

# **Give it or we leave it: migrant workers' quest for higher legal minimum wages**

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This article looks at a workers initiative in Shenzhen which aimed to lobby the local authorities to increase the minimum wage standards for 2006. It provides a good example of the growing number of well organized, pro-active and spontaneous movements formed by the workers themselves in response to legislative developments or related decision-making by the authorities. It is based on numerous interviews as well as Chinese media sources.

## **Prices rising and rising**

On a hot summer evening, workers gathered outside a shopping mall in Longgan District, Shenzhen. They chatted about everyday life and the main topic is as usual the hottest topic of the last few months — their fear of inflation and the lack of wage increases [adjustments] this year.

Back in March 2007, the Guangdong provincial labour and social security ministry announced that except for Shenzhen city, other cities in the province would not adjust their legal minimum wages for 2007. For Shenzhen, a city estimated to contain some seven million migrant workers, the legal minimum wage is - as is common all over China — also the maximum wage for most migrants and many migrant workers are increasingly nervous about what the city's labour and social security bureau would rule. In June, the spokesperson of the bureau clarified that that "increasing, decreasing and even maintaining the same level of wages are all considered as adjustments of wages". Given these announcements most workers are increasingly worried about the lack of wage adjustments.

"In the past year, we feel the pressure of inflation much much more than usual." many workers commented. Workers keep track of prices; for example stating that, "rice used to be 2.6 Yuan per kg, now it is 3.6 Yuan"; "Pork cost 9 Yuan per kg and now it is more than 20 Yuan". "We could feed ourselves with 200 Yuan per month, but now it has gone up to 400 Yuan, even the price of instant noodles has increased by 20 percent". Everything has gone up and making ends meet has become the top priority of most workers.

The Shenzhen's stock market grew by 109.82 percent in 2006, its property market in March 2007 was 12.6 percent higher than March 2006 and the number of millionaires in Shenzhen alone was estimated at around 1,000. The city's speculators and shareholders are becoming steadily richer. However, for the bigger proportion of the local population, whose sole income is their wages, the situation looks grimmer than ever.

## **The workers have it all? The minimum wage versus the average wage**

In the summer of 2006, the local and international media gave a great deal of coverage to the news that Shenzhen and other cities in and around the Pearl River Delta had increased their legal minimum wages. Stories abounded (and continue to do so) of companies facing workers who claimed too much and wages that were driving them out of business - it appeared that the workers had it all. For example, the official wages in the Longgan District rose from 580 Yuan in 2005 to 700 Yuan in

2006, an “impressive” pay rise of 20.69%. It may sound appealing but if one looks more closely then the impact fades.

Shenzhen’s “average employees” wages were estimated at 2,706 Yuan and 2,925 Yuan in 2005 and 2006 respectively. While most of the migrant workers are paid the legal minimum wages, urban residents both white-collar, professional and other blue collar workers are earning a much higher wages and therefore push the average wages of the city up to four times higher than the legal minimum wage. However, migrant workers and urban residents are all living in the same city, pay the same price in supermarkets and therefore, one can imagine how difficult it is for a low-income group to live alongside their richer fellow citizens in one of China’s more expensive cities.

Additionally, many workers report that they receive wages lower than the legal minimum wages. Many migrants in the area are paid according to a piece-rate system while others work for employers who simply ignore the legal minimum wage. Workers’ pay is highly affected by orders and company contracts - at peak season and with long hours of overtime, they may earn around about 1,000 Yuan but during low season they can earn much lower, around 700 Yuan.

### **Workers start campaigning**

Realizing that the authorities may not increase their wages this year and knowing that they would suffer by such a decision, workers decided that they could not just sit there and wait for a disappointing answer. They all felt the call to “do something”.

One worker drafted a petition letter entitled “An increase in the minimum wages is the workers’ urgent demand”, signed by “a group of migrant workers”. The letter was then sent to several news agencies in Shenzhen. Workers voluntarily signed their names and wrote down the wages they received next to their names on the back of the letter. In the space of a few days, they collected over 100 signatures.

Excerpts from the letter include; “We have been talking about the minimum wages, it hasn’t gone up this year. We have a very difficult life and are emotionally hurt by this (the news of not raising wages)... we need to voice out to the government and society, we think the wages have to go up by not less than 20 percent”.

“Statistics showed that the consumers’ index has increased by 4.4 percent in June 2007, when compared with the same period last year. For food and rent, the increase is more than 10 percent... if our wages remain the same or are reduced, how can we support our families? How can we save money? If we can’t support our families and save money, then what is the point of working here?”

