

中国劳工通讯 China Labour Bulletin

Research Reports

Unity is Strength

**The Workers' Movement in China
2009-2011**

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About China Labour Bulletin

A non-governmental organization founded in Hong Kong in 1994, China Labour Bulletin has grown from a small monitoring and research group into a proactive outreach organization that seeks to defend and promote the rights of workers in China. We have extensive links and wide-ranging co-operative programs with labour groups, law firms and academics throughout China, as well as with the international labour movement.

Through these programs, we support the development of democratically-run trade unions, encourage respect for and enforcement of the country's labour laws, as well as the full participation of workers in the creation of civil society. We seek the official recognition in China of international standards and conventions providing for workers' freedom of association and the right to free collective bargaining.

CLB has an extensive research program and has published numerous reports in both English and Chinese on a wide range of key labour rights issues. All titles are listed at the end of this report and are available as downloadable PDFs on our website at www.clb.org.hk. In addition, several reports are available in a bound edition.

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Introduction

On the afternoon of 31 May 2010, China's workers' movement reached a critical juncture. Striking workers at the Nanhai Honda automotive components factory in Foshan, southern Guangdong, were suddenly confronted by a group of around 200 so-called "officials" dressed in yellow baseball caps, who had been dispatched by the local township trade union to force the strikers back to work. The young strikers were determined and united, and refused to back down. A scuffle broke out and several workers were injured. The workers were incensed. One of them yelled: "We pay union fees every month. You should represent us, so how come you're beating us?"¹



Honda workers take a united stand against the union. Photograph by Bobby Yip, Reuters.

The incident set a new benchmark for labour activism in China. Not only did the workers refuse to back down; they demanded and got an apology from the trade union. They demanded and got (to a certain extent) the right to elect their own union representatives at the factory. And they demanded and got a pay rise of around 35 percent. The successful outcome helped set off a wave of strikes in the automotive and other industries across China. The only downside was that many of the young activists who initiated the Nanhai Honda strike subsequently left the company or kept a low profile thereafter, meaning that the valuable experience gained from organizing workers and negotiating with management was largely lost.

¹ Minnie Chan and Verna Yu, "Workers, unionists clash at Honda plant in Foshan," *South China Morning Post*, 1 June 2010.

By contrast, the Nanhai Honda strike represented an all-time low for the All-China Federation of Trade Unions (ACFTU), an organization that had long been ridiculed for being out of touch with the workers and in league with management. Thankfully, it was also a much-needed and long overdue wake-up call not only for the union but for the government as well. It forced the trade union to re-evaluate its role in the workplace, and spurred the Guangdong provincial government into drafting new legislation that would give workers a greater say in determining their own pay levels and working conditions.

In this study, China Labour Bulletin's fourth report on the workers' movement in China,² we examine in detail the galvanizing impact of the new generation of migrant workers (exemplified by the Honda workers), the continuing struggle of workers in China's state-owned enterprises (SOEs), and the response of the Chinese government and trade unions to this upsurge in labour activism.

The report covers the three years from 2009 to 2011, and consists of four chapters. The first is an overview of the socio-economic and political background to the workers' movement. It discusses changes in government economic policy and the continuing demands of the authorities for social stability. Chapter Two analyses the characteristics of and trends in worker protests in the private sector; workers' demands and the response of employers to those demands. It analyses the increasing ability of workers to organize strikes, articulate their demands and negotiate agreements with management. Chapter Three looks at the plight of those laid off from SOEs in the late 1990s and early 2000s, and focuses on two recent protests by workers at state-owned steel plants threatened with privatization. The fourth chapter looks at the specific responses of the government and the ACFTU to these protests, and analyses the extent to which policy changes have benefited China's workers.

The report utilizes a wide-range of reference materials from 2009 to 2011, including official government and ACFTU documents and statistics, opinions, research reports and surveys, as well as more critical articles and investigations by academics and non-governmental organisations. It makes use of several first-hand reports from factories and worker interviews conducted by CLB staff, and cites about 70 illustrative strikes and protests that were reported in the Chinese and overseas media from January 2009 to July 2011.³ The cases cited are, of course, far from being a comprehensive and exhaustive list of all the strikes and protests that occurred in this period. However, we can say with a reasonable level of certainty, based on our long term monitoring and analysis of these events, that the cases selected do reflect the key characteristics of the workers' movement in China and help point to the future direction the movement might take.

² See CLB's website for the previous three reports.

³ Information on specific incidents not sourced in the footnotes to this report were primarily derived from CLB's Chinese-language website, which also features a map of worker protests in 2011, as well as other Chinese human rights and news monitoring sites such as 博讯 (Boxun), 民生观察 (Citizens' Rights and Livelihood Watch), 自由亚洲电台普通话 (Radio Free Asia Mandarin), 中国集体谈判论坛 (JTTP.cn), 明镜网 (mirrorbooks.com), 多维新闻网 (chinesenewsnet.com), 毛泽东旗帜网 (maoflag.net), 希望之声国际广播电台 (Sound of Hope), and 阿波罗新闻网 (aboluowang.com). While some of the information in these reports may have been distorted or misreported, we are confident that the basic facts of each case are correct.

Chapter One: The socio-economic and political background to the workers' movement

Up to a few years ago the Chinese government still believed that economic growth would buy them time to figure out what to do next, in terms of social and political reform. The government's leadership thought that if it delayed additional reforms, stability could be maintained simply by continued growth. I think that that belief is now basically shattered.

Publisher and political commentator, Bao Pu⁴

The workers' movement has developed and intensified over the last three years against the background of China's rapid recovery from the 2008 global economic crisis, and the reorientation of the central government's development strategy away from a high-growth, export-driven model towards a more diverse and sustainable model with a greater emphasis on domestic demand.

China's economic growth slowed slightly in 2009 following the global economic crisis of the previous year. According to the National Bureau of Statistics, the country's **gross domestic product** (GDP) grew at a rate of 8.7 percent, to a total of 33.53 trillion yuan. However, this was significantly higher than the six percent growth many experts had predicted in the first half of 2009. The recovery gathered even more momentum in 2010, with GDP increasing by 10.3 percent to reach 39.79 trillion yuan.⁵ The economy maintained its robust growth in 2011, growing 9.7 percent in the first quarter and 9.5 percent in the second quarter.

The main driving force of the recovery was the central government's four trillion yuan stimulus package, approved at the 5 November 2008 executive meeting of the State Council, which included specific measures to boost infrastructure development and increase domestic demand. The new economic policies initiated at the end of 2008 were cemented in the 12th Five-Year Plan, published at the end of 2010, outlining a "strategy of steady expansion of domestic demand coupled with sustained stable and rapid economic growth."

A key part of the central government's strategy of reorienting economic development has been to **boost workers' wages** as a means of stimulating domestic consumption and reducing income disparity. On 1 June 2010, Vice Premier Li Keqiang wrote in an article for the Party's theoretical journal *Seeking Truth* (求是),⁶ that the key to expanding domestic demand was "raising the people's capacity to consume," and that this required "restructuring of the distribution of income, raising of income levels, particularly of those on lower incomes, and working hard to increase rural and urban income levels so that wage rises and economic growth are better coordinated."

⁴ "Bao Pu on the Use of Force to Maintain Stability," *China Rights Forum*, 2011, No.1-2.

⁵ For these and other data below, see the 2009 and 2010 国民经济和社会发展统计公报 (National Economic and Social Development Statistical Communiqués) at the National Bureau of Statistics website.

⁶ Li Keqiang (李克强), 关于调整经济结构促进持续发展的几个问题 (Some issues regarding the readjustment of the economic structure and promoting sustainable development) *Seeking Truth*, No.11 (2010).

At the time of Li’s article, many regional governments had already taken the initiative to raise their **minimum wage**, which had been frozen on central government orders since November 2008. The first local government to raise the minimum wage was the relatively developed and prosperous province of Jiangsu, which announced a 12 percent increase in February 2010. By the end of 2010, just about every province and municipality in China had increased its monthly minimum wage by an average of 23 percent. Several jurisdictions increased the minimum wage once again in 2011, signalling a move towards annual adjustments rather than increases every two years as had been the practice before. Beijing’s municipal government actually increased the city’s monthly minimum wage twice within the space of six months to reach 1,160 yuan on 1 January 2011 – at the time the highest rate in the country. Guangdong then increased its minimum wage on 1 March, with the monthly rate in the provincial capital Guangzhou rising to 1,300 yuan, and Shenzhen increased its rate to 1,320 yuan a month later (See Figure 1 below).



The central government sought to further boost wages and improve living standards by introducing policies to expand employment, improve the social security system and reform the income distribution system. This latter goal was to be achieved through the creation of a system of **collective wage consultations** at both the industry and enterprise level.

The *Circular on Further Promoting the Rainbow Program of Collective Contract System Implementation* issued in May 2010 by the Ministry of Human Resources and Social Security, in association with China’s trade union and business federations, proposed that by the end of 2012, collective contract systems should be introduced at all enterprises that had already established unions. In the case of small enterprises without trade unions, it proposed raising the rate of coverage through the signing of regional and industry-wide collective contracts. Two months later, the State Council examined draft wage regulations which once again emphasized the use of collective

wage consultations in boosting wages.⁷ See Chapter Four for a more detailed analysis of the government's and the trade union's collective wage consultation policies.

Average wages and household incomes have increased in the last two years but only after wide-ranging pay freezes and even pay cuts in the immediate aftermath of the global economic crisis. National Bureau of Statistics figures show that in 2009, rural residents had an average annual per capita net income of 5,153 yuan, up 8.5 percent in real terms from 2008, while urban residents' per capita disposable income increased by 9.81 percent, to 17,175 yuan. In 2010, per capita net income was 5,919 yuan for rural residents, an increase in real terms of 10.9 percent, while urban residents' average per capita disposable income increased 7.8 percent to 19,109 yuan.

While **inflation** was relatively low or even in negative territory during 2009 and the first half of 2010, in the second half of 2010 China's consumer price index (CPI) began to rise rapidly (see Figure 2 below) increasing by 6.4 percent year-on-year in June 2011, its highest level in three years. The cost of food and other daily necessities increased even faster, eroding many of the gains made by higher wages. Food prices, driven by natural disasters, shortages and speculation, increased alarmingly in 2011 forcing the government to intervene in an attempt to stabilize the market. However, food inflation in June 2011 was still 14.4 percent year-on-year, while the price of pork, the staple meat dish in China, increased by nearly 50 percent year-on-year.



The impact of the surge in inflation on the daily lives of ordinary citizens can be clearly seen in the “quality of life” surveys conducted by the Horizon Research Consultancy in Shanghai in 2009 and 2010. In 2009, the top four social issues of concern for respondents were: healthcare (34.8 percent), employment (31.5 percent), social security (28.9 percent), and the cost of housing (28.5 percent). But in 2010,

⁷ Zhao Peng (赵鹏), 工资条例草案将上报国务院 (Draft Wage Regulations Submitted to State Council), 人民网 (People.com.cn), 28 July 2010.

price rises leapt to the top of the list of concerns with 42 percent citing it as a pressing issue. Other major concerns in 2010 were healthcare reform (37.2 percent), the cost of housing (33.6 percent), and employment (25.8 percent).⁸

Employment patterns have also changed rapidly over the past few years. In early 2009, senior government officials estimated that some 15 percent of China's migrant workers (about 20 million) had lost their jobs or failed to find work in the aftermath of the global economic crisis, when tens of thousands of small and medium-sized businesses laid-off workers in a bid to cut costs.⁹ A year later, many of those same businesses in China's manufacturing powerhouse, the Pearl River delta, were facing a severe labour shortage as migrant workers sought better opportunities elsewhere, often closer to home.¹⁰

The inland provinces that have traditionally been the source of migrant labour for the coastal provinces saw rapid economic growth and diversification, creating more employment and business opportunities. Major cities such as Chongqing, Chengdu, Zhengzhou and Kunming all saw spectacular growth in this period as new businesses opened and others relocated from coastal areas. As a result, more and more rural workers sought and obtained employment closer to their home towns. Wages in these areas might still be lower than in coastal provinces but the lower cost of living and proximity to family were often cited by workers as decisive factors. By the end of 2010, the National Bureau of Statistics estimated more than one third of **rural migrant workers** were employed at enterprises within their home area, usually within the same county. The bureau estimated that the total number of rural migrant workers was 242 million, with 153 million working outside their home area and 89 million within their home area.

Another important component in employment growth in recent years has been the development of the private economy. By September 2010, there were 91.8 million people employed in private enterprises (私营企业), with an additional 69.9 million in small businesses (个体工商户), an increase of 57.7 percent and 42.5 percent respectively since 2005.¹¹ The number of small business operators in China in September 2010 was 34 million, a 38 percent increase from 2005, and it is likely that many of these new small business operators were former migrant workers who set up their own businesses either in their home towns or in the city they had previously worked in.

Although, the Chinese government has placed great emphasis on improving living standards and addressing social injustice, its primary concern has continued to be the

⁸ Yuan Yue (袁岳) and Zhang Hui (张惠), 2010年中国居民生活质量指数报告 (Report on Quality of Life Index in China for 2010), in Ru Xin (汝信), Lu Xueyi (陆学艺), Li Peilin (李培林), eds.-in-chief, 中国社会形势分析与预测 2011: (Analysis and Forecasts of the State of Chinese Society, 2011), Beijing: Social Sciences Academic Press (China), 2011, pp. 90-108.

⁹ Chen Xiwen (陈锡文), “[无工作返乡的农民工约两千万, 政府积极应对](#)” (Government steps in as some 20 million unemployed migrant workers return home), 新华网 (Xinhuanet.com), 2 February 2009.

¹⁰ [沿海地区普遍出现用工荒, 珠三角缺工超 200 万](#) (Widespread labour shortages in coastal areas; Shortfall of more than two million in Pearl River delta), (东方财富网) (Dongfang caifu), 21 February 2010.

