

INSTITUTE OF CURRENT WORLD AFFAIRS

TIDAL WAVE OF MIGRANT LABORERS IN CHINA**Part II****“200 Million Mouths Too Many”**Shanghai, China
June 1994

Mr. Peter Bird Martin
Executive Director
Institute of Current World Affairs
4 West Wheelock Street
Hanover, NH 03755 U.S.A.

Dear Peter,

The Chinese government was not revealing any secrets when it recently reported that China has been troubled by two serious and interrelated problems – surplus rural laborers and the rapid increase of the urban unemployment. Anyone who has been observing socio-economic changes in China knows that the problem of overpopulation has never been more intense than it is now.

“What is the Chinese government’s most pressing problem at present?” A Spanish journalist asked a Chinese official during a tea break in an international conference on social effects of economic reforms.

“The toughest challenge is that the country has too many ‘mouths!’” The official readily answered.

“Too many mouths? the journalist was puzzled, “you mean ...?”

“The Chinese term for ‘population’ is *renko* (人 口) – it literally means ‘people’s mouths.’” The official explained.

“When a baby is born in China,” the official continued, “people usually say that an extra mouth is added to a family.”

Cheng Li is a an ICWA fellow studying the political economy of the coast of China.

The Spanish journalist was amazed by the Chinese expression. "How many extra 'adult mouths' does China have now?" asked he.

"China has 200 million mouths too many," the official answered.

"200 million surplus laborers?!" The journalist was shocked by what he heard. "That number is five times the total population of Spain."

"Just imagine the population of five Spains without jobs!" the official replied.

Although the exact number of surplus rural laborers in China is difficult to estimate, several recent studies conducted by research institutes in the country confirmed 200 million – the number given by the Chinese official (Mingbao, Feb. 21, 1994; and Jinji cankao bao, Sept. 14, 1993, p. 4).

"Why, all of a sudden, does rural China have so many surplus laborers?" I asked a demographer from the Fudan University.

"The phenomenon of surplus agricultural workers and the shortage of arable land in China is by no means new," he answered. "It is a century-long problem. As you know, China accounts for 20 percent of the world's population, but has only 7 percent of the world's arable land. Only about a quarter of China's vast territory is arable."

But China has 900 million peasants – the number that China experts in the West have often quoted.

"Is the number of 900 million peasants accurate." I asked.

"No," the demographer answered. "The number of 900 million actually refers to the total population of rural areas before the economic reform in the 1980s."

According to the State Bureau of Statistics, since China's economic reform, 110 million peasants have changed their status by moving to urban areas. Another 105 million now live in areas which have recently become cities or townships. The actual rural population at present therefore is 797 million. This number includes 274 million children and aging people. Of the remaining 523 million laborers, only 460 million are engaged in rural work. Over 60 million are engaged in non-agricultural work. Of the total of 460 million peasants, 420 million work on grain, 14.69 million on cotton, 6.7 million on vegetables, 3.16 million on tea, fruit and silk, 1.83 million on other agricultural products. (Baokan wenzhai, Jan. 17, 1994, p. 1).

China's agriculture today does not need 460 million peasants. According to Chen Xiwen, the author of the recent book China's Rural Reform: Retrospect and Prospect, the portion of the gross national product devoted to agriculture decreased from 45.4 percent in 1950 to 19.7 percent in 1988, while rural laborers increased from 180 million in 1950 to over 400 million in 1988.

To make the situation even worse, the total number of rural laborers will increase in the years to come, because about 13 million junior rural residents join the labor force every year as they become adults. Experts estimated that the number will increase to 490 million next year and 540 million in the year 2000. But because of the structural change of Chinese economy, the portion of rural laborers in the total labor force is supposed to decrease from 57 percent at present to 45 percent in 2000. Consequently, the surplus rural laborers will reach 300 million by the end of this century (Chinese Rural Economy, April 1994, p. 8; and Rencai kaifa, No. 6, 1993, p. 7).



These terraced fields are on the mountain sides in Wanxian, Sichuan province. China accounts for 20% of the world's population, but has only 7% of the world's arable land. Only about a quarter of China's vast territory is arable. In order to fully use the arable land, peasants in this populous area have to terrace mountain slopes. One can find a similar scene in most rural areas in the country.

