

# China's Millions of Jobless Migrants

Michael Anti

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GUANGDONG, CHINA—“With the Premier’s encouragement, we have exceeding confidence.” Zhang Wengui, 21, a peasant worker from Sichuan province, reads the slogan from a help-wanted board at the Likai Shoes factory on the outskirts of noisy Houjie Town, some 30 miles from Guangzhou, the capital of industry-heavy Guangdong province. Despite Chinese Premier Wen Jiabao’s reassuring smile in the photo that accompanies the optimistic pronouncement, Zhang still is not sure whether to pursue the job offer—it pays only \$6 per day. It is February, which means at least 130 million workers, like Zhang, have just arrived in Guangdong and other coastal provinces of China searching for jobs, signaling the end of a tense month-long return to their rural hometowns over the annual New Year’s break, known as the Spring Festival.

Zhang Wengui’s dilemma is common: while this job promises only nominal revenue, there are painfully few posted on such billboards these days. Of serious concern, both to China and the world at large, is that an estimated 20 million workers who have left their rural family farms for the promise of work in urban and industrial centers may not succeed in finding new jobs, or holding onto their old ones this year.

Last November, Premier Wen, concerned about declining employment statistics, visited Guangdong province, home to one of the largest concentrations of factories in the world. The Likai complex was one of many on his inspection list. Likai, together with around 500 other shoe factories in this small town, turns out each year some 600 million pairs of sneakers for Adidas, Nike, New Balance, and other global brands. Considering the world population of 6.76 billion—in a decade, Houjie Town alone produces enough footwear for every human being on the planet. During his Cambridge University speech on February 2, Wen was the target of a worn New Balance shoe thrown by a German graduate student protesting China’s human rights record. Chances are that very shoe was made in this town.

The shoe-tossing incident notwithstanding, Premier Wen is a very popular figure in China. He is seen by his people as a sympathetic and responsive leader, not merely as the top Communist Party bureaucrat. Just seven hours after the devastating earthquake in Sichuan province (and long before any foreign media were able to reach the area), Wen stood before the collapsed school buildings at the epicenter of the catastrophe. His compassionate face and confident smile became the symbol of the Chinese government’s new approach to crisis management. An appearance by Wen now signifies not just that a serious problem has occurred in China, but also that his government has made resolving it a top priority. The earthquake was undoubtedly a massive disaster, leaving nearly 70,000 people dead and 216,000 buildings lying in rubble. But, for China, which for two decades has been a paragon of unbridled economic growth, the current global financial downturn threatens to be even more cataclysmic.

## Feeling Lucky, For Now

When the sub-prime mortgage and credit crisis hit the United States and other Western countries in mid 2008, however, some Chinese felt lucky. Asian culture has a long established tradition of saving, and few predicted that Chinese banks would replicate the failures of their Western counterparts— especially since China holds the largest U.S. dollar reserves in the world. China’s vast reserves have bankrolled Washington’s debts, and while the Obama administration undoubtedly hopes that Beijing will continue to support what will soon be a historically enormous U.S. deficit, there are reasons to fear that the status

quo may not continue indefinitely. As the ink dries on President Obama's trillion dollar spending package he is hoping that it will lift the United States out of its deepening recession, China's central bankers have sounded notes of caution. A survey among Chinese economists shows 75.7 percent of them think that Beijing should turn to buying gold instead of U.S. Treasuries.

China, too, has felt the impact of the economic crisis: gross domestic product increased only by 6 percent in the fourth quarter of 2008, the lowest gain in the past six years. But as shoe-loving Westerners stop buying new pairs of sneakers, it is no longer necessary for Houjie's factories to produce some 600 million pairs of shoes each year. And far beyond Guangdong, global manufacturing is slowing down, if not closing its doors entirely. Not far from the wanted ads at the Likai complex used to be bustling shops whose windows were filled with shoes from many local factories. Now, most lie dormant, their metal storefront shutters pulled down to the ground. In Guangdong province alone, thousands of manufacturing companies had already closed prior to Premier Wen's visit to the area last November.

What do the closures of these factories signify? There are different interpretations. Government cadres in Guangdong see it as a chance to upgrade these high-pollution, low-technology industries. Wang Yang, the Communist Party head of Guangdong Province, has signalled to local officials that "it is time to empty out the cages and change the birds," even at the expense of lost jobs for millions of workers from other provinces. Local officials want state funds to be used to revamp and convert obsolete or outmoded industries into modern manufacturing centres with cleaner technology for the future—similar, in concept, to President Obama's stated goal for the U.S. stimulus package. But there has been little official comment from Beijing on how much will be spent, or where. And while the government dithers—and unemployed workers from the nation's interior crowd the streets of Guangdong—frustration and resentment builds. Some local representatives have even asked in the local congress: why do "they" (read, people from other provinces) get jobs while we get left with the pollution?