¹¹ Fu Zimei (富子梅), [个体私营企业从业者超 1.6 亿人](#), (Over 160 million now employed in privately-owned businesses), 人民网 (People.com.cn), 1 January 2011.

maintenance of political and social stability. Indeed, over the last five years or so, the government has established and perfected a comprehensive set of practical measures designed to maintain social and political stability, whatever the cost. In May 2010, *Social Sciences in China* (社会科学报) reported that in the previous fiscal year, the government had spent a total of 514 billion yuan on the maintenance of social stability, accounting for as much as 47.5 percent of the growth in central government public security spending. Several commentators later suggested this expenditure was now approaching or even exceeding the level of annual military outlays.¹²

The renowned social scientist Yu Jianrong has dubbed this policy of excessive expenditure as “iron stability” (刚性稳定), characterised by inflexibility, state violence and rigid control over social organizations and freedom of expression. The control of social organisations has been particularly severe. Regardless of their interests or affiliations, all organizations and groups have to undergo stringent registration, review and approval procedures prior to and after their establishment.¹³

Other critics have noted how, despite the government’s massive expenditure on maintaining stability, social conflict has actually escalated. A research group at Tsinghua University stated:

Over the last five years, we have effectively slipped into an ‘abnormal cycle in the maintenance of stability.’ Local governments across the country devote vast amounts of human, material and financial resources to the maintenance of stability, but conflicts and clashes in society have not only failed to decline, they have actually steadily increased. In a sense, a vicious circle has been formed, in which the more effort is made to maintain stability, the less stability results. In addition to the external pressures exacerbating social conflict caused by the arrival of the market economy, a further important reason for this paradox lies in the shortcomings of the current model of ‘the maintenance of stability.’¹⁴

Although the Chinese government no longer publishes comprehensive statistics on the number of **mass incidents** (群体事件) in the country each year, based on the partial data available, it has been estimated that there were some 90,000 mass incidents throughout China in 2009, the vast majority of which were triggered by specific rights violations.¹⁵ It is further estimated that around one third of those protests were labour-

¹² Yin Hongwei (尹鸿伟), [我国去年维稳经费达 5140 亿元，严打模式引思考](#) (Food for thought: the cost of maintaining stability in China reached 514 billion yuan last year), 南风窗 (*South Wind Window*), taken from 新浪网 (*Sina.com*), 3 March 2010.

¹³ Yu Jianrong (于建嵘), 从刚性稳定到韧性稳定 – 关于中国社会秩序的一个分析框架 (From iron stability to the stability of resilience – an analytical framework for social order in China), *学习与探索* (*Study & Exploration*), No. 5 (2009), pp. 113-118.

¹⁴ Working research group on social development at Department of Sociology, Tsinghua University, 以利益表达制度实现社会的长治久安 (Achieving long-term social stability through a system that enables the expression of interests), *领导者* (*Leader-Magazine*), Vol. 33 (2010), pp. 11-24.

¹⁵ Yu Jianrong (于建嵘), 群体性事件症结在于官民矛盾 (Conflicts between officials and citizens are the key to mass incidents), *中国报道* (*China Report*), No. 1 (2010), pp. 50-51.

related.¹⁶ This would put the number of strikes and collective worker protests in 2009 at around 30,000. Two recent incidents in the southern province of Guangdong captured the public imagination and illustrated just how easily attacks on poor and vulnerable individuals by those in positions of power and authority could lead to mass retaliation. On 6 June 2011, more than 200 migrant workers, mostly from Sichuan, staged a violent demonstration outside government offices in Chaozhou after a 19-year-old co-worker was attacked with a knife when he confronted their boss over unpaid wages. Just over a week later, authorities in the city Zengcheng struggled to maintain order following three days of rioting after a pregnant migrant street vendor was pushed to the ground by security guards working for a local supermarket.¹⁷

The number of **labour disputes** handled through official channels declined slightly in 2009, after a dramatic rise the previous year. China's labour dispute arbitration committees accepted a total of 684,000 cases involving 1.02 million workers, a decrease from 2008 of 1.3 percent and 16.3 percent respectively.¹⁸ The number of cases accepted by the labour dispute arbitration committees fell by another 12.3 percent in 2010 to 602,600. However, the total number of cases accepted by both mediation and arbitration committees actually increased by 3.8 percent to 1,287,400, indicating that more and more cases were being settled through mediation rather than the more formal arbitration system. Indeed 69.5 percent of the 1,264,100 labour dispute cases concluded in 2010 were resolved through mediation.¹⁹

The number of collective disputes accepted by China's mediation and arbitration committees fell significantly in 2010 but this was almost entirely due to the common practice of dividing collective cases up into individual ones and handling them separately. The official figures showed that there were 9,314 collective labour disputes in 2010, involving 211,800 workers, a decrease of 32.4 percent and 29.32 percent respectively from the previous year.²⁰

Nearly all **strikes and large-scale protests** by workers fall outside the compass of official institutions of redress. Most are dealt with by the authorities in a spontaneous and *ad hoc* manner. Most local governments seek to intervene in and resolve strikes and protests as quickly as possible through a blend of mediation, conciliation and coercion. Government officials often seek to initiate dialogue and negotiation between employers and employees, putting pressure on the workers to abandon the strike and pressuring employers to make concessions. This process will be discussed in more detail in Chapter Four.

While they cannot strictly be deemed labour protests, the tragic **suicides** of a dozen young workers at Chinese factories of the world's largest electronics manufacturer,

¹⁶ Yu Jianrong's classification of mass incidents: rural residents 35 percent, workers 30 percent, urban residents 15 percent, social conflicts 10 percent, social anger five percent, organized crime five percent. In [群体性事件与和谐社会建设](#) (Mass incidents and the construction of a harmonious society) Chinese Academy of Social Sciences, 8 September 2008.

¹⁷ Barbara Demick, "China tries to restore order after migrant riots," *Los Angeles Times*, 13 June 2011.

¹⁸ Wei Minli (卫敏丽) and Mou Xu (牟旭), [中国公正及时解决劳动人事争议](#) (Settling labour disputes in China fairly and promptly), 新华网 (*Xinhuanet.com*), 10 September 2010.

¹⁹ See appendix for a detailed analysis of the 2010 labour dispute figures, [2010年全国劳动人事争议处理情况统计分析](#), available at [labournet.com.cn](#)

²⁰ *Ibid.*

Foxconn, in 2010 focussed national and international attention on the low pay, long working hours and often brutal management young migrant workers had to endure at these facilities. The suicides not only forced Foxconn to raise wages and revise its management policies, they also spurred the provincial government and trade unions to adopt measures to improve the lives and working conditions of employees throughout Guangdong.

Several other personal and collective protests over the last three years have generated a positive impact, especially in the field of workers' health and safety. In June 2009, Zhang Haichao, a young migrant worker from the central province of Henan, took the extraordinary step of voluntarily undergoing open-chest surgery in order to prove that he was suffering from pneumoconiosis, the fatal lung disease that is now the most prevalent occupational disease in China. His actions gained national media attention and helped raise awareness of the problems faced by other victims of pneumoconiosis. At the same time, more than 180 workers from the villages of Leiyang, in Hunan, who had contracted pneumoconiosis whilst working on the construction sites of Shenzhen, returned to the city to demand due compensation. They staged demonstrations and even threatened to sue the Shenzhen government before they were eventually awarded a total of around 14 million yuan in compensation.²¹

As we will see in the following chapters, the consistently high numbers of strikes and protests staged by workers over the last two or three years have produced a wide range of benefits, not just for the workers themselves but also, it could be argued, for the Chinese government and to some extent employers as well. The government and employers have been put on notice that the standard business model of the last two decades, of management dictating pay and working conditions to their employees, is no longer sustainable, and that workers need and deserve a greater say in their own affairs.

²¹ *The Hard Road: Seeking justice for the victims of pneumoconiosis in China*. China Labour Bulletin, April 2010.

Chapter Two: A new generation leads the way

In the spring and summer of 2010, a new term became firmly established in China's popular lexicon – new generation migrant workers (新生代农民工). This “new generation” of workers – those born after 1980 – had been around for several years, of course. But with the suicides of young workers at Foxconn and the wave of strikes across China led by factory workers in their early twenties, they suddenly came to the fore. It is now estimated that nearly two thirds of China's migrant workers belong to this new generation. In March 2010, the National Bureau of Statistics put the figure at 61.6 percent,²² and in May 2010, a survey by the ACFTU showed that 60.9 percent of migrant workers were born after 1980.

The ACFTU survey of 1,000 enterprises and 4,453 workers in 25 cities across China revealed some of the key differences between the new and first generation of migrant workers:

- Education levels are higher. Some 67.2 percent of new generation workers have a high school or even tertiary education, 18.2 percent higher than the first generation.²³
- The proportion of migrant workers with experience of agricultural work dropped to just 11 percent for the new generation, compared with 35.7 percent for the older generation.
- New generation migrant workers changed employers on average once every four years (0.26 times per year), while older migrants changed jobs once every ten years on average (0.09 times per year).
- There was a slight shift in employment patterns. Only 5.5 percent of the new generation worked in construction, 12.4 percent less than the older generation. A total of 73.9 percent of new generation migrant workers were employed in manufacturing in 2010, with the proportion employed in the primary and tertiary industries declining slightly compared with the previous year.

Another crucial difference, discussed by many commentators, is that the new generation no longer consider themselves to be peasants (农民). Many young migrant workers grew up or were even born in the city. They identify far more with urban culture, and have a strong desire to forge a career and life for themselves in the city.

²² See ACFTU task force on issues faced by new generation migrant workers. “2010 年企业新生代农民工状况调查及对策建议” (Survey into and some proposals regarding the conditions of the new generation of migrant workers at enterprises in 2010), 全总网站 (ACFTU website).

See also National Bureau of Statistics, Rural Division. 2009 年农民工监测调查报告: (Research report into rural migrant workers, 2009), 国家统计局网站 (website of National Bureau of Statistics).

²³ As the number of vocational schools, technical colleges and universities expanded in the 1990s and 2000s, so did the proportion of rural students going into vocational and tertiary education prior to starting work. According to the *China Labour Statistical Yearbook 2010*, only 243,000 students graduated from vocational schools in 1990; that figure increased to 646,000 in 2000 and nearly doubled again to reach 1,152,000 in 2009.

They are more likely than their parents to seek additional education and skills training in order to improve their job opportunities and advance their career, and far less likely to return to live in the family home in the countryside. However, they still face discrimination and numerous institutional barriers based on their rural residency (户口) status, which in turn leads to frustration, resentment and a growing sense of social injustice.^{24, 25} The new generation generally seem to be less tolerant of employer abuses, low pay and poor working conditions than their parents and are more likely to stand up for their rights.²⁶ All of these factors fed into the worker protests of the last two years.

The new generation's familiarity with and access to the internet, social networking tools and mobile telecommunications has also played a significant role in the organisation of worker protests. Although most strikes and protests are still largely spontaneous and lack sophisticated organization, workers are able to send out real time updates to their co-workers and garner media attention and public support.²⁷ The strike at Nanhai Honda was a particularly good example. Soon after the strike broke out in May 2010, the workers set up a group on the QQ instant messaging service called "Unity is Victory (团结就是胜利)."²⁸ The QQ group and a range of other internet tools allowed workers to provide rolling briefings on progress in the strike, enabling reporters to track events and lawyers and labour rights activists to give professional advice.

During the subsequent strike on 9 June at the nearby Honda Lock plant in Zhongshan, workers described how "We used our mobile phones to get video of the strike. We decided to post it online to keep everybody informed of the injustices we were suffering."²⁹

These young workers occasionally used unusual and innovative tactics to pursue their demands, but on the whole relied on the now well-established tactics of work-stoppages and demonstrations to force government intervention and kick-start negotiations between labour and management.³⁰ See CLB's previous report on the workers' movement for an analysis of how this model developed.³¹

²⁴ Chan Guangding (单光鼎), 我国劳资关系张力加大 (Rising tensions in China's labour relations), 瞭望 (*Outlook Weekly*), No. 25 (2010), pp. 27-28.

²⁵ James Pomfret, "China migrant unrest exposes generation fault-line," *Reuters*, 28 June 2011

²⁶ 理性应对劳资关系新节点 (A rational response to a new juncture in labour relations), 财经网 (*Caijing.com.cn*), 7 June 2010.

²⁷ Wu Qingjun (吴清军) and Xu Xiaojun (许晓军), 中国劳资群体性事件的性质与特征研究 (The nature and characteristics of mass protests by workers in China), 学术研究 (*Academic Research*), No. 8 (2010), pp. 59-65.

²⁸ QQ is a free instant messaging program developed and owned by the Chinese tech giant Tencent. To date, it has more than 100 million users, making it the most popular IM in China.

²⁹ David Barboza and Keith Bradsher, "In China, Labor Movement Enabled by Technology," *The New York Times*, 16 June 2010.

³⁰ Yang Lin (杨琳), 劳资关系调整新节点 (A new juncture in labour relations management), 瞭望 (*Outlook Weekly*), No. 25 (2010), pp. 20-27.

Wu Qingjun (吴清军) and Xu Xiaojun (许晓军), 中国劳资群体性事件的性质与特征研究 (The nature and characteristics of mass protests by workers in China), 学术研究 (*Academic Research*), No. 8 (2010), pp. 59-65.

³¹ *Going it Alone: The Workers Movement in China (2007-2008)*, China Labour Bulletin, July 2009.

Characteristics of modern worker protests

Protests occur at profitable companies

It became increasingly clear in 2010, after the impact of the financial crisis had eased and business had largely recovered, that many strikes and protests broke out at well-established and profitable companies, especially wholly foreign-owned and joint-venture companies in the manufacturing sector. Following the strike at Nanhai Honda, for example, a string of protests occurred at companies owned by or supplying Japanese automakers:

- 7 June 2010: Over 200 workers went on strike at Foshan Fengfu Autoparts, an original equipment manufacturer (OEM) supplying Honda assembly plants in China with exhaust systems and mufflers. The strikers demanded higher wages.

- 9 June 2010: Some 500 workers went on strike at Honda Lock in Zhongshan, a company that produces locks, side and rear view mirrors and other items for Honda vehicles. The strikers demanded that their basic monthly salaries be increased from 930 yuan to 1,600 yuan, and sought double pay for overtime.

- 17 June 2010: Over 200 workers went on strike at Wuhan Auto Parts Alliance, a supplier of auto-body parts to Dongfeng Honda Automobile. Workers' demands included higher wages, and payment of housing, night-shift and telecommunication allowances.

- 17 June 2010: Workers at Toyoda Gosei in Tianjin went on strike demanding wage increases. The company principally supplies Tianjin Toyota Motor and Guangzhou Honda with passenger car component sets and parts.



Striking workers at Denso (Guangzhou) Nansha block the goods entrance of the plant, preventing deliveries. Photograph, [courtesy of aboluowang](#), taken by the workers.

- 21 June 2010: 1,100 workers at Denso in the Nansha district of Guangzhou went on strike demanding wage increases and improved welfare benefits (See above photo). The company's main output is power transmission system products. Major customers in China include Toyota and another 15 vehicle assembly plants.³²

- 12 July 2010: Nearly 200 workers went on strike for higher pay at Atsumi Metal in Foshan, a subsidiary of Honda that produces gearboxes, automotive dies, welding jigs etc.

- 21 July 2010: A strike broke out at Omron Automotive Electronics Co., Ltd. in Guangzhou, with workers demanding higher wages. Major products of the company include anti-theft remote locks, automatic window controls, and other electronic parts and products.

One of the most important factors driving this wave of strikes was the profitability of the automotive sector and rock-bottom wages paid to its workers. Professor Shen Caibin of Tama University in Japan, argues that China is currently one of the most important sources of profit for international automotive manufacturers. And while senior and mid-level managers can share in those profits, the workers cannot, leading to lingering resentment and a sense of injustice.³³ Labour expert, Zhao Wei of Beijing Normal University, argues further that the lean production methods used in the automotive industry force workers to endure excessively long hours, heavy workloads and strict management regimes, all of which fuel anger and resentment on the factory floor.³⁴

Strikes are clustered in specific industries and regions.