Inevitably, those surplus rural laborers have to migrate to urban areas to seek job opportunities. This is due in part, as a commentator of China Daily observes, to the soaring prices of fertilizers, insecticides and machinery needed for agriculture, while farmers can still fetch only relatively low prices for their goods.

The widening gap in income between different areas and trades is also a driving force. According to the State Statistics Bureau, the income of urban and town residents was 2350 yuan (\$280) last year, 12 percent greater than that of 1992, while the income of a peasant was 860 yuan (\$102), representing an increase of only 2 percent (Jiefang ribao, Nov. 23, 1993, p. 5).

Under these circumstances, the waves of the internal migration have swelled rapidly. Statistics from Sichuan, Anhui, Hunan, Hubei, Henan and Jiangxi provinces indicate that in 1982, fewer than 1 million peasants “floated” into cities. A decade later, the figure became a “tsunami” at least 24 million. As a Chinese journalist told me, in the first half of 1991, only 200,000 peasants left rural areas in Jiangxi province, but in 1993, more than 3 million followed the tide.

Mou Xinsheng, Vice Minister of Public Security, recently told the media that China now has over 80 million in a “floating population” – peasants living and working in cities without legal permits (Baokan wenzhai, May 23, 1994, p. 2). He admitted that China has never experienced such a large scale internal migration. “The Chinese government,” Mou said, “should not overlook the socio-political implications of this great internal migration.”

“What we have now witnessed about the tidal wave of migrant workers in China is only the top of the iceberg,” said Dr. Han Jun, an expert on migrant workers in the country. “Over 80 million in floating population in the past few years is only the ‘prelude’ to a migration of 300 million surplus rural laborers in the years to come.”

The crucial question for China is whether its cities are ready to absorb this huge number of laborers. Very few of the social scientists and government officials whom I recently interviewed on the subject seemed to be optimistic.

China has made rapid progress in urbanization during the past few years. Between 1988 and 1992, the number of designated cities increased from 223 to 517, with urban population growing from 135 million to 320 million (China Daily, Nov. 4, 1993, p. 1). Some scholars believe that the population of city and township has increased too fast. Great pressure has already been exerted on the country’s urban infrastructure, transportation, health care, and social stability. China’s urban areas seem to be totally unprepared for this large-scale city-bound migration.

“Just about the worst news that China can hear is that the urban unemployment rate is also increasing while millions of rural workers are migrating to the cities. But that’s the news we are getting from government reports.” A scholar from the Shanghai Academy of Social Sciences said to me.

According to Zhang Xiaojian, director of the Labour Ministry’s Employment Department, the urban unemployment rate has risen to 2.6 percent in 1993 compared to 2.4 percent in 1992. The number of unemployed during the first three quarters of 1993 exceeded the total of unemployed in the previous six years. In addition, the reemployment rate decreased from 70 percent to 20 percent. The urban unemployment total hit 4 million last year. (China Daily, Dec. 20, 1993, p. 1; Baokan wenzhai, Feb, 7, 1994, p. 1; and Shanghai Star, April 29, 1994, p. 7).

Mr. Zhang also expects urban unemployment to reach 5 million by the end of this year. This means that China’s urban jobless rate will soon reach 3 percent.

“The real figure of urban unemployment is far more than 5 million,” an official in the municipal government of Shanghai who did not want to be identified told me. “The Shanghai municipal government, for example, admits that the city has 200,000 unemployed laborers (not including jobless migrants). But everyone in Shanghai knows that even within the textile industry of Shanghai, at least 250,000 workers actually lost their jobs in the last two years.”

“About 90 percent of textile factories in Shanghai have recently shut down,” the official continued.

I was surprised to hear this. The textile industry is one of the main industrial sectors in Shanghai. “What happened to these textile factories?” I asked.

“These textile factories were faced with all kinds of problems – the shortage of cotton and other resources, insufficient capital, poor management, increased competition etc.,” the official told me.



