

Senate Democratic Policy Committee Hearing

“Do China’s Abusive Labor Practices Encourage Outsourcing and Drive Down American Wages?”

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Respectful members of the Congress:

My name is Ciping Huang. I am the executive director of Wei Jingsheng Foundation, a non-profit organization that emphasizes democratic elements for China, including workers' rights. I am also the Secretary General of Overseas Chinese Democracy Coalition, a world wide Chinese human rights and democracy organization. Thank you for giving me this chance to talk about Chinese workers' miserable condition, in supporting the section 301 petition filed by the AFL-CIO.

I have confidence that our Chinese workers, including the migrant peasant workers, back in my homeland, will appreciate this opportunity for the outside world to know their suffering, and thus might be a chance for some improvement. As the organization that has promoted Chinese workers' rights for years, it is our duty to turn the world’s attention to the welfare of the Chinese workers and to support and educate our fellow Chinese workers in our homeland. I thank you for allowing me to speak on their behalf.

Current Status of China's Workers

There are more than 750 million workers in China. China's 2002 census showed approximately 160 million in manufacturing and mining, nearly 12 times the manufacturing workforce in the United States.

China has approximately 780 million peasants. Between 180 and 350 million are estimated to be "excessive" or in "dire poverty" and available for urban employment. Ten to twenty million will enter the nonagricultural workforce each year during the next two decades.

The workers of China are grossly underpaid and lack basic protections, such as a pension and health insurance. China's export workers earn pitifully low wages -- as little as 15 to 30 cents per hour - and receive brutal treatment. Some had to work up to 12-16 hours a day, 7 days a week. They do not enjoy many safety nets taken for granted by the U.S. workers, such as Social Security, pension funds, Medicare and Medicaid. In fact, many workers of Chinese state-owned enterprises were laid off when they were still in their

prime ages, such as late 40's and early 50's (for women, it starts at age of 35), and dumped into an already overly crowded and poorly protected society.

Even the workers who stay on their jobs are earning meager wages that may be withheld or unpaid altogether. The factories are sweltering, dusty, and damp. Workers are fully exposed to chemical toxins and hazardous machines, and suffer sickness, disfiguration, and death at the highest rates in world history. China's unremitting repression of labor rights robs China's workers of wages, health, and dignity.

China's factory workers have not received much wage advantage, even though productivity has risen dramatically. Even though, their wages are often suppressed by nonsense penalties and excuses, or simply not paid at the owners/managers' will with or without excuses. There is no competitive labor market, let alone rights of unionization, to ensure that workers' earnings grow with their productivity.

With various mechanisms for artificially suppressing workers' bargaining power, Chinese factory workers live under conditions that neutral researchers (and Chinese officials themselves) describe as "bestial," "horrific," and "abominable." Their rights of freedom, rights of association and unionization have all taken away by the suppressive government. Yet, what had happened to them often does not even fit China's own labor law. Nevertheless, the Chinese government turns a blind eye on it, systematically and purposefully.

Laid-off Workers

In 2003, there were over 30 million laid-off workers in the cities all over China, affecting direct family members of over 100 million. Many of the workers were laid off because their factories were sold to private owners, who usually have business interests with officials in charge of the selling-out. Since the new owners often have "official background", they usually took over the factories for much less than the real value, laid off older workers and provided very little compensation to those being laid-off.

In July 2003, a factory in Kaifeng, Henan was sold to private owners. The true value of the factory was estimated to be at least 10 million Yuan. It was sold for 950 thousand Yuan. Worse yet, the new owner paid only 150 thousand Yuan and used the 800 thousand Yuan that should have been paid to compensate laid-off workers as the purchasing payment.

In November 2003, over 7,000 workers from an auto part manufacture plant in XiangYang, Hubei went to the streets to demonstrate against a private buyout of their plant. The workers protested that many of them would be laid off with little compensation and the others' salary and benefit would be cut significantly after the takeover.

The life of laid-off workers is very hard. Many of them could not afford basic food and clothing. On Oct. 1, 2003, the Chinese National Day, a laid-off worker from Hubei, Mr. Yang, PeiQuan, poured gasoline on himself and ignited himself in Beijing's Tiananmen Square. He had tried every way to live by asking help from all levels of government agencies, but he finally lost any hope and chose suicide as a form of protest.

The Life of Migrant Workers

China further reduces labor costs by a system of government-engineered labor exploitation on a scale that is unmatched in the present global economy. China's comprehensive regimentation of its young migrant factory workers uses internal pass controls that prevent workers from moving their permanent residence from impoverished villages to factory towns and cities and turn ordinary workers into highly exploitable outcasts in their own country.

There are over 100 million migrant workers in Chinese cities nowadays. These migrant workers are almost all from poor places in the countryside and thus they are also called "peasant workers". They do the hardest and dirtiest jobs in the cities, yet they are treated as second-class citizens and live at the lowest level of the metropolitan community.

Migrant workers usually work under unsafe or even toxic conditions, with much less and even no welfare at all. According to the official statistics in 2003, there were 25 million migrant workers working without any protection at places where toxic air and/or excessive dust were constantly present. Each year, there were more than 10 thousand accidents of being poisoned at work associated with countless injury and death. In the summer of 2003, over 30 migrant workers from the city of ShaoXing, Zhejiang died from working long hours outdoors in extremely hot weather.

Migrant workers usually work long hours with very low pay. Yet their pay is often delayed or even unpaid for many months or years. A migrant worker at a restaurant in Baotou, a big city of Inner Mongolia, worked over 12 hours everyday and was paid only 150 Yuan per month. An official report revealed that the amount of unpaid salary to migrant workers was as much as 10 billion Yuan in the entire country as of 2003. This means that an average of 1000 Yuan was unpaid for each migrant worker, which is very significant for many who came from the poor countryside where annual house income was less than 2000 Yuan.

