



## Searching for the Union

### The workers' movement in China 2011-13

February 2014

Cover photograph: Sacked workers from the Gaoya Jewellery factory take their case to the Guangzhou Federation of Trade Unions, September 2013.

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## Executive summary

- China's workers are shaking off the mantle of individual victims and emerging as a strong, unified and increasingly active collective force.
- They are focused on basic social and economic rights; earning a living wage, creating a safe work environment and being treated with dignity and respect by the employer.
- All too often, however, workers are confronted with authoritarian and exploitative managements who deny them even these basic entitlements and as such conflicts inevitably erupt.
- Strikes are often precipitated and aggravated by the lack of an effective factory trade union and the absence of any mechanism for constructive dialogue between workers and management.
- Many worker protests were ignited by the closure, merger or relocation of factories in Guangdong as the global economic slowdown adversely affected China's manufacturing industries. Some 40 percent of the strikes recorded by China Labour Bulletin from mid-2011 to the end of 2013 were in the manufacturing sector.
- Workers in the transport sector accounted for 26 percent of the strikes in this period, with taxi drivers staging regular protests across the entire country against high costs, government regulation and unfair competition.
- Teachers staged protests at wage arrears, low pay and attempts by the government to introduce a performance-based pay system in schools.
- Sanitation workers, some of poorest-paid in China, staged numerous strikes and protests in Guangzhou and eventually won a wage increase although the majority are still far from satisfied with their pay and conditions.
- The ability of workers to organize protests was considerably enhanced by the rapid development of social media in China and the widespread availability of cheap smartphones.
- However, workers' leaders still face widespread resistance from and retaliation by managements. Many workers were sacked or forced to resign in the wake of their strike action.
- Local authorities in China continued to intervene in strikes and worker protests, trying to affect a resolution as quickly as possible by acting as a broker or mediator between workers and managements.
- Police intervened in about 20 percent of the strikes recorded in this period and conflicts sometimes arose leading to beatings and arrests.
- Some municipal and provincial trade union federations did respond favourably to workers' actions but despite attempts by the Party to energise the All-China Federation of Trade Unions, it remained inert and stuck in the past.
- Labour rights groups, especially those in Guangdong, emerged to play the role a union should be playing, supporting workers in their struggle with management, helping them to conduct collective bargaining and maintaining unity and solidarity.

## Introduction

*Now, you know you're underpaid, but the boss says you ain't;  
He speeds up the work till you're 'bout to faint,  
You may be down and out, but you ain't beaten,  
Pass out a leaflet and call a meetin'  
Talk it over – speak your mind –  
Decide to do something about it...*

- Talking Union<sup>1</sup>

In the summer of 2013, after years of putting up with low pay and poor working conditions, the 1,500 workers at the Hitachi Metals factory in the southern suburbs of Guangzhou decided enough was enough. Led by 34-year-old Zhu Xiaomei, the workers initially demanded that the company start paying their long overdue social insurance premiums. Following that success, Zhu and her colleagues lobbied to form a trade union at the factory in a bid to ensure workers' interests would be protected in the long run. This got management so worried that even though they did agree in early January 2014 to the setting up of a union, they made absolutely sure Zhu was not around to run it. She was fired on 14 January for alleged violations of company rules. Zhu told China Labour Bulletin:

The factory is afraid that I will be elected as the chairwoman of the union. By then I would be protected by the Trade Union Law but they are determined to kick me out before that.<sup>2</sup>

Zhu refused to give in even after she was sacked and is now working with the local trade union to seek redress while her colleagues push for free and fair trade union elections at the factory. Not long ago, few workers in China would have thought that forming a trade union was the answer to their problems. Workers had had little interest, and even less faith, in the official All-China Federation of Trade Unions (ACFTU). As China Labour Bulletin has noted in the third research report on the workers' movement entitled *Going it Alone*,<sup>3</sup> workers have been perfectly able and willing to bypass the trade union entirely and organize strikes and protests themselves in their pursuit of better pay and conditions. CLB's subsequent report, *Unity is Strength*,<sup>4</sup> showed that, while China's workers understood the need for solidarity in their collective disputes with management, the official trade union was either entirely absent from the scene or took sides with management.

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1 Words by Millard Lampell, Lee Hays and Pete Seeger (1941): Music: traditional ("Talking Blues").

2 "[Hitachi sacks worker activist who lobbied for trade union](#)," *China Labour Bulletin*, 24 January 2014.

3 "[Going it Alone: The Workers' Movement in China \(2007-2008\)](#)," *China Labour Bulletin*, July 2009.

4 "[Unity is Strength: The Workers' Movement in China 2009-2011](#)," *China Labour Bulletin*, October 2011.

But in the last few years, a small but significant number of workers have decided not to ignore the union but rather to demand more of it. On 28 February 2013, for example, a group of workers at the Ohms Electronics factory in Shenzhen posted a notice at the factory gate demanding the ouster of their trade union chairman. Within a few days, more than 100 workers had added their signatures to the petition and the workers took their demands to the district trade union for action.<sup>5</sup>

The workers were unhappy because the union chair had failed to live up to the much-hyped expectations of the trade union election held just nine months earlier in May 2012. The election had been organized with the help of the Shenzhen Federation of Trade Unions and was seen as a showcase of the federation's democratic reforms. The victor in that election was Zhao Shaobo, a management-level employee who promised to fight for the interests of the workers. However, it soon became apparent that Zhao was reluctant to stand up to the management and eventually, after he allegedly sided with management in two employment contract disputes, the workers decided to do something about it.

In this new study, CLB's fifth report on the workers' movement in China, we focus on the evolving relationship between workers and the trade union, and look at the growing importance of non-governmental organizations and labour rights groups that are now playing the role the trade union should be playing; advising and supporting workers and guiding them through collective bargaining negotiations with managements.

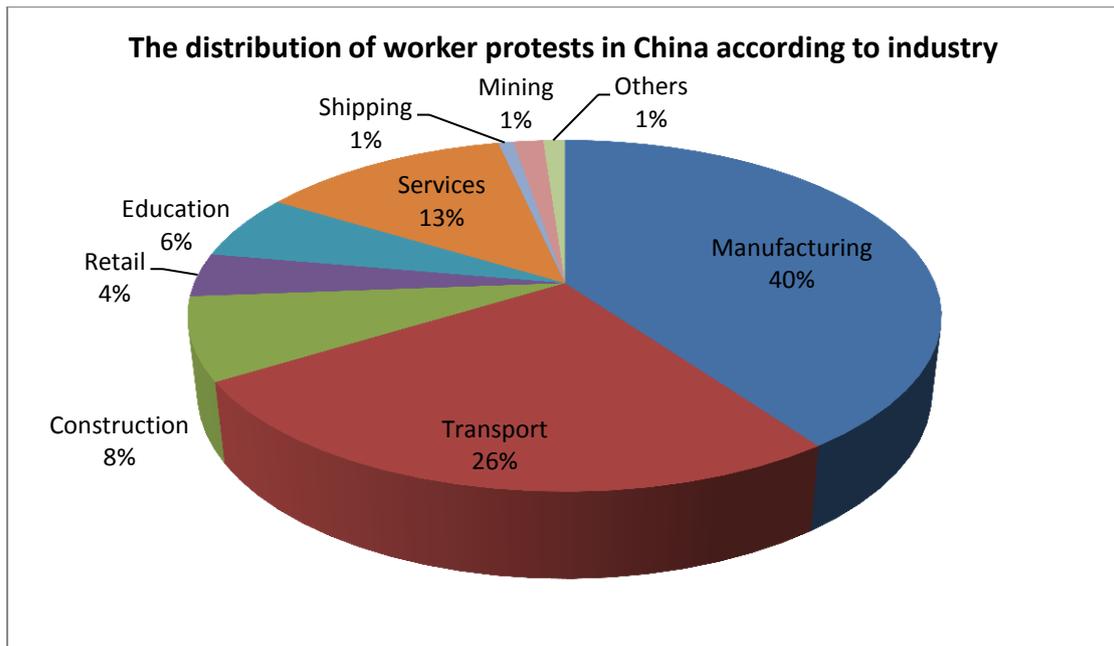
The report is based in part on our latest Chinese language research report<sup>6</sup> but has been thoroughly revised and updated. It covers the period from mid-2011 to the end of 2013 and consists of four chapters. The first chapter looks at the main causes of worker protests in China during this period, focusing on changes in the domestic and global economy, management practices, the structure of labour relations and the lack of an effective trade union presence. The second chapter focuses on factory workers, who accounted for 40 percent of the 1,171 strikes and protests recorded by CLB from the beginning of June 2011 to the end of December 2013.<sup>7</sup> See *chart below*. The chapter examines the geographical distribution of protests, the demands of factory workers, their ability to organize and the key issue of how to protect workers' leaders from management retaliation.

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5 "[Shenzhen workers demand ouster of trade union chairman after 'model election'](#)," *China Labour Bulletin*, 8 March 2013.

6 "[中国工人运动观察报告 2011 – 2012](#)" (The Workers' Movement in China 2011-2012), June 2013.

7 The statistical data used in this report comes from [CLB's strike map](#), an online database that records workers' collective protests across China, dating back to February 2011. Each incident was coded, as far as possible, according to location, industry type, workers' demands, number of participants and the specific actions taken, as well as the outcome. If the primary reports in the Chinese traditional media or social media did not give an exact location or other basic information needed, the incident was not included in the map. CLB has endeavoured to verify the basic facts but we cannot guarantee that all of the information contained in the original media reports is accurate – in some cases, for example, the data may be incomplete or out of date. Given the nature of news reporting, it is often difficult to get follow up information on strikes, and as such the final outcome of many such incidents remains unknown. The strike map should therefore not be seen as a definitive record of workers' collective action in China but as merely illustrative of a larger picture.



The third chapter looks at the actions by workers in non-manufacturing sectors, specifically transport, sanitation and education, all of whom have their own grievances and specific problems to overcome. The fourth chapter examines the response of local governments to worker protests, the action or inaction of the official trade union, and the role of civil society in pushing for change.