*“Job Opening!”
Several migrant workers are looking at an announcement for a job opening as it is posted on the street wall in Pudong, Shanghai. Thousands of migrants have flooded into Pudong since it became the new economic zone a few years ago. Many migrants, however, can not find jobs.*

The output of cotton in the country decreased from 6.5 million tons in 1991 to 4.5 million tons in 1992 and 4 million tons in 1993. In the first quarter of this year the output of cotton decreased an additional 2.4 percent and cotton cloth production decreased 6 percent. As a result, the price of cotton doubled during the past six months. According to China’s Association of Textile Industries, over 50 percent of China’s textile factories suffered heavy losses in the first three months of this year (Cankao xiaoxi, May 27, 1994, p. 8).

“We could not compete with our counterparts in rural industries,” the manager of a textile factory whom I interviewed in Shanghai said. “Although the textile factories in rural areas have also suffered from the increase in cotton prices, they usually have better access to resources and can hire cheap laborers. They are also more flexible in exporting products.”

China’s textile industry is not the only one which has heavy deficits. According to an influential Chinese newspaper, 80 percent of China’s state-owned industrial enterprises currently have hidden deficits (Yatai jingji shibao, Dec. 9, 1993, p. 4). The Chinese government has admitted that one-third of state-owned enterprises have overt deficits, another one-third have covert deficits.



Migrants are waiting for jobs on the street near the Housekeeper Service Center of Beijing. Since its founding in 1983, the center helped altogether 60,000 rural girls find jobs as housekeepers for Beijing residents. But the center now finds it difficult to help many new arrivals. In all the metropolitan cities I recently visited, for example, Beijing, Wuhan, Chongqing, and Chengdu, I always saw a large number of migrant workers on the streets were waiting for jobs.

These enterprises often lay off employees or persuade many middle-aged workers (in their mid-40s) to take early retirement. Many workers are ordered to stay at home waiting for a job. The government uses a new term, 'off-post' (*xiagang*), to refer to those "job-waiting" workers. "Off-post" workers receive about 30 percent of their regular salaries.

The Chinese government does not give any indication on how many "off post" workers China has now. According to the official Federation of China's Workers, , some State-owned enterprises only exist in name. About 7 million workers live in poverty, because of China's insufficient bankruptcy law and lack of a social welfare system (Baokan wenzhai, March 21, 94, p. 2). A Chinese official magazine estimated that China's State-owned enterprises have 25 million "urban surplus laborers" (Juece tansuo, No. 7, 1993, p. 26).

I suspect that the real number of “off-post” workers must be an embarrassment to the authorities. Some of my middle-school classmates in Shanghai are “off post.” In early May, I went to a wedding banquet for a relative of mine. Of the 11 people at my table, three were “off-post.”



The Beijing municipal government recently banned the “illegallabor market.” This billboard in a street of Chongwenmen where the job market was located states: “The illegal labor market has been banned. All those who are involved in illegal labor market will be punished.” Despite the government ban, several migrants besides the billboard are exchanging information about job opportunities.

Mr. Zhang Xueren is a good friend of mine. He worked in a machinery factory in Shanghai for 15 years before he was asked to be “off-post” seven months ago. His factory could not give him even 30 percent of his regular salary. In addition, his 19-year old son also lost his job in a joint-venture restaurant where he had worked for almost a year. Zhang’s family, including two aging parents, all depends on Zhang’s wife who works as a janitor in a factory and earns 400 yuan (\$48) a month.

Last week I invited Zhang’s family to a restaurant for dinner. It was not a fancy restaurant, but looked nice and clean. I found that my friend was very nervous when we sat down and started to order dishes. He asked his wife and son to go to the rest room and then said to me: “Don’t let them see the menu or the bill. They will be upset if they know a meal like this is almost equal to our family’s entire monthly income.”

I promised him that I would not let them know how much I spent on the dinner. To be honest, I had no appetite for the meal after hearing his words. I was beset with mixed feelings – a sense of guilt, sympathy for my friend, and worry for the family’s future. I suddenly realized why many urban workers I saw in Shanghai and other places were upset with the current situation in the country.

