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The recent labour unrest in China and the politics of handling collective mobilisation by the Party-state

Date: October 2011
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This publication has been produced with the assistance of the European Union. The contents of this publication are the sole responsibility of ECRAN and can in no way be taken to reflect the views of the European Union.

This project is funded by the European Union

This project is implemented by a Consortium led by Steinbeis GmbH & Co. KG für Technologietransfer
Executive summary

Since the mid-2000s, there has been a continuous increase in the number of labour conflicts in China. The 2010 waves of labour unrest are unprecedented, with more than 100 strikes occurring in the car and electronics industry in the Pearl River Delta, following the May-June strike at a Honda Factory in Foshan.

Since the adoption of the much debated Labour Contract and labour dispute Conciliation and Arbitration Laws in 2008, workplace unions have become increasingly subordinate and subservient to the local governments, the Party committees and tribunals or other judicial institutions. From the mid-2000s, there has been an increasing radicalisation of workers’ demands.

The recent unprecedented waves of mobilisation have not brought about any kind of institutionalisation of genuine independent representation of workers in the workplace. The Party-state is not likely to allow the existence of independent unions or even to fundamentally release its grip on the organisation and representation of workers in enterprises in the near future. The Party-state is very much likely to do its best to channel, control and co-opt any grassroots organisation within factories that emerge.

The EU can help to institutionalise some of the results of the recent labour mobilisations in China by:

1. urging European companies with plants in China to implement workers’ training programmes, improve workers’ representation, and run genuine collective bargaining processes.
2. drawing on novel ways of collaboration with the Chinese government, ACFTU and (when possible) the growing network of NGOs providing services to workers.

Main points:

- Since the mid-2000s, China has witnessed an increase in “mass incidents”
- These collective movements have started to radicalise as protestors have become more articulate and better educated. Protestors now have greater capacity to externalise their actions among the wider public and increasingly mobilise across class lines
- The Party-state’s reaction to such collective action is highly influenced by its desire to maintain a high pace of economic growth while also preserving social stability
- The passing of the Labour Contract and labour dispute Conciliation and Arbitrations laws in 2008 have done little to work in workers’ favour. They have made workplace unions increasingly subordinate to local governments
- The demand for democratically-elected workplace representation has become a key issue for workers since 2006. This is upheld by a continued distrust of official workplace unions and government institutions
- The Party-state is unlikely to allow the existence of independent unions or release its grip on the representation of workers in enterprise. It is wary of maintaining control over representation and collective mobilisation in the workplace and social space in general
- As long as Chinese workers continue to experience a huge chasm between promises contained in new legislation, policies and rhetoric, and their daily experience of indignity in the workplace, labour unrest will continue to grow.
- The EU should urge those with European companies to implement workers’ training programmes and find new ways of collaborating with institutions that provide work-based services to Chinese workers
Background brief: The recent labour unrest in China and the politics of handling collective mobilisation by the Party-state

Introduction

This paper focuses on the post-mid-2000 labour unrest in China and the ways in which it was handled by the Party-state and branches of the All China Federation of Trade Unions (ACFTU) in South-eastern coastal China, i.e. the Pearl River Delta (PRD) in Guangdong province. This choice has been dictated by the fact that for the last three decades, the PRD has been the major powerhouse of export-led economic development in the country. This area also has the highest concentration of manufacturing enterprises and (mainly rural) workers (around 25 millions of them in the PRD alone). It is also the location of the most frequent occurrence of labour unrest, including the collective action which triggered the summer 2010 wave of unrest.

1. Increasing labour conflicts

According to official statistics, at the national level, China has witnessed an increase in “mass incidents” (defined as an “unauthorised gathering of more than 20 people”) from around 10,000 such incidents in 1994 to 74,000 in 2004. Since then, the categorisation of incidents has changed and no coherent or comprehensive data has been released. This renders comparisons between different periods problematic. According to unofficial estimates though, there may have been more than 120,000 national “mass incidents” in 2008, which would entail a 70% increase when compared with 2004. For 2009, Chinese scholar Yu Jianrong estimated that there were around 90,000 such incidents, out of which one third are estimated to be labour-related. According to a January 2008 estimate released by the Agence France Presse, at least one strike involving more than 1,000 workers occurred daily in the PRD in 2007. According to one Shenzhen-based NGO, from March to December 2010, more than 1 million workers have been involved in around 1,000 strikes across the whole country. In the automobile and electronics sector alone, more than 100 strikes occurred in the PRD in the aftermath of the Honda Plant strike.

