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China

A workers' spring in the heart of "the workshop of the world"

- IV Online magazine - 2010 - IV429 - October 2010 -

Publication date: Tuesday 19 October 2010

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A series of conflicts and strikes have affected a large number of manufacturing plants in China since May and June 2010. In a country whose labour force is the largest in the world (estimated at about 300 million people) and which represents a huge market, labour disputes are quite frequent, though they rarely get attention from the western media. According to the official Chinese magazine "Outlook Weekly", there were 280,000 labour disputes in 2008 and they increased by 30% during the first half of 2009 compared to the previous year. The new attention focused on the conflicts of May and June is undoubtedly not fortuitous. These conflicts may be indicative of changes that should be analyzed.

Honda Foshan, an exemplary strike

The strike wave began in the Honda Foshan factory. Despite the dismissal of the strike leaders and attempts to divide the leadership, Honda workers remained united during the two-week conflict. In this factory, 80% of workers are students at technical schools under a "house" contract of employment. They are not protected by the labour laws in force and their wages are very much lower than those of regular workers.

The conflict was initiated by these students who were born after 1980 and who have never experienced the Maoist era. Their strike showed their commitment to upholding their human dignity by starting to impose decent working conditions. There was no longer any question of sacrificing one's life and accepting the worst injustices in the name of the interests of the company and the sense of hierarchy. They have not hesitated to expose a growth model based on cheap labour and fierce exploitation of labour power but also the lack of any sense of decency of the corporations, who pay very low wages while making exorbitant profits. At the same time, the wave of suicides at the Taiwanese factory Foxconn, an electronics giant, which supplies components to Dell, Apple and Hewlett Packard, highlighted the trials experienced by workers in these factories organized as prisons

It is this iron discipline combined with low wages which has seduced the multinationals and contributed to making China the "workshop of the world". A workshop that resembles a penal colony. In an unprecedented event, Honda's young workers did not mobilize for the payment of wages or enforcement of their rights, as is generally the case in labour conflicts in China, but to get a real wage increase. They demanded an immediate substantial increase of 800 Yuan on the basic wage, i.e. prior to overtime, and a minimum annual increase of 15%. This strike forced Honda to stop production in the country for several days because of the shortage of spare parts caused by the conflict. Honda had to hold negotiations with the representatives designated by the strikers and accept significant increases in wages and improved working conditions.

The victory of the Honda Foshan workers was a formidable example of working-class combativity. In the aftermath, subsidiaries of Honda, Toyota, Mitsumi Electric, Nippon Sheet Glass, Atsumitec and others were affected by labour conflicts and were forced to concede wage increases, the main demand of the various conflicts. The press reported that some companies and even the provincial authorities have not waited for possible conflicts to increase the wages of their employees!

The grapes of wrath

These wage demands are not a surprise. At the lowest level of the workforce there is a population of approximately 130 million migrants fleeing rural poverty. This population provides the majority of the unskilled labour for the corporations and multinationals that are installed in the big Chinese manufacturing cities such as Guangzhou, Shenzhen and Suzhou or in the big urban centres like Shanghai and Beijing where they supply the construction sector. With the Hukou (certificate of residence) system, migrant workers are not recognized by the authorities as urban workers. As a result, they are vulnerable because they are "undocumented" in their own country. They do not have access to public services and therefore have no minimum social protection. Their children are not entitled to attend state schools. According to the Ministry of Agriculture, they currently earn an average of 1,348 Yuan per month, i.e. just under \$200. This is not sufficient to cover inflation and despite annual increases of 10-15%, wages remain particularly low.

Chinese workers have witnessed the explosion in the number of luxurious shopping malls to satisfy the conspicuous consumption of a middle class of around 300 million people, not to mention the nouveaux riches and bureaucrats. However, workers have benefited little from this huge economic growth. Social inequalities have increased, in particular between the cities and the countryside. An economic study suggests that between 1995 and 2004, the "cost" of labour increased threefold in the big companies but that at the same time productivity had increased fivefold, leading to a fall in unit labour costs of 43% [1]. To further illustrate the point, we note that the share of income taken by labour fell by 10% in 15 years leading to a fall in household consumption. The current wage increases are therefore only a beginning in rebalancing the share of national income in favour of the workers.

Workshop of the world versus supermarket

From the viewpoint of the authorities, these wage increases are welcome for two reasons. Firstly, the Government wants a revival of domestic consumption to offset the slowdown in exports. In addition, wage increases are also synonymous with the improvement of living conditions, which is not insignificant for the maintenance of political stability. The workers' struggles of recent months have developed in foreign, mainly Japanese, companies. This has allowed the government to suggest that foreign companies are responsible for working-class anger while strengthening nationalist sentiments.