It has recently become a common phenomenon that State-owned enterprises

are not able to pay salaries to their employees on time. Zhu Rongji, the Politburo Standing Committee member who is in charge of China's economy, recently made a trip to Heilongjiang, Jilin, Liaoning, Henan, and Hubei provinces where a great many State-owned enterprises are located. Many enterprises there have been behind in payment. Zhu said during the trip: "it is imperative to make a thorough survey of the enterprises, help them solve their problems, deepen their reform, and transform their operating procedures." (Shanghai Star, May 24, 1994, p. 11).

Zhu also dismissed several top provincial officials for their incompetency in dealing with the rise in the unemployment rate and other problems. The Disciplinary Committee of the Chinese Communist Party issued new regulations in early May of this year, stating that no county or municipal government could purchase cars if the local government is behind in paying salaries for its employees. Those local governments which had purchased cars should sell them and use the money to pay their employees' salaries.

One of my forthcoming newsletters will deal specifically with problems concerning the transformation of State-owned enterprises. A brief discussion of urban unemployment can help us, I hope, understand the challenge of surplus rural laborers in a wider perspective. Millions of migrant workers have deepened the problems of urban unemployment. The Chinese government seems not to have any effective measures to cope with these two integrated problems.

The vast internal migration in China has caused or aggravated many other problems in the country. Public health care, for example, is an area that has been severely affected. The inadequacy of China's medical insurance system, the lack of resources in urban areas, the spread of contagious disease, and the difficulty that the government has experienced in making birth control effective have all become acute under the pressure of the large scale migration.

Since the early 1950s, China has implemented three forms of medical insurance. The first, *laobao* (labor insurance), is for permanent workers of State-owned industrial enterprises. People covered by this insurance don't need to pay anything for their medical care. Their immediate family members are also covered, although they need to pay half of the fees. The second, *gongfei* (public health services), is for clerks of government offices. Like employees of State-owned industrial enterprises, they pay nothing for medical care. But their family members are not covered by insurance.

The third, *hezuo yiliao* (cooperative medical service), is primarily for peasants in the countryside, small business people and employees of cooperative firms in the cities. This form of medical insurance covers only a small portion of medical fees. People under this form of medical insurance can get free medicine from the local medical care station if they have any trivial health problem. But they can get almost nothing if they are seriously ill. For example, if a peasant is hospitalized, the maximum reimbursement that the peasant can receive will be 100 yuan (\$12).

Migrant laborers are not considered permanent employees of State-owned enterprises. In addition, they can not benefit from cooperative medical service since they have left the countryside. Although some firms which hire migrant laborers provide them with limited medical insurance, a majority of migrant workers are actually not covered by any kind of medical insurance.

Several weeks ago, I saw a young girl crying and burning joss sticks before the statue of Buddha at a temple in Shanghai. I asked her why she was crying so sadly .

“My brother is in the hospital and he will undergo a stomach operation. I am praying Buddha to help him – that the operation be successful, but not too expensive,” she said.

She and her brother came to Shanghai from Anhui about a year ago. She worked as a maid and her brother as a construction worker. Her brother got a gastric ulcer because of the excessive workload. The young girl told me that her brother had not been willing to spend much money for standard medical treatment. Instead, he purchased some “pills” from a street peddler. But, as a doctor later told her, those pills were the phony medicines which actually caused her brother to have a massive gastric hemorrhage.

“The hospital asked us to pay 10,000 yuan (\$1,200) as a deposit for the operation. This is double the total amount of money that my brother and I have earned since we have been in Shanghai,” she wept.

“Many of the Anhui natives here have kindly lent us money. But, as you know, 10,000 yuan is just the deposit. Only Buddha knows how much money the hospital will eventually charge us!”

Only about 110 million people, 10 percent of China’s population or 25 percent of the entire labor force, benefit from medical insurance at present. This is one of the reasons that the fake medicine found its way to market. According to a recent report published by a Chinese official newspaper, from 1985 to 1991, China found 45,600 cases of fake medicines. The number increased over years, from 11,000 cases in 1985, to 13,650 cases in 1990, to over 15,000 cases in 1991 (Jiankang Daily, May 16, 1992, and Nov. 19, 1994). As a vulnerable socio-economic group, migrant workers are usually victims of phony medicines.