The above-mentioned strikes also illustrate the second major characteristic of the modern workers' movement, namely that strikes tend to be clustered in a particular industry and region. Indeed, there were reportedly more than 20 strikes in auto parts suppliers in the Pearl River delta area alone in the two months from 17 May 2010 to 16 July 2010.³⁵ Similar clusters were seen over the last three years in the transportation and sanitation sectors, among others:

In many Chinese cities, **bus drivers** operate as independent contractors, paying usage fees to companies. This system, along with the low wages paid to contracted drivers and conductors, has led to driver protests in Zhengzhou, the provincial capital of Henan, the southern cities of Dongguan, Shenzhen and Guangzhou, Luancheng

³² Wu Weiting (吴妮婷) and Chen Yong (陈勇), “[广州电装停工 72 小时事件](#)” (72-hour Stoppage at Guangzhou Denso), *经济观察报 (Economic Observer)*, taken from *凤凰网 (Ifeng.com)*, 25 June 2010.

³³ Zheng Meng (郑猛), Zuo Lin (左林) and Yan Jianbiao (鄢建彪), [停工进行时](#) (When work stoppages break out), *财经杂志 (Caijing Magazine)*, No. 14 (2010), taken from *财经杂志网 (Caijing.com.cn)*.

³⁴ Ge Huan (合欢), *中国社会学会 2010 年年会劳动关系与工人研究论坛综述 (2010 Summary of Annual Research Meeting into Labour Relations and Workers (2010))*, *中国社会学 (Chinese Sociology)*.

³⁵ Zeng Qinghong (曾庆洪), [规范经济罢工权, 构建和谐劳动关系](#) (Regulating the Right to Strike, and harmonising labour relations), *新民网 (Xinmin.cn)*, 7 March 2011.

county in Hebei and Lanzhou, the capital of Gansu province. Most recently,³⁶ there were more protests by bus company employees in smaller cities and districts across China such as:

- Huaining county in Anhui on 4 June 2011. Bus crews strike over the company's failure to pay wages for two months.
- Luohe in Henan on 3 June 2011. Conductors on several city bus routes stage strikes.
- Yuyang in Anhui on 20 May 2011. Dozens of bus operators strike over the company's failure to implement local government directives on improving management.
- Ankang in Shaanxi on 18 May 2011. Bus operators on two routes strike over the company's failure to pay fuel subsidies while daily running costs escalate.
- Ganyu in Jiangsu on 25 February 2011. Some 16 bus crews stage a one day strike.

As in previous years, there were numerous strikes by **taxi drivers** over the fees paid to cab companies, fuel prices and the failure of local government to properly regulate the industry. In Shenzhen, for example, more than 3,300 suburban taxi drivers staged a three day strike at the end of October 2010 in protest at the failure of the government and cab companies to resolve the city's inequitable fare structure which disadvantaged suburban drivers.³⁷ And more recently, several thousand drivers in the tourist city of Hangzhou staged a three day strike from 1 to 3 August 2011 demanding higher fares. The municipal government agreed to a temporary fare supplement immediately, and promised to have a new fare structure in place by the end of October.³⁸

And in one the most highly publicised transport strikes this year, more than 2,000 **truck drivers** at Shanghai's port terminals went on strike from 20 to 23 April in protest at increasing costs and excessive fees. Most of the truck drivers were independent hauliers from nearby provinces such as Henan, Shandong and Anhui who, like many bus drivers, were at the mercy of local governments and the companies they contract to.

In the **sanitation sector** meanwhile, low paid workers staged strikes in:

- Yibin in Sichuan on 22 December 2009 and on 16 February 2010.
- Guangzhou on 19 January 2010. More than 300 sanitation workers went on strike.
- Qianjiang in Hubei on 21 September 2010. More than 60 sanitation workers including retirees staged protests.
- Shenzhen on 18 November 2010. Nearly 1,000 sanitation workers walked out.

³⁶ See CLB's [2011 strike map](#) on our Chinese language website for more details.

³⁷ "[Shenzhen sacks striking cab drivers but also makes concessions.](#)" China Labour Bulletin, 4 November 2010.

³⁸ "[Striking cab drivers back to work in E China city.](#)" *China Daily*, 4 August 2011.

- Dongguan’s Dalang township on 21 December 2010. Several hundred workers walked out.³⁹
- Guangzhou’s Haizhu district on 28 March 2011. More than 80 workers staged a strike over non-payment of wages.

In addition to industry specific clusters, there have also been distinct **regional clusters**, most noticeably in the Dalian Development Area between late May and the end of August 2010, where a wave of strikes hit 73 companies, including 48 Japanese-owned enterprises. Up to 70,000 workers took part in the strikes, all demanding higher wages.⁴⁰

These industry- and region-specific strikes tended to have near identical demands and grievances, usually higher wages and improved working conditions. The nature of the protests were likewise identical, suggesting that while workers from different companies were not organizing protests in a coordinated and unified manner, they were at least learning from each other both in terms of tactics and demands.

Isolated incidents can trigger broader industrial action.

Very often, a seemingly isolated incident can trigger explosive protests with workers giving vent to a wide range of grievances and long-simmering resentment. For example:

- 13 February 2009: A strike at Thermo King Dalian Transportation Refrigeration Co., Ltd. in Shenzhen was triggered simply by the management announcement that the autumn factory trip for that year had been cancelled. This seemingly trivial matter led to an outpouring of anger from workers at their level of pay and benefits. Some employees said the company had not increased basic wages in over a dozen years.

- 15 January 2010: More than 2,000 strikers staged an at times violent protest at United Win Technology in Suzhou. It was triggered by a rumour that the company intended to cancel employees’ year-end bonus. Worker anger was fuelled by several years of excessive workloads, low wages and deductions to cover bonuses and benefits. But the key grievance was the poisoning of at least 60 workers through exposure to the toxic chemical n-hexane, which had been used to clean the touch screens for iPhones produced by the company.⁴¹

³⁹ Lin Shining (林世宁), [“广州约 300 环卫工人不满‘待遇’罢工”](#) (About 300 sanitation workers in Guangzhou strike over benefits), 羊城晚报 (*Yangcheng Evening News*), taken from 腾讯网 (*QQ.com*), 19 January 2010.

Ma Xisheng (马喜生) and Wang Yan (王焱), [“不满全年只休假 2 天，东莞大朗环卫工罢扫两天”](#) (Annual leave of only two days triggers two-day protest by sanitation workers in Dalang, Dongguan), 南方报业网 (*Nanfang Daily*), 22 December 2010.

⁴⁰ Lan Fang (兰方), [“大连停工潮 7 万人参与波及 73 家企业，以工资涨 34.5% 告终”](#) (Wave of Strikes in Dalian Involves 70,000 workers and 73 companies; Ends in 34.5% wage increase), 财新网 (*Caing.com*), 19 September 2010.

⁴¹ Zhu Liudi (朱柳笛), [“传取消年终奖引千人抗议”](#) (1,000 workers protest rumoured cancellation of year-end bonus), 新京报网 (*bjnews.com*), 16 January 2010; See also Tania Branigan, “Chinese workers link sickness to n-hexane and Apple iPhone screens,” *The Guardian*, 7 May 2010.

- 24 February 2010: Several hundred workers at the Lifeng switch factory in Huizhou's Boluo went on a "walkabout" after management gave workers just two yuan each in "lucky money" after the Lunar New Year holiday. Some of the strikers said they earned less than 1,000 yuan a month, which left them with almost nothing after the cost of meals, lodging and other daily expenditures not covered by the company.⁴²

- 28 February 2010: Another strike in Huizhou, this time at the Chaoba battery factory, was triggered by rumours that three workers had been injured by security guards. Nearly 1,000 workers staged a roadblock outside the factory in protest at the company's gradual withdrawal of benefits such as their year-end bonus, factory trips and free board and lodging.

- 23 May 2010: Over 100 workers went on strike at Qijiang Gear Transmission in Chongqing after the death an employee at a subsidiary. The employee had collapsed from exhaustion after being forced to work overtime on his day off. The employee was hospitalized but did not recover. The workers had long complained of low pay and overwork.

These spontaneous protests are a clear indication of just how fragile the state of labour relations is in many Chinese workplaces. Longstanding resentment over low pay, welfare benefits, working and living conditions can very easily come to head and blow up into public protest precisely because the workers have no other means of resolving their grievances. On 20 May 2011, for example, more than 4,000 workers at a Korean-owned handbag factory in Guangzhou's Panyu district went on strike for higher pay, better working conditions and to be treated with more respect by management. The strike was triggered by male managers walking into the female washroom to make sure employees were not lingering inside. As one worker told the *South China Morning Post*, "the Korean management treats us [as] less than human beings... We can't contain our anger anymore."⁴³ Workers also complained that the food in the factory canteen was inedible and that managers confiscated workers' telephones without reason.

Higher wages remain the principal goal

While many employees nurse long lists of grievances, the most fundamental goal of workers in China today remains a decent wage. For more than a decade, workers have been fighting an uphill battle to keep up with the growth of the economy, the revenue garnered by the government and the profits made by their bosses. Official figures show that in the ten years between 1997 and 2007, government fiscal revenues rose from 10.95 percent of GDP to 20.57 percent, while corporate earnings increased from 21.23 percent to 31.29 percent in the same period. However, employee compensation fell from 53.4 percent of GDP to 39.74 percent during this time. And ACFTU Vice-Chair Zhang Shiping pointed out in March 2010 that while the pay of senior

⁴² Guo Qiucheng (郭秋成), [开工只给2元红包：博罗县立锋开关厂数百女工集体‘散步’](#) (Only two yuan "red packet" bonus: Several hundred female workers stage mass "walkabout" at Boluo county switch factory), taken from 网易新闻网 (*News.163.com*), 26 February 2010.

⁴³ Mimi Lau, "We can't contain our anger any longer," *South China Morning Post*, 23 June 2011.

executives was soaring, some 20 percent of workers surveyed had not received a single raise in the previous five years.⁴⁴

One of the reasons for ordinary workers' wages remaining static in early 2010 was the continuing fallout from the global economic crisis. Many labour intensive enterprises, especially in the manufacturing sector, sought to cut costs by either laying-off workers or reducing wages and eliminating bonuses, allowances and welfare benefits. For example:

- 31 May 2009: Nearly 2,000 employees of the 361 Degree Sportswear Co in Jinjiang, Fujian, went on strike demanding higher wages after the company reduced its piece rates in order to cut the cost of manufacturing one pair of sports shoes to just three yuan. Workers also complained that the company frequently withheld wages on the slightest pretext.

- 11 November 2009: Nearly 1,000 employees at Hainan Youmei Underwear Co. in Haikou, Hainan, went on strike after the company announced that henceforth employees' annual bonus would be cut by 25 percent after one verbal warning, and by 50 percent after the second. No bonus at all would be issued after a serious written warning. The strikers said that warnings were issued in a completely arbitrary manner and that the elimination of the year-end bonus would place an intolerable strain on their livelihood.

- 26 February 2010: More than 2,000 workers at Taisheng Furniture Co Ltd in Dongguan went on strike after the cancellation of monthly livelihood and housing subsidies totalling 240 yuan.⁴⁵

And even after local governments across the country intervened to raise the minimum wage, many enterprises sought to claw back increased costs by again cutting piece and overtime rates, increasing work quotas, and passing other costs on to the workers. It is also important to note here that the 2010 increases in the statutory minimum wage only brought pay levels back up to where they should have been after the Ministry of Human Resources and Social Security froze minimum wage increases on 17 November 2008.⁴⁶ Given this situation, it is easy to see why workers reacted so strongly when managements attempted to recoup the minuscule gains they had got from the increase in the minimum wage.

- 20 March 2010: Several hundred workers went on strike at the Canon factory in Zhuhai after management announced a new pay scale, supposedly in line with planned increases in the local minimum wage. Workers said the wage increases would be negated by management plans to scrap the housing

⁴⁴“[ACFTU: SOE senior executives earn 18 times higher than grassroots workers](#),” *People's Daily Online*, 10 March 2010.

⁴⁵ Ceng Yujun (曾育军), “[加薪梦碎，家具巨头工人罢工](#)” (Frustrated in their dreams of higher pay, workers at furniture giant go on strike), *南方都市报 (Southern Metropolis Daily)*, taken from *南方网 (Nanfang Wang)*, 27 February 2010.

⁴⁶ Zhang Jing (张静), “[今年全国 27 省份已上调最低工资标准](#)” (27 Provinces across China raise their minimum wage this year), *新京报 (Beijing News)*, taken from *新浪网 (Sina.com)*, 18 August 2010.

accumulation fund, housing allowance, and other benefits. Management was in effect “knocking down the east wall to build up the west wall,” they said.⁴⁷

- 9 June 2010: Nearly 500 workers went on strike at the Flextronics plant in Zhuhai after management raised wages but increased the time period of unpaid meal breaks from 90 minutes to two hours each day, effectively reducing regular and overtime pay, as the employees now had to work for part of the meal breaks too.

- 7 September 2010: More than 100 workers at Brother Industries (Shenzhen) went on strike two months after the government raised the minimum wage. Wages had gone up but workers complained that their workload had increased significantly and that they were not being properly compensated for increased overtime.⁴⁸

- 5 November 2010: Several thousand workers went on strike at Foxconn subsidiary Premier Image Technology (China) in Foshan in protest at measures to reduce overtime. While basic and overtime pay was increased, the reduction in overtime meant that take-home earnings had actually declined.

- 3 June 2010: Workers at Jalon Electronics in Xiamen staged a mass “sleep-in” to protest against new work quotas introduced after a 1 June pay increase. Workers said pay for an eight hour shift had gone up from 30 yuan to 38 yuan but that the work quota had gone up from an already difficult 7,700 units of conductive adhesive to an impossible 9,000 units. The workload was so exhausting that workers said they had no option but to sleep at their stations.⁴⁹

- 18 November 2010: Over 100 workers at the Yifengfa foam rubber factory in Shenzhen went on strike and blocked the entrance to the plant after management had increased workloads several times after the 1 July increase in the minimum wage. Even working flat out, employees said, they could not meet the new quotas.

Another important factor behind worker demands for higher wages is the disparity between the pay of production workers and top management. At Nanhai Honda for example, Japanese managers reportedly earned up to 50 times more than the workers.⁵⁰ And an ACFTU survey in March 2010 showed that executives at state-owned enterprises earned 18 times as much as production line workers.⁵¹ Such

⁴⁷ Zhao Feipeng (赵飞鹏) and Li Jing (李京), “[佳能珠海工厂数百工人抗议降薪](#)” (Hundreds of Canon Zhuhai factory workers protest pay cuts), 南方都市报 (*Southern Metropolis Daily*), taken from 新浪科技网 (*Tech.sina.com*), 27 March 2010.

