

# Delving into the Current State of China's Labor Movement

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*Editors' note: This is the third of three articles providing analysis of what's happening now in China - and why.*



China moved towards creating a business-friendly environment for private enterprises in the reform and opening up period in the late 1970s. Companies shifted operations and supply chains to China and foreign direct investment poured into the country. However, China's "unprecedented economic growth" has come predominantly from the exploitation of workers.

The central government has enacted various labor laws to address rights abuses over the years. However, hungry for overseas investment and maintaining economic growth, local governments have failed to enforce labor laws. Codes of conduct by brand companies have done little to alleviate rights abuses. Against this backdrop, workers toiling in these factories have had no choice but to take collective actions to fight for their rights.

Over the past 10 years, the nature of labor struggles has evolved in the country and this aligns with the changing economic landscape of China. Unions in the country are falling short of their responsibility in genuinely representing workers. Furthermore, labor activism is under siege, as the government has escalated crackdowns, detaining and arresting labor NGOs and rights activists who once operated in a more open environment.

## **Worker Struggles in Recent Years**

2010 was a year of labor unrest in China. Low wages had long plagued the manufacturing sector. As workers took up jobs in factories established in Southern China, their wages were insufficient to sustain their livelihood and did not keep pace with increasing commodity prices. In 2010, workers at the Nanhai Honda factory in Foshan went on strike with a series of demands including a wage increase, which they eventually won.[1]

This was despite their current wages being at the minimum wage of the region. The incident also set off several strikes in other automaker and electronics facilities across the country. The strike came at the heels of the spate of suicides at a number of Foxconn factories, which also saw the company increase wages.

Increasing production costs and rising wages have driven factories to begin relocating inland or to other developing countries. But factories are failing to give workers any, or adequate, relocation compensation. With the risk of being laid off, workers who have worked at the factory for many years are beginning to see the effects of their employer not having made sufficient social insurance contributions.

These factors contributed to the 2014 strike at the Lide shoe factory.[2] Workers won several concessions here including relocation compensation, and payment of social insurance and housing provident arrears. Workers from Lide sought assistance from the Panyu Migrant Workers Center, a local labor NGO. The NGO had assisted workers in electing representatives, providing legal assistance and consolidating their demands. This led to staff at the NGO being assaulted or detained during the course of the strike.[3]

China has been moving towards a service and consumption-led economy. Strikes and protests beset the manufacturing industry in earlier years, but recently, these have spilled over to the service industry. In 2016, a coordinated strike took place in Walmart stores across China against the working hour system. The new system would allow managers to schedule any number of hours of work per day, as long as the worker's total work hours do not exceed 174 hours a month.[4] The protest was a rare instance where workers were organizing across the country using online social media.

In 2018, truck drivers went on strike due to increasing fuel costs, arbitrary fines and declining orders.[5] Thousands of truck drivers participated in cities around the country. A logistics platform group had begun implementing a system that forces drivers to bid for freight orders and with the lowest bid being accepted, this effectively cuts away at workers' take-home pay. Truck drivers shoulder many costs related to their vehicle including maintenance and fuel costs. The strike shows the effects of the rise in the gig economy where workers do not receive regular pay or have job security, nor are they protected from the labor contract law.

And finally, this year, tech workers protested against the 996-work schedule in the industry, where employees regularly work 9 am to 9 pm, six days a week.[6] The domain name, "996.icu," was launched listing labor rights laws and blacklisting companies that implemented 996 work schedules. Activists submitted information disclosure requests to the government and sent Jack Ma, Alibaba's founder, copies of the labor law. Microsoft workers in the U.S., concerned with potential censorship of the 996.icu repository posted on Github, circulated a petition expressing solidarity with tech workers in China.

## **The Role of Unions**

Strikes taking place in China are all "wildcat strikes." Independent trade unions are prohibited in China and the All-China Federation of Trade Unions (ACFTU) is the sole legal trade union in China, functioning as a bureaucratic arm of the government. When workers go out on strike, the unions usually take on the role of a mediator when negotiating between workers and management. Moreover, collective bargaining that has taken place is mostly after strikes have broken out. Union officials may even force strikers back to work, siding with management as in the Nanhai Honda strike.

