghai . . . has joined a trade union'. Trade unions are credited with promoting the use of formal contracts between employers and migrant

workers and with urging companies to pay their workers on time. The unions have also been charged with assisting in the case of day-to-day disputes over wage levels, working hours and worker safety and conditions. However, to date China's formal trade union movement has not operated in a manner that efficiently, consistently and effectively uses the tools for migrant worker protection that it already has at hand. (*Xinhua*, 29 May 2005; *Xinhua*, 16 December 2005; and Lee 2007b: 59).

On the analytical, rather than the practical policy front, Beijing administrators have been fostering a range of academic views. A group of China's social scientists have advised government planners that a larger role should be played by government in organising and *streamlining the flow* of 'surplus' workers from China's poorest regions to urban areas where there is a shortage of labour. However, their argument is being countered by those who insist that *permanent relocation* from rural to urban areas is the best way to 'remove' people from abject poverty. Those promoting the latter view argue that the present means of lifting people out of poverty by streamlining the flow of migrant workers from poor areas to cities is far too slow and that this is the case even when streamlining is combined with a range of development programmes. They insist that a more permanent solution is required (*China Daily*, 20 June 2007; and *Xinhua*, 28 June 2007). In concert with the argument that *streamlining the flow* of workers from very poor rural areas to labour-intensive east coast manufacturing centres will address poverty, it is now also widely recognised that the 'wisest' path for the government to take with regard to its poor citizens is to provide vocational training. And, there is a further issue that is under consideration. This further issue begins from the premise that the use of cities to soak up unemployed or under-employed workers from the poorest (and often the most distant) regions of the country may well be coming to an end. Members of the Chinese Academy of Social Sciences have recently published a number of reports based on the assumption that 'the supply of labor can no longer meet the urban demand'. The authors of these reports offer a structured argument based on clearly articulated phases. They argue that China has experienced a 'first phase' of development where the wages of farmers and migrant workers are relatively low. They insist that this first phase will be followed by a second. The second phase is when the 'the age of low wages will come to an end'. The wages of migrant workers will be increased during the second phase and improved efficiency and lower operating costs plus increased worker skills will present as solutions to the manufacturers' need to maintain profitability.

A report published by the Institute of Population and Labor Economics at the Chinese Academy of Social Sciences has gone on to take the current problem of migrant worker shortages a step further. Having begun with the argument that 'China's oversupply of labor is on its way to becoming a thing of the past', the authors cite the work of an economist - W. A. [Arthur] Lewis. This economist (who was publishing in the West in the 1950s) is credited by Chinese academics with being the first to recognise that economic development will lead countries away from an oversupply of labour to a shortage of labour: 'the Lewisian Turning Point'. Lewis had argued that in developing countries 'the wage rate was set at a constant level as determined by minimum levels of existence in traditional family farming'. He pointed out that 'this ensures a virtually unlimited supply of cheap labour, which was an advantageous factor in industrial development'. It was in the context of post Second World War nation-building, industrialization and development in what were then known as Third World countries that he maintained that state support could be used to ensure that the supply of cheap rural labour was used to build national industries (Rapley 2002: 14-5, 39). The authors of the Institute of Population and Labor Economics Report, having taken Lewis' observations as the basis of their argument, maintained that 'most developing countries' [in this context China is considered to be a developing country] experience a common process of dualistic [two-step] economic development'. In this process 'the surplus rural labour force provides cheap labor for industrialization and the wage level increases slowly'. As this process continues, it can be expected that the supply of labour is absorbed. They add that in the case of China 'the scale of working age population was large', but now the country must face a situation where not only are wages rising, but the population is aging. It is in this context that public discussions have been used to warn that 'higher labour costs are coming' and concern over the type of measures needed to cope with these rising labour costs is prevalent. There are also reports that focus on empty villages. Commentators are now drawing attention to a number of surveys showing that some of China's villages have been 'bled dry of workers'. One of these surveys (covering 2,748 villages in 17 provinces and autonomous regions) revealed that in almost three quarters of the villages 'there were no longer any workers available who could go and work in distant cities'. In an argument that contradicts the main theme of this paper - that young migrant workers are not interested in the wages and conditions offered in China's low-end manufacturing sector - the rural residents surveyed claimed that there

was 'no longer a surplus of young laborers . . . [in their villages] all had left for the cities to work'. The view of researchers who are emphasizing the 'empty villages' thesis is that family planning measures had resulted in fewer young people available to work in both their villages and the cities - researchers note that China's fertility rate is now 1.7 and that this is 'lower than the "replacement level" of 2.1' (*China Daily*, 09 March 2007; *China Daily*, 12 May 2007; *China Daily*, 20 June 2007).

