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THE IMPACT OF EXPORT-ORIENTED MANUFACTURING ON CHINESE WOMEN WORKERS

Paper prepared for the UNRISD Project on Globalization, Export-Oriented
Employment for Women and Social Policy

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The Impact of Export-Oriented Manufacturing on Chinese women workers

Although tending the field is very hard work, we have a lot of free time. When your work is done you can play with your village friends. Here you have to hold your urine until they give you the permit to go to the bathroom (SEZ woman worker interviewed in Lee 1995, p. 384).

Introduction

This paper is concerned with the impact of employment in the export-orientated industries of China on women workers and in particular on their access to healthcare and social welfare. It discusses the way in which the economic reforms, the growth of non-state industry, and the development of a labour market have affected non-wage benefits to workers. It shows that women workers in the new export-oriented industries receive high wages by the standards prevailing in the older state industries, but have little job security, work long hours in poor conditions and lack the health and welfare benefits formerly enjoyed in state-owned industry in China. However, it would be an over-simplification to argue that involvement in the global economy has provided higher wages to the Chinese workforce while reducing security and welfare provision. Access to welfare in pre-reform or 'socialist China' was by no means as comprehensive or as generous as is sometimes believed. Entitlement depended on residence and occupation. Urban workers benefited from the system, but peasants, the majority of the population, had little access to public provision. In difficulties caused by bereavement, disability, sickness or old age they had to depend on the family.

Section one of this study offers an overview of the social welfare regimes of China before and after the economic reforms. Section two looks at the female workforce of the export-processing industry, explaining where the workers come from, describing their lives and working conditions and the controls and pressures to which they are subject. Section three considers the ways in which migration and work in this labour force affect women workers' life-chances, family relations and entitlements. Section four looks at state policy towards problems of social welfare. It explains why the state is unwilling to promote social welfare policies either for the workforce in state owned industries or for the new migrant workforce more actively, and considers differences of interest between local and national officials.

1. Entitlements to social welfare in China before and after the economic reforms

Neither in contemporary China, nor indeed in China prior to the economic reforms, did the labour force enjoy universal or equal access to non-wage benefits. The labour force was, and is, highly stratified. The major cleavage is between the urban and the rural population (Cheng and Selden 1994). Both in the past and in the present people registered as urban residents have access to higher status employment and enjoy superior entitlements compared to the rural population. For the urban population entitlements also depend on occupational status. In pre-reform China social welfare was distributed through the enterprise. State employees in government offices, state owned-enterprises and schools enjoyed job security, pensions, paid sick leave and maternity leave, free healthcare and subsidised housing. The treatment of those who worked in enterprises owned by the lower

levels of local government or by collectives depended on the profitability of their enterprise but was always less generous (Davis 1989 and 1995).

Entitlement to welfare was not strictly dependent on gender in this model. Access to entitlements was dependent on an individual's job and was equal in most ways for all employees of the same grade. The dependants of a state employee were entitled to half price medical treatment. Again, there was no gender discrimination here. A woman who was a state employee could have family members recognised as her dependants. The important exception to the gender blindness of the model was housing which was 'by custom' provided to the couple by the man's work unit¹. The female worker's access to accommodation was thus normally through a man, a situation that disadvantaged women in two ways. Those who never married or who divorced or separated had great difficulty in securing independent accommodation. Married women often had to commute considerable distances, whereas their husbands normally had only a few minutes walk from homes provided by the work-unit to the work unit itself.

The major gender discrimination in entitlements however was not in the model itself but in its practical application. Men greatly outnumbered women as workers and cadres in the formal state sector and also predominated in the senior grades. As a result more men enjoyed the welfare benefits associated with this type of employment. They also tended to receive higher pensions because these were calculated as a proportion of final salary. In the smaller enterprises owned by local government or collectives where welfare provision was much less satisfactory the workforce was often predominantly female.

Since the economic reforms, there have been great changes in the social welfare regime in the cities. A labour market is developing (Wang 1998). Although the State is still the employer for much of the urban population, there are now other possibilities. Employment in privately owned, foreign-invested and jointly owned Sino-foreign enterprises is growing rapidly. Prior to the economic reforms, the State allocated school and university graduates to jobs on the completion of their education. Most of them remained in the same enterprise for the rest of their working lives. Now, by contrast, many young people prefer to seek their own jobs and are willing to move on when they think they can better themselves. Even some of those who had secure jobs in the state sector have chosen to give up the security of a job for life in exchange for the greater potential, but greater risk, of business or a job in the private sector. (The Chinese expression for this action, *xiahai*, - 'jump into the sea'- conveys the common feeling that it needs courage to break away from the protective environment of state employment).

The development of large-scale private employment made it necessary to rethink the distribution of welfare. The old system, relying on State enterprises to distribute and even to fund welfare for their employees, was difficult to extend to the private sector. An added imperative was the mounting cost of welfare to state-owned enterprises as the population aged and many former workers became pensioners. The State was increasingly concerned to relieve its enterprises, many of which were struggling to survive in the new economic climate, of the burden of paying benefits under a non-contributory social security system. Interest in the development of insurance-based systems grew rapidly among policy-makers in the 1980s (Krieg and Schädler 1993).

¹ This custom was perhaps an unconscious reflection of the Chinese family system in which a woman joined a man's family on marriage. Exceptions to the system might occur if the woman's work unit had accommodation available and the man's did not. Interestingly, Beijing Municipality made a conscious decision to reverse the usual practice and give accommodation to its female employees in the 1980s (fieldwork notes, 1987).