### **So what should be a reasonable level for a legal minimum wage?**

In April 2006, the ministry of Commerce published an article on the “Provisions on Minimum Wages” stating that “it is universally considered that the monthly minimum wage is equivalent to 40-60% of the average monthly wage” [\[1\]](#) and this is exactly what the workers are lobbying the government to adopt. If the average wage in Shenzhen in 2006 is 2,925 Yuan, then the legal minimum wage should be between 1,170 and 1,755 Yuan. In other words, 700 Yuan is simply too low by generally accepted standards - even if those standards appear to be gaining ground in the Ministry of commerce. [\[2\]](#)

The letter continues; “Last year, the Shenzhen government reportedly held a consultation session while re-examining the legal minimum wages. Maybe it had invited workers representatives to join, but none of us knew about it and we have no knowledge as to how the minimum wage was decided. The setting of the minimum wage is genuinely important to workers and we urge the government to listen more to our voices. The government feels panic when investors threaten to move their capital

elsewhere. But has it thought about a scenario where workers could not make ends-meet and decide to leave the city to do farm work at home or look for jobs in other cities?... We hope the government will take our demand seriously and hold an open and transparent hearing to communicate more with us”.

The workers’ demands are supported by domestic academics and sociologists. For example, assistant professor Liu Yang from Shenzhen University’s law faculty was reported as saying that the high inflation rates should not be ignored and even if other cities in Guangdong would not offer a pay rise, Shenzhen should be “people-oriented”, and give a reasonable adjustment in accordance with current price levels of food and accommodation.

Indeed the Ministry of Labour and Social Security released a “Notice on further enhancement of legal minimum wages” on 12 June 2007, commenting that “each region should adjust its legal minimum wages from time to time, to ensure that inflation has not undercut the legal minimum wages and in order to increase the wages steadily along with the economic growth and let ordinary workers enjoy the benefit of the growth”. [3]

The Shenzhen government is worrying that an increase in the legal minimum wage would cause a mass withdrawal of capital. However, Shenzhen is currently in the grips of a labour shortage of around 300,000 workers in the first quarter of 2007. Without better pay and other benefits, workers, especially the young and skilled ones, would certainly go somewhere else. [4] Indeed many workers have already moved to the Yangtze River Delta, where they think wages are higher. [5]

### **A problematic adjustment**

On 8 October 2007, the Shenzhen municipal government finally announced a new rise in the legal minimum wage which would start from 1 October 2007 and run until 30 June 2008. For the special economic zone, the wages was raised from 810 to 850 Yuan; for districts outside the SEZ, wages were set at 750 Yuan, a 50 Yuan increase.

The workers played an important role in this struggle. Between July and August, in groups of five, they traveled around Shenzhen to lobby the various city departments - the municipal National People’s Congress, the labour bureau and the ACFTU and to hand in their letter demanding a rise in the legal minimum wage. Though the government departments did not give them any immediate positive answer, they kept trying. The workers’ action also forced the city government to be more transparent in deciding the legal minimum wages. The government disclosed this year for the first time some background on how it had set the rise - it stated that it had interviewed some 2,100 factories and some 30,974 workers.

Although this October adjustment is far lower than the workers have been asking for, according to many workers, it is still “better than nothing”. It is also rewarding for them to see how their voice can be heard so loud that even the city government needs to make adjustment for them. This may well help ensure future actions and collective lobbying continues.

### **Legal or not?**

However the question then arises as to whether or not the stated adjustment is lawful?

The “Regulations on wages paying to workers in Shenzhen city” state that ;

1. “Minimum wages need to be adjusted once a year, the city government can decide on the method of adjustment” (Article 37);

2. "the city government should announce the new minimum wages through major newspapers, radio & television channels by late June each year" (Article 38) and
3. "Minimum wages are set for the period between 1 July to 30 June the following year" (Article 39).

In other words, the Shenzhen government violated the regulation in delivering the new figure three and a half months too late. With the delay, workers lost the those months pay rise. The regulation in question is an administrative regulation adopted by the Shenzhen government. However, like many regulations in China, they do not specify the consequences or legal responsibility of violations which gives the workers no chance to claim their wages back.

However, the success that the workers had in forcing an about-turn in the policy of the local government has given them at least the remaining nine or so months of increased wages along with the experience of collective lobbying and campaigning. After this year's experience, the workers hope that the relevant authorities would be able to come up with a new figure early enough and they would not be forced into further lobbying.

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## **P.S.**

\* From IHLO, the Hong Kong Liaison Office of the international trade union movement. This article has translated a major part of Nanfang Daily's report on 6 August 2007 and some other Chinese sources, see the footnotes.

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## **Footnotes**

[1] See "Provisions on minimum wages",  
<http://big5.mofcom.gov.cn/gate/big5...>

[2] For more information on minimum wages and domestic and international discussion son establishing wage levels please see : ICFTU Observations to the ILO Committee of Experts on the Application of Conventions and Recommendations on Convention No.26 on Minimum Wage-Fixing Machinery in China: <http://www.ihlo.org/IS/000806.html>.

[3] Section 2.2, "Notice on further enhancement of legal minimum wages", issued by Ministry of Labour and Social Security, on 12 June 2007,  
<http://www.gov.cn/zwggk/2007-06/28/c...>

[4] See <http://finance.sina.com.cn/g/200701...>

[5] Shanghai has increased its legal minimum wages from 750 Yuan in 2006 to 840 Yuan in 2007.