“I am not concerned about fake medicines as much as about poor resources in the cities,” an environment scientist whom I interviewed in Shanghai commented.

“The growing population has strained city resources and caused more pollution,” he said. “But the municipal government seems not to be really aware of the potential environmental crisis.”

“Potential environmental crisis?” I asked him to explain.

“Let me use water as an example,” he said. “The Shanghai Tap Water Company predicts that the daily demand for tap water will reach a record 5.3 million tons this summer, while the company can only produce about 5 million. This means that people in Shanghai have to use 300,000 tons of ‘unclean water’ every day.

“At the same time,” he continued, “the sewage disposal system in Shanghai is absolutely incapable of handling the rapid increase in domestic sewage. About two million migrant workers have been added to the population of the city in recent years, but Shanghai’s sewage disposal capacity has not increased correspondingly.”

In a recent study of China’s internal migration and environment problems, two researchers found that about 80 percent of domestic sewage in Shanghai is dumped into the Huangpu River without treatment (Tian Fan and Zhang Dongliang, A New

Exploration of China's Population Migration, p. 305).

"I am worried that a massive epidemic of hepatitis A, similar to the one which occurred in Shanghai in 1988, will happen again," the environment scientist said. During the 1988 epidemic, about 600,000 people in Shanghai caught hepatitis A mainly by drinking polluted water. The city was almost paralyzed for a few months.



Street food vendors, or what people in Shanghai call "paidang," have recently become very popular in all cities in China. Most of the customers of these paidang are migrant workers. Some of these paidang sometimes sell unhealthy and spoiled food. They often fail sanitary inspections.

"The municipal government," the environment scientist concluded, "should make great efforts to improve the living conditions of city residents, especially those of migrant workers."

The massive internal migration has also significantly affected birth control in the country. For over two decades, every family in China has been allowed to have only one child. Local officials have been closely watching the effectiveness of "the one

child policy.” But birth control is practically impossible to enforce among migrant workers. Some couples come to urban areas in order to avoid birth control in their native villages. They have a female baby, but they still want a son. Many have two children or more. A newly-wed couple migrated to Amoy nine years ago and now they have nine children! (Renkou yanjiu, No. 5, 1992, p. 42).

According to a recent survey conducted in Shanghai, over 60 percent of migrant workers want to have two children. Unplanned childbirth among the floating population is 30 times higher than that of Shanghai residents (Jiefang Daily, March 27, 1994, p. 10).

Some urban officials are aware of this problem and want to adopt effective methods to control the birth rate of migrant workers. But when they do so, the migrant workers just float to other places.

“My wife and I will move repeatedly until we have a male baby,” a migrant worker from Shandong told a reporter of a Shanghai newspaper (Xinmin wenbao, April 7, 1989).



Migrant workers are having lunch at a construction site in a street of Chongqing.



A pregnant woman and a woman with a small child, as well as their relatives in Anhui, will soon join the “floating population” as they are waiting for a east-bound train to Shanghai. Birth control is practically impossible to enforce among migrant workers.

Migrant workers could move freely from one city to another, but they might not always find jobs. In all the metropolitan cities I recently visited, for example, Beijing, Wuhan, Chongqing, and Chengdu, I always saw a large number of migrant workers waiting for jobs on the streets.

“I came here hoping that I could find a job and a better life,” a migrant laborer from Hunan whom I met in Wuhan said to me. “Instead, I found a lot of other people looking for the same thing here. I have waited here for a week but no one wants to hire me, even for a temporary job.”

Under these circumstances, many female migrants have to become “Karaoke singers,” “night club escorts,” and “message girls.” From the middle of September to the end of October 1993, Guangdong province, for example, closed 2,683 brothels, massage clubs, and other illegal businesses. Over 31,000 women who had worked in these places were not allowed to continue their jobs. Most of these women were migrants and over 6,600 were sent back to their native regions. (Wenzhai bao, Nov. 28, 1993, p. 3.)