## **Reproducing China's Export 'Edge'**

Chinese economists concerned over the current east coast labour shortage are not only arguing that there will be a 'the turning point' where 'the new [young migrant] labor force will fail to meet demand, but also that this 'turning point' could be as close as 2010. They add that in China 'the transformation of the population under the family planning policy and economic and social development is [already] complete' and that 'the effect of this will be a gradual labor shortage [in the country as a whole]'. They insist that 'the recent labor shortage in the Pearl River Delta . . . is a sign of this trend'. They also maintain that 'it's still too early to say whether China will lose its competitive edge as labor costs increase'. These economists agree that as labour costs increase the value of labour time must also be increased and, as they note, this means that the quality of the labour provided by workers must be improved. Workers' vocational, and particularly their technical skills, need to be developed and this development should take place in concert with improved production efficiency in other areas. It is now widely accepted that 'more capital and technology-intensive industries must be developed'. Of course, the expected increase in the cost of production of Chinese goods for export will not be caused only by the increased expectations of young migrant workers. The increasing value of China's currency is an obvious cause with some analysts arguing that the constant pressure from Washington for a significant appreciation in the currency (exacerbated by the actual and expected further decrease in the value of the United States dollar) has the potential to lead to long-term recession in China. Those who are advancing this argument maintain that the only way to avoid a significant economic down-turn is to 'upgrade to labor-intensive industrial structure' and to have manufacturing enterprises 'taking rigorous steps toward an industrial upgrade'. They also note the obvious point that 'the RMB exchange rate is not the cause of the US trade deficit [with China] . . .'

(*Xinhua*, 25 December 2006; *Xinhua*, 01 January 2007; *People's Daily*, 27 March 2007; *China Daily*, 12 May 2007-a; *China Daily*, 12 May 2007-b; *People's Daily*, 12 June 2007; *Xinhua*, 07 September 2007; and *China Daily*, 18 June 2007).

## **Consumption and the 'Post-1980s Generation'**

Concern over the aging of the Chinese population and the attendant availability of rural-to-urban migrant workers has taken my argument in this Journal contribution some distance from the priorities of young workers. Today's migrant workers expect to play a leading role in China's fast-growing consumer market. While they talk of their need for decent work, they are also members of a generation that 'pursues fashion and personality'. It has been said that '... to them a cell phone is not just a communication tool, but a fashionable accessory ...' Many commentators note that today's young migrant worker 'looks very much like his [and her permanent] urban counterpart'. At least they would like to follow in the footsteps of their urban counter-parts. Unlike their parents who accepted the city jobs on offer and who were treated unequally and marginalised in their urban environment and denied the range of consumer benefits that permanent urban residents derived from economic reform and modernization, today's young migrant workers are demanding decent work. They also expect to be treated 'without prejudice'. And, they want what they consider to be a 'fair and reasonable' share of their generation's consumer power (*China.org.cn*, 26 December 2005; and *China Daily*, 18 June 2007).

## **Conclusion**

China's leaders and planners are currently arguing that 'the quality of labour has to be improved' in their country. They are lamenting the current shortage of vocational and technical expertise. Some have even argued that low-end manufacture has been responsible for the relative low quality of the young migrant workers who have been engaged by China's manufacturing/export sector. They have also had to acknowledge that current migrant worker shortages have contributed to the failure of 'some factories in the export strongholds of the Pearl and Yangtze River Deltas' to fulfil their export orders last year [in 2007]. (*People's Daily*, 21 October 2006; *China Daily*, 29 July 2007).

On the surface it appears that the Chinese government could address the current migrant labour shortage in the country's export manufac-



turing hubs by ensuring that wages are paid on time and in full and by significantly increasing wages and improving working conditions and safety standards in low-end/low profit manufacturing plants. Beijing administrators have presented themselves as having already taken measures to ensure that wages are paid on time and as having enacted measures aimed at improving work-place safety and conditions. Beijing administrators have also continued to search for ways to close the gap in urban and rural incomes and (albeit very late in the migration process) they have been promoting the provision of some social security services for migrant workers. Migrant workers have also been encouraged to join government approved trade unions and governments have implemented policy intended to ensure that mediation, arbitration and legal advice is available when these workers believe that their rights have been denied (Lee 2007: 157-203; *People's Daily*, 27 July 2006). However, it is clear that this shopping list of measures has not yet delivered decent work.

