

## ICFTU OnLine ...

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### China: Don't believe the hype

Brussels, 9 December 2005: (ICFTU OnLine): 700 million people live on less than two dollars a day. More than 15,000 people die in industrial accidents each year. Millions of workers do 60-70 hours per week, earn less than their country's minimum wage and live in dormitories of up to 20 people in each room. Inequality is rising and there are almost as many recently unemployed people as in the rest of the world combined.

These statistics are normally not associated with something that is dubbed miraculous, but in the case of China these facts have been overshadowed by the hype. The ICFTU today released a new report entitled 'Whose Miracle? How China's workers are paying the price for its economic boom' (<http://www.workersvoiceatwto.org/www/pdf/WhoseMiracleChinaReport.pdf>) debunking the myth that everyone's a winner in the country's transition from a slumbering rural economy to a manufacturing powerhouse.

Released just prior to the Hong Kong WTO Ministerial meeting, the report documents how the country's economic success has been achieved without regard for its people, the majority of whom face even harder times. China's rise in inequality is among the fastest seen at present and its trend of social exclusion historically unprecedented for the country. Its deeper integration into the WTO risks further exacerbating this meteoric plunge into inequality.

"Most people seem to have been too blinded by China's economic results to see their dark side. Domestic concerns, such as their own trade deficits and the jobs they might lose from cheap Chinese imports, have overshadowed any doubts the international community may have about exactly how Chinese companies are able to produce DVD players that sell for less than US \$50. This report sheds light on China's success to reveal it is predominantly based on the repression and exploitation of its vast army of workers", Guy Ryder, General Secretary of the ICFTU said today.

Whilst growth has rocketed and exports have boomed, so have the levels of inequality and the number of newly unemployed. The exploitation and suppression of the country's workforce has resulted in growing social unrest, placing a time bomb under its future prosperity.

"If they were aware of the international limelight China's rulers are basking in, most of China's population would ask, 'what miracle?'. For the workers toiling in the engine room of the so-called miracle, its unjust reality is more like a nightmare than a dream" Ryder continued.

The main findings of the report reveal that:

- China is still sweat-shopping its way to success, basing its competitiveness on low wages and the exploitation of a workforce which has no effective means of representation.
- China may have as many newly unemployed people as the rest of the world put together and will have to create up to 300 million new jobs in the next decade to keep unemployment from rising to untenable levels.
- China's successful poverty eradication in the early 1980s has stagnated in the 1990s and the new millennium. This risks worsening further with the country's deeper integration into the WTO. So far there has been no positive correlation between increasing international trade and poverty eradication, since the earlier efforts predated China's export expansion.

- China is trading its way to the top of the ranks of the world's exporters but along the way is trading in the progress of its people, a majority of whom stand to lose from further trade liberalisation. More than three-quarters of rural households, which still make up the majority of Chinese, are predicted to lose real income between 2001-07.

- China is experiencing a surge in inequality, creating not one country and one people but winners and losers, through discrepancies in living standards within and between cities and provinces. The differences between the richest and poorest parts of the country are more than tenfold and an increasing number of rural migrants live as illegal aliens in their own country.

- China's rulers find themselves trapped in a Catch-22, trying to keep social control by denying workers the freedom to organise in independent trade unions, yet fuelling social unrest and disorder through crackdowns on those who speak out against the status quo. Statistics on labour issues such as employment and collective workers' protests are state secrets and independent workers' action is handled as a threat to national security and the interests of the state. However, this approach does nothing but spur on the anti-authoritarianism and anger they wish to prevent.

Launched on the eve of International Human Rights Day, this report is also a reminder that workers' rights are human rights and that they are constantly violated in China.

"China's workers are deprived of any basic means of authentic representation. They have been robbed of the right to organise in independent unions and thus left as wounded prey for investors wanting to squeeze out more work for less pay."

"China might be on the path to full integration in the world economy but it is still far from the road to democracy. As China becomes further integrated into global trade, increased focus must be put on respect for basic human, social and political rights. As long as it fails to do so, the country won't be achieving miracles for its people."

Ends

The ICFTU's website Workers' Voice @ WTO will provide daily updates of trade union movement activities and responses to the Ministerial meeting. Go to <http://www.workersvoiceatwto.org/> for the international trade union movement's perspective on all things WTO.

For further information and to arrange interviews, please contact Andrea Maksimovic on +32 476 621 018.

The ICFTU represents 145 million workers through its 234 affiliated organisations in 154 countries and territories. The ICFTU is also a member of Global Unions.

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