2. Major features of the recent wave of collective mobilisation

In order to better apprehend the major features of the recent wave of strikes, it is important to consider the characteristics of earlier occurrences of collective labour mobilisation. An important body of scholarship shows that the early strikes of the 1980s were small in scale (often limited to one single factory or a department in a factory) and that workers tended to mobilise along regional lines. It was rare for formal demands to be expressed. From 1993-1994 onwards, a gradual increase in the collective dimension of protests, networking across different factories, the expression of formal demands and the length of strikes was recorded.

If these were the growing trends from the early 1990s onwards, collective movements started to radicalise and to grow in scale from the mid-2000s. The major features of these movements may be summarised as such:

- workers involved belong mainly to the second generation of migrant workers who are more individualistic, have a higher level of education, a better knowledge of the law, are more
radical in their demands and have stronger experience of social exclusion. According to Pun Ngai and Lu Huilin (experts on labour relations in China) “A huge chasm emerged between their life expectation of becoming urban-worker citizens and their actual daily work experiences, which were characteristic of the dormitory labour regime and which involved exclusion from city life. This chasm precipitated anger, frustration and resentment conducive to the emergence of the workers’ consciousness and their shared class position”3.

• **greater scale and radicalisation of strikes**: one can see from the internet postings which circulated during and after the strikes that workers are able to articulate their demands by mobilising elements of labour legislation, Party ideology as well as core elements of their collective identity as a marginalised group;
• **protestors have much greater capacity to externalise their actions** via a variety of means such as blogs, microblogs, etc. For instance, during the May 2010 Honda Plant Strike, the use of new technologies enabled very fast circulation of information among workers, but also between workers and the media, lawyers, as well as people specialised in the protection of labour rights who could react instantly. Similarly, it has become increasingly popular for videos of events to be posted on the web by protesters;
• **protesters are increasingly able to mobilise across class lines** of skilled or semi-skilled personnel and often collectively participate in actions.

### 3. Legal developments and the ACFTU

The increase in labour-related conflicts and abuses of workers’ rights from the 1980s onwards represented a real challenge to the legitimacy of the Party-state. On the one hand, these conflicts represented mounting threats to social stability. On the other hand, the sheer assault on workers’ rights contradicted the very ideological tenets of a Party whose founding legitimacy still partly rested on the rejection of exploitation and the representation of the interests of the working class. Following the passing of the 1994 Labour law, 2008 was marked by the adoption of the Labour Contract Law which aimed chiefly at formalising the employment of workers and making sure that they signed contracts.

The labour dispute Conciliation and Arbitration Law was also promulgated in January 2008. However, this law left a number of issues unsolved and left out the notion of “bargaining”. There was no reference to strikes or work stoppages in either the Labour or Arbitration Laws. The 2007-2008 reforms of ACFTU have led to workplace unions becoming more and more subordinate and subservient to the local governments, the Party committees and tribunals or other judicial institutions.

In the context of the 2008 economic and financial crisis which provoked massive factory closures and sacking of workers in the PRD (often accompanied by non-payment of wages by these companies), provincial and local governments reacted swiftly by ordering that a brake be put on the implementation of the protective provisions contained in the national Contract Law, for example, implementing minimum wages. At the same time, however, in the face of growing conflict and unrest related to massive factory closures in 2008, local governments often tended to compensate non-payment of wages by paying such wages directly to workers instead of the employers in order to maintain social stability. What stands out clearly here is the paramount importance of the twin core principles of rule of the Party-state and how much they influence both the local governments and ACFTU’s actions, i.e. maintaining a high pace of economic growth and preserving social stability.

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4. Workplace representation demands during the recent wave of workers’ collective actions and how the Party-state dealt with them

The general context which preceded the unprecedented 2010 wave of labour collective actions is marked by two contradictory trends. On the one hand, thanks to the action of a variety of official, semi-official and un-official organs (labour bureaus, legal advisors, NGOs, the media, legal clinics, citizens’ agents, etc.), a new generation of workers has become increasingly aware of labour legislation. As a result, workers’ expectations in matters of labour rights have also grown. However, on the other hand, as local governments take a series of pro-capital measures in the context of the 2008 economic crisis, these workers have become increasingly frustrated by their daily experience of the non-implementation of legal provisions and by the longstanding abuse of their rights. Hence, the non-fulfillment of legal and rhetorical promises has increasingly helped to fuel social anger. If Mary Galagher was right when she argued that the Party-state’s attitude towards workers has been chiefly “preemptive and paternalist”, aiming at “helping workers so as not to empower workers”\(^5\), the scholarship on collective action in the PRD in the second half of the 2000s points to a radicalisation of workers’ demands, to the more interest-based nature of these demands and to their better organising capacity.