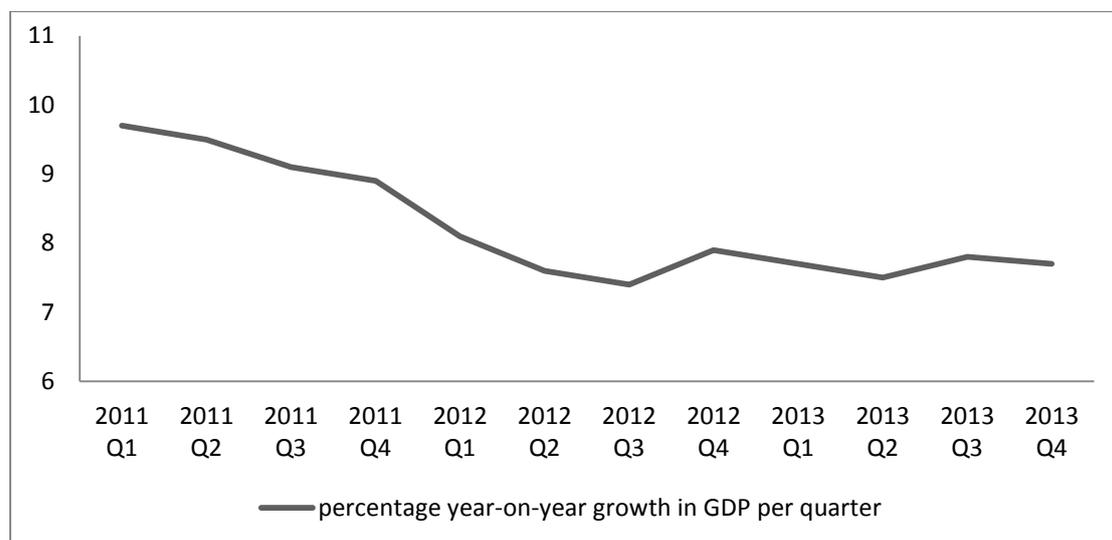
In conclusion, we analyse the key developments in the workers' movement thus far and discuss how it might progress in the future.

## Chapter One: The main causes of worker protests in China

### Economic slowdown

Since overtaking Japan as the world's second largest economy in 2010, China's astonishing economic growth has begun to slow. Throughout much of the previous decade, China recorded double digit growth. But in 2011, the Chinese economy grew by 9.2 percent to reach a total gross domestic product of 47.3 trillion yuan. And the following year GDP rose by just 7.7 percent to stand at 51.9 trillion yuan. In 2013, many commentators started to talk about a "hard landing" for the Chinese economy. However, growth stabilized somewhat in the latter half of 2013, ending the year at 7.7 percent.<sup>8</sup>

China's year-on-year gross domestic product growth 2011-2013



China's manufacturing sector was particularly hard hit by the economic slowdown. As the impact of the central government's massive four trillion yuan economic stimulus package of 2008 began to tail off in 2011, the European debt crisis began to take hold. Demand in the United States, Europe and Japan for the cheap consumer goods that had fuelled China's economic boom of the 2000s declined just as costs for manufacturers began to rise. Wages of factory workers increased by around 50 percent from 2010 to 2013, and the cost of land and logistics also escalated rapidly, especially in the developed coastal provinces of southeast China. Small business owners in Shenzhen for example complained that monthly factory rents had risen rapidly in just one year from 14 yuan per square metre in 2010 to 20 yuan in 2011.<sup>9</sup>

As a result, low cost, labour intensive businesses such as garment, shoe and toy manufacturers sought out cheaper locations in inland provinces or smaller developing Asian countries such as Bangladesh and Cambodia. Many businesses simply closed down altogether or merged with others. The electronics industry was equally hard hit in this period with the three Japanese consumer electronics giants Sony, Sharp, and Panasonic

<sup>8</sup> James Anderlini, "[China's economic growth continues to cool](#)," *Financial Times*, 20 January 2014.

<sup>9</sup> Wang Jing (王婧), "[另一种罢工](#)" (Another kind of strike), 财新网 (Caixin.com), 14 May 2012.

reportedly losing US\$5.6 billion, \$4.7 billion, and \$9.64 billion respectively in 2011.<sup>10</sup> These losses led to significant cutbacks in their China production bases. However the picture was far from uniform, with noticeable variations in different industries and different parts of the country.

The fluctuating fortunes of the manufacturing sector during this period were illustrated by China's manufacturing purchasing managers' index (PMI) which declined rapidly in 2011 and spent most of 2012 at below 50, indicating a sustained contraction of the industry. The sector showed signs of recovery in 2013 but it was far from a healthy or sustained recovery, and business was further hurt by the severe credit crunch of June 2013 during which, for a brief period, Chinese banks almost ran out of money.<sup>11</sup> By the end of 2013 the PMI was still hovering around the 50 mark.<sup>12</sup>

### Cutting costs

Many manufacturers in China sought to offset their reduced profits by cheating workers out of overtime and cutting back on bonuses and benefits etc. These cost cutting tactics proved to be a regular source of conflict with the workforce. For example:

- Following a reported third quarter loss of US\$434 million at the Korean-owned LG Display company, its factory in Nanjing announced a reduction in employee year-end bonuses. This resulted in up to 8,000 workers going on strike on 26 December 2011.<sup>13</sup>

One of the most common ways in which employers cut costs was to adopt a "comprehensive work hours system," under which, if employees were given a day off during the week (Monday to Friday) and ordered to work Saturday or Sunday, that weekend shift was considered a normal work day and no overtime was paid. Alternatively, management could make employees work excessively long hours during the week and provide no work on the weekends so as to avoid paying double time on Saturday and Sunday.<sup>14</sup> For many low-paid employees, working weekends is the only way to boost their pay packet to a halfway decent level, and as such, the introduction of a comprehensive work hours system significantly reduces their monthly income.

- Several hundred workers at the Hong Kong-owned Hecheng Appliance Co. in Foshan, Guangdong, went on strike 7 March 2011 in protest management's abuse of the

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10 Lin Qiling (林其玲), "[日系家电三巨头齐巨亏](#)" (Three Japanese electronics giants suffer huge losses), 新京报 (*Beijing News*), 2 November 2012.

11 "[What caused China's cash crunch?](#)" *The Economist*, 4 July 2013.

12 Jamil Anderlini "[China's manufacturing growth slows as demand for exports weakens](#)," *Financial Times*, 1 January 2014.

13 Cha Daokun (查道坤) & Huang Sheng (黄晟), "[LG南京厂 8000 人停工反对年终奖缩水](#)" (8,000 stop work at LG Nanjing factory to protest smaller year-end bonuses), 每日经济新闻 (*National Business Daily*).

14 The use of a comprehensive system requires approval by the local human resources and social security bureau. This is usually a relatively *pro forma* procedure but in November 2013, the [Suzhou Intermediate Court upheld a complaint](#) by an employee whose comprehensive working hours had been approved by the local government. The court ruled that the use of the system was inappropriate in this case and ordered the company to pay the plaintiff overtime compensation totalling 7,509 yuan.

comprehensive work hours system. After the system was implemented, the employees were forced to work weekends at the normal rate after being given days off during the week.<sup>15</sup>

- Around 2,000 workers at Power Success, a Taiwanese-owned factory in Kunshan, Jiangsu, went on strike on 22 November 2011 in protest at the company's policy of not providing work at the weekends and forcing employees to work excessive overtime (at a lower rate) on regular work days. Sometimes managers forced employees to work into the following morning during the week in order to avoid giving them weekend pay.

The only time many low-paid workers get a raise is when the local government revises the minimum wage. However, even then, their actual take home pay may not increase at all because the factory boss finds ways to claw back the rise in basic pay by cancelling or reducing food and housing allowances, cutting quarterly and year-end bonuses etc. Other employers would suddenly charge fees for previously free housing and utilities or rearrange the production schedule to avoid paying overtime.

- Transdev Electronics in Shenzhen made it a habit to reduce employees' housing allowance every time basic wages were increased. Prior to 2010, the monthly income at the factory was in line with the minimum wage at 1,000 yuan per month plus a 400-yuan housing allowance. In 2010, the minimum wage in Shenzhen increased to 1,110 yuan, and the company increased the salary to 1,115 yuan. Meanwhile, it reduced the housing allowance from 400 to 200 yuan. In 2011, the Shenzhen minimum wage increased to 1,320 yuan. When the workers heard on 2 March 2011 that the company would increase the basic wage to 1,350 yuan but scrap the housing allowance altogether, they staged a ten-day strike in protest.
- The Liansheng Moulding factory in southern Guangzhou had seen a severe decline in its fortunes in the aftermath of the 2008 global economic crisis, and over the years had gradually scrapped fringe benefits such as holiday bonuses and company outings. The final straw for the workers came in the summer of 2013 when the Guangzhou government raised the minimum wage to 1,550 yuan per month. Their basic wage was increased but management cut subsidies and benefits and slashed overtime so that workers in fact got a pay cut. On 28 June, more than 300 workers went out on strike and a week later on 3 July, forced the employer to sign an agreement promising that subsidies would not be cut to offset increases in the basic wage.

## Business closures and relocations

A substantial number of worker protests in the last three years were caused by the downsizing, closure, relocation, sale or merger of businesses. This was particularly noticeable in Guangdong, where costs have escalated and the provincial government, through its policy of "changing the birds in the cage" (腾笼换鸟), has actively encouraged

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<sup>15</sup> Xu Weiming (许伟明), "[周末工资不双倍 近百工人不干活](#)" (No overtime wages at weekends; nearly 100 workers stop work), 佛山日报 (*Foshan Daily*), taken from 中工网 (Worker.cn).

the closure of low-end enterprises in the Pearl River Delta region. In Shenzhen, for example, the city government announced in 2011 that:

In the next five years, Shenzhen will clean up low-end enterprises that are unlicensed and have serious safety risks, high pollution, and high energy consumption. By the end of 2013 we will free up five million square metres of industrial development space; by 2015, 7.5 million square metres will be made available.<sup>16</sup>



Shenzhen's transformation in progress: "Huawei Science and Technology City: Closest to your dreams and the furthest you can go." Shenzhen's six strategic industries – biotechnology, information technology, new energy, new materials, telecommunications and the cultural and creative industry – reportedly recorded growth of 19.8 per cent in 2013, pushing overall growth in the city to 10.5 percent.<sup>17</sup>

Faced with such intense economic and government pressure, "sweatshop" industries could no longer survive and had no option but to close or relocate. However, workers' rights were usually the last thing on the mind of factory owners in such situations. Some of them attempted to sell off equipment or flee the scene without paying workers' wages. For example:

- On 10 October 2013, workers from the Junwei shoe factory in Dongguan took to the streets in protest after their boss disappeared, leaving them with several months' unpaid wages.
- Around 300 workers at the Taiwanese-owned Phino Electric Company in Shenzhen staged a protest on 5 November 2012 after they discovered management had been

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16 "深圳市加快产业转型升级十项重点工作(2011-2015年)," (Ten Key Tasks to Quicken the Pace of Industrial Restructuring and Upgrading (2011-2015)), Shenzhen Municipal Government, November 2011.