⁴⁸ Xu Shilei (许士磊), “[为讨加班费停工数小时](#)” (Workers strike for several hours to protest method of calculating overtime), 深圳新闻网 (*Sznews.com*), 8 September 2010.

⁴⁹ Liu Yijie (刘以结), “[工资低、定额高、工人不满，停工睡大觉](#)” (Workers stage mass sleep-in to protest low wages and high workload), 厦门网 (*Xmnn.cn*), 4 June 2010.

⁵⁰ “[本田罢工事件调查：中日员工工资相差 50 倍](#)” (Survey into Honda strike: Japanese employers earn 50 times as much as Chinese employees), 二十一世纪经济报道 (*Twenty-first Century Business Herald*), taken from 新浪网 (*Sina.com*), 31 May 2010.

⁵¹ “[ACFTU: SOE senior executives earn 18 times higher than grassroots workers](#),” *People’s Daily Online*, 10 March 2010.

differentials are commonplace regardless of whether enterprises are private, foreign-invested or still state-owned, and are a frequent cause of discontent.

- 23 May 2010: Strikers at Qijiang Gear Transmission in Chongqing complained that even after working weekends, their monthly take home pay was just a few hundred yuan after deductions. Top management at the company could reportedly earn as much as 13,000 yuan a month, while mid-level management got more than 8,000 yuan.

- 14 August 2010: Strikers at Kunming Machine Tool in Yunnan said their take home pay was little more than 900 yuan a month, about the same level as the fuel subsidy paid to managers for their company cars. In addition to their regular wages, managers reportedly received around 80,000 yuan in semi-annual bonuses.⁵²

- 1 May 2010: Workers at a subsidiary of the Wan Tai Group's cotton plant in Zaozhuang, Shandong went on strike for higher wages. Some workers earned just 500 yuan a month, and even those who had worked at the plant for three decades still earned less than 700 yuan a month. Senior managers meanwhile drove expensive cars and sent their children to study overseas.

- 24 May 2010: More than 2,000 workers at the Lanzhou Vinylon plant in Gansu who earned less than 800 yuan a month, went on strike demanding higher pay. Strikers said senior managers had always refused to increase worker wages on grounds of "severe operating losses," but had reportedly bought themselves luxury apartments and other perks valued at some 30 million yuan.

The Citizen strike: A very modern protest

In early June 2011, some 2,000 workers at the Japanese-owned Citizen watch factory in Dongguan went out on strike for around two weeks. They were not protesting ill-treatment or poor working conditions, nor were they even striking primarily for higher pay. Their two main demands were for management to change the factory's shift rotation system, which cut into their overtime pay, and to cancel a ten-minute morning meeting held on employee time. One of the workers told CLB:

The main cause of the strike was the shift system. For example, if there was no shift on Wednesday because of a power cut, that shift would be switched to Saturday but it would not be counted as overtime, so you did not get paid overtime. The other reason was that we had to attend a meeting ten minutes before the morning shift. This was on our own time. Of course we could not accept this. One of the workers downed tools and soon afterwards others joined in.⁵³

⁵² Ning Bo (宁博) and Wang Jitao (王吉涛), "[昆明机床部分员工停工](#)" (Some workers at Kunming Machine Tool Co go on strike), 云南信息报 (*Yunnan Information Daily*), taken from 云视网 (YNTV.CN), 19 August 2010.

⁵³ CLB talked to workers at the factory a few weeks after the strike in mid-July 2011.

Eventually management agreed to talks with the workers, including the strike leaders, and their basic grievances were resolved. However, a total of 21 workers, including eight strike leaders were reportedly sacked after the workers agreed to resume work.

The strike did not get a lot of publicity and certainly did not have nearly as big an impact as the one at Nanhai Honda the previous summer. However, it did quietly illustrate many of characteristics of China's modern workers' movement and the young migrant workers who are driving it.



The workers at Citizen (left) seemed to have a strong sense of collective identity. Migrant workers from different provinces ate together and lived together. They enjoyed each other's company and would band together in time of need. Many lived in cheap housing outside the factory, spending 300-400 yuan a month on their own apartment because this gave them more freedom to hang out with friends and

pursue their own interests. The factory, while within the municipality of Dongguan, was actually closer to Shenzhen, and as such workers could enjoy some of the benefits of modern urban life.

One young woman who had worked at Citizen for six years and now lived with her husband in a nearby apartment, told CLB:

After graduation, we had some time apart but then met up again on QQ. He then came from Guangxi to work at the factory here. The factory gives you maternity leave, on a basic salary. Also it organises a staff outing every year, and we get to choose the destination, usually somewhere around Shenzhen.

Whilst talking about her work situation, she constantly checked her phone: "We are always online, checking news and stuff," she explained. "We also posted threads about this strike. I can QQ on this phone as well."

The workers' basic salary at the factory was around 1,200 yuan per month, overtime was voluntary, usually three hours a day, the company paid social security, workers could take as many breaks as they needed, and there were no restrictive regulations. Employees said they enjoyed a wide range of fringe benefits and that many workers had bought watches from the company, offered at a considerable discount.

The workers generally had no problem with their Japanese boss, who they described as polite and respectful, although some said he was quite strict as well. There was a trade union at the factory but workers said only section chiefs or above were eligible for election, and it was very difficult to get promoted to section chief. Tellingly, the

union seemed unaware of or unconcerned with the workers' grievances over shift rotations and free time, issues that could have easily been settled through face to face negotiation without the need for strike action.

Outcomes of worker protests – lessons learned

One of the most important lessons learnt for both workers and management in recent years is that **strikes can be enormously costly**, especially for companies dependent on a highly complex and integrated supply chain, such as those in the automotive industry. Some reports claimed that the Nanhai Honda strike led to the total shutdown of Honda's four vehicle assembly plants in China,⁵⁴ and caused daily losses of 240 million yuan.⁵⁵ A general manager at Guangzhou Honda estimated the total losses during this period at several billion yuan.⁵⁶ The strike at Denso (Guangzhou Nansha) reportedly led to stoppages at six other components suppliers, and, because of this, Toyota had to close down two assembly lines. Denso produced 3,600 variable controlled timing systems each day – tantamount to the loss of production of 3,600 vehicles.⁵⁷

Another key lesson is that many **manufacturers clearly can afford to give their employees pay increases**. It has been something of an *idée fixe* for many years now that processing and manufacturing enterprises in China, under pressure from foreign buyers, operate on such low profit margins that they simply cannot raise wages.⁵⁸ However, the worker protests of 2010 have repeatedly undermined this notion. Firstly, after the spate of suicides at Foxconn in Shenzhen, the company increased wages three times in less than one year to reach 2,000 yuan a month for production line workers, an overall increase of 100 percent. Many other manufacturers followed suit and increased wage levels as a pre-emptive measure or in response to strike action. Workers now understand that many enterprises are profitable enough to accommodate wage increases, and the workers themselves are now more determined and able to push for those increases.

Successful strike action over the last few years, leading to higher wages, better working conditions and more generous welfare benefits, has taught workers that **unity is strength**. Workers are now increasingly unwilling to be dictated to by managements over their pay and conditions, and are beginning to appreciate the power of collective action. As one young migrant worker in Shenzhen said:

⁵⁴ Wei Xuezhen (魏学珍) and Yin Wei (尹蔚), “[本田在华4组装厂停产](#)”(Strike causes four Honda plants in China to suspend operations), 新京报电子报 (*Epaper.bjnews.com*), 28 May 2010.

⁵⁵ Liao Lefeng (廖笏锋), “[每天超2亿元损失, 南海本田罢工影响巨大](#)” (Daily losses exceed 200,000 yuan as Nanhai Honda strike takes heavy toll), 汽车中国网 (*Carschina.com*), 28 May 2010.

⁵⁶ Chang Kai (常凯), “[南海罢工三重要启示](#)” (Three important lessons from the Nanhai Honda strike), 人文与社会网 (*Wen.org.cn*), 16 June 2010.

⁵⁷ Wu Weiting (吴妮婷) and Chen Yong (陈勇), “[广州电装停工72小时事件](#)” (72-hour Stoppage at Guangzhou Denso), 经济观察报 (*Economic Observer*), taken from 凤凰网 (*Ifeng.com*), 25 June 2010.

⁵⁸ Yang Lin (杨琳), 劳资关系调整新节点 (A new juncture in labour relations management), 瞭望 (*Outlook Weekly*), No. 25 (2010), pp. 20-27.

Before, we did not understand the management situation of the company, and we were not familiar with the law, so if an individual tried to talk with management, absolutely nothing got done, and that person could end up getting sacked if he persisted. All we could do was join forces, because there is nothing a company can do when the workers link arms as one. In the end, we could wring a pay increase out of them.⁵⁹

The growing awareness of workers' collective power stands in marked contrast to the impotence and inaction of the trade unions at their factories. For example, during the strike at Denso (Guangzhou Nansha) workers said they had previously negotiated with management through the company union, but this had never had any effect. So they had been forced to take their own action. The chairman of the official union at the Dalian Development Zone said that during the strikes which broke out in the summer of 2010, enterprise union chairmen basically stayed on the sidelines.⁶⁰ And according to a worker involved in the strike at Nanhai Honda, the chairman of the company union was often seen at the side of the general manager as if "he were a bodyguard." In negotiations with management, this union chairman "kept running up to the management table and bending down to listen to the general manager, and when he had the microphone in his hand all you could hear was the sound of assent."⁶¹

As noted in CLB's last report on the workers movement, *Going it Alone*, **workers have lost confidence in enterprise unions** and union officials, and have developed a stronger sense of their own collective identity. In the three above-mentioned strikes, the workers all listed "restructuring the union" as one of their basic demands along with demands for better pay and working conditions. The workers all demanded that the leaders of enterprise unions should be elected by frontline workers, and that those elected officials should lead the workers in **negotiations with management**.

For the last two decades, the government's and the ACFTU's preferred method of negotiating pay increases has been so-called "collective consultations" (集体协商) leading to the conclusion of a collective contract. The fundamental drawback of this system is that it lacks any real worker participation and, as a result, usually fails to address workers' most pressing concerns. This system is no longer viable. Indeed, the workers themselves are creating a new model for negotiations. The seriousness and potential cost of large-scale collective protests has forced employers to sit down and start talking with elected worker representatives. And in many cases, these negotiations have led to significant pay increases:

- After going on strike, workers at Nanhai Honda won a pay increase of 35 percent through collective bargaining with management.

⁵⁹ *Ibid.*

⁶⁰ Lan Fang (兰方), "[大连停工潮 7 万人参与波及 73 家企业，以工资涨 34.5% 告终](#)" (Wave of strikes in Dalian involves 70,000 workers and 73 companies; Ends in 34.5% wage increase), 财新网 (*Caijing.com*), 19 September 2010.

⁶¹ Liu Ziqian (刘子倩), "[工会的新机会](#)" (New opportunities for trade unions), 中国新闻周刊 (*China Newsweek*), taken from 新浪网 (*Sina.com*), 24 June 2010.

- Representatives of the nearly 70,000 striking workers at 73 enterprises in the Dalian Development Area negotiated agreements to increase monthly wages by an average of 300 yuan, or 34.5 percent.⁶²
- Negotiations between representatives of more than 200 striking workers and management at Fengfu Autoparts in Foshan in June 2010 led to an agreement to increase monthly wages by 500 yuan.
- Following a strike by more than 100 workers at Brother Industries in Shenzhen on 7 September 2010, negotiations between labour and management led to decreases in production line speeds and a pledge to boost workers' monthly basic salary by 100 yuan and the meal allowance by two yuan, as well as provision of welfare benefits.
- Ten days after a strike by nearly 200 workers at Atsumi Metal on 12 July 2010, worker negotiations with management resulted in an agreement to up wages by 45 percent.

During this **embryonic process of collective bargaining**, workers elected their own representatives, putting forward their own demands. They pitted their strength against managements at the negotiating table, and in the end achieved results they – rather than the official trade union – were willing to accept. As a result, the process has proved to be far more effective in curbing future disputes and in improving general labour relations.

Of course, not all worker protests have had a satisfactory outcome, and, in some cases, protestors ran into fierce **resistance from employers**. Because China lacks laws legitimising strikes or exempting strikers from liability for the consequences of such action, managements can seek to forestall further protests by threatening to dismiss or replace strikers who do not go back to work. When workers at Honda Lock rejected the offer of a 200 yuan pay raise because it was far below the 900 yuan increase they had been seeking, the management began to recruit new workers to replace them.⁶³ This hard line forced the majority of strikers to accept the original offer and go back to work. The workers may have been emboldened by the success of their colleagues at Nanhai Honda but they lacked the same bargaining power and failed to get the same result. The Nanhai Honda workers had higher skill levels and produced key components – transmission systems – for the whole Honda network in China. The Zhongshan workers were relatively unskilled and produced peripheral items such as remote-control locks, side- and rear-view mirrors. Moreover, the wage rates offered by management at Honda Lock most likely reflected the current market rate for low-skilled labour in Zhongshan's Xiaolan township, where the factory is located. Indeed, there were reports at the time of other factories in the township unilaterally raising wages by similar amount in a bid to forestall strike action at their plants.⁶⁴

In some of cases, workers were even less successful. On 13 October 2010, some 1,300 workers the Ricoh photocopier factory in Shenzhen went on strike to demand higher

⁶² Lan Fang (兰方), op.cit.

⁶³ Tom Mitchell, "[Honda puts foot down over China settlement](#)," *Financial Times*, 14 June 2010.

⁶⁴ "[Partial victory for Honda workers suggests a reasonably healthy state of labour relations](#)," China Labour Bulletin, 14 June 2010.

wages and improved welfare benefits as well as the establishment of a mechanism to resolve contract termination disputes. For more than two weeks, management rejected most of the workers' demands. Later, with both sides unable to reach agreement, the local government called in labour officials and riot police to force the strikers back to work. The management also threatened that if workers did not return to work, they would be dismissed.

In November 2010, when after five days of strike action, the management at Yifengfa Foam Plastic in Shenzhen demanded that the more than 100 strikers return to work or resign, most chose to resign. For many young workers, however, losing their job can be seen as an opportunity rather than a setback, a chance to look for a better job, learn a new skill or even start their own small business.

Employer resistance to certain worker protests and demands for higher wages are only to be expected and can be seen as a natural outcome in a market-driven system of labour relations – a price workers sometimes have to pay for organising collective protests.

Chapter Three: The old guard continues its struggle

The restructuring of state-owned enterprises (SOEs) in the late 1990s, and the mass lay-offs that resulted from it, probably seem like ancient history to many of the young worker activists at the heart of last year's strikes in the Pearl River delta. But for the millions of those affected at the time, the wounds still run deep.