Several analysts commentators have noted that none of the 2010 collective actions were linked to the formal process of collective negotiation attached to the 2008 Contract Law. Therefore, the nature of these actions basically constituted “independent labour activism”. Such demands were still rare in the early 2000s, but from the mid-2000s on, there has been a growing, although modest, trend towards workers demanding democratically-elected workplace representation. This trend started to become clear from 2006 and has since become a major demand in many of the 2010 waves of mobilisation. In this last round of mobilisation, workers actually endeavoured to face management and engage in real negotiation and bargain. This kind of genuine grassroots activism should not be mistaken with unionisation which would declare itself completely autonomous from the Party-state or from any Party-state sanctioned organisation such as the ACFTU. Most workers and activists are aware that such a public statement of full autonomy would most likely entail in terms of merciless retaliation from the Party-state - as the rare formation of independent unions in the past has shown. What most workers have demanded is a democratically-elected union, which would then have to register at the higher-level formal union.

In order to apprehend the demands from workers for genuine workplace representation, one should note that most investigations in factories of the PRD point to the alarming and conspicuous void left by workplace unions in Foreign Invested Enterprises. Anita Chan, who has been researching labour relations in South China for almost thirty years, commenting on the recent spate of mobilisation made this assessment in a January 2011 *China Journal* paper: “(…) the workplace union in the private factories in the PRD are worse than weak, in the factories where they do exist they are an integral part of factory management”. If this judgment sounds radical, it is fully evidenced by both scientific and press reports published over the last twenty years. The most recent investigation into the conditions of labour in PRD factories pointed to the deep distrust which workers showed for the official trade union within enterprise. This distrust and the firm belief that the union could not play any kind of meaningful role and offer support to workers actually influenced their mode of protest and demands to negotiate directly with the management, without any imposed ACFTU or local government interference. This distrust in the government institutions is probably one of the main and longstanding features of migrant workers’ conditions and collective identity, and it has been singled out continuously in scientific scholarship since the end of the 1980s.

\(^5\) “China’s elite fear of labour’s potential leverage”, Democracy Digest, 13 May 2011, [http://www.demdigest.net/blog](http://www.demdigest.net/blog)
Some of the journalists who covered the 2010 collective protests noted the change in attitude of local government and singled this out as a sign of watershed change. They noted that local governments had started to take a more pro-labour stance in labour conflicts and had distanced themselves from their earlier chiefly repressive attitude, which considered any labour collective mobilisation a threat to social stability. Drawing on insiders’ investigations into these collective actions⁶, however, I hereafter show that the extent of such a change needs to be qualified.

The main rationale of local governments seems chiefly to be to endeavour to contain any labour unrest through a large array of means, ranging from negotiation to intimidation to repression (it is often the case that these means are combined by local governments in their management of strikes or work stoppages. For example, material concessions may be accorded to protesters, while leaders are often arrested and sentenced). If there is a legal void in defining whether strikes are legal or not, they are still often perceived as threats to social stability. The ways in which local governments will react to mobilisation will depend on a variety of factors and may change over time or even within the course of one single labour conflict (it may be conditioned by the scale, social visibility of the movement, by the economic and social conjuncture, the power of entrenched coalitions of interests between local governments and investors, etc).

In-depth studies of labour relations show that from the mid-2000s, the Labour protection and Social Security Bureau had tended to progressively take a more pro-labour stance. But studies which take a historical perspective such as that of Chris-Chi Chan⁷ show that gains obtained by workers through their mobilisation were quickly counter-balanced (with the tacit approval of governments – evidenced by maintenance of an extremely low rate of labour inspection personnel in the PRD, around 1/20,000 workers, equivalent to levels in 1999) by continuous endeavours by the management to intensify production, which in turn was a major factor generating collective mobilisation by workers. This last feature remains pivotal in accounting for waves of labour protests in the Pearl River Delta in 2010 and early 2011. On the whole Chan’s study shows that the Party-state is torn between, on the one hand, standing on the side of enterprises and protecting the environment for investors and, on the other, pacifying labour relations by putting pressure on factories to raise wages and improve conditions and social welfare.

While in quite a number of reported cases in the 2009 and 2010 protests, governments did not quell the movements and workers managed to obtain wage increases or other demands regarding social benefits or overtime payments from their companies, in numerous other cases, local governments used the usual mix of intimidation and repression to put pressure on workers, threatening or sacking them if they did not resume work, or hiring other workers to replace them.