17 He Huifeng, "[Hi-tech industry helps Shenzhen beat GDP goal](#)," *South China Morning Post*, 23 January 2014

secretly moving out instruments and equipment from the factory. Workers said the company planned to relocate its factory to the neighbouring city of Huizhou but had never notified its employees.

- About 600 workers at Xianghe Shoe Industries, a Taiwanese-owned factory in Foshan went on strike on 10 December 2012 after discovering the company had signed a contract with the Jintang county government to build a factory in Chengdu. When the factory was completed in 2011, management began to move equipment and shift production orders to the new plant, but never formally told workers about the proposed relocation.<sup>18</sup>
- When Sanyo Huaqiang Laser Technology, a Sino-Japanese joint venture in Shenzhen, sought to merge two separate plants in late 2011, workers who refused to move to the new site were told they would be terminated without compensation. In response, around 1,000 workers went on strike from 9 to 12 November 2011.

### No mechanism for dialogue or an effective trade union

As noted in CLB's earlier research reports on the workers' movement, one of the most consistent factors in strikes and protests is the one-sided nature of labour relations in China. With the development of the market economy in the 1990s, labour and capital emerged as separate entities with distinct interests, yet the Chinese government failed to develop a system or a mechanism by which conflicts between these groups could be resolved. Instead, the government essentially abdicated all power to capital and allowed business owners to impose unilateral decisions about pay and conditions on their workforce. With no effective trade union in place to stand up for the workers and bargain with management, workers had little option but to strike or stage protests when management abuse went too far. Very often it just took one isolated incident to ignite long-smouldering discontent.

- Hundreds of workers at Yifa Plastics and Electronics in Dongguan went out on strike and took to the streets in protest on 14 October 2013 after management forced a 20-year veteran to leave the company "without a cent" in compensation.
- On 16 April 2012, the deputy general manager at Qiangqun Shoes, a Taiwanese-owned factory in Foshan, called a staff meeting to inform employees of the company's relocation plans. When employees complained that the company was not offering any compensation, the manager got angry and said, "If you don't want to do it, get out. Your brains are all full of shit." This insult was the last straw for many workers. Around 200 workers went out on strike demanding an apology from management as well as reasonable compensation for the move.<sup>19</sup>

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18 Liu Yang (刘洋), "[疑工厂成空壳南海一鞋厂数百人停工](#)" (Fearing factory would become an empty shell, hundreds of workers at a Nanhai shoe factory stop work), 南都网 (*Nanfang Daily* website).

19 He Dongxia (何东霞) et al., "[佛山强群两百多名员工遭副总辱骂 工会调处](#)" (200 Foshan Qiangqun workers insulted by deputy GM; union mediates), 人民网—中国工会新闻 (*People's Daily On Line—ACFTU News*).

- When Lianji Electronics, a Taiwanese-owned factory in Shenzhen forced workers to go through 12 separate security checks on each work day, up to 100 employees staged a protest outside the factory on 14 November 2011. The workers had long been dissatisfied with the poor hygiene in the cafeteria and a system requiring them to sign in half an hour before their shift but had been given no opportunity to voice those grievances.<sup>20</sup>

On many occasions, it was simply management’s refusal to talk or evasive tactics that made workers take strike action in a bid to get their complaints taken seriously.

- After repeated requests for a pay increase, 264 workers at White Cat (Chongqing), a subsidiary of Shanghai Hutchison White Cat Co. went out on strike on 7 July 2011. The 34 day strike was sparked by the visit of the general manager of Shanghai Hutchison White Cat to the Chongqing factory. Workers told him face-to-face of their demand for pay increase but the manager sought to evade the issue.<sup>21</sup>
- About 2,000 workers at Laideli, a Hong-Kong-owned handbag factory in Dongguan, went out on strike on 7 September 2012 to protest against low wages, dirty dormitories and bad food. Workers said they had to work overtime until 10:00 p.m. almost daily, and that it was difficult to resign. They had repeatedly complained about these issues to management, which refused to give a definitive response.

The lack of an effective mechanism for dialogue is even more apparent in the service sector where, in the vast majority of cases, not only is there no organization to represent the workers, employment relationships are not clearly defined and negotiations are often complicated by the involvement of different local government departments. Taxi drivers are particularly disadvantaged by the lack of an effective trade union, no formal employment relationship and the incompetence of the local transport department. *See Chapter Three for more details.* The only exception to this rule appears to be the district of Changqing in the suburbs of Jinan, the provincial capital of Shandong, which has not seen a strike for decades. According to local government officials, Changqing has succeeded in creating a democratically-elected trade union that can help resolve drivers’ grievances without the need to strike. Moreover, they say, one of the union’s elected officials is a former “trouble-maker” who is determined to stand up for his members’ interests.<sup>22</sup> The union provides a channel of communication for drivers to express their grievances and for the local government to explain policy. Officials in Changqing hope their system can be used by other cities but this would require a willingness on the part of local authorities to talk and a great deal of trust from the drivers that their representatives were really on their side and not simply stooges of the government.

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20 Wang Yan (王研), “[每天 12 次安检引发工人不满](#)” (12 daily security checks touch off worker discontent), 深圳晚报 (*Shenzhen Evening News*), 15 November 2011.

21 Zhang Ziyi (张孜异), “[重庆白猫停工门：和记黄埔遇地皮阴谋论](#)” (Chongqing White Cat work stoppage: Hutchison Whampoa in land “conspiracy theory”) 21 世纪网 *21<sup>st</sup> Century Net*.

22 “[司机逼着建出租车工会联合会 ‘刺儿头’任工会副主席](#),” (Drivers establish taxi trade union, “trouble-maker” becomes vice-chairman), *China Worker*, 9 April 2013.

In the education sector, there is a trade union but school teachers regularly complain that union officials are isolated and do nothing for them. One Guangzhou teacher told CLB:

We have a school trade union but it only organizes trips or sends us groceries such as ginger and toilet paper before the holidays. We are union members but we don't attend union conferences and have no idea who our representatives are.

### Labour contracts and agency labour

The *Labour Contract Law* of 2008 was designed to ensure that all workers in China had a legally-binding contract with their employer. Although there is ample evidence that local governments were diligent in enforcing the law and that the number of workers with labour contracts did initially increase, there is also clear evidence that firms increasingly sought to avoid signing formal contracts with employees by engaging them through agencies (劳务派遣公司).<sup>23</sup> Employers believed they could cut costs and reduce their liabilities if they were not directly responsible for paying workers' salaries, social insurance premiums and compensation for termination of employment.

By 2011, the ACFTU estimated that the number of agency workers in China had already reached 60 million. The ACFTU reported that the worst offenders were state-owned enterprises (SOEs) and public institutions. In some major SOEs, more than two-thirds of the workers were employed by labour agencies.<sup>24</sup> However, the private sector has been equally culpable with factories routinely hiring new staff through labour agencies rather than hiring them directly. The *Labour Contract Law* states that agency labour can only be used to fill temporary, auxiliary, or substitute positions but employers regularly use labour agency workers for long-term and key positions. Moreover, employers often pay agency workers lower wages and accord fewer benefits than to regular employees, contravening the principle of equal pay for equal work. This has been the primary cause of conflicts between labour agency workers and their employers.

- On 21 March 2011, agency workers at the Xinzhou, Shanxi, branch of telecommunications giant China Unicom went on strike in protest at the huge pay differentials between agency and regular staff. The lowest wage level for regular workers was several times higher than that of agency workers, and the highest wages were reportedly more than a hundred times higher. Moreover, labour agency workers did all the most strenuous and tiring work and their workload was much greater than that of regular employees.<sup>25</sup>

A common tactic of employers has been to fire regular employees and rehire them as agency workers, a move that has also frequently sparked protests.

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23 Gallagher, Mary; Giles, John; Park, Albert; Wang, Meiyun. 2013. [China's 2008 labor contract law : implementation and implications for China's workers](#). Policy Research working paper; no. WPS 6542; Paper funded by the Knowledge for Change Program (KCP). Washington, DC: World Bank.

24 Jiang Yunzhang (降蕴彰), “权威报告称‘劳务派遣’达 6000 万人 全总建议修改《劳动合同法》” (Authorities report indicates 60 million “labour agency workers,” ACFTU recommends amending *Labour Contract Law*), *经济观察* (*The Economic Observer* on line).

25 Liu Xing (刘兴), “联通分公司大罢工 全员营销暴露管理弊病” (Strike at China Unicom subsidiary; integrated marketing exposes management deficiencies), IT商业新闻网IT (ITxinwen.com).

- In October 2012, Yanlian Integrated Services Company, a subsidiary of Shaanxi Yanchang Petroleum Industrial & Trade Co, forcibly terminated the labour contracts of those employees known as “family member workers” (the spouses or children of regular employees). The workers were offered no compensation and ordered to sign a contract with a labour agency. They were then returned to their original posts to work as agency employees. On 13 December 2012, more than 600 family member workers gathered in front of the company’s office building in protest.<sup>26</sup>

Sometimes, the employment status of workers is so confused, they have no idea who they are actually employed by and who is responsible for paying the social insurance contributions required by law.