According to official figures, in the seven years from 1998 to 2004, SOEs laid off six out of ten of their employees, totalling nearly 30 million people. From 1998 to 2000, SOEs laid off seven to nine million employees each year.⁶⁵ This, needless to say, was a real shock to the system: workers had been told from an early age that the state would guarantee them a job, housing and welfare benefits for life, or an “iron rice bowl,” as it was known. To add insult to injury, workers who were being thrown on the employment scrapheap saw their former bosses getting obscenely rich by manipulating the restructuring process and purchasing state assets at ridiculously low prices. Prior to the State-owned Assets Supervision and Administration Commissions' *Opinion on Regulating the Restructuring of State-Owned Enterprises* in 2003, there was no comprehensive and unified central government policy to guide or regulate the restructuring process, giving unscrupulous local government officials and SOE managers the chance to collude in undervaluing the assets of SOEs and dividing the spoils between them.⁶⁶

For workers, the lack of transparency and effective regulation meant they could be cast aside with minimal compensation, leaving wages, social insurance and pension fund contributions unpaid. Many of these grievances remain unresolved to this day, and as a result, the victims of SOE restructuring continue to lobby their former employers and local governments for justice:

- 9 November 2009: Hundreds of retired and current workers at the Yangtze River No. 2 Hydraulic Plant in Luzhou, Sichuan demonstrated at the gates of the city government. When the plant was restructured in the late 1990s, the workers had held a minority stake in the company. The management gradually reduced the number of workers, and the shares of the laid-off workers were then appropriated by the managers. When workers heard that the plant's land was to be sold, they demanded settlement of the outstanding restructuring issues.
- 5 February 2010: Nearly 100 laid-off workers from the Yuyong Power Company in Chongqing demonstrated outside the Municipal Party Committee building in protest at the government's refusal to provide them with a subsistence allowance. After restructuring in 1996, the company's management forced workers to accept a one-off compensation payment but

⁶⁵ Liu Yingli (刘英丽), [“今年告别‘下岗职工’”](#) (This year, say goodbye to 'laid-off workers'), 中国新闻周刊 (*China News Weekly*), Vol. 220 (March 2005).

⁶⁶ Government estimates put the total value of state assets lost since the start of the SOE restructuring process at between 800 billion to one trillion yuan. Director of the National Audit Office, Li Jinhua, blames “corrupt elements” for the majority of the losses. See Shen Hua (申铎), [“李金华：国有资产流失是中国最大的威胁”](#) (Li Jinhua: Loss of state assets is the biggest threat) 自由亚洲电台 (Radio Free Asia), 30 September 2006.

the laid-off workers were all having difficulties finding new employment and making ends meet.

- 27 March 2010: Thousands of workers at Yimian textile factory in Baoding, Hebei, went on strike. On April 2, about 2,000 of the workers set off on a walk to Beijing in order to make a bigger impact. But they were intercepted by the authorities. The company had been privatized in 2004, short-changing the workers on their compensation and pension payments.
- 10 May 2010: Laid-off workers from another Baoding SOE, the Baobai Group, set off on another march to Beijing (see photo below). When the SOE had restructured in July 2000, the employees were awarded shares in the new company. Management then used a range of methods to force employees to resign and sign an “agreement for voluntary return of stock”. This enabled the management to pocket workers’ shares.



Laid-off workers from the Baobai Group in Baoding set off on a walk to Beijing wearing tee-shirts proclaiming “Baobai Shareholder.” Photograph Citizens Rights and Livelihood Watch (民生观察)

- 5 June 2010: In the latest of a long-running series of protests, laid-off workers from the Tieshu Textile Group in Suizhou, Hubei, blocked the streets demanding redress for unresolved issues related to severance pay and pensions dating back to 2002 when the SOE declared bankruptcy. Since that date, the unemployed workers had petitioned, blocked streets, and staged numerous sit-ins, the largest protest coming on 8 February 2004, when more than 1,000 people blocked a railway.
- 23 August 2010: Nearly 1,000 unemployed workers from the Guangzhou Iron and Steel Holdings Co. staged a demonstration in their continued fight for redress, which dated back to 1996, when about 10,000 employees were laid off. The laid-off workers had established their own rights group and negotiated with the government over the years but their grievances had never been resolved.

One of the most common problems faced by former SOE workers is finding a new job. In most cases workers were in their 40s and 50s when they were laid off and despite government promises to provide them retraining, most ended up in low-paid, temporary positions. Nearly all had to rely on the one-off compensation package they received when they were laid-off. However, with low-interest rates and high inflation, the value of their savings has been eroded over the years. For example, between 2000 and 2004, some 8,700 Henan oilfield workers, most with more than 20 years' experience, were laid off. They were each given around 80,000 yuan in compensation. But because they had not yet reached the statutory retirement age (60 for men and 55 for women), they were required to pay their own pension and medical insurance contributions. The laid-off workers complained that their premiums had been rising year by year, while bank interest rates remained very low. One fifth of the workers said they could no longer afford to pay the premiums. The workers had staged numerous demonstrations over the years, participants ranging from 400 to 2,000 workers and family members on each occasion.⁶⁷ On 8 August 2011, they were joined by more than 1,000 current employees who staged a strike demanding higher wages and lower income disparity with managers.⁶⁸

Restructuring continues – two case studies

It is often assumed that the restructuring of China's state-owned enterprises is basically complete and that the remaining large-scale SOEs will stay in state hands for the foreseeable future. While this is largely the case, certain industries are still in the throes of restructuring and the threat of additional job losses remains very real. The most obvious example of this on-going process is the iron and steel industry, which has been in a state of flux for several years now as the central government seeks to consolidate production into the hands of larger, more efficient plants, while closing and merging smaller, inefficient and highly polluting ones. The State Council's 2009-2011 *Plan to Regulate and Revitalize the Iron and Steel Industry* (钢铁产业调整和振兴规划)⁶⁹ identified the key problems – rapid growth, out-dated and polluting technology and irrational distribution of iron and steel plants. It aimed to concentrate production in a handful of plants such as Baoshan, Shougang and Anshan, by the end of 2011, with a capacity in excess of 50 million tons in the hope that these mega-enterprises would have greater bargaining power in the global iron ore market.⁷⁰

The response of provincial and local governments to this central directive has been predictably to look after their own interests. Rather than close or merge inefficient plants, local governments simply sold them off to the private sector in the hope of raising cash and boosting production. The privatizations were handled by the regional offices of the State-owned Assets Supervision and Administration Commission (SASAC), a quasi-governmental body tasked with protecting and maximizing the

⁶⁷ “河南油田下岗职工王峰谈‘协调’及维权上访的经历（一）、（二）” (Laid-off Henan oilfield worker Wang Feng discusses ‘co-solution’ and petitioning experience (1), (2)). 民生观察网 (*Civil Rights & Livelihood Watch*), May 13 2009.

⁶⁸ “河南油田千人罢工争权益反腐败” (One thousand Henan oilfield workers strike for their rights and interests and against corruption). 自由亚洲电台 (*Radio Free Asia*), 9 August 2011.

⁶⁹ Available at the Chinese government website, www.gov.cn.

⁷⁰ This strategy has however had little effect on surging global iron ore prices. See Qiu Lin, “[Closer Look: A Steel of a Deal](#),” *Caixin Online*, 5 August 2011.

interests of state assets. In theory, SASAC is supposed to represent the overall interests of SOEs, including their employees, but in reality, the interests of SOE workers barely register in SASAC's consciousness. As a result, conflict inevitably arises, as was the case in two prominent restructuring proposals in the summer of 2009.

The Tonghua Incident

The Tonghua Iron and Steel works is located in the north-eastern province of Jilin, near the border with North Korea. It is in many ways an archetypal SOE, dominating the town it is located in and playing a fundamental role in the life and work of the local community.

On 24 July 2009, more than 10,000 workers gathered in protest at a planned takeover of the plant by a private company that had until recently been a minority stakeholder. The workers blocked the factory gates, facing off with the police who sought to restore order. The protest led to the shutdown of the plant's seven blast furnaces for 11 hours. During the melee, the representative of the private company, who was expected to become the new general manager, was kidnapped and beaten. He eventually succumbed to his injuries. The incident made headline news, with many commentators calling for a rethinking of the way SOEs were privatized.⁷¹

The Tonghua incident dated back to 28 November 2005, when Jianlong Steel Holdings Corporation, one of China's biggest private steel firms, acquired a 36.19 percent stake in the company. It appointed one of its high-flying executives, Chen Guojun, as deputy general manager. Soon afterwards, the management laid off large numbers of workers and reduced the wages and benefits of those it retained. However, following the collapse of steel prices in the wake of the global economic crisis, production at Tonghua almost came to a standstill and by February 2009, the company's losses had reached one billion yuan. It was at this point that Jianlong decided to pull the plug on its investment, a move seen by the workers as an act of cowardice - "fleeing before the battle began" (临阵脱逃). In May 2009, however, the domestic steel market improved and Tonghua began to turn around. Jianlong approached the Jilin SASAC with a bid to increase its stake in Tonghua to 66 percent. On 22 July 2009, SASAC approved the deal and sparked an outcry among the workers who correctly argued that any such deal should first have been approved by a meeting of the workers' congress. In spite of worker anger, two days later, Tonghua announced the reorganisation of Jianlong and Tonghua and the appointment of Chen Guojun as general manager.

Almost immediately after the subsequent mass protest and the death of Chen Guojun, SASAC announced that the Jianlong deal had been cancelled.⁷² A year later, on 16 July 2010, Tonghua was taken over by one of China's premier steel companies, the Beijing-based Shougang Group in a deal estimated at 2.5 billion yuan. Announcing the deal that gave Shougang a 77.6 percent stake in the company, Shougang president

⁷¹ "[China debates the lessons of Tonghua tragedy](#)," China Labour Bulletin, 10 August 2009.

⁷² On 15 April 2010, Ji Yigang, a former Tonghua steel worker was sentenced to life imprisonment for the intentional wounding (故意伤害罪) of Chen Guojun. See "[Tonghua steel worker sentenced to life imprisonment for death of senior manager](#)," China Labour Bulletin, 21 April 2010.

Zhu Jimin promised that “the benefits of employees will be paid much attention to and problems will be solved properly.”⁷³

The Linzhou Incident

In July 2009, Linzhou Steel, an SOE founded in 1969, was auctioned off by the local SASAC in Puyang, Henan, to Fengbao Iron and Steel Co. Ltd (also based in Henan) for 250 million yuan. Workers, unhappy at being taken over by a private company and at the level of severance pay being offered, demanded a better deal. On 11 August, more than 400 Linzhou Steel workers and their families gathered outside the company and SASAC offices, blockading the deputy director of SASAC inside for 90 hours. During their protest, the workers shouted “learn from big brother Tonghua.” The Henan Provincial Party Committee and government suspended restructuring and put forward a six-point proposal that was more acceptable to the workforce.⁷⁴

The seemingly extreme reaction of SOE workers to a proposed takeover or privatization stems from two major factors; their exclusion from the restructuring process, and their personal knowledge of the fate of older workers laid-off a decade earlier.

When workers are deliberately kept in the dark about the restructuring of their company and then presented with a deal worked out by their bosses, local government officials and private business interests, there is bound to be dissatisfaction and suspicions. Very often workers suspect (correctly) that some underhand deal is being worked out to enrich the boss and government officials while they themselves face the employment scrapheap. Indeed, soon after the Linzhou incident, the vice-mayor of Puyang, Wang Xiangling was detained in relation to her involvement in the sale of Linzhou Steel to Fengbao for what was said to be 19.6 percent less than the asking price. In December 2010, Wang was sentenced to 11 years in prison for a range of bribery offences dating back to 2000.⁷⁵

Many of the SOE workers facing job losses and takeovers of their factories are all too aware of the devastating long-term effects of being laid off with inadequate compensation. Some had seen their own parents or relatives impoverished by the process and were determined not to suffer the same fate.⁷⁶

One advantage SOE workers do have, however, as demonstrated in the Tonghua and Linzhou incidents, is a strong sense of collective identity and a belief in the rightness

⁷³ “[Shougang inks agreement to take over Tonghua Steel](#),” *Xinhua*, 16 July 2010.

⁷⁴ Qin Yazhou (秦亚洲), “[河南妥善处置林州钢铁职工围堵聚集事件](#)” (Henan properly handles Linzhou Steel workers protest), taken from 腾讯网 (*QQ.com*), 17 August 2009; and Zheng Jin (鄭津), “[河南林州钢铁因改制引起职工不满](#)” (Henan Linzhou Steel restructuring causes worker dissatisfaction), 北方网 (*enorth.com.cn*), 16 August 2009.

⁷⁵ [传濮阳市副市长王相玲因牵涉林钢改制问题被双规](#) (Puyang Vice-Mayor Wang Xiangling held and investigated over Linzhou Steel restructuring problems) 经济观察报 (*Economic Observer*), 20 August 2009; and [濮阳市女副市长王相玲受贿 164 万判 11 年 与林钢改制降价竞拍有关](#) (Puyang Vice-Mayor Wang Xiangling sentenced to 11 years for taking 1.64 million in bribes – connection to Linzhou Steel restructuring low auction price), taken from 天涯杂谈 (*Tianya Gossip*), 26 December 2010.

⁷⁶ Yang Lin (杨琳), “劳资矛盾忧患” (The hardships of labour-management conflicts), 瞭望 (*Outlook Weekly*), Vol. 50 (2009), pp. 6-8.

of their cause. And when they act as a unified collective force, they can sometimes prevent or at least stall takeover bids that would harm their interests, and force the government to adopt more transparent procedures, and even, as in the Linzhou case, root out corruption.

Chapter Four: The response of the government and trade unions

Innovative strategies in Guangdong

The southern province of Guangdong has long been at the forefront of China's economic reform and development. It has benefited hugely from the influx of migrant workers and, over the last three decades, has gained invaluable experience in managing labour relations. Strikes and worker protests are an everyday occurrence in Guangdong, especially in the manufacturing heartland of the Pearl River delta. And the response the authorities there to these incidents suggests a more sophisticated understanding of labour relations and less of a fixation with maintaining social stability at all costs than that demonstrated by government officials in some other parts of China.

During the wave of strikes across the province in the summer of 2010, the authorities generally avoided the use of police to break up strikes. They instead adopted a neutral approach, actively mediating between labour and management and promoting dialogue as a means of resolving disputes.

This even-handed approach of the government was in sync with its on-going economic development strategy which included replacing traditional “sweatshop” industries with hi-tech and high value ones. This strategy was stated clearly in the provincial government's *Decision on Promoting the Transfer of Industries and Labour*, issued on 26 May 2008. Along with eight supporting documents, the *Decision* urged the relocation from the Pearl River delta of such labour-intensive industries as clothing, hardware, toys, footwear, packaging; ceramics, cement and other building materials industries; the furniture industry; and high-energy-use, resource-based industries like recycled metal products. These were to be replaced with a comprehensive and complementary network of large-scale high-end technology industries. This development strategy, known as “changing the birds in the cage,” received the endorsement of Guangdong Party Secretary, Wang Yang.⁷⁷

Whether by political design or economic necessity, more and more traditional factories are either closing or moving out. One of Dongguan's oldest toy manufacturers, Soyea Toys, went bankrupt in July 2011, leaving its 470 employees with six weeks' salary unpaid. This, together with the closure of a major textile manufacturer in June and of several other smaller enterprises, led to fears of a “wave of closures” in Dongguan.⁷⁸ But while change is evident in Shenzhen and Dongguan,

⁷⁷ Wang Chu (王楚) and He Linping (贺林平), [“汪洋：珠三角要实现腾笼换鸟”](#) (Wang Yang: Changing the birds in the cage of the Pearl River delta), 人民日报 (*People's Daily*), taken from 新华网 (*Xinhuanet.com*), 17 October 2008.

