

Crisis and Resistance in China

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In September last year around 2,000 workers at a Foxconn plant in Taiyuan, capital of the inland province of Shaanxi, rioted when a worker was viciously beaten by security guards. Up to 5,000 police were called in after windows were smashed and cars damaged.

Taiwan based Foxconn employs around 900,000 people across China making some of the best known products of major high-tech multinationals, including Apple's iPhone and iPad. Although at 1,800 yuan (about 220 euros) a month wages are relatively good, workers at the Taiyuan plant complained of overcrowded dormitories and poor food, as well as heavy handed security, conditions familiar to workers throughout the country. Foxconn first made headlines in 2010 for a spate of employee suicides. Appallingly long hours and low pay were widely blamed for the deaths.

A tragedy of a different sort at another Foxconn factory highlighted a further aspect of Chinese industry the horrifically high accident rate.¹ Zhang Tingzhen suffered severe brain damage after falling from a ladder at the factory in Shenzhen, southern China, in October 2011. The company then tried to reduce the compensation due to Zhang, claiming he was actually employed by a subsidiary company in another county. The 300,000 Yuan difference is peanuts to Foxconn, which made record profits last year, but a significant contribution to Zhang's parents, now faced with caring for their newly paralysed son.

Revelations about the conditions at Foxconn forced Apple to tighten up the

auditing of its Chinese subcontractors and promise improvements. But a recent report by US based China Labor Watch suggests that these have been very limited.² For instance, although overtime hours at Foxconn have decreased from often over 120 hours per month to generally 80 or less, this is still twice the 36 hours permitted by China's labour laws. The decrease has been accompanied by an increase in the intensity of work. And hours at other Apple subcontractors can be even longer up to 180 hours per month at the busiest times.

Besides excessive overtime, the report also found that some companies do not pay overtime rates, and some avoid paying social insurance or injury insurance, both in contravention of the labour laws. Work conditions are dangerous, food is poor and the dormitories unacceptable. Basic pay is often at the minimum wage, meaning that workers have no hope of ever owning one of the iPhones or iPads they are making.

To make matters worse many workers are employed via agencies known as 'labor dispatch' companies. Although these workers are entitled by law to the same conditions as those directly employed, in practice 'their wages are lower, their benefits are worse, and the intensity of their work is much greater'. Intended only for temporary or replacement labour, dispatching is frequently used to further lower working conditions in violation both of China's labour laws and Apple's corporate responsibility standard.

Of course Apple is not alone in boosting its profits by exploiting Chinese labour in this way. Another report by China La-

¹China Labour Bulletin, 2012b

²China Labor Watch, 2012a

³China Labor Watch, 2012b

bor Watch focused on Samsung Electronics³. The Korean multinational directly owns 12 plants in China as well as having a network of suppliers. Once again the report uncovered excessive overtime and poor safety. Work is often exhausting, with workers having to stand for up to 11 or 12 hours at a time. Cases of child labour, gender discrimination and verbal and physical abuse were also recorded. Although conditions at the directly owned factories were generally better, all violated workers' legal rights to a greater or lesser extent.

Since Deng Xiaoping's famous southern tour reignited the Chinese economy in 1992, the country has seen some of the world's highest growth rates based to a large extent on exports to more developed countries. The boom has been widely praised in the West as proof of the superiority of the market. At the same time the authoritarianism of the communist regime is routinely condemned, portrayed as an aberration.

What these commentators fail to understand is that the two go hand in hand. The phenomenal growth rates depend on extreme exploitation of millions of migrant workers, exploitation at levels that would be impossible if workers were able to form free trade unions. The smashing of the 1989 democracy movement, and with it the nascent autonomous workers' federations, was a pre-condition of the subsequent boom.

It is not that the government imposes the worst conditions on workers. On the contrary, they have passed a series of laws over the years that, on paper at least, provide some protection for workers. But they are never effectively implemented. The minimum conditions specified by the labour laws become the maximum that workers can hope for, and they often have

to take to the streets to achieve that. The central government can then appear as a neutral arbiter, while turning a blind eye to the abuse of its own labour laws.

Although Chinese and other east Asian companies are usually the immediate exploiters, it is the multinationals, including many familiar high street names, who gain the most. Their huge profits depend on the blood, sweat and sometimes the lives of migrant workers.