- When about 60 healthcare workers at the Guangzhou Chinese Medicine University Hospital were laid off in March 2013, they demanded the payment of social insurance contributions going back about a dozen years. The hospital claimed the workers were either self-employed or agency workers but after more than two months of protest, they agreed to a deal that paid out about 20,000 yuan and guaranteed a clearly defined contract with a labour agency in the future.<sup>27</sup>

The abuse of the labour agency system was so widespread and commonplace by 2012 that the Chinese government sought to revise the *Labour Contract Law* and close the loopholes employers had been exploiting with impunity. The revised *Labour Contract Law*, which took effect on 1 July 2013, intended to ensure the principle of equal pay for equal work. However there is little evidence thus far of the law having its intended effect.<sup>28</sup>

### State-owned enterprise restructuring

The aftereffects of state-owned enterprise restructuring in the early 2000s continued to reverberate a decade later in the 2010s. The secretive and often corrupt process of restructuring meant that workers were kept in the dark as to what was really happening and often cheated out of their due severance pay, pension and welfare payments. Protests by SOE workers often erupted when their long-standing complaints were continually ignored or new information highlighting management malfeasance came to the surface.

- Hundreds of workers laid off from the No. 2 Printing Factory in Xian staged a two-month sit-in starting 22 April 2012. The factory was privatized during the early 2000s and workers claimed that the manager, in collusion with local government, had purchased the company’s assets at a rock-bottom price and then sold the factory land and assets for around 300 million yuan. A large number of workers were laid off, with no health care or pension, and no source of income.

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26 Wang Jinlong (王金龙) & Zhao Feng (赵锋), “延长石油‘延炼综服’深陷劳务派遣旋涡” (Yanchang Petroleum’s Yanlian Integrated Service in deep water over agency labour), 中国经营报 (*China Business News*), 24 December 2012.

27 [“Guangzhou hospital healthcare workers settle dispute but security guards’ protest continues,”](#) *China Labour Bulletin*, 20 August 2013.

28 [“China curbs its enthusiasm for the new Labour Contract Law,”](#) *China Labour Bulletin*, 20 June 2013.

- Workers at the Jiannanchun Brewery in Sichuan held a 77-day strike when 1,600 employees were informed on 19 August 2012 that their company share certificates would be replaced by so-called “employee entrusted shareholding revenue sharing certificates” (员工信托持股收益份额证明书) thereby negating their shareholder status. Jiannanchun had been privatized in 2002, and during the restructuring process, the government and management kept the details of the program highly confidential. The employees’ proportion of the shares was never made clear and the shares were held on the employees’ behalf by the enterprise trade union. Nevertheless, the workers were adamant they should be treated as genuine shareholders and not merely as holders of a so called “revenue sharing certificate.”<sup>29</sup>

Some of the most prominent protests by laid-off SOE workers during the last three years occurred in the **banking sector**, with the Industrial and Commercial Bank of China (*Motto: Integrity leads to Prosperity*) being at the forefront of worker anger.

Soon after China joined the World Trade Organization in 2001, the central government initiated a series of reforms designed to make the country’s “big four” state-owned banks more competitive. They were restructured into joint-stock companies with the state as the biggest single investor, and were eventually allowed to list on the stock exchange.

During this process, the Industrial and Commercial Bank of China (ICBC) started laying off staff in a bid to increase efficiency. The other major banks quickly followed suit and within a few years, as many 690,000 employees had signed redundancy agreements. Many workers were forced or tricked into signing their rights as SOE employees away for less than 100,000 yuan on average. Most of these employees had worked at the banks for more than ten years, some more than 20 years.

Documents acquired by the workers show that senior management staff at the banks were given quotas for the number of employees they had to sack and were told they would not receive their year-end bonus unless those quotas were met. Managers could reportedly get as much as 60,000 yuan for each worker they sacked or alternatively a penalty of the same amount for failing to do. In order to meet their targets, some managers adopted extreme tactics. Two employees at an ICBC branch in Leshan, Sichuan, were forcibly laid-off despite being seriously ill. Two employees came back from maternity leave only to be told by their ICBC branches in Sichuan that their positions were no longer available, and that they would have to find another job by themselves. When a China Construction Bank (CCB) branch in Chongqing terminated the contract of disabled army veteran, Yang Houlin, his wife left him and he eventually ended up homeless and destitute.

Many laid-off workers complained that their age and lack of any other skills meant that finding another job was difficult if not impossible. Moreover, their ambivalent status as “laid-off” employees meant they could not register as unemployed or qualify for government grants and tax exemptions for starting their own business. The increasing cost

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29 Zhang Lu (张鹭) & Li Wei’ao (李微敖), “[剑南春员工股后遗症](#)” (Side effects on Jiannanchun’s employee shares), 财经网 (Caijing.com.cn), 18 November 2012.

of living and higher social insurance contributions meant that the one-off payment these workers had received when laid-off rapidly evaporated.



**Several thousand laid-off bank workers gather at the headquarters of ICBC in Beijing on 21 October 2013.**

After continual complaints and protests over the years, thousands of redundant bank workers from all across China decided to take their demands direct to the banks' headquarters in Beijing. In three rounds of protests in May, July and October, around 5,000 workers picketed the headquarters of ICBC and other banks demanding compensation and reinstatement. Police reportedly detained hundreds of protestors on the outskirts of Beijing. Several protestors claimed police had beaten them.<sup>30</sup>

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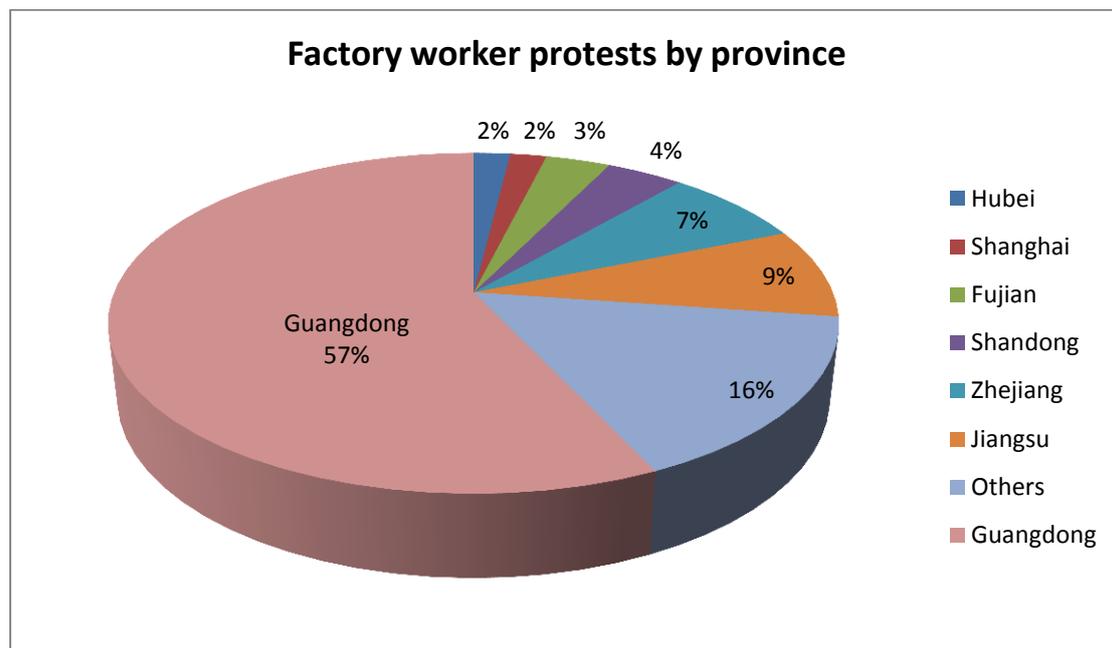
<sup>30</sup> Wang Jiansong (王江松), "[关于四大行被买断工龄职工上访事件的调查报告](#)" (An investigative report on protests by employees laid-off from the Big Four banks), 8 November 2013.

## Chapter Two: Protests at the factory

From the beginning of June 2011 to the end of December 2013, China Labour Bulletin recorded 470 strikes and protests by factory workers across the country. This represented 40 percent of the 1,171 total number worker protests recorded across all sectors during that period. *See chart on Page 6.*

### Distribution of protests

As expected, the bulk of the China's factory protests occurred in the manufacturing heartland of Guangdong, and especially in the Pearl River Delta area. There were 267 incidents in Guangdong, some 57 percent of the total. *See chart below.*



Factory protests were also concentrated in the coastal provinces of Jiangsu, Zhejiang, Shandong and Fujian with 40, 35, 19 and 16 incidents respectively. Despite the relocation of many factories to inland provinces such as Henan and Sichuan, there is little evidence that the pattern of labour unrest seen in the coastal provinces is being replicated inland just yet. CLB recorded just eight incidents in Henan and six in Sichuan. Moreover, several of these incidents were related to the restructuring of state-owned enterprises rather than the issues normally seen in privately and foreign-owned factories in the coastal regions. However, it is important to note that Guangdong might be over-represented in this dataset partly because of the frequency and intensity of traditional media coverage of labour disputes in the province as well as the familiarity and expertise of workers in Guangdong with social media, which has allowed their disputes to gain the kind of attention protests in other provinces may not receive.<sup>31</sup>