Suffering from unpaid wages, unfair treatment, and extreme poverty, tragedies happened often to workers who ask for unpaid salary and were refused. Among these, Mr. Li, ZiHao from Henan tried to commit suicide by cremating himself in January 2004; Mr. Hu, WeiGuo from Hubei jumped off from a high building in Beijing one day after the New Year of 2004; and Mr. Xu, DianPin from Heilongjiang, was beaten and severely injured by his employer in December 2003. An official report pointed out that there were over 100 suicides involving unpaid migrant workers in the Pearl River delta region during 2003.

The migrant workers have very little help from the government and there is no independent labor union to protect their rights. As a result, their rights are often severely violated and they have no place to go for justice. Migrant workers are required to pay for a "temporary residence card" in order to stay in the cities they work. Like South Africa in its past, these workers are discriminated against. Their children have trouble getting into schools. (They are usually asked to pay more, and many were rejected for admission.) Young girls were locked up in the factories during the days and in their dorms in the nights. When a fire broke out, dozens -- even hundreds -- died because they were unable to escape from behind the locked doors. These migrant workers also are the most likely victims of the government's repatriation program, which has produced many wrongful treatments even deaths and was only cancelled recently after major public outcries.

Worker's Health and Safety

2003 is one of the worst years for worker's health and safety. One government report revealed that accidents and deaths at work increased by 16% over 2002. There were 132,830 deaths from January to October 2003. The sad fact is that most of the accidents could be avoided if proper health and safety measures were taken.

One of the worst accidents was the explosion of a natural gas well in Kaixian, Chongqing on December 23, 2003. Because low quality drilling mud was used during drilling and unqualified technical personnel was unable to control the accident at an early stage, over a thousand people were killed during the accident (mostly by hydrogen sulfide gas poisoning) and more than ten thousand people were injured.

The death rate from underground coalmines remains higher in China than in the rest of the world. It is estimated that at least 5000 miners die from underground accidents each year.

According to a Shanxi government report, there were 153 coalmine accidents in the province during 2003, which left 496 people dead. Among these, a single underground gas explosion accident claimed 62 lives at Xiaoyi city coalmine on March 22. The owner of the coalmine was informed many times that the health and safety measures at the mine were out of date and that production should be stopped until improvements had been made. The warnings were, however, ignored and the workers were ordered to continue working.

In other cases, 48 people were killed in an underground explosion accident at Jianxi Coalmine in Jiangxi on November 14, 2003. An accident at the JiXi coalmine of Heilongjiang on February 23, 2004 killed 32 -- with 5 missing; an underground explosion at the Wangjiazhai coalmine in Guizhou that took 24 lives -- with 2 missing.

The Labor Movement in China

China's manufacturing workers are not permitted to organize independent unions to defend their basic rights and raise their wages. They are not permitted to strike. The full force of state terror - beatings, imprisonment, psychiatric internment, and torture -- is deployed against workers' attempts to exercise their right of association.

On one hand, the Chinese government-controlled media did all they could to cover up and not report workers protests around the country. It is believed that thousands of workers protests have taken place annually. On the other hand, the Chinese government continues its harsh treatment of self-organized workers.

Over 20 laid-off workers were arrested during a protest staged in Suizhou, Hubei in February 2004. A laid-off worker from XiuShui, JiangXi, Mr. Xu, Gao Jin, was jailed for 4 months and held under house arrest for 6 months because he established a Laid-off Workers Association that tried to get local laid-off workers together to help each other.

In May 2003, after over 13 months of detention (which is illegal by the government's own law), the 2 laid-off worker leaders from Liaoyan, Liaoning, Mr. Yao, FuXin and Mr. Xiao, YunLiang, were sentenced 7- and 4-year prison terms by the Chinese government. Recent report revealed that their treatment in JinZhou Prison was very harsh and their health had deteriorated significantly. Yet the government repeatedly refused their appeals for an "out of prison treatment".

Effects on Workers of the World

If the workers' rights of one-quarter of the world's workforce are radically suppressed - as they in fact are, in China -- then labor conditions for the world's unskilled and semiskilled workers are worsened; domestic and global demand is depressed; excess productive capacity is created; and a path of inequitable, unsustainable development is promoted.

And when the fundamental right of association is denied, a crucial pillar of democratic governance is lost. The right to form autonomous associations in civil society is a precondition to resisting state tyranny and to mobilizing citizens for participation in pluralist political institutions. In recent years, autonomous worker organizations helped democratize such countries as South Africa, Brazil, Poland, and South Korea - a fact that is not lost on leaders of the Chinese autocracy.

By lowering wages by between 47 and 85 percent, as calculated by experts in the field, China's labor repression diverts millions of manufacturing jobs from countries where labor rights are not so comprehensively denied, increasing unemployment and poverty among workers in developed and developing countries. Highly conservative methodologies show that China's labor repression displaces hundreds of thousands of manufacturing jobs in the United States alone. However, the real extended cost of unemployment could be in millions. Safeguarding the human rights of

China's factory workers is a common interest of workers in all countries, as well as fair business competition.

Please understand that the Chinese government has successfully created an "unfair trade" under the umbrella of "free trade". Although they entered the WTO, they do not carry out what they should have done, but instead use it for their own advantage. This includes exporting to the U.S. market while still controlling and restricting the import of American goods.

We support the AFL-CIO to file this section 301 petition, because we believe this is important to the welfare of both American workers, as well as millions of Chinese workers and their human rights, including rights of unionization to protect their own interest. This is also an opportunity to eliminate an unfair business environment against US companies. And in the long run, it is an action for a real globalization -- an equal, fair and democratic society.

Thank you very much for your attention.