But to encourage this narrow way of thinking would be a dangerous path for Premier Wen and other Beijing officials. In Guangdong province, 9.7 million peasant workers from other provinces have poured in since the Chinese New Year. By March 2009, at least 2.6 million had not yet been able to find employment. With tens of thousands of protests and riots (called, in the official government lingo, "large-scale mass incidents") already taking place in China every year, the estimated 20 million recently unemployed immigrants across the nation represent a ticking time bomb for the Communist Party. Indeed, the government rules on a quid pro quo basis—a Faustian bargain in which the state ensures widespread economic prosperity in exchange for individual freedoms.

This was the backdrop for Premier Wen's inspection tour of Guangdong province, with a theme of "fully supporting small and medium-sized businesses". That means it is not Beijing's priority to revamp outmoded enterprises; getting people back to work is the first order of business. Yet, to cut through the jargon, how Wen intends to incentivize dying factories to continue to hire workers at this crucial time is still uncertain. What is clear, however, is that Chinese authorities are aware of the potential social unrest in the form of some 20 million jobless internal immigrants.

## A Boy From a Village

Zhang is a very shy person. He speaks Mandarin with strong Sichuan accent, indicative of some schooling, but not much. At age 16, he dropped out of high school in his hometown in rural Jintang county. Most of his friends had already left or were planning to depart, hoping for a chance at a college education or at least a job in the cities. "Only old people and children want to stay [at home]," he says, "I can do nothing there."

He contacted some schoolmates who had made the trip east to Guangdong province. As a teenager, he had no work experience, so he was unable to compete in the job market with other adult workers

in Chengdu, the capital of Sichuan. But his friends told him not to worry: all the Guangdong factories needed was his identification card. And so he came to Houjie Town.

There are two Chinas for people like Zhang: his rural hometown of Jintang county, where some 200,000 peasant workers (out of a total population of 800,000) migrated to richer provinces for work in 2008; and Guangzhou, the third-biggest city in China, with some 10 million people living metropolitan lives. Zhang, like so many others, dreams of leaving rural life for good, and of becoming a citizen in modern, urban China. Houjie Town is the purgatory between the two.

All dressed up, nowhere to work. back home. ©Imaginechina/AFP



In both Chinas, Zhang and his fellow peasants are now regarded as one of the nation's most intractable problems. First framed by the famous sociology professor Wen Tiejun in 1996, the "Peasant Issue" is the most vexing of three rural development problems he defines (the others are agriculture and rural communities). His argument suggests that when investment poured into urban China at speeds unseen in world history—due to Deng Xiaoping's "second opening" and reform policies in the decade following 1991—Zhang's rural China, with some 800 million peasants, was effectively excluded from the achievements of these economic miracles. In the cities, skyscrapers and malls sprouted, people began to buy cars and travel for pleasure; meanwhile, rural kids committed suicide, unable to scrap together a couple dozen dollars for school tuition.

In an effort to help the central leadership understand some of the pressures building up in the interior, Li Changping, a township party chief in Hubei province, wrote an open letter in 2000 to Premier Zhu Rongji. He stated the obvious, but it was clearly only dimly understood in Beijing. "The peasants," he wrote, "are miserable, the rural communities are truly impoverished, and agriculture is in serious danger." These words, reproduced widely, echoed throughout the country at the time. A rural family without a son or daughter toiling in far-off urban factories, might— at the end of a whole year of

farming—be in debt, due to the high price of chemical fertilizer.

But the call for rural reforms soon was drowned out by the sweet drone of factories and construction cranes along the coasts that set cash registers chiming in harmony. For so many, the path to the big city was paved by the December 2001 invitation of China to join the global economic community as a member of the World Trade Organization. After that seminal move, an increasing parade of multinational corporations began to relocate their factories to southern China. In the spring of 2004, Zhang rode the wave. He found his first job as an assembly line worker in a toy factory in Guangdong province. The following January, he travelled back to Jintang for vacation with 3,000 renminbi (then \$370) in his pocket that he had been saving to put his sister through school and to rebuild his parents' house.