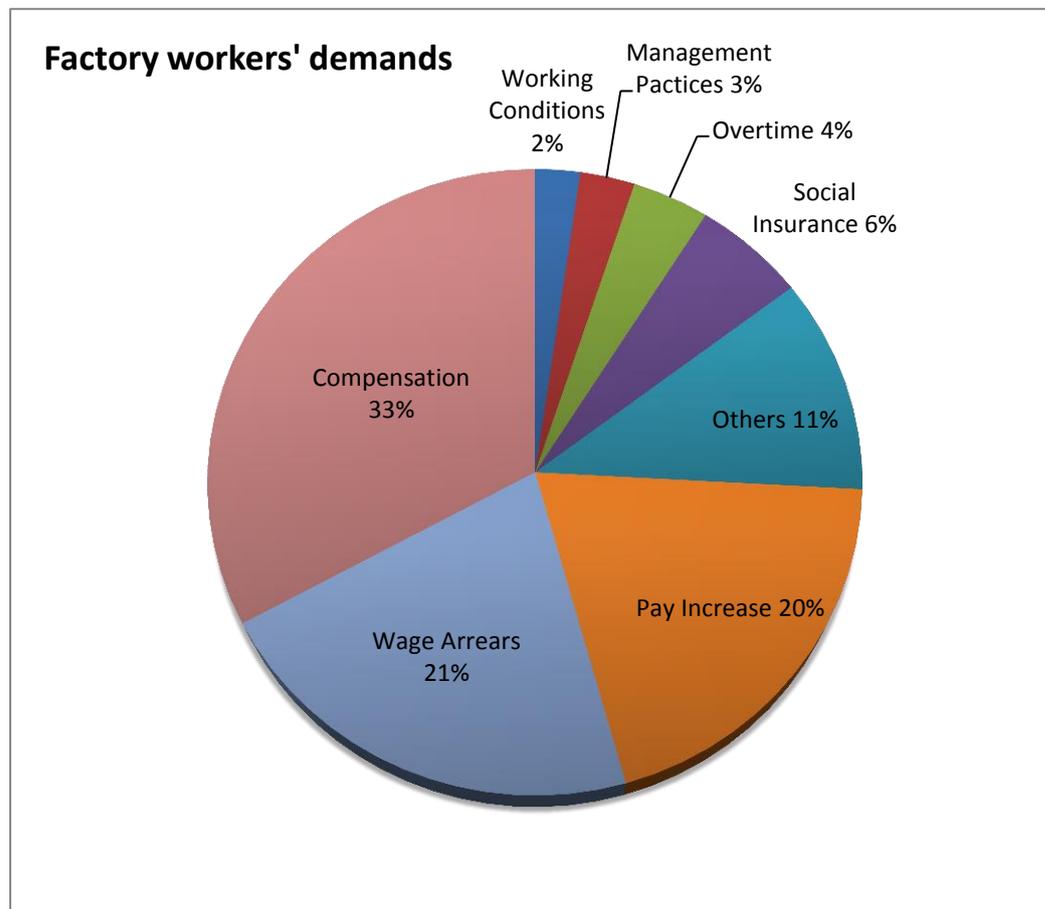
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31 A Hong Kong University study in 2012 showed that Guangdong, Beijing and Shanghai accounted for 9 percent of China's Internet population but more than a quarter of the Weibo users surveyed. See Fu

Protests in the manufacturing sector were concentrated overwhelmingly in private, foreign and Hong Kong, Macau and Taiwan-owned businesses. These three sectors accounted for 85 percent of all strikes and protests in which the ownership of the factory could be clearly identified. Only eight percent of the protests occurred in state-owned enterprises. The figures reflect the dominance of the private sector in manufacturing as well as the heavy concentration of private, Hong Kong, Taiwan and foreign-owned businesses in Guangdong and the southeast coastal provinces.

### The main demands of striking factory workers

The most common demands of workers during these protests were clearly related to the economic problems in the manufacturing sector discussed in Chapter One. Demands for compensation (following mergers and relocations), wage arrears and pay increases, for example, accounted for about three-quarters of all the demands recorded on the strike map, while many other demands were related to the cost-cutting measures adopted by factory managers, such as the reduction of benefits, subsidies and allowances and the non-payment of overtime. See chart below.<sup>32</sup>



King-wa and Chau Michael "[Reality Check for the Chinese Microblog Space: A Random Sampling Approach](#)," Plos One, 8 March 2013.

<sup>32</sup> Many strikes and protests had more than one demand (some had dozens) and as such, even though only the key demands were included, the total number of demands recorded on the map in this period still (543) exceeds the total number of incidents (470).

One of the most notable aspects of the **compensation** demands made by workers in this period was that, in many cases, they asked for a higher rate of compensation than that mandated by the *Labour Contract Law*, which states that employees who are laid off should be compensated one month's salary for every year of service. If employees decided not to move with the company to a new location they would often demand the "market rate" for lay-off compensation, which could be double the legally mandated rate or even higher. Moreover, even if they were not leaving the company, workers sometimes still demanded compensation for moving to new premises, a change of business ownership or simply as a bulwark against possible future lay-offs or changes in pay and conditions.

- After Hi-P International Ltd in Shanghai announced plans in October 2011 to relocate to another part of the city, several hundred employees staged a strike to demand compensation. Management refused, arguing that arrangements had been made for the employees' transportation to the new plant. The company's stance was backed by a judicial and administrative interpretation which stated: "As long as the enterprise relocates in its entirety within this municipality... the enterprise does not have to terminate labour contracts, and does not need to pay financial compensation for the dissolution of such contracts."<sup>33</sup>
- Around 6,000 workers from the Singapore-owned Flextronics Shanghai plant went on strike 17 September 2012 in protest against the company's offer of one month's salary for every year of service for those workers unwilling to move with the company to its new factory to Suzhou, Jiangsu. Instead the workers demanded eight months' salary for every year of service because they had heard that was the level of compensation being offered to managers at the plant. Even a subsequent offer of two months' salary was reportedly initially rejected.<sup>34</sup>
- When Ledman Optoelectronics prepared to relocate some of its production from Shenzhen to Huizhou, those employees unwilling to move staged a strike on 18 October 2012 to demand the employer pay compensation up front.<sup>35</sup>
- In June 2013, workers at Specialty Medical Supplies, a small US company making alcohol swabs and plastic parts outside Beijing, held their American boss Chip Starnes hostage in his office for six days until he agreed to a compensation deal. The company was in the process of shifting some of its production from the outer suburbs of Beijing to Mumbai in India. The company announced that 30 workers in one division would be laid off and paid compensation but another 100 workers,

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33 Huang Ye (黄烨) & Li Keda (李柯达), "[赫比罢工再调查：用工矛盾迫世界工厂转身](#)" (Investigation of the Hi-P strike: labour conflict forces about-face of the world's factory), 国际金融报 (*International Finance News*), taken from [新浪财经 \(Sina Finance\)](#).

34 Taken from [天涯社区 \(Tianya Community\)](#) forum.

35 "[雷曼光电搬迁惠州引劳资纠纷 业绩压力成背后推手](#)" (Ledman relocation to Huizhou incites labour dispute; performance pressure on the other end), 中国 3G生活资讯网 (China 3G Living Network).

fearing that the whole factory would be shut took pre-emptive action to ensure they got compensation and the payment of wages in arrears as well.<sup>36</sup>

Although **wages** for factory workers have increased by around 50 percent on average since mid-2010, it is clear that for many production line workers, wages are still far too low. CLB recorded 121 demands for pay increases from factory workers in this period, many earning not much more than the local minimum wage. In most cities in China, the minimum wage is only about a quarter to a third of the average wage in that city. Under China's current Five-Year-Plan (2011-15), the minimum wage is set to increase at an average rate of 13 percent a year and eventually reach 40 percent of the average wage in each region.<sup>37</sup> However, the latest job data shows that pay increases in the manufacturing sector are actually slipping further behind those in higher paid sectors such as finance and technology.<sup>38</sup>

Another important factor in the pay disputes logged by CLB is the wage disparity among ordinary workers, senior staff and managers. Largely because of their own low pay levels, production line workers are acutely sensitised to any move that might increase the already substantial gap among them, senior employees and managements.

- When management at Nanhai Honda in Foshan announced a pay deal with the enterprise trade union that gave production line workers an increase of 10.2 percent but senior employees 19.8 percent, around 100 production line workers staged a day-long strike on 18 March 2013. The next day they accepted a revised offer of 14.4 percent.<sup>39</sup>

This issue was particularly pronounced in SOEs where the wages of ordinary workers have been repressed while those of managers have steadily increased. In major SOEs top executives can reportedly earn around 700,000 yuan per year, about 20 times the salary of ordinary workers.<sup>40</sup>

- The workers at the CSR Meishan Rolling Stock in Sichuan went on strike 21 July 2011 to protest the company's proposed wage revisions. The workers complained that their monthly salary had remained at just 2,000 yuan for 15 years but under the proposed plan it would only increase to 2,500 yuan per month while the income of mid-level managers would rise from 4,000-6,000 yuan per month to 8,000-12,000 yuan.

CLB recorded 35 cases of factory workers demanding the payment of legally mandated **social insurance** premiums, a relatively small but important development. With the number of young people entering the workforce declining, factories are recruiting older workers and retaining them for longer periods. As workers enter their mid-thirties and forties, many start

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36 Calum MacLeod, "[U.S. exec Chip Starnes freed from China factory](#)," *USA Today* 27 June 2013.

37 "[Give workers their due](#)," *China Daily*, 13 February 2012.

38 Fan Feifei, "[8.8% salary hikes expected for 2014](#)," *China Daily*, 27 January 2014.

39 Jennifer Cheung "[Nanhai Honda workers get pay increase after one day strike](#)," *China Labour Bulletin*, 20 March 2013.

40 Zhong Jingjing (钟晶晶), "[国资委：近年央企高管平均年薪约 70 万元](#)" (State-Owned Assets Commission: Managers' annual salaries average 700,000 at central enterprises), *新京报 (Beijing News)*, taken from *民主与法制网 (Democracy and Rule of Law website)*.

to pay more attention to health insurance and pensions. This, combined with recent reforms that make it easier for migrant workers to access social insurance funds, has led to more workers seeking the payment of premiums dating back several years, even decades. Two such cases at factories in Guangdong are discussed in detail in the section on labour rights groups in Chapter Four.

## Organizing and social media

The size and scale of factory protests remained fairly stable during the period covered by this report. As in previous years, the majority (57 percent) of strikes and protests had between 100 and 1,000 participants. This appears to be the optimal range for organizing strikes: If there are fewer than 100 participants, workers can be more easily pressured by management and or government officials to return to work. Strikes with more than 1,000 workers on the other hand can be more difficult to organize and sustain. However, some 19 percent of the protests by factory workers did have more than 1,000 participants, including some with up to 8,000 workers.



The ability of workers to organize strikes and protests, especially at larger factories, was enhanced considerably during this period by the rapid development of social media and messaging platforms such as Weibo and WeChat, and the widespread availability of cheap, no-brand smart phones, which often function just as well as more expensive iPhones and Samsung models. *See photo left of workers during a three day strike at an electrical wire factory in Shenzhen, October 2013.* Sina Weibo had about 600 million registered users at the end of September 2013, although the number of active users was only about ten percent of that.<sup>41</sup> The

majority of factory workers may not be very active on Weibo and WeChat but they can at least use these tools to keep in touch with their colleagues and stay up to date with the latest developments in the strike or dispute at their factory. Workers who are active have proven themselves highly adept at using mobile social media tools to not just to organize protests but ensure that they come to the attention of the public, the traditional media and local government officials.