Frustration among migrant laborers due to the shortage of jobs is also thought to be one major reason for the increase in crimes committed by migrants in the urban areas. According to statistics provided by the Ministry of Public Security, China’s crime rate increased 6 percent annually during the past ten years. Serious crimes increased as much as 18 percent annually. In 1992, about 1,540,000 crimes were reported in the country. A significant number of these crimes were committed by migrants. In Shanghai, Beijing, and Tianjin, migrants committed 50 percent of crimes; in Guangzhou and Shenzhen, over 80 percent (Baokan wenzhai, May 23, 1994, p. 2).

In Shanghai’s Pudong District, the crimes committed by migrants increased from 33 percent in 1988 to 52 percent in 1991 and 70 percent in 1993. These crimes were usually committed by groups rather than by single individuals. For instance, about 60 percent crimes by migrants in Beijing during 1991 were group crimes (Renkou yu jingji, No. 4, 1993, p. 37).

The rapid increase in the crimes perpetrated by migrants also leads to the

increase in city residents' hatred-related crimes against migrants.

"Everyone in Guangzhou is sick of the drifters." A Cantonese woman said to a Western reporter. "They are rascals. They come with hardly any money, are dirty, and don't have any skills. If they don't find work, they start begging or stealing. They are the reason crime is so bad." (South China Morning Post Magazine, Dec. 12, 1993, p. 23).

Local governments in major cities have recently adopted some measures to constrain what they called the "reckless flow of job-seeking farmers (*mangliu*)." Earlier this year, the Shanghai municipal government issued a year-long and renewable "blue card" (*wugongzheng*) system to permit migrant laborers to work in the city. This new measure intends to make it more difficult for those who don't have "blue cards" to work in Shanghai. Some officials in major cities have advocated that local governments should adopt a more restrictive policy to limit the flow of migrant laborers.



A policeman is giving a lecture to migrant workers. The contrast between arrogant policemen and intimidated migrants is obvious on their faces. [Li Jin/Human Resource Development of China]

A large number of people whom I interviewed, however, believe that this large scale internal migration reflects socio-economic progress in the country. "The implication of China's tidal wave of migrant laborers," a professor of Chongqing University said to me, "lies in the impulse not only to reduce the segregation between rural and urban areas that was institutionalized during the Mao era, but also to narrow

the widening gap between rich and poor regions under Deng.”

According to Xie Shijie, Party Secretary of Sichuan province, Sichuan has at least 5 million people working outside the province at present. These migrant workers have sent at least 5 billion yuan (\$574 million) back to the province each year. They have greatly contributed to the Sichuan economy. In 1992, migrant workers from Anhui made 7.5 billion yuan (\$862 million), 2 billion yuan (\$230 million) more than the province's annual financial revenue. (Baokan wenzhai, April 14, 1994, p. 1; and China Daily, May 21, 1994, p. 4).

Migrant workers not only sent money back home, but also brought the technical and managerial skills that they learned in the urban areas to their native regions. In Fuyang, Anhui province's largest region of surplus laborers, migrant laborers who have returned home established over 700 rural industries with the skills and capital they had acquired in Shanghai and other cities. They have also established joint ventures with large enterprises in Shanghai.

Alan Liu, political science professor at the University of California at Santa Barbara, believes that the most intriguing significance of the floating population in the PRC is its constructive effects on China's national integration, especially the economic interdependence between different regions.

Professor Liu criticizes the Chinese government's tendency to constrain the mobility of migrant workers. In his view, “to the inarticulate and poorly educated rural migrants of China, their mobility is equivalent to Chinese intellectuals' stress on free speech and human rights.”

What the Chinese government should do, as Alan Liu and other experts on China's internal migration have argued, is to create more job opportunities, either in cities or towns, for surplus rural laborers. They suggest that the Chinese government should adopt the following measures to deal with surplus rural laborers and the growth of urban unemployment:

- encourage rural township enterprises to create more job opportunities within the rural areas;
- extend small-size cities and help peasants pursue permanent residence there;
- set up a unified labor market composed of job information centers that help surplus laborers locate work;
- initiate labor-intensive projects to explore more arable land, to consolidate water and soil conservation, to construct more railways and highways;
- encourage the development of the service sector in China's economy (the service sector only accounts for 13 percent of China's labor force and experts estimate that if the percentage increases to 30 percent by the year 2000, 120 million jobs will be created);
- promote adult education and enhance the quality of the labor force;
- promote both labor-intensive, traditional handicraft industries and technology-intensive, new industries.