## A Hard Knock Life

By 2005, life in the rural interior had not improved much. Tens of millions of rural Chinese were still finding their way to the new industrial cities that had developed along the coast (and that only were slowly spreading through the interior). Indeed, UN figures show China's rural population shrinking from the world's largest at 816 million in 2000 to 744 million by 2010. (India's is growing, from 757 million to 853 million, in the same period.) At the same time, the debate over Professor Wen Tiejun's "three rural issues" had cooled in the Chinese media. Over the next three years, though government documents and Congress meeting records mentioned the topic with concern every several months, the public became less and less interested in these issues. In its place, the Chinese public came to think of their nation not as home to what was once the largest rural population on the planet, but as the "World's Factory."

But while the world marvelled at China's seemingly unstoppable growth, the rural problems still lurked. The state, not the peasant, owns the land. Indeed, peasants are officially referred to as "land contractors." But this kind of arrangement falls far short of providing a decent life. Lured by the promise of wealth and opportunity, Zhang and millions of peasant workers had been working tirelessly to save money to educate their kin and rebuild their rural villages. As long as production lines kept running, Guangdong and other rich coastal provinces were able to provide millions of peasant immigrants a temporary home; and the money they sent back home kept rural China afloat.

Then, with seemingly little warning, the global financial crisis struck the Western economies. Soon, nearly one-third of factory buildings in Guangdong were empty. Eventually, Chinese began to realize that their economic miracle was tethered to the fortunes of consumer nations abroad, and the grim reality of an economic slowdown gripped the nation. What originally began as a quest for a better life, amid the poverty of the countryside, was quickly transformed. Zhang and his fellow millions now desperately are trying to hold onto what remains or tens of millions of workers, their aspirations have vanished before their eyes.

With consumers' wallets snapping shut around the world, and especially in the United States and Western Europe, how long can the rich coastal provinces keep factories humming? Can these industrial megaliths remain viable generators of the kind of wealth needed to keep rural China above water?

According to one state survey, 20 million of these born-on-the-farm internal migrant workers will find themselves jobless this year. These people have already hitched their wagons to life in the industrial centres, and there are simply not enough jobs back at home waiting for them. Party leaders in China are now pushing the idea of the "expansion of rural demands", a package of increased welfare support to agricultural communities. The plan includes an increase in funding from the national treasury into the currently broken rural health care system. Banks have been ordered to give loans to peasants, allowing them to start up their own ventures. The state also plans to employ large number of rural peasants by building highways and railways in the countryside. And, like politicians everywhere, feel-good



proposals have been floated: home-appliance companies are now being encouraged to offer cheaper televisions, air conditioners, and washing machines to the rural market.

## Peasant Victims

In December 2008, shortly before Zhang went home for the New Year holiday, he lost his job in a Guangdong toy factory. He had been the head of a small team, earning some \$10 per day. Now, back on the streets on Likai, he finds his choices limited. If he chooses the \$6 per-day job offered on the shoe factory bulletin board, his life will be more difficult. He would have to work overtime to earn enough money to support his sister's education. Still, he rules out the possibility of moving back to his hometown. "All my friends are living here in Guangdong," he says, turning to face his girlfriend next to him. "My life is here."

Yet hope is not entirely lost. Not far away, one of his uncles owns a small workshop that assembles copycat cell phones, and he has offered Zhang a position. But it pays a very low wage, and, for Zhang, it is an option of last resort. These illegal workshops and family factories often operate in violation of Chinese labour laws—they may not offer the minimum wage of approximately \$6 per day, but they do offer jobs. He shows me his fake "iPhone", which cost only \$70. "My uncle made it. Is n't it great?" he says.

After some reflection, Zhang decides to abandon Likai and seek a better job. Together with his friends—also migrants from rural Sichuan—he now lives in a slum near Guangzhou. He shares all the job leads he comes across with his friends, and enjoys the comfort of a hometown network. The group now travels together in search of work. "Relying on parents at home, relying on friends outside," Zhang says wistfully, quoting a famous Chinese saying. Last year, he weathered a three-month stint of unemployment, during which time he was supported by these friends.

But camaraderie won't solve China's burgeoning crisis. Neither rural agriculture nor urban factories will soon be able to employ the 20 million peasant immigrants who now search for work. In the near term, some may find odd jobs, or live on their meagre savings. But what will happen if things continue to worsen for another year or two—or for a decade, as was the case in neighbouring Japan? Since nobody knows when Americans will have the confidence and money to start buying new shoes or toys, the 20 million peasants in jobless limbo remain a dangerous problem for Premier Wen and other Communist Party leaders in China.

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