- On 7 May 2012, workers at a Taiwanese-owned Crocs shoe factory in Dongguan heard that their monthly performance bonus would fall from 500 yuan to 100 yuan. This effectively meant about 20 percent pay cut. The workers complained to the management but were rebuffed. The following afternoon, around 1,000 workers, one third of the workforce, went on strike. The factory was located in a relatively

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41 Stephen Junor, "[Social media changing the protest landscape in China](#)," *Index on Censorship*, 15 January 2014.

isolated industrial park so their action went largely unnoticed until some of them used Weibo to alert the media and generate public support. Within an hour of being reposted on CLB's Weibo, the story was retweeted more than 50 times and five reporters from Guangzhou along with local government officials arrived to investigate. Management quickly compromised and offered to raise the bonus from 100 yuan to at least 300 yuan and the strikers returned to work.<sup>42</sup>

When protests like the above are disseminated on Weibo, workers in other parts of China learn about the causes, the demands and actions taken. These workers can then use that knowledge to mobilise their own co-workers to take similar action.<sup>43</sup> Although examples of cross-provincial organizing are rare, in some cases where a company owns factories in several provinces, workers have occasionally organized countrywide protests. For example:

- When Taiwanese food and beverage conglomerate, Tingyi Holdings announced its takeover of the Pepsi-Cola's bottling plants in China in late 2011, Pepsi-Cola workers in five cities – Chongqing, Lanzhou, Fuzhou, Chengdu, and Nanchang – staged simultaneous strikes on 14 November in a coordinated campaign to protect their jobs and demand assurances that pay, benefits and working conditions would not be eroded as a result of the takeover.<sup>44</sup>

The use of Weibo by workers has also helped change the parameters of social discourse in China and erode the dominance of the official media. Discussion on Weibo crosses boundaries, generates new ideas and can help develop a sense of solidarity among workers.<sup>45</sup> For example, at the end of December 2013, both Weibo and the print media gave considerable coverage to a blacklist of about 500 “troublesome” workers drawn up by the chamber of commerce in Zhongshan, south of Guangzhou.<sup>46</sup> Several Weibo users argued that the exposure of the blacklist would be an ideal opportunity for the Zhongshan Federation of Trade Unions to prove its worth and protect activists willing and able to stand up for their rights and those of their co-workers.

## Protecting worker representatives

The question of how to protect worker representatives from management reprisals was one the key issues for factory workers during this period. Although many strikes and protests were at least partially successful, in that the bosses made some concessions or went some way to meeting the workers' demands, employers could just as easily take a tough stand against workers during the dispute or more commonly retaliate against the strike leaders

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42 Jennifer Cheung “[How Weibo helped Dongguan factory workers get their voices heard](#),” *China Labour Bulletin*, 10 May 2012.

43 Wang Kan (王侃), “新媒体、微博与中国工人集体行动” (New media, micro-blogs, and Chinese worker protests), *中国工人 (Chinese Workers)*, Vol. 1 (2012).

44 “[百事五地员工集体停工维权](#)” (Workers at five Pepsi plants strike in defence of their rights), *新浪财经 (Sina Finance)*, 15 November 2011.

45 Cao Feng (曹峰), Li Haiming (李海明), Peng Zongchao (彭宗超), “社会媒体的政治力量 — 集体行动理论的视角” (The political force of social media—from the perspective of collective protest theory), *经济社会体制比较 (Comparative Economic & Social Systems)*, Vol. 6 (2012), pp. 150-159.

46 “[三角镇商会发布员工黑名单](#),” (Delta chamber of commerce publishes employee blacklist), *南方都市报 (Southern Metropolis Daily)*, 30 December 2013.

once the employees had returned to work. It is important to note here that although it is not illegal to go on strike in China, the right to strike is not protected under the Constitution and employers can often use the provisions of the *Labour Contract Law* to dismiss strike leaders. For example, Article 39, Paragraph 2 of the *Labour Contract Law* stipulates that employers can terminate the labour contracts of those who seriously violate company regulations.

- When workers at Hailiang Storage Products in Shenzhen went on strike on 4 December 2011, the company sought to divide them by promising an increased housing allowance to team leaders and senior clerical workers. On 20 December, management organised more than 300 clerical workers and 100 team leaders to carry “resume work” placards through the factory and confront the workers still on strike.
- In mid-April 2012, nearly 100 workers went on strike at Charter Link Garment Ltd, a Hong Kong-owned company in Dongguan. In response, the management issued a notice ordering workers, who refused to resume work, to immediately resign, collect their wages and leave the factory. About 70 percent of the workers chose to resign. Later, many said they regretted leaving the company in such a rash manner.<sup>47</sup>
- More than ten worker representatives were dismissed within 24 hours of going out on strike at Taiwanese-owned Guangxie Electronic Technology in Shenzhen on 11 June 2011. The workers were protesting against low wages, overly-high production quotas, underpayment of overtime, and the employers’ failure to pay social insurance premiums.
- On 24 December 2012, around 500 workers went on strike at Japanese-owned Shengji Products Co. in Shenzhen, demanding a clear explanation of how their labour contracts would be handled after the company changed its name. On the fifth day of the strike, the management dismissed two worker representatives for “actively inciting, planning, and organising some employees to illegally stop work and production, taking unapproved absences, spreading rumours, causing trouble, blocking traffic, and preventing other company employees from doing their work.”
- In September 2013, a total of 19 striking workers at the Gaoya Jewellery factory in the Guangzhou suburb of Panyu were sacked without any compensation. Three of the workers were pregnant and two nursing mothers. The strike organizers had been targeted and persecuted by management after they had earlier forced the company to pay the social insurance premiums dating back to 2004.<sup>48</sup>

Workers who are sacked for organizing strikes and protests can seek arbitration or file a lawsuit against their employer for unfair dismissal. Such was the case with five workers from American-owned International Paper who were sacked in 2013 after refusing to do

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47 Dongguan Television (东莞电视台), “[莞事一周反馈：停工工人七成辞职](#)” (Reflections a week after Dongguan strike: 70 percent of workers resign), 东莞阳光网 (Sun0769.com).

48 “[Diary of a Chinese worker activist. Women workers fight for justice in Guangzhou](#),” *China Labour Bulletin*, 15 October 2013.

overtime.<sup>49</sup> However, the financial cost and time needed in such legal proceedings means only the most determined workers will adopt this approach. Workers can also, under Article 43 of the *Labour Contract Law*, ask the trade union to intervene and remedy the situation. However this is not a realistic option as most factory trade unions are controlled by managements. Union officials, however, are entitled to legal protection whilst carrying out their duties in promoting and defending workers' rights. If the employer takes retaliatory action against them, the officials can ask the local labour department, public security bureau and higher level governments to remedy the situation. Article 51 of *Trade Union Law* states that:

Any organization that, in violation of the provisions of this Law, retaliates against the functionaries of trade unions who perform their duties and functions according to law by transferring them to other posts without justifiable reasons shall be ordered by the labour department to rectify and reinstate the functionaries; if losses are caused therefrom, compensation shall be made to them.

As CLB noted in a commentary in December 2012,<sup>50</sup> one solution would be to simply extend the legal rights currently enjoyed by enterprise trade union officials to any and all democratically elected workers' representatives engaged in collective bargaining with managements:

This would be a reasonable and equitable solution because the workers' representatives are in effect doing the job of trade union officials in protecting and promoting the rights and interests of the workforce. However this would at best be a stop-gap measure because workers could never be absolutely sure that their status as democratically elected representatives will be recognised by the courts. Employers could, for example, argue that the workers did not represent the majority of employees and therefore were not entitled to protection under the law.

Perhaps a more effective and long-term solution would be for workers to set up or join their existing enterprise trade union and then take an active part in union business by standing for election and if elected vigorously defending their members' interests.

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49 "[Sacked International Paper workers in Guangzhou to continue their fight for reinstatement](#)," *China Labour Bulletin*, 16 September 2013.

50 "[Protecting workers' representatives](#)," *China Labour Bulletin*, 7 December 2012.

## Chapter Three: Outside the factory

Although protests by factory workers tend to get the most attention both inside China and internationally, the majority of worker protests still occur outside the factory, most notably in transport, construction, retail, education and other services. While these protests do bear some similarities to those by factory workers, they also have their own distinct causes and characteristics, which will be examined in this chapter.

This report concentrates on three specific groups, transport workers, teachers and sanitation workers, in order to provide some insights into the extent and diversity of the workers' movement in China and the problems and particular challenges faced by workers outside the factory.

### Transport workers

China Labour Bulletin recorded 306 strikes and protests by transport workers between June 2011 and the end of December 2013. Around 60 percent of those incidents involved taxi drivers.

**Taxi strikes** have been a regular feature of urban life in China for at least the last ten years. Unlike protests by factory workers, taxi strikes are not merely concentrated in Guangdong and the south-eastern coastal provinces but are spread out across the whole country. Just about the only regions that did not witness a taxi strike, during the period covered by this report, were Xinjiang and Tibet. Moreover, the root causes of taxi strikes and the grievances of the drivers have remained largely unchanged, reflecting the inability of local governments to tackle systemic problems and ensure that the rights of drivers are protected.

The underlying cause of many of the difficulties faced by taxi drivers is the widely-used and widely-disliked contract system (承包制), under which drivers pay a sizable deposit and monthly leasing fees (份儿钱) for the use of the vehicle to the taxi companies. The cab companies can arbitrarily raise the monthly fee, while the driver has to cover the costs of fuel, maintenance and repairs. Drivers are often considered to be self-employed and get few if any employee benefits. In Guangzhou, for example, monthly leasing fees are in excess of 10,000 yuan and drivers have to pay their own social insurance premiums.