A fascinating new book by London based journalist Hsiao-hung Pai, who spent two years travelling around China meeting migrants and their families, looks at their new urban lives and their reasons for leaving their rural homes.⁴

The root cause of migration from the countryside is rural poverty. Farmers with tiny plots of land, facing rising costs and increased taxation, are unable to make a living. So they have flocked to the booming cities of the southern coast in huge numbers. Others move because they are unable to meet the medical costs of sick relatives. Abolition of the Maoist rural collectives in the first phase of reform initially allowed many rural inhabitants to improve their living standards, but it also removed the social security provisions the collectives provided. Now rural inhabitants have to pay for almost all their care and medicines at market prices.

The last two decades have also seen a major increase in the rural bureaucracy, parasitic on local farming. This layer of government officials have invented a variety of new and often illegal taxes to pay for their extravagant lifestyles. Two Chinese journalists graphically described their behaviour in a book that was subsequently banned: 'Like a cloud of locusts, officials with their appetites in tow descend on the countryside and are infinitely inventive in

⁴Pai, 2012

⁵Chen and Wu, 2006

coming up with excuses to eat and drink'.⁵ With few alternative sources of employment, farmers are forced to leave the land in search of a living. According to government figures, by 2010 there were as many as 240 million migrant workers in China.

Once they arrive in the cities rural migrants are treated as second class citizens. Every urban resident has a *hukou* or residence permit. The best a migrant can hope for is a temporary permit. This leaves the migrant worker vulnerable to mistreatment and exploitation - if they try to stand up for their rights they can simply be sent back to the countryside. Although the *hukou* system was formally abolished in 2003, in practice it is still enforced in many cities.

The first port of call for a new migrant is the local labour market. Here they have to compete with hundreds of others trying to find work with no guarantee of success. Many employers prefer young women workers believing they will accept the lowest wages. Once work is secured they will often be housed in cramped on-site dormitories, or in the case of the brick kilns Pai visited, in shacks with beds made of boards on piles of bricks. They may be forbidden from leaving the site by their boss - a ruse to stop them quitting the job.

The most dangerous work is in the mines. In 2009 China passed the US to become the world's biggest coal producer, but the fatality rate is 40 times greater in China's mines. Following an all-time high of almost 7,000 deaths in 2002, the government closed many of the smaller private and often illegal mines. The death toll fell to 1,973 in 2011, but even in the larger state owned mines the accident rate remains horrifically high by international standards.

However as the protest in Taiyuan and a recent strike at its plant in Zhengzhou

show, companies like Foxconn are not getting things all their own way. Workers are getting organised.

Ten years ago the biggest and most militant protests were by workers laid-off from state owned enterprises (SOEs). As another recent book shows, decisions taken at the communist party's 15th congress in 1997 led to a rapid rise in lay-offs.⁶ SOEs were instructed to reduce their workforces in an effort to create efficient Chinese companies that could compete in the international market. The bureaucratic nature of communist rule meant that it wasn't just loss making enterprises that had to downsize, even healthy firms were forced to lay-off workers at the risk of harming production.

The result was a huge increase in unemployment in the 'rust-belt' of the north-east and south-west where the old heavy industries were concentrated. Many of these laid-off workers did not receive the payments or pensions due from their work units. Things came to a head in 2002 when tens of thousands demonstrated simultaneously in the cities of Daqing and Liaoyang.



Striking workers in China

But the restructuring of the biggest SOEs was largely completed in the following years and today the centres of resistance are among migrant workers in the

⁶Hurst, 2009

newer industries.

There have been strikes and protests among migrant workers in the southern coastal cities since the early nineties. All the evidence suggests that these have become increasingly frequent over the years since. The Chinese government has never kept strike statistics, but numbers of 'mass incidents', which include strikes and protests of various kinds, rose steadily to reach 80,000 in 2007, when the figures ceased being published.

More significantly, migrant workers have found a new confidence to take on their employers.⁷ One reason is a shortage of labour in key areas, meaning workers are less fearful of being sacked if they take action. As early as 2004, labour shortages were being reported in the southern province of Guangdong. These lessened following the start of the global economic crisis in 2008, but re-emerged as the economy picked up, with shortages reported in many areas.

In response some companies have started to move production away from the south-eastern seaboard, the centre of the export processing boom. This is the case with the Foxconn plants in Taiyuan and Zhengzhou for instance. So some migrants can now find work closer to home, where they are less insecure and less cut-off from the local workforce. Relocated factories are clearly bringing the class struggle with them.

