

Chinese Leaders Promise More Pay, Jobs

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BEIJING (AP) — China's government promised Wednesday to raise minimum wages by 13 percent a year through 2015 and to launch measures to generate 45 million new jobs.

Communist leaders face pressure to spread China's prosperity more widely and narrow a yawning gap between a wealthy elite and the poor majority. Beijing froze wage rates to help companies stay afloat after the 2008 global crisis but has boosted minimum pay in many areas over the past two years following worker protests.

Wednesday's Cabinet announcement promised tax breaks and loans for small employers and for jobless workers who want to start their own businesses. It covers the period of the Communist Party's five-year development plan that took effect in 2011.

The announcement said 25 million urban workers need to find jobs each year and millions of people in the countryside are moving from farmwork to other employment.

The plunge in global demand after the 2008 crisis wiped out tens of millions of jobs in manufacturing and other export-linked industries. Many laid-off workers found new jobs in projects financed by the government's stimulus but the urgency of generating employment has increased as the impact of the spending faded.

The latest initiatives are part efforts to revive growth in the private sector that creates most of China's new jobs and wealth.

Entrepreneurs were hit hard by the export slump and credit curbs imposed to cool China's overheated economy while the bulk of stimulus money flowed to state-owned construction and other companies. Thousands of private companies were driven into bankruptcy and the survivors cut payrolls, raising the threat of unrest.

Last week, Beijing announced the creation of a \$2.5 billion fund to finance startup companies.

Higher wages will put pressure on some employers but they fit with government ambitions to transform China from the world's low-cost factory into a creator of technology with higher skills and better-paid jobs.

Rising labor costs already have prompted some producers of clothes, shoes and other low-margin goods to shift to Vietnam and other cheaper locations.

Wages for China's vast working class are still relatively low despite rapid economic

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growth and double-digit increases in minimum pay in Beijing, Shanghai and other major cities last year.

Shanghai's minimum wage is about 1,200 yuan (\$200) a month even after an increase of more than 10 percent last year. The northern city of Tianjin raised its minimum wage to 1,070 yuan (\$175).

Wage gains have been eroded by inflation that hit a 37-month high of 6.5 percent in July. Inflation has eased but prices of food and other goods are still rising.

The Cabinet statement warned that higher skills required as industry develops means employment will be "more complex" over the period covered by the Communist Party's five-year development plan.

"The labor supply and the needs of enterprises do not match," it said.

The plan promised improved vocational training and more government help to match workers with suitable jobs.

It said Beijing will encourage the growth of emerging industries and labor-intensive fields such as housekeeping and care for the elderly and disabled people.

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