In a long-overdue attempt to deal with the issue, the Ministry of Transport announced at the end of February 2012 that China would gradually move away from the contract system and establish a new "employee system" (员工制) in which drivers would sign a labour contract with the cab company, much like regular employees in other professions. However, there is little evidence that the so-called employee system has been widely implemented, and even in cities such as Beijing where it has been used, drivers still complain of high fees and excessive working hours.<sup>51</sup>

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51 “出租司机称被油钱份钱逼着玩命跑 感慨休不起,” (Taxi drivers say high fees and fuel prices force them to work all the time), 新京报 (*The Beijing News*) 29 February 2012.

The profit margins for taxi drivers are so slim that any sudden increase in costs can cause serious difficulties. For example, after two separate rises in the price of fuel in the first quarter of 2012, taxi drivers in half a dozen cities across China staged strikes in protest.<sup>52</sup> Moreover, competition from unlicensed cab drivers (who can operate at lower costs) and the refusal of many local government transport bureaus to raise taxi fares can significantly reduce drivers' earning potential.



**About 2,000 taxi drivers in Tianjin blocked the airport expressway on 4 January 2013 in protest at the prices charged by a local fuel company.**

As noted in chapter one, however, it is the absence of an effective system or mechanism for resolving drivers' grievances that causes history to repeat itself time and again. In most cases, drivers' frustrations at government regulation, unfair competition and rising costs simply reaches a boiling point and they go out on strike in an attempt to get their voices heard.

- Drivers in the port city of Dalian in Liaoning complained that they could not even earn 100 yuan after a ten hour shift because they had to pay the taxi company 3,600 yuan per month and, to make matters worse, the municipal transport department had recently introduced a scheme under which drivers would be fined up to 3,000 yuan if they picked up more than one fare at a time. In order to get the attention of the local government, the drivers chose 31 August 2013, the opening day of the National Games, which were being held in Liaoning for the first time, to go on strike.

Strikes and protests by **bus company employees** are also common throughout China. Although there are some similarities with taxi drivers, in that bus company workers also have to deal with high fuel prices, competition from unlicensed operators and incompetent local government regulation, complaints by bus crews, particularly in Guangdong, tend to focus on low pay, opaque and exploitative management practices, excessive working hours and poor working conditions.

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<sup>52</sup> " [Transport workers stage two days of strikes in six cities after fuel price hike](#)," *China Labour Bulletin*, 22 March 2012.

- Drivers on four bus routes in Shenzhen staged a strike on 7 November 2013 in protest at low pay and excessive working hours with no overtime. Drivers were only paid for their time in the cab and not for the many hours spent getting the vehicle ready before and after each shift. The drivers complained that their average income was only between 3,000 yuan and 5,000 yuan per month.

One of most common complaints by bus company employees relates to the fines and arbitrary charges levied by management for everything from using too much fuel to replacing tyres.

- A total of 15 bus crews in Huiyang staged a strike on 12 February 2012 after a manager searched the wallet of one of the conductors to levy a 200 yuan fine and refused to apologise.
- On 24 September 2012, around 100 employees from a bus company in Zhongshan went on strike after a driver was fined by management because a passenger had been slightly injured when the driver braked to avoid an accident with a motorcycle.<sup>53</sup>

Protests by **railway workers** are relatively rare in China. The best known example occurred at Changsha Train Station on 2 August 2011 when several hundred drivers went on strike complaining about the shift system and overtime payments. The *Daily Economic News* reported that, on average, a driver made ten to 13 round trips each month and earned between 4,000 and 5,000 yuan per month. However there was no clearly stated overtime system and so drivers never knew how much they would get from one month to the next. One driver from the Zhuzhou depot near Changsha said employees regularly did excessive overtime and could not get enough sleep between shifts. This led to fatigue and put the safety of train passengers at risk.<sup>54</sup>

There was just one protest by **airport workers** noted, when cargo workers at Shenzhen Airlines staged a two-day strike, starting 15 December 2013, demanding the payment of wage arrears. Several flights were delayed as a result.<sup>55</sup>

## Teachers

Teachers in well-established government schools in major cities can earn a reasonable salary and do not have to worry too much about wage arrears. However they often have to work long hours and supervise students' extracurricular activities with no overtime payment. The situation in many smaller, less economically developed towns can be a lot worse. Teachers are often poorly paid, especially when compared with civil servants and other public employees with the same experience and qualifications, and can go several months without being paid at all.

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53 "[Taken for a ride: Guangdong bus drivers stage strike as union sides with boss](#)," *China Labour Bulletin*, 26 June 2013.

54 "[株洲机务段火车司机停工事件平息 广铁称秩序一直正常](#)," (Zhuzhou depot train drivers work stoppage dies down, Guangzhou rail says normal operations restored), *每日经济新闻 (Daily Economic News)*, 4 August 2011.

55 "[深航工人罢工致大面积班机延误](#)," (Shenzhen Airline's workers strike, flights over a wide area affected), *Radio Free Asia Mandarin Service*, 16 December 2013.

Many teachers are reluctant to strike in order to resolve their grievances because of the impact such action would have on their students. However, the lack of an effective teachers' union and the absence of any effective channels of communication between teachers, school administrators and government officials often means strike action is the only way teachers can get their voices heard.



**Around 200 teachers from Puning in Guangdong protest outside their local legislature on 1 December 2013 over the introduction of a new performance pay system.**

CLB recorded 69 teachers' strikes in the period covered by this report, two thirds of which included demands for higher pay and or the payment of wage arrears.

- Several hundred primary school and middle school teachers from Luotian county in Hubei refused to teach on 25 December 2013 and gathered in a local sports stadium to protest over their low pay levels. Teachers complained that their monthly income was around 1,700 yuan and that they had been denied the bonuses paid to workers in other public institutions in the county such as hospitals.

Some of the lowest paid teachers are those in privately-run kindergartens, many of whom earn no more than the local minimum wage. Moreover, kindergarten teachers often do not have proper employment contracts and experience routine delays in payment of wages.

- More than 20 teachers at the Liutang Kindergarten in Shenzhen went on strike on 24 March 2011 to demand payment of the previous month's wages. The teachers, all young women from the countryside, were paid the Shenzhen minimum wage of just 1,100 yuan per month. After local education officials arrived, the owner of the privately-run kindergarten agreed to pay the arrears and increase wages but only in-line with the proposed increase in the statutory minimum wage set for the following month.

Half of the teachers' protests recorded by CLB occurred in the south-eastern coastal provinces of Guangdong, Fujian, Zhejiang and Jiangsu. However, the overall distribution of protests across China is noticeably more even than that in the manufacturing sector, and

reflects the widespread and systemic problems in the national education system, as well as national government attempts to reform that system.

Changes in government policy can aggravate an already tense situation and lead to an upsurge in strikes and protests at particular times. At the end of 2012, for example, local government education departments across China started to introduce a new performance-based payment system for teachers in high schools. Government officials said the new system would encourage more young teachers to join the profession but teachers claimed it was simply a way for local education departments to cut their salaries by replacing up to 30 percent of their monthly wage with a “bonus” payable based on performance. CLB recorded a significant increase in the number of strikes in December 2012 and January 2013, as teachers across the country protested against the new policy.

- Around 200 teachers at the Hefeng School in Zhuhai went on strike on 26 December 2012 after the school unilaterally announced the implementation of the new performance-based wage system. The school principal later claimed that the new system was still under discussion and had not yet been officially implemented, while the local education department said it would listen to teachers’ opinions and make relevant adjustments.<sup>56</sup>

### Sanitation workers

For decades, sanitation workers have been among the most underpaid and undervalued groups of workers in China. They are routinely paid no more than the minimum wage, work long hours outdoors in all weather conditions, handling dirty and often hazardous materials. Many do not have proper employment contracts and do not get health insurance or a pension.

However, a series of strikes and protests by sanitation workers over the past few years, most noticeably in and around Guangzhou, has forced local governments to improve pay and working conditions to some extent. That said, the vast majority of sanitation workers are still far from satisfied with their pay levels and welfare benefits. CLB recorded 42 strikes by sanitation workers during the period covered by this report, 23 (55 percent) of which were in Guangdong. Half of the strikes included demands for pay increases, the others were primarily related to wage-arrears, non-payment of bonuses, overtime, benefits and social insurance.

- On 4 January 2012, around 50 sanitation workers in the Guangzhou suburb of Zengcheng gathered in a local square to protest against the non-payment of their year-end bonuses. Workers complained that their employer had simply bundled their bonus into their salary and claimed it was a pay increase. Moreover, even after

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<sup>56</sup> “不满绩效工资方案 珠海一中学百余教师罢课,” (Unhappy at performance pay policy, hundreds of teachers at Zhuhai school stage strike), 南方都市报 (*Southern Metropolis Daily*), 27 December 2012.

their “pay increase” the workers still earned little more than 1,000 yuan per month.<sup>57</sup>

By the end of 2012, many Guangzhou sanitation workers were still earning less than 1,500 yuan per month. The local evening newspaper the *Yangcheng Evening News* reported that wages for some workers consisted of the minimum wage (1,300 yuan at the time), plus an allowance of just five yuan a day that had remained unchanged since 1994, and a high-temperature allowance of 150 yuan per month during the summer. The only way for these workers to earn enough to live on, it said, was to do excessive overtime.<sup>58</sup>



Around 200 sanitation workers in Guangzhou’s Liwan district scuffle with police during a strike over low pay on 10 January 2013.<sup>59</sup>

The sanitation workers continued their protests throughout the winter and eventually, as garbage piled up on the streets, the Guangzhou government bowed to pressure and in early 2013 announced that their wages would go up by an average of 400 yuan per month.<sup>60</sup>

In addition to higher wages, many sanitation workers demanded the payment of long overdue social insurance premiums, overtime payments and other benefits. A lot of sanitation workers are middle-aged or elderly migrant workers who had been working informally for many years. As they approached retirement age, they sought the benefits that should have been paid years, even decades ago.

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57 Wang Zhihai (王志海) & Wu Jue (吴珏), “[年终奖没了如何扫委屈](#)” (How to right the wrong of no year-end bonuses), 南方都市报 (*Southern Metropolis Daily*), 5 January 2012.

58 Liang Yitao (梁恽韬), “广州环卫工待遇将提高” (Guangzhou sanitation workers’ benefits to increase), 羊城晚报 (*Yangcheng Evening News*), 23 January 2013.