Another factor boosting confidence is that many young workers, children of an earlier wave of migrants, were either born in the cities or grew up there. They are less willing or able to return to the countryside, if life in the city becomes intolerable, preferring either to look for other work or fight

for better conditions where they are.

As a consequence, there are signs that workers' demands have become more offensive. Unpaid wages have long been a common cause of strikes. Violent abuse by management is another issue that has driven workers to take action in desperation. But more recently claims for improved wages and conditions have come to the fore.

Figures for Shenzhen, one of the key boom cities in Guangdong, show that actual wages have risen much faster than the local minimum wage. That tells us how inadequate the minimum wage is, but it also shows that workers have been able to improve their pay, either by taking action or by fear on the part of management that they will move to better paid work elsewhere.

The high point of recent struggles was the wave of motor industry strikes for higher pay in the summer of 2010.

Silver, in her 2003 study of global labour movements, showed how the development of the car industry was often associated with a dramatic increase in struggle, with car workers playing a leading role.⁸ The 1930s sit-down strikes in the US, Britain and Italy in the 1970s or the Korean workers' movement of the 1980s are obvious examples. The role Korean workers played in ending authoritarian rule in 1987 is a clear warning to China's rulers.

The Chinese motor industry grew by leaps and bounds in the 2000s, overtaking the US to become the world's largest producer in 2009. In 2010 over 18 million cars were manufactured there, more than a quarter of the global total.

The 2010 strikes started with a dispute at the Nanhai Honda plant in the

⁷China Labour Bulletin, 2012a. This Hong Kong based organisation is an excellent source for reports on labour activism in China, see especially their interactive strike map <http://www.numble.com/clbmap.html>.

⁸Silver, 2003

southern Pearl River Delta. Over 1,000 workers went on strike in May for a pay rise when the company refused to increase their wages in line with a new local minimum wage. Management attempts to intimidate them back to work backfired as more workers joined the strike and their pay demands were raised. Just-in-time production methods meant that the strike soon hit production and the company were forced to concede pay rises of between 24 and 33 percent.

Workers at other car part suppliers soon followed suit gaining significant pay rises. For instance, at Atsumitec, another Honda supplier, the basic wage was increased by 45 percent and at Toyota supplier Denso, monthly pay of 1,100 to 1,300 Yuan per month was raised by 800 to 900 Yuan. Apart from the size of the increases, these strikes were notable also for the way they spread rapidly from one site to another, and for the attitude of the workers to the official unions.

Since the early nineties, the Chinese government has had to accept that, although workers don't have the right to strike, it can't prevent strikes happening. Instead they have tried to contain them. In the first place workers are encouraged, either individually or in small groups, to use the official grievance procedure. But if they take action anyway, the authorities try to ensure that the dispute remains confined to a single enterprise. So concessions are often made quickly on the immediate demands, but any attempt to spread action or create independent organisation is treated much more harshly.

Although they have successfully contained labour unrest in this way most of the time, it seems to be decreasingly effective. For instance, in 2008 a strike by 10,000 taxi drivers in Chongqing, one of China's largest cities sparked a wave of copycat strikes by drivers across the coun-

try. Honda workers' success in gaining large pay rises two years ago clearly inspired others in the industry to follow suit.

Chinese trade unions, organised in the All-China Federation of Trade Unions (ACFTU), are not like our unions, they are controlled by the communist party and act as an arm of the government. Their role is to assist the regime in preventing or containing labour militancy. So they may assist individuals through the official grievance procedure and provide legal aid, but when workers strike the union tries to get them back to work as quickly as possible. The unions never call strikes or protests.

Workplace unions often have a very cosy relationship with management. At the start of the Honda dispute strikers were even assaulted by thugs wearing trade union badges, trying to force them back to work. The fact that workers were able to repel the attack and go on to win an impressive victory highlights their new found confidence and determination. The union was subsequently forced to make a humiliating if half-hearted apology. More importantly, union members demanded and won the right to elect their own union representatives.

The demand for elected officials, previously put forward by striking dockers at Yantian, Shenzhen and power workers in Chengdu among others, indicates the growing pressure on the ACFTU to better represent their members' interests. Whether the organisation can be reformed from below is another question though. Since the 1990s the government has moved to consolidate its hold on the ACFTU. The order of the 'five facets' adopted in 2007 to guide its approach is instructive. First is 'leadership of the party', followed by 'support of the government, cooperation of society, operation by the unions', last and very much least is 'participation

by the workers'. In other words, the trade unions are there to help maximise economic growth and maintain social stability under communist party direction, not to represent workers against their employers. It seems that Chinese workers will have to follow the example of their Egyptian brothers and sisters, and build independent unions.