⁷⁸ Chen Ming (陈明), Dai Xikui (代希奎) and Huang Jiangjie (黄江洁), [“广东东莞出现制造企业倒闭潮 工人欠薪情况严重”](#) (A wave of closures in Dongguan's manufacturing enterprises – workers' wage arrears serious), 广州日报 (*Guangzhou Daily*), 19 July 2011.

progress has been stalled in some delta towns by the resistance of factory owners and local governments dependent on those units for revenue.⁷⁹

Guangdong's new approach is also in line with the central government's stated policy of boosting domestic demand by increasing workers' purchasing power. In this regard, the bottom-up pressure of strikes and protests on employers to increase wages can be seen as politically advantageous for the government.⁸⁰ The central government's "people-centred" policies of social equity, fairness, and justice, most commonly articulated by Premier Wen Jiabao, have generally not been well received by employers.⁸¹ Therefore, allowing the workers themselves to apply additional pressure on employers, while impacting somewhat on social stability, would ultimately serve the government's agenda and help ease some of the social tensions caused by low wages.⁸²

And regardless of the wider economic and political ramifications, the approach of the Guangdong government clearly suggests that it sees strikes and worker protests purely and simply as labour disputes that are best resolved through negotiations between labour and management, with little need for the government or police to intervene in a coercive manner.⁸³

The most tangible and noteworthy response of the Guangdong provincial government to the strikes last year was its decision to revise its *Regulations on the Democratic Management of Enterprises* (广东省企业民主管理条例), and to place the revised regulations before the Provincial People's Congress by the end of the year.⁸⁴ The draft regulations sought to establish a collective wage bargaining system based on negotiations between management and the enterprise trade union. The draft regulations required that, when more than one third of the employees called for collective wage negotiations, the union should then submit that demand to the company. And "when enterprises receive a letter of intent to collectively bargain for wages, they shall provide a written reply within 15 days. If, without good reason, they do not respond or do not arrange for negotiations, they may not revoke labour contracts because of union work stoppages or slowdowns." However, the draft also stated that when workers "have not yet called for collective wage bargaining

⁷⁹ Zhou Qiong (周琼), [“广东力推产业转移‘腾笼换鸟’遇阻”](#) (Guangdong encounters difficulties in pushing the industrial ‘birds from the cage’), 财经网 (*Caijing.com.cn*), 31 July 2008.

⁸⁰ Geoff Dyer, [“罢工给北京带来政治两难”](#) (Strikes bring political dilemma for Beijing), 英国金融时报 (*Financial Times*), taken from *ftchinese.com*, 10 June 2010.

⁸¹ Zheng Yongnian (郑永年), [“罢工潮与中国的转型动力”](#) (Strikes and the forces transforming China), 联合早报网 (*Zaobao.com*), 6 July 2010.

⁸² He Qinglian (何清涟), [“中国：笼罩在落日余晖中的‘世界工厂’”](#) (China: Shrouded in the sunset of the ‘world’s factory’), 中国人权双周刊 (*Human Rights in China Biweekly*); [“真假美猴王之辨：全总工会与自主工会——浅析中国政府对罢工潮的复杂反应”](#) (How to spot the difference: The ACFTU and Independent Unions – An analysis of the Chinese government’s complex reaction to the strikes), 中国人权双周刊 (*Human Rights in China Biweekly*).

⁸³ Chang Kai (常凯), [“南海罢工三重要启示”](#) (Three important lessons from the Nanhai Honda strike), 人文与社会网 (*Wen.org.cn*), 27 June 2010.

⁸⁴ Zhu Xiaoyong (朱小勇) and Chen Yang (陈阳), [“广东省企业民主管理条例启动，首创工资协商制度”](#) (Guangdong’s Democratic Enterprise Management Regulations pioneer wage consultation system), 大洋网 (*Dayoo.com*), taken from 搜狐网 (*Sohu.com*), 22 July 2010.

according to law, or during collective wage negotiations, they may not engage in work stoppages, slowdowns, or other excessive actions.”

The tabling of the regulations led to an extreme backlash from the Hong Kong business federations, who waged an intense and orchestrated lobbying campaign both in Guangzhou and Beijing to scrap the revised regulations or at least remove the provisions they thought most threatened their interests. After predicting a catastrophe for the Pearl River delta and a mass exodus of factories from the region, the Hong Kong business lobby succeeded in taking the bill off the agenda for the 21st meeting of the Guangdong Provincial People’s Congress at the end of September 2010. And although the Guangdong government says it is still committed to implementing the revised measures, the bill remains in limbo.

Repressive tactics still in force

In spite of the positive developments outlined above, it is important to note that many local authorities, including those in Guangdong, are still prepared to use force in breaking up worker protests. This is especially true when protests block traffic, disrupt public order, or last several weeks without resolution. In these cases, conflicts with the police often arise, injuries are sustained on both sides and arrests ensue:

- 23 October 2009: Hundreds of workers at a toy factory in Dongguan, blocked the streets demanding higher wages. Workers said they were dispersed by more than 200 riot police and security guards. Many people were injured, including several women; a young worker at the scene was beaten unconscious.
- 6 June 2010: Up to 2,000 striking workers from Taiwan-owned KOK Rubber Machinery in Kunshan, Jiangsu, clashed with police sent to restore order. More than 50 workers were reportedly injured.
- 18 June 2010: Six workers were injured and 16 were detained when about 250 police and security guards sought to break up a strike at Tianjin’s Toyoda Gosei.
- 27 October 2010: Two weeks after 1,300 workers at the Ricoh factory in Shenzhen went out on strike on 13 October 2010, the local government deployed 500 officials and riot police to enter the factory. They threatened to arrest anyone who refused to return to work.
- 7 May 2010: More 20 workers were injured and several people were taken away for investigation after local government officials in Wuxi, Jiangsu, dispatched riot police to break up a strike at Nikon Optical Instrument (China).
- 23 June 2011: Some 20 workers were beaten and later detained by the police for up to 28 hours after more than 4,000 workers at Korean-owned handbag manufacturer Simone’s factory in Guangzhou’s Panyu district went on strike for higher pay and better treatment. Several workers were later sacked, many others left of their own accord.

Some of the biggest conflicts with police have come during disputes at state-owned enterprises where managers generally have a closer relationship with, and more influence over, local government officials than those in private and foreign-owned companies.

- 20 May 2010: The Datong municipal government mobilized the police, the armed police and city management staff to disperse around 10,000 workers and family members from Xinghuo Pharmaceuticals. They were blocking the streets in protest at the government's decision to bankrupt the plant, giving workers just 15,000 yuan in compensation. More than 30 workers were injured in the ensuing conflict. The Datong Public Security Bureau later sentenced three workers to "ten days detention" and fined them 12,000 yuan each on the grounds of "organising and instigating workers to illegally block traffic on city streets for three consecutive days, seriously affecting the normal work of government bureaus."
- 1 June 2010: More than 20 workers were reportedly detained after some 3,000 police attempted to break up a two-week-long strike at a former state-owned cotton mill in Pingdingshan, Henan. The workers were accused of "disrupting production", among other offences. One of those detained, 40 year-old Miao Wanli, was formally arrested on 8 July and charged with "disturbing social order." He was released on bail two months later, pending trial. The Pingdingshan protest was initiated on 14 May by a group of laid-off workers from the plant unhappy with their severance pay. But they were soon joined by thousands of employed workers at the company bringing the total number of protestors to around 5,000.

Most of the worker activists formally placed in detention or sentenced to prison terms have been involved in protests at former or current SOEs. The most noteworthy case in the last few years has been **Zhao Dongmin**, the charismatic Maoist activist from Shaanxi who was, on 1 January 2011, sentenced by the Xi'an Intermediate People's Court (appeal court) to three years imprisonment, suspended for three years, for "the crime of inciting a crowd to disturb social order." Zhao had been detained on 19 August 2009 and formally arrested on 24 September of the same year. Zhao had helped set up a labour rights group, consisting of more than 380 workers from about 20 SOEs, tasked with overseeing and monitoring SOE restructuring, and reporting corruption and abuses of power. The "Shaanxi Union Rights Defence Representative Congress" was formally banned by the municipal government of Xi'an on 27 July, after which Zhao wrote an open letter protesting the action to the State Council, the municipal, provincial and central committees of the Chinese Communist Party. He was arrested soon afterwards.⁸⁵

Stung into action – the AFCTU gradually begins to change

There can be no doubt that the recent worker protests and social unrest in China have been a major wakeup call for the official All-China Federation of Trade Unions. At first, the ACFTU's reaction to the large-scale worker protests listed in this report

⁸⁵ For more information on this case see "[A brief history of a workers' rights group in China](#)", China Labour Bulletin, 11 September 2009.

amounted to little more than the usual proclamations of concern, without any real concrete action. But as the number, intensity and variety of disputes escalated, the union was at last forced to seriously reconsider its own position and seek to do a better job in representing workers.

Following the Tonghua tragedy of 24 July, several reports highlighted the ineffectiveness and inaction of the trade union at the plant. A 34-year-old Tonghua employee told the *China Daily*, for example, even though he and most of his colleagues were union members; “I can’t remember the last time we had a meeting with our union representative. The union certainly didn’t do any good the day Chen was killed.” An elderly retiree at the plant told the newspaper that the union consisted of just two people, a chairman and his assistant. “It is hard for two people to do a good job for thousands of workers,” he said. The plant had an estimated 13,000 staff on the payroll at the time.⁸⁶ Writing in *Southern Weekend* (南方周末), commentator Dai Zhiyong suggested that the union needed to be far more proactive and “stop operating amateurishly, merely collecting a few yuan in membership fees, and sending out letters and token gifts during the New Year and other holidays.”⁸⁷

The following month, on 15 August, the ACFTU issued a *Notice Regarding Further Strengthening Democratic Management during Enterprise Restructuring and Bankruptcy*. The *Notice* reiterated that restructuring plans must be submitted to a meeting of the workers’ congress for consideration. Personnel cuts, redeployments, and other major issues pertaining to the vital interests of workers must be examined and approved by the workers’ congress before implementation. Decisions that were not made openly, without worker approval were to be considered null and void, it said.

The following year, a series of worker suicides at the vast Foxconn facility in Shenzhen again spurred the ACFTU into rhetorical action. On 3 November 2010, the head of the ACFTU’s Democratic Management Department criticised the Taiwan-owned electronics giant for violating the law and for having serious problems in its management system. He pointed out further that while Foxconn clearly had a responsibility for the matter, the primary responsibility lay with the governments’ monitoring and supervision of labour relations.⁸⁸ In March this year, ACFTU Vice Chairman Zhang Mingqi claimed that the ACFTU and the Guangdong Federation of Trade had helped improve the enterprise trade union, allowing it to communicate the wishes and demands of workers to management, and resolve disputes “through reasonable and legal channels.”⁸⁹

However it was the strike at Nanhai Honda in 2010 and the wave of worker protests that followed it that really stirred the ACFTU into action. The union federation issued a wide range of initiatives on the development and reorganization of enterprise unions,

⁸⁶ Article no longer available on *China Daily* website.

⁸⁷ Dai Zhiyong (戴志勇), “[通钢悲剧呼唤工会新政](#)” (Tonghua tragedy calls for new trade union policies) 南方周末 (*Southern Weekend*), 29 July 2009.

⁸⁸ Liu Yuying (刘育英), “[中华全国总工会官员称富士康管理体制存严重问题](#)” (ACFTU Officials say serious problems exist in Foxconn management system), 中国新闻网 (*China News*), 4 November 2010.

⁸⁹ Zhang Jing (张静), “[全总副主席回应富士康跳楼事件，称劳资关系严峻](#)” (ACFTU Vice-Chair responds to Foxconn suicides, calls labour relations problems severe), 新京报 (*Beijing News*), taken from 光明网 (*gmw.cn*), 7 March 2011.

direct election of “professional” union chairmen, and the promotion of collective wage negotiations.

The ACFTU’s *Opinion on Further Improving Workforce and Social Stability*, issued on 29 May 2010, stressed the need to further safeguard workers’ legitimate rights and interests, arguing that this was the prerequisite and basis for maintaining social stability and harmonious labour relations. Several commentators pointed out that this may have been the first time the ACFTU had publicly acknowledged the widely-accepted concept that without safeguarding workers’ rights and interests, workers would have no dignity; and without dignity for workers, there would be no social stability.⁹⁰

This was followed on 4 June 2010 by the ACFTU’s *Urgent Notice on Further Strengthening the Organising of Unions and Fully Developing the Role of Trade Unions in Enterprises*, which asked local level unions to promote the formation of unions in foreign- and privately-owned enterprises. At a national conference in August, the ACFTU proposed a three-year plan to establish enterprise trade unions in 90 percent of China’s enterprises by the end of 2012, up from 60 percent at the end of 2010.

The **reform of enterprise trade unions** has been a key focus of both the government and trade unions in the wake of the 2010 strikes. Guangdong Party Secretary Wang Yang stressed that enterprises and higher-level trade unions should take the right position, represent the legal rights of workers and truly become a “representative” and a “voice” for the workers.⁹¹ The former vice chairman of the Guangdong Federation of Trade Unions, Kong Xianghong, pointed out that strikes were not illegal, and that workers used such tactics as a means of voicing their grievances and demands. He also criticized the Nanhai Honda union. Kong said that during a strike the union cannot stand on the opposite side of workers. If it does so it will be seen as a lackey and a traitor (走狗汉奸) and the workers will demand that it be disbanded.⁹²

In practical terms, the ACFTU sought to gradually expand the system of **direct election and “professionalization” of union chairs** it had implemented on a trial basis for many years. The ACFTU allocated some ten million yuan in 2010 to implement pilot programs in ten provinces and cities for enterprise union official wages to be paid by the higher-level union and not by the enterprise, as is currently the standard practice. If successful, the program would be rolled out nationwide in 2012.⁹³ However, under the current system, many union officials have expressed

⁹⁰ Yu Jianrong (于建嵘), “理性的罢工呼唤工会组织” (Rational strikes demand trade union organizing), *大视野 (Da Shiye)*, Vol. 7 (2010), p. 23.