By providing insights into the most famous strike which occurred in May and June 2010 at a Honda plant in Foshan, one may get a better grasp of the complex ways that the Party-state handles labour protests⁸. This strike lasted for 17 days (which is exceptionally long) and involved 1,800 workers, 80% of whom were interns from technical schools and 20% were formal employees. The strikers had made public four formal demands. These were: 1) a wage increase of 800 yuan; 2) seniority subsidy; 3) a better promotion system; 4) democratic reform of the workplace trade union. The violence

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which was inflicted on workers acted as a turning point in the attitude of the local government. While it initially sided with the management, after the violence became public via videos, it started to back some of workers’ demands. In the end, an agreement was reached on wage increases. At first sight, the government has shown a remarkable degree of tolerance during the movement, even allowing a renowned Beijing legal scholar to act as mediator between the parties. The formal demand for genuine workers’ representation was still resisted by the management in 2011 and legal activists who took part in the mobilisation were intimidated by the police in the PRD and in Beijing. Therefore, as Hui and Chan have argued, what appeared at first sight to be a path-breaking change in the way the local government dealt with the protests may on second thoughts be considered chiefly an effort to contain the potential extension of the collective movement and, once again, to prioritise social stability and economic growth.

5. Conclusions

Can the wage increases gained by some workers through their recent participation in collective action be seen as a sign that the balance of power between workers and enterprises is starting to change? If such a change is taking place it needs to be qualified. Evidence from the past shows us that newly designed legislation – often declared ‘ground-breaking’ at the time – has often brought unexpected results that have further fuelled workers’ discontent. This paper has stressed that, during times of economic crisis and when pressure is exerted by powerful coalitions of local governments and companies, the Party-state has often swiftly adapted some of its policies in favour of enterprise. The recent unprecedented wave of collective action by workers has not brought about the institutionalisation of genuine independent representation of workers in the workplace.

The evidence put forward in this paper tends to show that the Party-state is not likely to allow the existence of independent unions or even to fundamentally release its grip on the organisation and representation of workers in enterprises. The recent wave of labour mobilisation has urged the Party-state and ACFTU to push forward issues of collective negotiations instead of going ahead with its counterproductive logic of individuation of labour disputes. The party-state has been alerted to the urgency of improving the representational function of the ACFTU" and is very much likely to do its best to channel, control and co-opt any grassroots organisation within factories in the near future. In the context of the recent Arab revolutions, the Party-state is indeed very wary not to loose what is still one of its basic and self-defining prerogatives, the control over representation and collective mobilisation in the workplace as well as in social space in general.

Chinese workers are becoming increasingly radical in their demands, more determined and better organised in their collective actions. As long as they keep experiencing a huge chasm between the promises contained in new legislation, policies and rhetoric, and their daily experience of indignity, labour unrest will keep growing. In this respect, a key question to consider is the extent to which, and how, the Party-state will alter the deeply entrenched power balance and politico-institutional and legal arrangements which have allowed extremely rapid accumulation and economic growth for the last two decades, but which have also generated alarming social unrest.

6. Policy recommendations

If the EU places direct pressure on the Chinese government to improve representation in the workplace, it is unlikely to bring about positive results and will most likely be met with resistance. There are, however, at least two ways in which the EU could build on the momentum created by the

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9 The Guangdong provincial government has recently issued the “Guangdong regulations on the democratic management of enterprises” which had been frozen off by pro-enterprises coalitions in 2009.
recent wave of mobilisation in China and help institutionalise some of the results of these mobilisations:

1. Firstly, the EU ought to urge European companies with plants in China to implement workers' training programs and improve workers’ representation in order to run collective bargaining processes. The EU could then, along with organisations such as the European Federation of Trade Unions, ask ACFTU to run workplace union elections at these foreign companies. The gain for these companies would entail fewer rights abuses, fewer work stoppages and strikes, which generate important financial losses and can seriously damage the image of these companies.

2. Secondly, the EU ought to draw on novel ways of collaboration with the Chinese government, ACFTU and (where possible) the growing network of NGOs providing services to workers. For instance, it could endeavour to collaborate on the implementation of some of the policy innovations and pilot projects which are designed by specific ACFTU federations and municipal governments. Even if the forces in favour of the status-quo are still deeply entrenched, there may be some domestic political room and legitimacy to anchor policy-making that can help nurture a more balanced pattern of labour relations. Such a pattern would thereby enhance social stability, which clearly remains the bottom line for the Party-state, ACFTU and other provincial/municipal federations of Trade Unions.