Like many other scholars in the study of China's population problems and labor policies, Tian Fan and Zhang Dongliang believe that the rapid development of rural township enterprises may provide a solution for China's surplus laborers. Some scholars

call rural township enterprises the “reservoirs of surplus rural labor.”

In 1978, there were 1,524,000 rural township enterprises, which hired 28,262,000 laborers in the country. By the end of 1992, the total number of China’s rural township enterprises reached 20,779,000. The number of laborers was 105,810,000, an increase of 274 percent than that of 1978. In other words, rural township enterprises have absorbed over 77 million peasants into rural industries (Chen Xiwen, China’s Rural Reform: Retrospect and Prospect, p. 78).

One of my forthcoming newsletters will primarily discuss the fascinating development of rural township enterprises in Jiangsu province and its socio-political and economic implications. The boom of rural township enterprises indeed reflects one of the greatest changes in post-Mao China.



One of the greatest changes in post-Mao China is the boom of rural township enterprises. Modern factories and other facilities are set up in the previously rural areas. The rapid development of rural township enterprises may provide a solution for China’s surplus laborers. Some scholars call rural township enterprises the “reservoirs of surplus rural labor.”

This scene is in the suburb of Zhangjiagang, Jiangsu Province. One of my forthcoming newsletters will tell you about my trip to this fascinating place – the “land of promise.”

It would be a mistake, however, to assume that rural township enterprises are unlimited “labor reservoirs,” which could employ 200 million surplus laborers. Many recent studies indicate that, although rural township enterprises continued to develop

rapidly from the end of the 1980s, they did not necessarily create new jobs. This situation will not change unless a large amount of capital is poured into rural township enterprises (Juece tansuo, No. 7, 1993, p. 26).

Although some of the measures listed above may be helpful in reducing the pressure of surplus rural laborers and the increase of urban unemployment, there are no easy solutions to these two problems. Zhu Rongji, a Chinese top leader, recently said to the media: "agriculture and State enterprises are the keys to developing a healthy economy and maintaining a stable society." (Shanghai Star, May 24, 1994, p. 11). Unfortunately, both these key areas have been beset with serious difficulties.

"These two problems are like time bombs," a 66-year-old retired school teacher with whom I had a chat in Wuhan said. "These problems can be contained now as China has continuously had a good grain harvest for the past few years and the Chinese economy generally grows well. But who knows what will happen if rural China experiences a famine, or if urban China suffers another major unemployment hit, or if the Chinese government deliberates too long in establishing a responsive social welfare system, or if a large number of State-owned enterprises are unable to pay their employees, or if Chinese top politicians adopt some radical policies towards population problems as Mao did during his era, or if ..."

The man kept adding hypothetic conditions to his "list of ifs." I think his concerns are justified. I myself feel great anxiety about my native land where 200 million people remain "surplus" or "floating."

Sincerely



Cheng Li 李成

No. 5, Lane 570
Chang Le Road
Shanghai, 200040, China
Fax No.: 86-21-2474947

Titles of *Letters from China* by the author:

- CL-1 LEAVING HOME TO GO HOME
- CL-2 "THE COLOR OF MONEY": SHANGHAI IMPRESSIONS
- CL-3-5 CHINA'S FALSITIES & CHINA'S FUTURE
 - Part I "Calling Things by Their Real Names"
 - Part II "Daxing: A Most Frequently Used Idiom in Shanghai"
 - Part III "Political Forecast: A Little Knowledge Is A Dangerous Thing"
- CL-6-7 CHINA'S "YUPPIE CORPS"
 - Part I Conversation with A Chinese Technocrat
 - Part II College Networks of the "Best and the Brightest"
- CL-8 TECHNO-NATIONALISM VS TECHNO-GLOBALISM
- CL-9-10 TIDAL WAVE OF MIGRANT WORKERS IN CHINA
 - Part I "94ers: Eastward Ho!"
 - Part II "200 Million Mouths Too Many"