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China Fears Restive Migrants As Jobs Disappear in Cities

By SHAI OSTER

SHUANGFU VILLAGE, China -- Fan Junchao has spent most of the past five years living hundreds of miles from his small family farm here. Encouraged by the local government, he leased out his meager plot and worked on construction crews in big cities, making several times what he could have earned on crops.



Shai Oster/The Wall Street Journal

Laid off migrant workers across China are returning home to villages like Shuangfu, above.

Now his construction project has been halted, and Mr. Fan has returned home. "Right now, I don't have a plan," he says. "I'm just taking it one step at a time."

Mr. Fan is among hundreds of thousands of China's 130 million migrant workers -- known as the "floating population" -- being cast out of urban jobs in factories and at construction sites.

China's roaring industrial economy has been abruptly quieted by the effects of the global financial crisis. Rural provinces that supplied much of China's factory manpower are watching the

beginnings of a wave of reverse migration that has the potential to shake the stability of the world's most populous nation.

Fast-rising unemployment has led to an unusual series of strikes and protests. Normally cautious government officials have offered quick concessions and talk openly of their worries about social unrest. Laid-off factory workers in Dongguan overturned patrol cars and clashed with police last Tuesday, and hundreds of taxis parked in front of a government office in nearby Chaozhou over the weekend, one of a series of driver protests.

On Wednesday, workers let go from a liquor factory in northern China mounted a protest in Beijing, at the parent company's headquarters. In the latest sign of economic stress, China's currency fell Monday by its single largest margin on record against the dollar, on expectations the central bank might devalue it to prop up sagging growth.

As the government tries to calm tensions in the cities, it also fears that newly unemployed migrants returning home could upend the already-strained social system in the countryside.

At a train station 30 miles from Mr. Fan's village, officials are keeping 24-hour tabs on arrivals to

monitor how many of the surrounding area's two million migrants will return from industrial centers. Around 60,000 have already done so, they say -- and many more are expected, despite Beijing's efforts to persuade workers to stay in cities and train for potential new jobs.

Mr. Fan, a 55-year-old grandfather, helps support his grandchildren as well as himself and his wife -- and one of his two sons, now working as an apprentice after his factory wages were cut. Mr. Fan worries his other son, also a migrant worker, will next be out of a job. He offers guests cups of hot water instead of tea because he is trying to scrimp.

Many of the returning workers, like Mr. Fan, have too little income from the land to support their families. Beijing has been encouraging many to lease out their farms to more profitable cooperatives -- which don't share their increased earnings from the crops with the landholders -- at the same time it encouraged their moves into the cities, by loosening rules for doing both in the past few years. Those rules were formalized earlier this year.

Others have no farms to come back to, having seen their land gobbled up by decades of previous Chinese urbanization drives, in which unscrupulous developers and corrupt officials often illegally seized peasants' land.

For workers accustomed to a decade of double-digit growth, China's sudden downturn has come as a shock to the system. Migrant workers -- estimated to make up a tenth of the country's population -- have powered China's economic success in the three decades since free-market reforms began.

They supply the low-cost labor for the country's rapidly growing infrastructure and dominant low-priced exports. The wages they send home have helped spread prosperity from the booming cities into the relatively poor countryside. But the global slump threatens a precarious balance if unemployment continues to grow. Already it has caused China's construction industry to seize up and prompted many factories that once churned out toys, electronics and clothing to cut work forces or close up shop.

Meng Jianzhu, China's minister of public security, told a conference of regional government officials late last month that there are "lots of social problems affecting stability under the current circumstances," the official Xinhua news agency reported. Among the major problems to address, Mr. Meng said: "Work should be improved on serving and managing the floating population." Beijing has been warning local officials to take extra efforts to ensure stability, focusing their efforts on re-employment programs.

National statistics on how many migrant workers have been laid off and returned home aren't available, but regional numbers are significant. Yin Weimin, minister of human resources and social security, estimated at a news conference this month that about 300,000 of the 6.8 million migrant workers from one province, Jiangxi, to the south of Mr. Fan's Anhui province, have returned home.

The situation "is continuing to develop, the number of rural migrant workers returning home is gradually increasing, and we are closely following this," he said. Other provinces have reported similar numbers.

Officials in the central province of Hubei estimate that they've also had 300,000 laid off workers come home just in the past two months. In Hubei's capital, Wuhan, officials estimate that the number will eventually total 600,000 in their city alone.

In Fuyang, the city nearest to Shuangfu, officials tracking returnees note that it's not easy for industrial workers to return to country life or work. "These aren't the same peasants like the peasants of yesterday," says an official from the city's Human Resource and Labor Bureau, stamping his foot one recent cold morning during a 12-hour shift outside the train station. "They don't raise crops, they have skills." He and other officials work to interview at least 200 migrants a day to find out their plans, where they're coming from and which they are returning to. The government also has had the chief local party official of each village conduct a regular head count of returnees.