⁹¹ Liu Ziqian (刘子倩), “工会的新机会 – 工会的非常时刻” (New opportunities for trade unions - A critical moment for trade unions), *中国新闻周刊 (China News Weekly)*, Vol. 23 (2010), pp. 18-22.

⁹² Ma Jiyong (马吉英), “可控的罢工是和谐的应有之义 – 对话广东省工会副主席孔祥鸿” (Controllable strikes are the proper meaning of harmony – Dialogue with Guangdong Union Vice Chair Kong Xianghong), *中国企业家 (Iceo.com.cn)*, p. 97. Li Yongfeng (李永峰), Jia Siyu (贾思玉), and Chen Shichao (陈世超), “本田罢工劳资博弈新模式” (Honda Strike is a new model for the labour-management game), *亚洲周刊 (Yazhou Zhoukan)*, 20 June 2010, p. 22-23.

⁹³ Under the ACFTU’s pilot scheme, wages allocated for full-time staff in enterprise unions were to be 200 yuan per person per month, with the remaining proportion coming from local unions in the pilot areas. See Wang Qiaoping (王娇萍), “让维权腰杆硬起来, 工会干部不再捧企业的‘饭碗’” (Rights

doubts that “professional” union officials parachuted into enterprises from higher-level unions would be able to properly represent the workers. At best, they said, the professionalization of union officials would be a partial solution to the problem of union autonomy.⁹⁴

A more promising avenue, however, is the development of collective wage negotiation systems, or basic **collective bargaining systems**. The ACFTU’s 26 July 2010 *Decision on Further Strengthening Union Work and Fully Developing the Role of Trade Unions* focused on promoting the establishment of collective wage negotiation mechanisms and collective contract systems in all enterprises across the country. However, a subsequent meeting of the ACFTU Executive Committee in January 2011 revised the earlier ambitious targets of establishing collective wage negotiation systems in 80 percent of all enterprises with a trade union by the end of 2011, down to a more realistic 60 percent.⁹⁵

The first concrete local initiative came in March, when the Shenzhen Municipal Trade Union announced plans to negotiate and sign collective wage agreements at 550 enterprises in the city in 2011. This was followed by similar initiatives in towns and cities in Hunan, Hebei, Zhejiang and Shandong provinces. In Qingdao, for instance, the health workers’ trade union announced plans to sign collective wage agreements to cover all the city’s 5,000 contract or hospital supply workers in a bid to address serious wage inequalities in the health sector.⁹⁶ By far the largest local program so far has been in the central city of Wuhan, where the industry trade union negotiated an agreement to guarantee the city’s 450,000 catering workers a monthly wage at least 30 percent higher than the city’s statutory minimum wage, currently 900 yuan in urban areas and 750 yuan in the suburbs. In addition, the cooks, waiters, dishwashers etc. covered by the agreement should receive an annual pay raise of nine percent each year.⁹⁷

Although many of these initiatives look impressive, many others could be limited in their impact, especially if those union officials doing the negotiating take a softer line than the workers would have wanted in order not to upset managements. Tellingly, in May 2011, when Guo Chen, the ACFTU official in charge of developing grassroots unions, announced plans to establish collective wage negotiations in 95 percent of the Fortune 500 companies in China, he stressed that these companies should not be worried because “unlike Western unions, which always stand against the employer, Chinese unions are obliged to boost the corporation’s development and maintain sound labour relations.” To reassure bosses even further, Guo stated that mid-level

protection gets stronger; Union officials no longer dependent on the company ‘rice bowl’), *工人日报* (*Workers Daily*), taken from *新华网* (*Xinhuanet.com*), 14 May 2010.

⁹⁴ Zuo Lin (左林), “[工会改革探路](#)”(Trade union reform finds its way), *财经网* (*Caijing.com.cn*), 2 August 2010.

⁹⁵ Liu Yangyang (刘羊旻), “[全总提出到 2011 年底力争实现全国企业职工入会率达 81%](#)” (ACFTU proposes increasing national union coverage rate of enterprise workers to 81% by end of 2011), *新华网* (*Xinhuanet.com*), 19 January 2011.

⁹⁶ “[Cities across China roll out collective wage initiatives.](#)” *China Labour Bulletin*, 25 March 2011.

⁹⁷ Chen Xin and Guo Rui, “[Contract to give catering employees higher wages.](#)” *China Daily*, 4 May 2011.

managers, not production-line workers, should represent employees in negotiations with the boss.⁹⁸

That said, when the Guangdong Provincial Federation of Trade Unions made Nanhai Honda a pilot site for collective bargaining last year it achieved some very positive results. The enterprise union was restructured after the strike. The workers directly elected union team leaders, union committee members and a union vice chairman. On 1 March 2011, with guidance from the Guangdong Federation of Trade Unions, Nanhai Honda's workers and management signed a new collective contract raising combined wages and bonuses by an average of 611 yuan, a 33 percent increase.⁹⁹ Although this case may not be representative or universally significant, it at least shows that workers, through their own actions and initiative, have got at least one foot in the door to collective bargaining.

⁹⁸ Chen Xin, [“Trade unions set wage talks target.”](#) *China Daily*, 31 May 2011.

⁹⁹ Su Zhuotu (苏卓图), Wang Fang (王芳), and Ye Xiaozhong (叶小钟), [“南海本田协商成功具有标志性意义”](#) (Symbolic significance of the success of Nanhai Honda negotiations), *中工网* (*Workercn.cn*), March 23, 2011.

Conclusion: The current state of the workers' movement in China and its future prospects

China's workers' movement has developed rapidly, and at times dramatically, over the last three years against a background of economic recovery and a shift in government policy away from high-paced, export-driven growth towards a more sustainable model based on heightened domestic demand. The movement was propelled by regular rises in the cost of living, and a growing sense that workers were being denied a fair share not only of their own company's profits but of the benefits accruing to society as a whole.

Although there are no publicly available figures for the number of strikes and protests in China each year, the estimate of around 30,000 collective protests by workers in 2009 seems reasonable. And there is certainly no reason to suspect that the number of strikes is decreasing. For example, the number of individual and collective labour disputes handled by the country's institutions of redress remains at a very high level: labour arbitration and mediation committees took on well over a million cases in 2010.

The government's response to worker protests continues to be a mixture of mediation, conciliation and coercion. While some jurisdictions, most notably Guangdong, sought to develop new, more flexible and realistic strategies to resolve labour disputes, other areas still relied on more repressive measures, seeing the maintenance of social stability as their top priority. The strikes and protests of 2010 were, however, a wakeup call for China's official trade union, the ACFTU, which belatedly sought to make up some of the ground gradually lost over the last three decades of economic reform.¹⁰⁰

Although the workers' movement in China remains complicated and subject to abrupt change, this report has identified several **key characteristics and trends**, outlined below:

- A **new generation of migrant workers** has emerged as one of the key forces in China's workers' movement. Those born in the 1980s and 90s are generally better educated and more articulate than their parents, have higher expectations and more opportunities to pursue their own goals and ambitions. They also feel more pressure to succeed and the intense frustration of trying to establish a life in the city while still being classified and looked down upon as a rural resident. Employed primarily in modern manufacturing enterprises, they have now become the core of China's new working class.¹⁰¹
- The older generation of **workers in state-owned enterprises (SOEs)** are continuing their long struggle for justice after being laid off in the late 1990s and early 2000s. They are frequently joined in their protests by those still employed in SOEs who have seen wages stagnate or who themselves are

¹⁰⁰ See CLB's two research reports, *Protecting Workers Rights or Serving the Party: The way forward for China's trade unions* and *Swimming against the Tide: A short history of labour conflict in China and the government's attempts to control it*, both available at the CLB website.

¹⁰¹ Shan Guangding (单光鼎), "我国劳资关系张力加大" (Labour tensions increase in China), *瞭望 (Outlook Weekly)*, Vol. 25 (2010), pp. 27-28.

threatened with layoffs following restructuring or privatization. The two protests in 2009 at the Tonghua and Linzhou steel works showed just how explosive the issue of SOE restructuring remains.

- **The ability of workers to organize is improving.** The growing sense of collective identity among factory workers, combined with the use of mobile phones and social networking tools, has made it easier for workers to initiate, organize and sustain protests. Workers have been further assisted in their endeavours by labour rights groups, labour lawyers, academics who have offered their support and expertise and by journalists and netizens who can disseminate information about strikes and protests across the whole of China, garnering public support and spurring other workers into action.
- **Protests erupt across specific regions and industries.** The shared interests and common experiences of workers has stimulated and facilitated the rapid spread of worker protests within one region or industrial sector. Most obvious were the strikes in the automotive sector in Guangdong and within the foreign-owned manufacturers in Dalian in 2010, but there were also widespread strikes by bus drivers and workers in the sanitation industry. These widespread protests put an additional strain on local governments seeking to maintain social stability. They also exposed the limits of traditional social control methods.
- **Workers are seizing the initiative.** Whereas in the past, workers tended to wait for their rights to be violated before taking action, they are now becoming far more proactive. Workers have shown that in many cases they are not content to wait for the government to improve their lot through new legislation, new policies or increases in the minimum wage. Rather, they are taking matters into their own hands and initiating strikes for higher pay, better working conditions and, fundamentally, more respect. Many demands for higher pay have stemmed from sheer economic necessity but others from a sense of being denied their fair share of the company's profits.
- **Worker protests are becoming more successful.** Recent protests have secured substantial pay increases and improvements in working conditions. They have forced managements to abandon unpopular and exploitative work practices. They have even have forced the authorities to halt the take-over and privatization of SOEs. Crucially, these protests have forced some employers to change their attitude towards their employees. While in the past employers would simply dictate terms and conditions to their employees, last few years' strikes and protests have forced them to the negotiating table. And in that process, they have started to reduce the huge gap in social and economic status between workers and management.¹⁰² Of course, not all protests have been successful; some achieved limited success, while sometimes managements

¹⁰² For example, negotiations between workers and the management at Denso Nansha in Guangzhou showed that, whereas in the past the employer always had the final say, relations were now on more of an equal footing. Several workers claimed that the old "strict hierarchy mentality" of the Japanese management had improved. See Xiao Sisi (肖思思), "[广州南沙电装公司加薪 800 元解决罢工事件](#)" (Guangzhou's Denso Nansha increases wages by 800 yuan to resolve strike), 新华网 (*Xinhuanet.com*), taken from 新浪网 (*Sina.com*), 27 June 2010.

refused to make any concessions. And even after successful strikes, it is not unusual for strike leaders to be sacked.

- **Protests have initiated basic collective bargaining.** In the short-term, the post-strike negotiations described above have generally benefited workers but if the system is allowed to develop and become more institutionalised in the long-term, there could be additional benefits for employers and the government as well. By instituting a formal system of negotiations, the need to strike may be obviated, thereby potentially saving the company millions of yuan in lost production. Moreover, because collective bargaining will always result in a wage agreement higher than the minimum wage, this will help raise wage levels throughout a specific industry and more effectively meet the central government's policy goals of boosting domestic consumption.

While these trends are encouraging, it is crucial not to lose sight of the **overall context**. China's workers still have very limited economic resources and lack basic civil rights such as the right to freedom of association and freedom of speech. Most protests are a reaction to repression, injustice and exploitation, and are usually spontaneous and short-lived. Any workers' organization that develops during the protest is usually disbanded after their grievances have been addressed. Some strike leaders get sacked, some leave of their own accord, while those that stay tend to keep a lower profile for fear of being branded a trouble-maker.

The key problem for the sustainability and long-term development of the workers' movement is precisely the fragmented and transitory nature of the protests generated. Workers may gain invaluable experience in organizing strikes and conducting negotiations with management but that experience is invariably lost after the protests end because those involved have little or no chance of becoming full-time labour activists. With this in mind, **China Labour Bulletin** is working on the ground with labour groups in China to ensure that the lessons learned and experiences gained from recent developments in the workers' movement do not go to waste.

Of course, there is a limit to what non-governmental organisations and labour rights groups can achieve in this area. The key question is whether or not China's official trade union, the **ACFTU**, can step into the breach and encourage striking workers to stand for election in democratically-run and accountable enterprise unions and then guide and assist those worker representatives to engage in genuine collective bargaining with managements. The closest the ACFTU has got to fulfil this role has been the reorganisation of the enterprise union at Nanhai Honda and the subsequent, hard-fought and successful collective bargaining sessions in the first quarter of this year. But Nanhai Honda is just one factory out of millions, and the ACFTU has got a lot more to do before it can begin to gain workers' trust and provide the organisational base and technical expertise the workers' movement needs if it is to develop further. CLB's previous report on the workers' movement¹⁰³ pointed out that China's workers and trade unions had become two separate entities with little in common. The strikes of 2010 reinforced that point in the most emphatic manner possible, and the ACFTU

¹⁰³ *Going it Alone: The Workers' Movement in China (2007-2008)*, China Labour Bulletin, available on the CLB website.

finally realised the time to act was now or never. The distance between the two groups has narrowed slightly over the last year but there is still a long way to go.

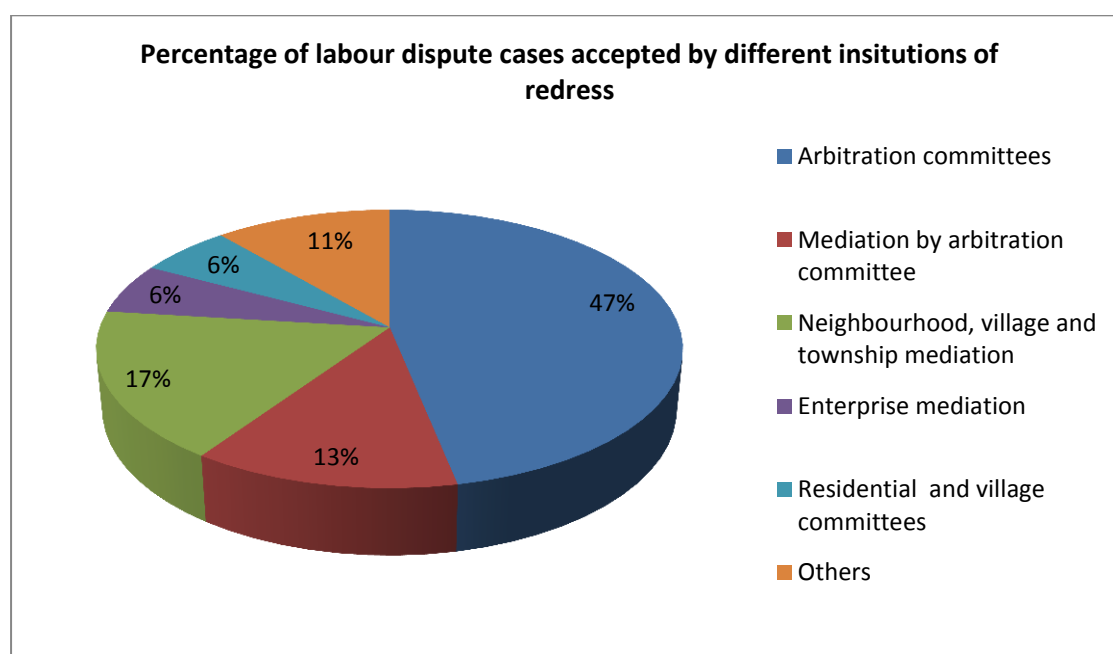
Ultimately, of course, it is China's workers, not the ACFTU or even the government, who will decide the future direction of their movement. And here there is cause for optimism. Workers are getting more proactive and more determined to stand up for their own interests and there is little sign they will become more timid in the future. A key result of this new determination to fight for better pay and conditions, and to negotiate with bosses on the basis of equality, has been the narrowing of the economic and social gap between labour and management. This, of course, helps in realising the central government's overall policy objectives of boosting domestic demand and reducing social disparity. The workers' movement is now a key driving force for social and economic justice and it is clearly in the Chinese government's interest to encourage and empower it further.