It is not easy to provide an overview of welfare provision in China today because regions and cities have been required to experiment with their own systems, China lacks uniform national provision. However certain generalisations can be made. Social welfare is increasingly separated from its enterprise base. Provision is decentralised so that local governments are increasingly responsible for accumulation and distribution of social welfare funds. Family responsibility for those who are sick disabled or in need is emphasised more strongly than ever. Both the marriage law and the inheritance law require family members to support each other and relate the right to inherit to the fulfilment of this obligation.

The result of the reforms is that permanent workers in large enterprises are increasingly covered by a social insurance system rather than by enterprise-based welfare. However, enterprise-based welfare has not disappeared. Older workers in state-owned enterprises especially are still often dependent on it. Contract workers, workers in small, collectively owned or private enterprises and migrant workers tend not to be covered at all.

Employment in a state-owned enterprise no longer confers the security or the entitlements once associated with it. As China developed greater contact with the world economy, adopted an export-orientated growth policy and tried to attract foreign investment, the inefficiency and uncompetitive management of state industrial enterprises became more apparent. Under increasing pressure to make cuts, they began to lay off workers and to trim budgets wherever possible. There have been reports of enterprises that reduce their deficits by ceasing to make pension payments for months at a time (Hussain 2000: 11). The State has often had to give subsidies to enable its enterprises to discharge their welfare obligations. Welfare rights formerly enjoyed by state workers have gradually been eroded. Job security for life has come under particular attack. It was said to make workers complacent and give them no incentive. This sort of allegation has been used to justify the large-scale lay-offs and changes in contract conditions since the start of the economic reforms. In October 1986, state enterprises were instructed to give no new permanent posts. All work henceforth was supposed to be on fixed contract (Sargeson 1999: 34). Contrary to official policy, some enterprises began depriving established workers of their existing tenured status. On a much larger scale enterprises began to lay off workers, sometimes, but not always on some fraction of their former salary. By 1997, there were 14.4 million laid-off workers called in Chinese *xiagang gongren* – workers who have left their posts (Hussain 2000: 10). Numbers might have been greater still but for the fear of a threat to social order.

It is policy that enterprise-based responsibility for social welfare should be phased out although the process is more gradual than is sometimes implied. Pilot insurance systems were set up in many cities in the 1980s and in 1986 a contributory unemployment system was introduced to cover workers in formal employment in the urban areas (Hussain 2000). Insurance also covers retirement, health-care and work injuries. Premiums can be as much as 10% of a worker's salary. The 1994 Labour Law of the People's Republic lays down 'The State shall develop social insurance, establish social insurance systems and funds so that workers can obtain help and compensation when they are old, ill injured at work, unemployed or giving birth' (Warner 1994:187). However, in practice, despite attempts to move away from enterprise-based welfare systems, enterprises, including even newly established enterprises, and enterprises in the private sector, are still the important providers of health, welfare, pensions and housing in the urban areas (Francis 1996). Benefits offered by enterprises vary greatly in accordance with historical expectations, the profitability of an enterprise and hence its ability to provide, and the extent to which non-wage benefits are perceived as beneficial to the recruitment of labour.

Changes in social welfare have also come about through the major changes in the structure of employment that have accompanied the economic reforms. An increase of numbers in the types of employment not usually covered by social insurance has been produced by changes such as:

1. the growth in the numbers employed on short-term contract systems without long-term job security.
2. the growth in temporary labour - usually migrants from other areas who will be laid off as soon as there is no need for their services. If these workers have contracts at all they will be short ones.
3. the enormous increases in non-state employment and in self employment.

In addition to the insurance entitlement associated with employment, there are other welfare entitlements for urban people. Even if they are not employed in government enterprises or covered by contributory systems, urban residents do enjoy minimum rights to shelter and sustenance. This is delivered through a welfare system delivered by the municipal bureau for civil affairs. However, entitlement is limited to the urban population with permanent residence. Migrant workers are specifically excluded from this entitlement (Hussain 2000:11). Indigent migrants are expected to return to the villages to be supported by their families. Those who do not leave willingly may be forced to go, and there are frequent reports of the deportation of unemployed migrants from cities.

Social welfare in the rural areas before the economic reforms was provided either by the family or by the institutions of collective agriculture (Davin, 1994). Some communes had a co-operative medical service and most had some minimal support entitlement for the least fortunate. This system guaranteed care, food, shelter, healthcare and burial for orphans or old people without relatives to help them. The use of this 'five guarantees system', however, entailed a loss of status for the peasants who therefore only resorted to it in desperate straits. After the economic reforms, township and village committees acquired responsibility for the modest provision that survived decollectivisation. Many still guarantee a minimal subsistence level to the destitute but this is not universal. In any case, only those without any family qualify for such aid. Otherwise, in most rural areas, the economic reforms resulted in disappearance of welfare entitlements. The social insurance systems that are being developed in the cities are very rarely found in the villages. When peasants fall on hard times, it is the family, including both co-resident members and more distant relatives, that is more than ever the major source of help. The increasing importance of networks of kin, friends and fellow villagers that can be called on in times of need is emphasised in many of the village studies in post-reform China (Chan et al 1984, Potter and Potter 1990, Yan Yunxiang 1996, Huang 2001).

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