Minutes after stepping off the train in Fuyang, 18-year-old Liang Wenzheng, just laid off from his job of three years on an electronics assembly line in Dongguan, shoulders his bags and surveys the future. "If I can't find a job, I'll have to farm at home. I don't want to do that -- I'm just 18," he said.

Migrant workers left their villages over the years because there was too little land for them to earn a decent living. China has roughly the same amount of farmable land as the U.S., where only 2% of workers are employed in agriculture. But China has some 730 million rural residents -- more than twice the entire American population.

Between 80 million and 100 million rural residents are either completely landless or don't have access to enough land for subsistence, estimates Joshua Muldavin, professor of geography and Asian studies at Sarah Lawrence College. "The increases right now with the large-scale return of peasants could add tens of millions to that," he says. "Its importance can't be exaggerated in China and internationally."

Despite China's recent prosperity, steamroller-flat Anhui province remains poor. The dirt road leading from the simple brick courtyard home Mr. Fan built heads past piles of charred old cloth shoes -- used as a cheap coal substitute for boiling tofu.

The newest change has come as farmers like Mr. Fan have rented their land to new agribusiness in a government-supported bid to boost rural incomes by combining farms into more efficient, modern operations. Mr. Fan two years ago transferred farming rights to three-fifths of his land -- which totals less than an acre -- to a new company established by a local government official to sell expensive, organically grown vegetables in greenhouses to supermarkets and hotels.

Mr. Fan, like others, got a standard price based on harvesting wheat, a staple but also an extremely cheap crop, while the cooperative has gone on to grow exotic vegetables that fetch higher prices from the new urban middle class.

Mr. Fan's rent from the farming company is about one-seventh what he was making in construction. His wife still supervises farming of the other portion. The combined income makes his family better off than some, but couldn't support his two sons, daughters-in-law and grandchildren.

Mr. Fan, a high-school graduate, was slow to leave his village even as others did. He learned how to be a bricklayer between harvests of wheat, soybeans and corn on his land, which was allocated to his and other families after China's farm communes were disbanded in the last 1970s.

In the mid-1990s, the government redistributed more land to farmers. It continued to keep ownership of the land public, but gave farmers long-term leases. Mr. Fan received one *mu*, a sixth of an acre, for each of the five people in his household -- himself, his wife, two sons and a grandparent. His family has doubled in size since then.

After watching his neighbors return prosperous from city jobs for years, Mr. Fan in 2003 ventured



hundreds of miles to work as a bricklayer in Heilongjiang province, on China's northern border with Russia. He gradually raised his bricklaying income from 30 yuan a day (\$4.30) to 70 yuan.

In 2006, a medicine merchant in Shuangfu, Gao Dongfang, had an idea to raise more valuable vegetables on the village's land using techniques that the villagers didn't know about or couldn't afford. "We wanted to change the way things are done here," said his older brother, Gao Haifei. "It's always been wheat and beans, beans and wheat." The younger Mr. Gao obtained a post as village party secretary, and eventually consolidated 200 acres from farmers in neighboring villages. He brought in an expert from another agribusiness, who introduced vegetables like Israeli green peppers and Taiwanese eggplants.

The business, called Orient Modern Vegetable Cooperative, has earned up to 10 or more times the value from a given piece of land than villagers reaped using their traditional techniques and crops. Mr. Fan's wife signed a 10-year contract with the firm in 2006 while he was away working. The lease brings in 3,500 yuan per year, equal to \$513.

This fall, Mr. Fan went to a new construction site, this time in Wuxi, a booming lakeside city near Shanghai. Days after he arrived to work on a 15-story, high-end apartment building, he started hearing rumors that the developer was having trouble selling apartments and wouldn't be able to pay his contractors. Two weeks later, the foreman of Mr. Fan's 40-man work team told them to collect their last paychecks and go home.

Mr. Fan now thinks a lot about his two sons, and what will happen if they also lose their current jobs. "I'm really worried," he says. He thought they would never have to farm again. They have worked as migrant laborers all their adult lives.

His younger son continues to work in a furniture factory. Older son Fan Yaxian, 29, is apprenticing as a truck driver after his factory wages were cut. "I don't know how to farm," Fan Yaxian says. He hopes to start his own small business.

Mr. Fan has no such aspirations. "I don't have a head for business," he says. "I can only go down the path of a migrant worker. If I can't be a migrant worker, I don't have any other ideas."

—Ellen Zhu in Shanghai and Andrew Batson in Beijing contributed to this article.

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