New Year for China's rural migrant workers

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At this year's official Chinese New Year celebrations, Premier Wen Jiabao pretentiously declared to an assembly of top bureaucrats in Beijing: "Let all the people share the social wealth created by [market] reform and development."

None of the "Communists" assembled in the Great Hall of the People in central Beijing took the comment seriously. The rich and powerful elites represented in the room have no intention of sharing their wealth with China's impoverished masses. As the official Xinhua news agency described the scene: "The banquet hall, decked out with blooming narcissus and fruit-bearing kumquats, was full of cheers and laughter."

Prior to the 1949 revolution, the phenomenon known as *Nianguan*—peasants lapsing into bankruptcy after failing to pay rent and debts due at the New Year—was regarded as one of the social evils of "Old China". New Year for ordinary working people is again becoming a time of dread and despair.

At the bottom rung of society, the rural migrants whose sweatshop labour is the source of China's newfound wealth, have nothing to celebrate. Many cannot even afford the price of a bus or train fare to make the traditional New Year trip back to the village to visit friends and relatives.

According to official estimates, up to $US12 billion in unpaid wages are owed to rural migrant workers. The refusal of businesses to pay wages not only affects workers themselves but also the villages they come from. In 2003, rural migrants sent 370 billion yuan ($US45 billion) back to family members. The figure represented 40 percent of all rural income.

In the cities, rural migrants are treated as second-class citizens. Most lack formal residential status where they live and have no contract or legal protection in the factories where they work. They have no access to health care, pensions or education, are the subject to discrimination and police brutality, and, in some cases, are forced to turn to crime and prostitution to survive.

The situation facing migrant labourers recalls the semi-feudal form of exploitation known as *Baoshengong* or bondage labour, which was common in pre-revolutionary China. With the complicity of government authorities, employers withhold wages as a means of exerting control over their workforce. A payment, often partial, is made once a year—just before Chinese New Year. Complaints are simply ignored.

A growing number of migrant workers are staging protests. In desperation, some commit suicide in public places as a means of drawing attention to their plight. This New Year, like previous ones, has been the occasion for a spate of demonstrations.

* According to Radio Free Asia, 100 rural migrant workers took the deputy governor of the Beijing Information University hostage on January 30, hauled him to the top of a six-floor building and threatened to jump if their wages were not paid. A construction company, Beijing Wujiang, which built two apartments for the university, paid 4,000 workers only 5 million of the 13 million yuan owed in wages. The construction company refused to pay workers claiming they had not finished the project. Along with the deputy governor, who had refused to answer any complaints, the workers also seized one of the company's managers. The two were only released after negotiations between local authorities and the protesters.

* On February 1, China's official *Legal Daily* reported that a road construction worker, Chen Zhiliang, was stabbed to death by five thugs hired by his boss Zhu Ziqiang, a manager for Changsha Xigong Construction. Chen had led a protest of migrant workers last year to demand unpaid wages and Zhu was seeking to ensure it did not happen again. Local police only arrested Zhu under pressure from workers and their families. Chen's family received 20,000 yuan (about $US2,400) in compensation—a small fraction of the 3 million yuan owed in unpaid wages on the city's road construction projects.

* On February 2, 4,000 migrant workers demanding unpaid wages from a Taiwanese-Chinese toy manufacturing joint venture in the Shenzhen free trade zone, clashed with hundreds of police. Several workers were injured and one police car was destroyed.

* Chinese New Year also saw other protests. Some 2,000 workers at the state-owned Dazhou No. 1 Cotton Mill in Sichuan province stopped work after not receiving their full wages. The company had arbitrarily deducted time lost due to frequent power cuts. A worker told Radio Free Asia: "Once they've deducted this and deducted that, the workers who are still working can only get around 300 yuan a month. Those who have taken redundancy are on a basic subsistence payment of 130 yuan. The workers are saying that it's not worth going to work, and asking for redundancy instead."

These latest incidents are just the tip of the iceberg. Beijing is well aware that the issue of unpaid wages is an explosive one

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and has repeatedly urged companies to pay workers on time. Over the last two years, Premier Wen Jiabao has personally assisted several migrant workers to get unpaid wages. But these highly publicised interventions have been for show and have done nothing to alter the desperate situation confronting millions of employees.