The Scattered Sand of Pai's title refers to the dispersed, unorganised nature of migrant workers. If there are signs that they are becoming more organised to take on their bosses, the anger of China's workers can also be directed at other targets. This was shown in the horrific race riots of 2009. Two Uighurs, Turkic Muslims from the Xinjiang region in China's far west, working in a toy factory in the southern province of Guangdong, were murdered by their Han Chinese co-workers after falsely being accused of raping a Han Chinese woman. A week later 197 predominantly Han people died in fighting in the Xinjiang capital of Urumqi. The death toll was further increased with the execution of Uighurs arrested for their part in the riot.

Pai reports from Xinjiang in an epilogue to her book. She finds the nominally 'autonomous' region plundered of its natural resources to the benefit of businesses and government further east. Even Uighurs with a higher education have difficulty finding work as they face systematic discrimination in the jobs market. And the abuses suffered by all migrant workers are even more acute for ethnic minorities. Muslims also suffer religious persecution, especially if they work in the state sector. The Uighurs of Urumqi are kept in their place by a suffocating police presence.

The current regime has continued Mao's policy of categorising minorities into a series of 'nationalities' each with its traditional dress and customs. These are

then presented as colourful examples of the country's diversity, masking the poverty and discrimination that many face. As one of Pai's interviewees, a member of the Zhuang ethnic group from south-western China, put it 'Although we keep our customs and costumes and our dance, they're really just tourist attractions.' If a national labour movement is to be built from the mass of individual struggles, it will have to confront this prejudice against ethnic minorities, which can only serve the interests of the bosses.

If China's workers are facing an uncertain future, problems are mounting for the ruling class too. Although growth at the end of 2012 was somewhat higher than expected, the annual figure was expected to be the lowest since 1999. Exports too rose in the fourth quarter, but were still below the yearly target. Some industries are faring much worse, the shipbuilding industry for instance reported a 50 percent fall in orders on the previous year. Analysts do not expect growth to return to its previous high levels in the short term.

When the global economic crisis broke in 2008, the government responded by injecting huge sums of public money into the economy to boost growth and compensate for lower exports. This strategy could work for a while, but last year it started to unravel. This massive injection of capital is now producing the sort of property bubble that triggered the crisis in the West. And China's once enormous current account surplus has almost vanished, The Economist reported in May, plummeting from 10 percent of GDP in 2007 to just 2.8 percent in 2011.

While GDP growth rates remain high by international standards, the regime has depended on much higher levels to maintain social stability. Any slowdown in exports is likely to result in attacks on workers. In 2008 factory owners reacted to

falling orders with a wave of lay-offs. The government froze minimum wage increases too. Workers responded with a series of strikes against the lay-offs and to force the payment of withheld wages.

All this seems to be causing friction in the top echelons of the Chinese Communist Party (CCP). The spectacular fall of Bo Xilai, erstwhile mayor of Chongqing, China's most populous municipality, was caused by his wife Gu Kailai's alleged involvement in the murder of British businessman Neil Heyward. But the speed with which he was removed, and Gu's conviction in a trial lasting just one day, suggest that his opponents used the scandal to get him out of the way. Bo, son of the communist veteran Bo Yibo, made many enemies in his rise through the ranks. His populist style was not to the liking of the staid hierarchy of the CCP.

In the '50s, '60s and '70s, when Mao was in power, workers only dared to protest when splits at the top opened a space for dissent. Since the 1990s strikes and protests have become a permanent fea-

ture of Chinese society although the communist leadership was largely in agreement. The emerging combination of economic slowdown, splits at the top and an increasingly confident workforce herald a potentially powerful force for political and social change.

At the beginning of 2013 car workers were again on strike, with 3,000 walking out at a factory in Harbin, Heilongjiang province. But a landmark strike by journalists at the Southern Weekly showed the power of workers to challenge authoritarian rule. When the censors replaced a new year message calling for constitutional rights with one praising the communist party, journalists stopped work. Hundreds of supporters joined the picket line, some carrying banners calling for 'press freedom, constitutionalism and democracy'. The Guangdong based publication has a reputation for investigative journalism rare in China. One of their reporters, working undercover, helped expose conditions in Foxconn's factories.

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