

Survey of Workers in PRD, China during the 2008-9 Financial Crisis

Summary

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At the end of 2009, we conducted a survey of rural migrant workers working in the Pearl River Delta. This was just over a year after the 2008 financial crisis, which kicked off the Great Recession in the West. China was hit hard at first, resulting in plant closures and jobs losses in the export sector, which led 20 million jobless rural migrant workers to head back to their home villages. Very soon, however, with China's four trillion Yuan rescue package, the government was able to save the economy from a serious recession. Towards the end of 2009, due to the tremendous growth of infrastructure investment, along with a series of policies aimed at expanding domestic consumption, for instance subsidizing rural households to buy home appliances, the economy bounced back to its previous level of growth.

The purpose of this survey was to find out how the 2008-9 economic crisis impacted on the lives of migrant workers in the PRD and how they responded to the changing situation. If this study is still in some ways relevant to us today it is because the economic crisis has never really been overcome in a substantial and sustainable way. China, as in the cases of the US and EU, saved the economy from nose-diving by public spending, underpinned by heavy borrowing by the state. If China is a bit different then it is because of the way the money was spent: instead of just pumping money into the banks it was used to invest in infrastructure. This was why the economy and the jobs it generated picked up momentum again in 2009. Yet the fundamental imbalances of the Chinese economy – the low level of mass consumption, the over dependence on exports and over-production in many sectors etc – have either become worse or remain more or less the same. In addition to this is that there is a side effect to the rescue package, namely inflation, which takes away most of the benefit of raising wages in the previous period. Moreover, although China's strong state intervention may save its economy from the worst recession; the threat of a new downturn is never over. With the economic crisis in Europe still unfolding, China's exports began to drop again in 2012 and there is speculation about an economic downturn somewhere in the future. If things happen this way then it will necessarily mean that jobs and wages are cut. For anyone who studies the next economic crisis's impact on working people, this 2009 survey can be used as a reference point about how crisis may affect the rural migrant workers in a recession and how they will react.

The survey interviewed one worker each from 42 Guangdong factories, which are located in 26 different districts spread among seven cities. 71 % of the factories were a result of foreign investment, of which 24% came from Hong Kong/Macau and 17% from Taiwan. The original

Chinese report was published in June 2011.

It should be noted that at the end of 2009 when we did the survey there were twenty million migrant workers staying in their home villages waiting for an economic upturn, meaning that the survey was more likely to have reflected the opinion and situation of those who were less affected by the crisis.

The survey shows that from the end of 2008 to the end of 2009, 71% of respondents said that their factories experienced instability in production due to cuts to the number of orders. This was expressed in excessively flexible working hours; when there were orders workers were made to work a large amount of overtime but when there were less orders the management made the workers take unpaid leave, or in more serious situations they might even layoff workers. Indeed, the survey shows that 60% of the factory had laid off workers. In order to increase operating efficiency, up to 90% of the plants imposed unlawful overtime on workers, while 60% of the factories did not contribute or under-contributed to social security funds.

Nearly 90% of workers said the economic crisis had affected them. 60% of workers, however, felt that their 2009 wages did not differ too much when compared to 2008. Another 29% felt their wages were significantly reduced. Also three interviewees (7%) said they had seen a wage rise. However, when we slightly changed the subject, we found that 55% of respondents said that they reduced the amount of remittances to their families. Another 40% said they had family members who experienced unemployment or job instability; hence they felt that their economic burden had increased.

For those who said that their wages were reduced, table 1 below shows the scale of reduction.

Table 1: The scale of wage reduction

Yuan	No. of respondents	%
Above 1201	3	25
601-900	3	25
301-600	2	17
601-901	1	8
901-1200	1	8
Below 300	1	8
No response	1	8
Total	12	100

During this period there were lots of reports concerning fired workers collectively protesting in order to get back their arrear wages. Our survey shows that 60% of the interviewees (total 25 persons) said that they were aware that either their acquaintances or their relatives had experienced labor disputes. 72% of labor disputes broke out because the management had cut workers’ welfare, another 40% disputes originated from plant closure. What is also interesting is that when asked about what are effective ways to defend workers’ rights, among the 25 interviewees who had responded that they were aware that either their acquaintances or their relatives had experienced labor disputes, 64% chose “filing complaints to the government”, 60% chose “collective actions such as strikes, blocking of the plants or the streets”. Only 12% thought approaching the official union was an effective way. For more please refer to table 2 below.

Table 2: Effective ways to defend workers’ rights (Multiple choice)

	No. of respondents	% (total respondents: 25)
File complaints to the government	16	64
Collective actions such as strikes and blocking of plants or the streets	15	60
Arbitration	11	44
Approach the media	9	36
Approach the official union	3	12
Other	3	12
Approach clients of the employers	0	0

There is a social safety net for workers, for instance unemployment benefit. On top of this is that during the crisis the government launched new policies to alleviate workers’ economic hardship, such as providing free occupational training, granting subsidies for training, material support for migrant workers who went back to their home villages to open small businesses or to transferring in/out of their land etc. Our finding was that a great proportion of interviewees knew very little about the safety net and the series of new policies, as is shown in table 3 below.

Table 3: Government measures which help workers about which the latter did not have a clue

Government measures	No. of respondents	%
providing free occupational training	14	33
transferring in/out of their land	22	52
unemployment benefit	26	62
granting subsidies for training	20	48
material support to open small businesses in home villages	17	40

One of the possible reasons for this may be the fact that the government rarely promotes information concerning these measures, although all media is owned and controlled by the government. By contrast, the Hong Kong government always runs advertisements about new measures concerning welfare and workers' rights.

The exploitation by unscrupulous employers, coupled with the household registration system which discriminates against rural migrant workers, continues to make it difficult for migrant workers to support their families or to sink roots in the cities. Not surprisingly, 45% of respondents could not decide how long they would continue to work in the cities, another 40% said they considered working in the cities as only transitional and that ultimately they had to return to their home villages. Only 5% responded that if they had the chance they would consider staying in cities permanently.

When asked what they would do if they could not find jobs in the future, 36% responded that they would open a small business, 26% said they would continue to look for jobs and 24% chose going back to farm their land.

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