Indeed, the Government has more to gain in obtaining concessions from big multinationals than by repressing workers' struggles. It does not really fear that conflicts and wage increases will render the country less attractive. Wage costs in China, though decisive for highly export oriented companies, are not the only argument justifying the investment of foreign companies. The average monthly wage in Thailand, Philippines, Viet Nam and Indonesia is now less than the monthly Chinese wage [2]. But the reservoir of labour in these countries is incomparably more restricted. In addition, all companies can relocate easily. This is for example the case with care, steel and chemical companies. For most companies, the main argument for investment lies in the immense nature of the growing domestic market while consumption stagnates in Western countries experiencing crisis. With an increase in wages, the market should be even more lucrative. No investor will be unaware of the fact.

More than relocations abroad, the increased "cost" of labour and increased conflicts incline the big multinationals towards "relocation" of factories within the Chinese territory. Companies prefer to leave the coast to relocate in the interior of the country where land and wages are much cheaper. This industrial reorganization could allow them to overcome the depletion of labour in the coastal industrial areas, the result of the geographical fragmentation of the labour market. According to Deng Quheng of the Chinese Academy of Social Sciences and Li Shi of Beijing Normal University, there are still 70 million rural Chinese workers liable to work in industry. But the Hukou system and the fear of losing their plot of land if they do not maintain it prevents them seeking work in the coastal cities. In addition the Chinese population is aging. One-sixth of non migrants say they are too old to leave even if they are under 40 [3].

Workers' rights strengthened

Renewed working-class combativity, reinforced by the victories in the spring struggles, is probably also powered by the new labour law. Introduced on January 1, 2008, the "law on work contracts in the People's Republic of China" is "one of the most important elements of labour legislation drawn up for more than ten years". [4]. One of the main objectives is to limit abuse of employees through dismissals and the non-payment of wages. The government is aware that the dynamic of workers' struggles around these issues can be dangerous for it. The government would also hope for better protection for workers allowing a fall in the high turnover in the enterprises. In the 1980s and 1990s, employees left a company when they were not satisfied by their wages or working conditions and went to look for work elsewhere. They had no other choice because state repression prevented any collective organization in the workplace. The official trade union federation avoided struggles. With the decrease in the labour force working in the coastal areas and the ageing of the population, as well as a more qualified workforce, authorities and businesses need to stabilize a labour force whose demands are also more far-reaching.

It is the young migrants who have benefited most from the new law, probably because they have access to more information from the Internet. To find them in the struggles that have affected the Japanese companies is not surprising. These young people are better educated and are assigned to more skilled jobs that require greater skills. A world separates them from their parents who remained in the countryside. These young workers, all single children, aspire to a decent life in large urban centres that it is impossible to achieve with their wages. This is why the workers' victories in recent months will probably have important consequences on the social situation. The government is gambling that higher wages will ease social tensions. But it is not unlikely that the strikes of spring and summer could spread.

All the more so in that one of the most striking facts concerning the struggles in the Honda factories was the clear rejection by the strikers of the official union, controlled by the Chinese Communist Party, the "All Chinese Federation of Trade Unions" (ACFTU). These representatives were widely discredited by their violent actions against workers in struggle, appearing as strike breakers alongside the management. In at least three Honda plants, striking workers requested the right to elect their own representatives and the reorganization of the trade union, an affront to the representatives of the AFCTU. On the contrary, these "trade unionists" systematically took the side of the bosses and proved to be zealous auxiliaries of the police. In these particularly difficult circumstances, the ability of the Honda workers to self-organise is a remarkable feat. These forms of self-organization have fostered the development of a new working class consciousness.

The proliferation of conflicts has been concentrated in the economic field, but the authorities remain attentive to the possibility that this could be transformed into a widespread political challenge. The experience of strikes in the Honda plant shows that it will be more difficult in the future for the government to control struggles through a largely discredited single trade union federation. New generations of workers have shown that they are ready to organize collectively and to claim a real part of the fruits of growth. The Chinese working class is not docile, it has been able to show its strength and its fighting spirit. It is also remarkable to note that in Bangladesh, Viet Nam and Cambodia similar struggles for wage increases have developed in recent months. Poverty is not then inevitable.

[1] Study made by Ms Chen, Bart van Ark from the Conference Board, and Harry Wu of Hitotsubashi University. In The Next China. [The Economist](#)

[2] Barta Patrick and Alex Frangos. Southeast Asia Tries to Link Up to Compete. In [The Wall Street Journal](#)

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[3] The Next China. [The Economist](#)

[4] Becker Jeffrey and Elfstrom Manfred. International Labor Rights Forum. The Impact of China's Labor Contract Law on Workers. Published by [China Labor Net](#)