The entire Chinese leadership is responsible for the market reform policies that have directly led to deepening social polarisation. China's export-led economic growth in the 1990s has been dependent on the continuous inflow of foreign investment to exploit the country's vast reserves of cheap regimented labour. According to the latest official statistics, there are around 140 million rural migrant workers concentrated in the major centres of manufacturing, particularly on the coast.

In Guangdong Province—China's major export manufacturing region—rural migrants now make up 35 percent of workforce and last year were responsible for 25 percent of its gross domestic product. In 2004, there were nearly 20 million registered rural migrants in Guangdong who had worked for at least six months as compared to 10 million in 2001. Another 10 million were "unregistered" without any stable job in 2004. Three quarters of the province's migrant workers—when they are paid—earn less than $120 a month.

While workers are lucky to be paid a pittance, employers and foreign investors are reaping huge profits. In 2003, the average rate of return for foreign companies in China was 10.4 percent—significantly higher than most countries. According to the US Department of Commerce, US corporations repatriated $4.4 billion in profits from China in the same year. Eager to exploit business opportunities, a further $60 billion in foreign direct investment flowed into China last year.

It is not surprising that China provokes enthusiastic comments from the business elite. Microsoft president Bill Gates, the world's richest man, theorised at the recent World Economic Forum in Davos that China had created "a brand new form of capitalism". The Chinese model, he argued, is based on "the willingness to work hard and not having quite the same medical overhead or legal overhead." It allows foreign companies to create "scale economies that are just phenomenal," he said. "You know they haven't run out of labour yet, the portion that can come out of the agricultural sector" was still considerable.

There is nothing new about Chinese capitalism. Its parallels are to found in the barbaric forms of exploitation associated with the rise of capitalism in the nineteenth century. The key ingredient is extreme rural poverty, which forces peasants and their families into factories where they have no choice but to "work hard" with no "legal or medical overheads". Gates, who on occasions postures as a philanthropist, had nothing to say about the vast reserves of misery and want in China on which global capitalism increasingly relies.

To stave off social unrest, Beijing has offered subsidies and tax concessions to farmers. At the same time, however, the government cannot implement measures that would threaten the supply of cheap labour to the cities. And so the position of the Chinese peasantry continues to deteriorate. Farmers are being bankrupted by heavy taxes and official corruption. In other cases, their land is being forcibly confiscated to make way for real estate and industrial development.

Inequality between rural and urban areas is widening. In 2002, the average disposable household income in rural China was just $269, three times less than the $853 in urban areas. According to recent state media reports, China's impoverished Henan province has now become the "No.1 labour exporting province"—14.11 million people or half of the province's estimated "surplus rural labour" have moved to urban areas to find work.

The Chinese leaders are well aware that they are sitting atop a social time bomb. In 1989, the protests that culminated in the Tienanmen Square massacre were largely confined to students and workers in the cities. If such a movement were to erupt today, it would not only involve the working class, which has vastly increased in size and social weight, but sections of the rural poor.

While China's political leaders celebrated the Year of Rooster carousing in the Great Hall of the People, the Chinese Academy of Social Sciences—the official government thinktank—issued its *2004-2005 Social Situation Analysis and Prediction*, pointing to the growing social inequality. It noted that 40 million farmers are landless and 740,000 university graduates could not find a job last year. "With high-speed economic growth in China in the last two years, the people in the low-income group are more dissatisfied. That is because the basic prices for food have increased in this fast economic growth, with food accounting for 50-60 percent of total spending," it warned.

Ahead of Chinese New Year, President Hu Jintao made a trip to the impoverished southwestern province of Guizhou to rub shoulders with the people. But like other visits to poor farmers or coal miners on previous New Years, it was a pathetic attempt to maintain the façade that the Chinese Communist Party is concerned about ordinary people. It simply underscored the gulf that exists between the mass of ordinary working people whose living conditions are increasingly intolerable and a contemptible ruling elite that deserves to be swept aside to make way for genuine socialism.

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