Over the years, the AFCTU has made attempts to reform. For example, local unions have rushed to increase membership and the ACFTU currently boasts over 300 million members. But this has deviated from the goal of effectively representing workers. Attempts have also been made to hold democratic union elections at workplaces. Despite these efforts, unions continue to be mere formalities in workplaces and workers generally know little about the functions of a union.

### **Crackdowns on Labor Activists**

Labor NGOs have played an integral role in advocating for workers' rights. Labor NGOs have provided legal assistance, facilitated trainings and conducted policy advocacy despite working in a precarious environment. Many activists have been questioned, harassed and detained for their work. Two crackdowns in recent years reveal the Chinese government's growing intolerance towards labor NGOs and civil society in general.

In 2015, Chinese authorities launched coordinated raids, detaining dozens of labor activists and NGO staff across Guangdong.[7] Many were released after their detention. Three prominent labor activists were ultimately handed suspended sentences, and one served nine months in prison. They were all charged with "gathering a crowd to disrupt public order," notably for their role in the Lide shoe factory strike. The four were staff at the Panyu Migrant Workers Centre.[8]

The clampdown clearly had a chilling effect. Labor NGOs scaled back on activities, going underground, with some transforming into community organizations deemed acceptable by the government.

The second crackdown began in the summer of 2018 when protests broke out at Jasic Technology, a welding machine manufacturer, after several workers attempting to unionize were laid off. This galvanized into a movement after Maoist and Marxist students and retired party officials expressed solidarity with workers at the factory.[9] The group was met with brutal repression from the government with many students, workers, staff from Maoist organizations and NGOs still detained today. The crackdown continues and those with no relation to the Jasic incident have been swept up. In late January, five NGO activists in Shenzhen were detained.[10] Staff from public interest organizations have also fallen victim to this crackdown.[11] [12]

The scale of the Jasic incident has clearly alarmed the government especially with the large number of leftist students involved. Many of these students came from Marxist societies established at prestigious universities such as Peking and Renmin University. The involvement of these students pushed the struggle to become political in nature, as they utilized ideas of Mao and Marx to highlight inequality and support workers. Additionally, the economic slowdown has made the government wary of worker protests, and those who may potentially play a role in providing guidance to aggrieved workers.

### **What to Expect from China's Labor Movement?**

Firstly, the AFCTU has attempted to push for reforms over the years with President Xi Jinping calling on the union to "focus on employees." [13] But this also includes gaining the trust of workers through genuine representation and being attuned to workers' needs. In addition to taking steps to address any exploitative practices before wildcat strikes take place.

For now, it is difficult to see the union as being effective in representing workers' interests in the near future. Prior to President Xi, the ACFTU actually took greater strides to reform. In the Jasic incident, two trade union officials from Shenzhen were arrested for assisting workers in trying to set up a union.[14]

Secondly, with the U.S.-China trade war, many factories will begin to shift overseas in search for even cheaper labor. This will no doubt affect workers. Apple is considering moving 15-30% of its production from China to avoid potential tariffs.[15] If one of the most profitable companies in the world is unwilling to absorb the costs of the tariffs, we can only expect smaller companies or factories that are even less profitable to follow suit in relocating their supply chains. Layoffs and relocations of factories will most likely increase, and these are factors that will cause worker protests and strikes in the foreseeable future.

And finally, despite the crackdowns in recent years and the shrinking space for NGOs to work in, this will not quell worker actions. The strikes and collective actions that have occurred over the years and are still happening today haven't had the participation of labor NGOs. Collective actions are erupting in inland provinces where labor NGOs have not traditionally been set up.

The frequency of these protests and strikes renders it impossible for the government to stop them from happening. With censorship in China, many workers are unaware about the extent the government will repress these actions, and they subsequently are more willing to take risks to participate. If the government, factory bosses and companies continue to disregard the needs of workers, this will only inflame collective actions. We can only anticipate more and more of these worker struggles.

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