Appendix: A statistical breakdown of labour disputes going to arbitration and mediation in 2010

The official statistics on labour disputes handled by China's arbitration and mediation institutions in 2010¹⁰⁴ demonstrate two key points:

- Violations of basic labour rights are still widespread and commonplace.
- Government officials are seeking to resolve more and more cases through less formal mediation channels which can speed up the process but do not necessarily guarantee that workers will get all they are entitled to.

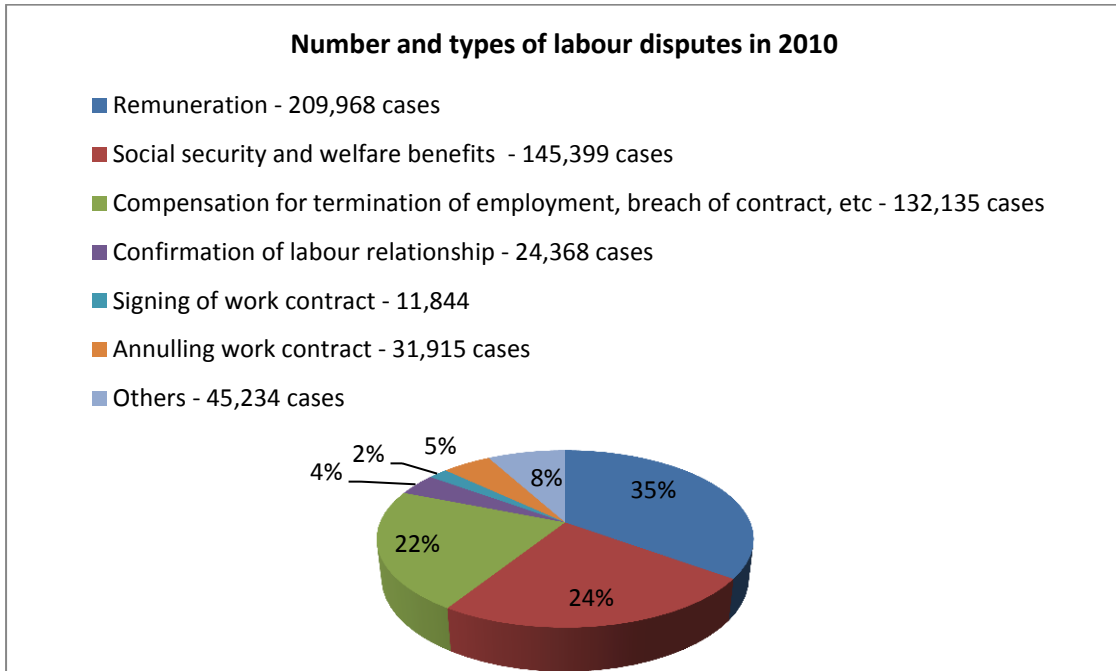
China's labour dispute mediation and arbitration institutions took on 1,287,400 cases in 2010, an increase of 3.85 percent from the previous year. A total of 1,264,100 cases were concluded in 2010, among them, 879,200 or 69.55 percent being resolved through mediation.



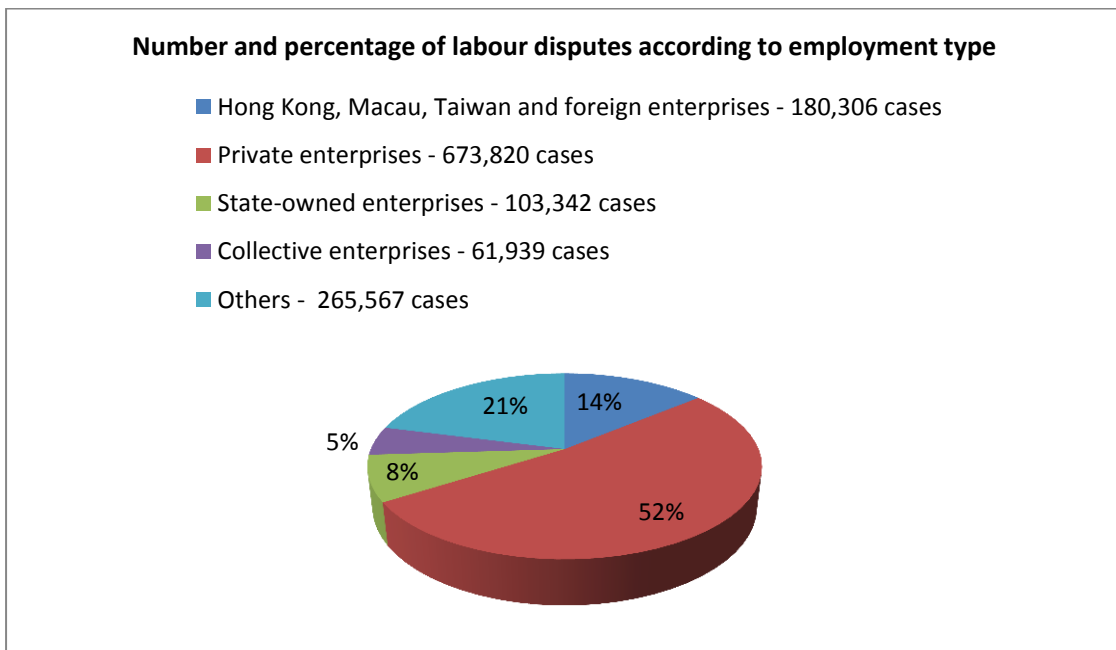
- **Arbitration** organisations registered 602,600 cases, a drop of 12.27 percent from 2009. The number of unresolved cases at the end of 2010 was 41.51 percent lower than in 2009, and the resolution rate rose to 93.13 percent.
- **Mediation** organisations (including those within arbitration committees) took on 684,800 cases, an increase of 23.89 percent from the previous year, achieving a resolution rate of 91.75 percent. Neighbourhood, village and township mediation committees took on 17.33 percent of the cases and enterprise mediation committees, 5.89 percent.

¹⁰⁴ Taken from: 2010 年全国劳动人事争议处理情况统计分析 (A statistical analysis of the handling of labour disputes in 2010), available at www.labournet.com.cn

- Nationally the total number of mediated cases was just above that of arbitrated cases. But in some areas where mediation organisations are well-established, the number of cases taken on by mediation committees was between 50 percent and 100 percent higher than that by arbitration committees.



An examination of the **types of dispute** shows that payment of wages, social security benefits and compensation are still by far the most common causes of labour disputes, accounting for 81.13 percent of all cases registered, basically on a par with the figures for 2009. One of the most common problems remains employers cheating employees out of overtime payments, underpaying social security contributions, and annulling work contracts without proper compensation.



The majority of disputes (52.44 percent) occurred in private enterprises, with an additional 14.03 percent in Hong Kong, Macau, Taiwan and foreign-funded enterprises, combining for two thirds of all cases. The number of disputes in state-owned and collective enterprises reached 12.86 percent.

The number of **collective labour disputes** dropped significantly in 2010 but this was due entirely to the widespread practice of dividing collective cases up into individual ones, and handling each individual complainant's issue separately. The number of collective cases reported in 2010 totalled 9,314, involving 211,800 workers, a decrease of 32.4 percent and 29.3 percent respectively from the previous year. Moreover, nearly all of those collective disputes that eventually developed into strikes and public protests were dealt with by local government "emergency-coping mechanisms" (急处置机制) and as such were kept off the books. Despite the statistical decrease, it seems that collective disputes remain at a high level and are perhaps even increasing in frequency as more and more workers realise they have strength in numbers and that the complaints filed by one worker, in fact, are shared by hundreds, even thousands of others.

Moreover, the implementation in 2011 of the revised *Social Security Law* and *Work-related Injury Insurance Regulations*, could lead to an upsurge in cases in the future, especially since public institutions (事业单位) now fall within the remit of the *Work-related Injury Insurance Regulations*. It is worth noting that, after the implementation of the *Labour Contract Law* and the *Labour Dispute Mediation and Arbitration Law* in 2008, the number of labour disputes handled by China's institutions of public redress doubled over the previous year.

Research Reports

China Labour Bulletin is committed to promoting workers' rights, as well as raising international awareness and understanding of labour issues in China. To this end, we have produced an extensive series of Chinese and English language research reports that provide an in-depth analysis of some of the key labour rights issues in China today, and offer a series of recommendations designed to resolve the most pressing problems. Titles marked with an asterisk (*) are available in a bound edition.

English Language Reports

Throwaway Labour: The exploitation of Chinese “trainees” in Japan *

China is by far the most important supplier of “trainees” to Japan's low-paid labour intensive industries. Trainees are routinely exploited and, as this report shows, the only real beneficiaries are Japanese employers and the Chinese companies supplying the trainees.

Published June 2011

Hired on Sufferance: China’s Migrant Workers in Singapore *

CLB examines how mainland Chinese workers are recruited to work in Singapore, the conditions and discrimination they have to endure there, and how, when no longer needed, they are sent back to China

Published February 2011

The Hard Road: Seeking justice for victims of pneumoconiosis in China *

Pneumoconiosis is by far the most widespread occupational disease in China but very few victims get anything like the compensation they are legally entitled to. CLB examines the issues and outlines a series of measures to improve workplace safety and that ensure workers’ rights are protected.

Published April 2010

Paying the Price for Economic Development: The Children of Migrant Workers in China *

A special report on the plight of one of the most vulnerable and disadvantaged groups in Chinese society, the children of migrant workers, left behind in the countryside and discriminated against in the city.

Published November 2009

Going it Alone: The Workers’ Movement in China (2007-2008) *

CLB looks at how the workers’ movement in China developed in 2007 and 2008, how the government responded to it, and why the official trade union was unable or unwilling to play a positive role in it.

Published July 2009

Protecting Workers’ Rights or Serving the Party: The way forward for China’s trade unions *

The ACFTU has a mandate to protect the rights and interests of China’s workers. However, as this report shows; the organization has become increasingly passive and subservient to its political masters over the last two decades, to the point where it is now unable to satisfy even the most basic demands of migrant workers – decent pay for decent work.

Published March 2009

No Way Out: Worker Activism in China’s State-Owned Enterprise Reforms *

A joint-report with Canada's Rights and Democracy that reveals how the lives of millions of workers were thrown into turmoil during the wholesale, shock therapy-style privatisation of China's state owned enterprises in the late 1990s and early 2000s.

Published September 2008

Bone and Blood: The Price of Coal in China *

A report on the coal mining industry in China, which focuses on the industry's appalling safety record, the collusion between mine owners and local government officials, as well as the government's system of post-disaster management, which is systematically eroding the rights of the bereaved.

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Speaking Out: The Workers' Movement in China (2005-2006) *

Following on from CLB's initial workers' movement report, this survey provides a comprehensive overview and analysis of the major events and developments in labour relations from 2005 to 2006. It discusses government labour policies, the response of China's workers to those policies and the role of the ACFTU.

Published December 2007

Breaking the Impasse: Promoting Worker Involvement in the Collective Bargaining and Contracts Process

An introduction to China's collective contract system that details the legal framework and practical implementation of the system so far, and advocates the use of collective bargaining as a means of promoting and protecting workers' rights, as well as improving relations between labour and management.

Published November 2007

Small Hands: A Survey Report on Child Labour in China and the Failings of the Rural School System in China *

Child labour is a widespread, systemic and increasingly serious problem in China. This report explores both the demand for child labour in China and the supply of child labour stemming from serious failings in the rural school system.

Published September 2007

Falling Through the Floor: Migrant Women Workers' Quest for Decent Work in Dongguan, China *

Migrant women workers in Dongguan and other key cities of the Pearl River Delta have consistently been denied their fair share of the rewards of China's rapid economic growth over the past decade. In this survey, Chinese women workers tell us in their own words about their arduous experiences of trying to earn a decent living in China's boomtowns.

Published September 2006

Deadly Dust: The Silicosis Epidemic among Guangdong Jewellery Workers

The main focus of this report is on the labour rights litigation work undertaken by CLB during 2004-05 to assist jewellery workers who had contracted chronic silicosis to win fair and appropriate compensation from their employers.

Published December 2005

The Liaoyang Workers' Struggle: Portrait of a Movement

A report on the landmark protests that occurred during the privatisation of state-owned enterprises in the north-eastern city of Liaoyang in 2002, and the subsequent trial and imprisonment of workers' leaders Xiao Yunliang and Yao Fuxin.

Published July 2003

Research Notes

Swimming against the Tide: A short history of labour conflict in China and the government's attempts to control it

A short report that traces the development of labour relations during the reform era and examines precisely how, why and when the Chinese government effectively ceded control to the employers, with workers left out in the cold, marginalized and powerless.

Published October 2010

Help or Hindrance to Workers: China's Institutions of Public Redress

A report on the numerous problems in China's labyrinthine and often bewildering labour arbitration and court system that confront workers seeking redress for violations of their rights, particularly work-related illness and injury. It suggests ways in which these issues can be resolved

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Public Interest Litigation in China: A New Force for Social Justice

One of the first English language overviews of the newly emerging field of public interest litigation (PIL) in China, the study examines the social, economic and legal background to PIL's development, shows its relevance to labour rights in China, introduces a range of illustrative cases, and discusses the current obstacles to PIL and its prospects for the future.

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Hired on Sufferance: China's Workers in Singapore

June 2011

中国工人运动观察报告（2009-2010）

The Workers' Movement in China, 2009-2010

May 2011

在异国难圆的梦：赴日研修实习生劳动权益状况报告

Unfulfilled dreams in a foreign land: A report on the rights and interests of Chinese "trainees" working in Japan.

January 2011

劳资矛盾何以成为社会的忧患：对劳动关系转型及调整机制的回顾与探讨

How labour-management conflicts have become a social misery: A look back on developments in labour relations and the system for managing them.

May 2010

蜀道之难，难于上青天” — 析尘肺病患者索赔的三类障碍

"Easier the climb to Heaven:" The three obstacles on the road to justice for victims of pneumoconiosis.

December 2009

中国工人运动观察报告(2007-2008)

The Workers Movement in China, 2007-2008

March 2009

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