In spite of the popular view among China's citizens that younger members of their society are spoilt and self-indulgent, we can see that China's leaders would also be acting irresponsibly if they did not seek to effectively address the current expectations of a significant cohort of young migrant workers. Social and political commentators, together with many members of the public, have concluded that the 'Post-1980s Generation' should turn their attention to hard work and thrifty living habits. They are supported by the government in Beijing that has declared that there is a 'particular need' to teach young citizens 'ideals and ethics'. At the same time, young migrant workers are demanding change in their urban-based employment. They have made it clear that they want more than their parents. They are looking for satisfaction, fulfilment and an improved life-style. China's young migrant workers are now demanding work that delivers fair and reasonable wages and conditions and they are expressing resentment over the arrogant and demeaning treatment they receive at the hands of factory owners and managers, urban administrators, and permanent urban residents. They also expect to have access to decent housing and to be provided with social services while enjoying a fair and reasonable share of all other aspects of urban consumption. In addition, a significant number of young migrant workers want to engage in work that provides them with 'self-fulfilment and self-esteem'.

## Postscript: 'Emptying the Cage for New Birds'

The global financial crisis that began in the United States this year (2008) has now 'trickled down' to the point where it is affecting China's migrant workers. This week (the first week of November 2008) as I passed through the station of the Pearl Delta export manufacturing centre of Dongguan, migrant workers were standing in line on platforms ready to board trains to their rural homes. The factories they worked in had closed or the management had decided to down-size the work-force. On the same day, Chinese papers were announcing that orders for toys, furniture, textiles and garments had already dropped 20 percent while electronics and footwear sales have dropped 15 percent. The anticipated drop in demand for next year (2009) is higher: thirty percent for shoes, 35 percent for toys, textiles and garments and electronics, and 40 percent for furniture. The confidence of export manufacturers has been jolted and the shortage of migrant workers is suddenly over. While export manufacturing enterprises in the Pearl River Delta have spent the last five years complaining that they were short of migrant workers, they now find they have too many workers. Workers are returning 'home', though many say they will return to look for employment in the more high-tech sectors of manufacture after Chinese New Year (*China Daily*, 4 November 2008).

The edition of the *China Daily* that reported the Dongguan Municipal Government's figures on the reduction of export orders also offered an editorial that pointed out that a number of export manufacturing enterprises had closed down using the global financial crisis as an excuse ('a premeditated escape'). Many export manufacturers have limited their investment in fixed assets by renting their production spaces. Many have also failed to pay their suppliers and owe their workers months of unpaid wages. Indeed, the Dongguan Municipal Government has felt obliged to make good migrant worker wages owed. Manufacturers have been pointing out that increased production costs, including increased migrant wages, had been decreasing their already narrow profit margins while also reducing their global competitive cost advantage before the 'sub-prime mortgage crisis' and its aftermath exposed the parlous state of global financial regulation. In the period preceding the present financial down-turn, production costs are estimated to have risen by 3 percent in sectors of China's labour intensive export manufacturing sector. The present situation will make any further increase in migrant worker wages and attendant improvement in employment conditions

difficult to implement even with renewed government energy in supporting migrant worker demands for 'decent work'. The exception may be the current drive by a number of provincial governments to improve migrant worker housing. This drive has been accompanied by the observation that worker housing projects should not 'completely depend on market forces'. (*China Daily*, 5 November 2008) Migrant workers who can move from the low cost, labour intensive manufacturing sector to the more highly skilled higher tech sector will now be the only workers who can be expected to improve their lot while those who represent high tech manufacturers, like the labour intensive export manufacturers before them, are stressing that they 'prefer younger workers who are normally fast learners...' Commentators from the high tech export sector then add that their industries will do much to 'help raise the quality of [migrant] workers...' At the same time, Chinese commentators who are keen to promote a more high tech. production profile for China's industries point out that the demise of low profit/ labour intensive export manufacturing enterprises in the Pearl River Delta (particularly in the neighbouring cities of Dongguan and Shenzhen) will function to 'empty the cage for new birds'. (*China Daily*, 10 November 2008).

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## NOTES

- <sup>1</sup> Research has shown that in the 1980s the average age of a migrant worker was around 31 years, but by the 1990s this age profile had dropped to only 23 years. (*China.org.cn*, 27 December 2005).
- <sup>2</sup> In the case of Guangdong Province where the cities of Dongguan and Shenzhen house so many migrant workers, if a migrant can show that that he or she has resided in the province for seven consecutive years they have been able to access permanent residency status. However, a temporary residence permit is required and few migrants are in a position to show evidence of continuous formal employment and so gain a temporary residence permit for this period of time. This is therefore not a useful route to permanent residence status. And, with profit margins currently squeezed as production costs rise, we can expect increasing use of informal sub-contracting arrangements, including the on-going and increased sub-contracting of production to small low-tech, unregulated factories. This is happening even as Chinese governments put in place further formal arrangements to accommodate migrant workers. The latter now includes 'green card' trials that would entitle migrant workers to the same services as those provided to permanent urban workers (*China.org.cn*, 26 December 2005 and Angang Hu 2007: 200-6)

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