59 “[广州荔湾 200 余环卫工停工要求涨薪](#)” (Some 200 sanitation workers in Guangzhou’s Liwan strike for higher pay), 观察者 (*The Observer*), 11 January 2013.

60 Li Chunjiang (李春江), Tao Jun (陶军) & Cheng Guangwei (成广伟), “[广州提高环卫工待遇:月薪增 400 元或配建保障房](#),” (Guangzhou to raise sanitation workers’ wages by 400 yuan and possibly arrange affordable housing), 南方日报 (*Southern Daily*) 5 February 2013.

- On 3 June 2013, an arbitration court in Foshan ruled that ten sanitation workers should be paid 20,000 yuan each in compensation for wages in arrears and years of unpaid overtime and social insurance premiums. However, five of their elderly colleagues were refused compensation because they had exceeded the legal retirement age and hence (according to the arbitration court) no longer had an employment relationship with their employer.<sup>61</sup> After an appeal, the five workers obtained up to 5,000 yuan each in a mediated settlement.

Although conditions for some sanitation workers have improved, there is still a long way to go before workers will be satisfied with their pay and conditions. A survey by 15 college students in Guangzhou published August in 2013 showed that even after the pay increases that year, average wages were still just 2,442 yuan per month in the central districts of Guangzhou and 1,718 yuan per month in the suburban district of Panyu. Nearly 70 percent of the 80 workers interviewed said the wage increases had failed to meet their expectations. More than 90 percent of the workers complained that there were no rest stations on their routes; and almost half of them said they had to bring their own drinking water from home.<sup>62</sup>

One of the encouraging aspects of the sanitation workers' struggle is the support they received from the public, student groups and civil society organizations, all of which has helped put pressure on local government to improve pay and working conditions. As one comment at the end of the *Southern Daily* article on 2013 pay increase said, “我支持给环卫工人每月十万元工资” (I support giving sanitation workers 100,000 yuan per month.)

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61 “[15名清洁工讨要加班费 5人因超龄未获支持](#),” (15 cleaners seek overtime arrears, five disqualified because of age), 南方都市报 (*Southern Metropolis Daily*), 4 June 2013.

62 “[广州市五区环卫工人加薪情况及生活质量调研报告](#),” (Investigative report into the income and quality of life of sanitation workers in five districts of Guangzhou).

## Chapter Four: Local government, trade unions and civil society

As is abundantly clear from the discussion in the previous chapters, workers' strikes and protests do not occur in isolation. The outbreak, progress and resolution of labour disputes is influenced by local governments, the trade union, the media and civil society organizations, such as labour rights groups, that are now increasingly able to help create and maintain worker solidarity as well as offer strategic advice and assistance.

### The response of local governments to worker protests

The extent to which local governments intervene in labour disputes and nature of their intervention can vary according to the relationship between the workers and the government, the level of disruption caused by the workers' protest, and the overall social and economic goals of the local government concerned.

As noted in the previous chapter, teachers have a close relationship to the local government, and it is often government policies or directives from the education department that directly give rise to the protests in the first place. As such, local education officials usually have no choice but to respond when teachers do go out on strike. Taxi drivers' income and working conditions are, likewise, directly affected by local government regulations and policies, and many protests are triggered by government actions or incompetence. Moreover, taxi driver strikes can have a direct impact on local transport and social order, forcing the government to address drivers' grievances and/or break up the protest.

In privately and foreign-owned factories, however, local governments generally take a more neutral stance. Government officials, especially those in Guangdong, who have decades of experience in dealing with labour disputes, understand that factory worker protests originate in conflicts between labour and management and that it is best left to the two parties concerned to work the problem out. Local governments will either take a completely hands-off approach or more likely intervene in an attempt to put pressure on both labour and management to make concessions and reach a negotiated settlement. Local officials often appreciate that workers have genuine grievances and endeavour to ensure that the employer addresses those grievances:

- In the Huangpu district of Guangzhou, the neighbourhood judicial affairs office intervened in a strike at a plastics factory on 7 March 2013. The officials urged the 60 striking workers to elect representatives who could negotiate a settlement with management, and also explained to managers the current government policy on raising wages. The next day, the striking workers elected seven representatives who eventually negotiated a four percent pay increase and a written promise by management not to retaliate against the workers.
- Local officials in Foshan were quickly out in force when around 100 Nanhai Honda workers, unhappy at a 10.2 percent pay offer, went out on strike on 18 March 2013. After government brokered negotiations, the strikers agreed to a revised offer of

14.4 percent, about 310 yuan per month, plus a housing subsidy of 50 yuan. Nanhai Honda was the site of a ground-breaking strike in May 2010, which catapulted the workers' movement in China into high gear, and ever since the local authorities have been acutely sensitized to any unrest at the plant.<sup>63</sup>

In some cases however, government attempts to get strikers back to work as quickly as possible only succeeds in placating employees for a few months before conflict breaks out again.

- The Daya Bay district government in southern Guangdong quickly intervened when around 100 workers at Huizhou Positron Technology staged a work stoppage on 9 January 2013. The workers were concerned about a proposed takeover of the company, and the district human resources and social security department made sure the company issued a public statement guaranteeing that the pay and working conditions of the workers who elected to stay on at the new company would not change, while those who chose to leave would be given proper compensation. However, the workers were out on strike again just two months later on 28 March when the new boss refused to pay the promised compensation.<sup>64</sup>

In disputes related to factory relocations, mergers or closures, local government officials usually try to intervene and mediate a settlement before the factory actually closes down but in cases where the employer has absconded without paying employee wages, the government can be left to pick up the bill, something it nearly always struggles to do.

- In 2011, the Shenzhen authorities reported 353 cases of malicious wage arrears and recovered close to 10 million yuan. However, the total bill for wage arrears in the city's two main factory districts alone amounted to more than 70 million yuan.<sup>65</sup>
- When a Hong Kong-owned toy company in Dongguan suddenly declared bankruptcy and the boss disappeared on 10 January 2012, about 1,000 workers marched to the local municipal government building to demand that the authorities resolve the issue. When by the morning of the 12<sup>th</sup> they had had no response, the workers blocked the streets in protest. As a result of this action, the government promised to raise seven million yuan towards the workers' lost wages, but said that it could not help with the severance payments owed.
- When the owner of the Tengxin clothing factory in Dongguan suddenly disappeared on 21 November 2012 owing his employees two months' wages totalling 620,000 yuan, the workers took to the streets in protest. The local government ordered the

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63 See CLB's previous report on the workers' movement "[Unity is Strength](#)" for more details.

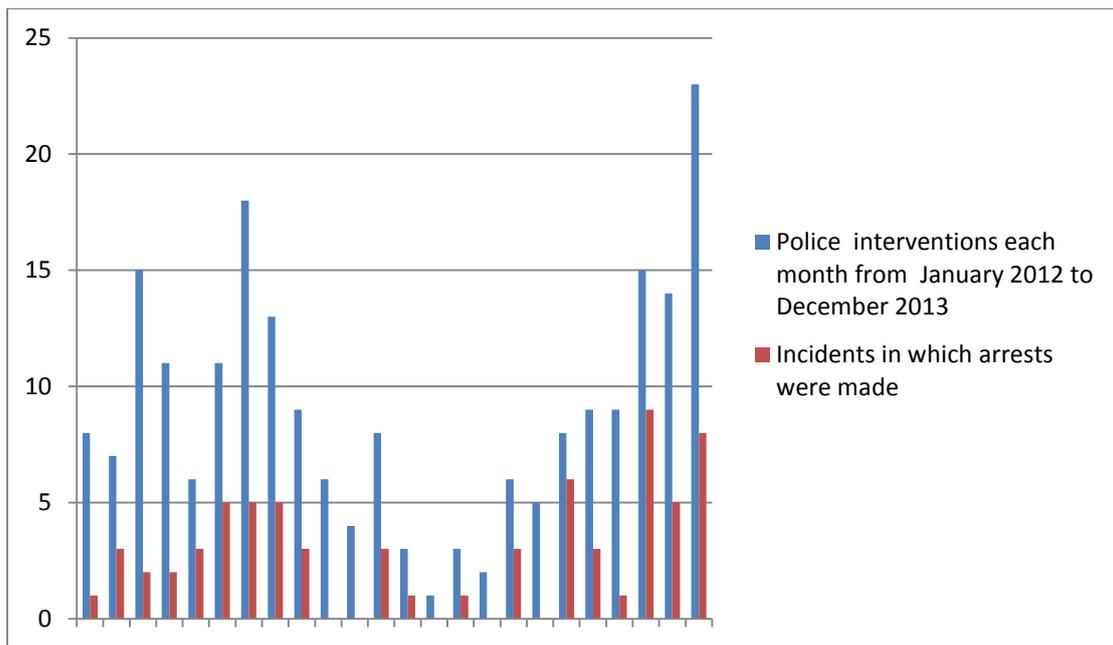
64 "[惠州合正电子工人罢工,抗议新老板超华克扣补偿款](#)," (Huizhou Positron workers strike in protest at new boss refusing to pay compensation), 嘉阳工人维权调研中心 (Jiayang Workers' Rights Defence Research Centre), blog post, 1 April 2013.

65 Yang Yangteng (杨阳腾) & Li Xiaofang (李小芳), "[深圳重磅打击恶意欠薪 2011年垫付工资近千万](#)" (Major Shenzhen crackdown on malicious non-payment of wages; nearly ten million advanced in 2011), 中国经济网 (China Economic Net).

village committee nearest the factory to foot the bill, but the committee said it could only pay each worker up to 30 percent of the local minimum wage.<sup>66</sup>

Local governments are of course not averse to deploying riot police and using strong-arm tactics in labour disputes when they feel it is necessary. In cases where exasperated workers take to the streets in protest, the authorities are far more likely to deploy police in an attempt to control and contain that protest. This is particularly true if workers block roads, bridges and other transport arteries, or take any action that is considered to “disrupt social order” (扰乱社会秩序). However, officials are also aware, as noted in Chapter Two, that more and more workers have cheap smartphones and can instantly document and publicise any perceived transgressions by government officials or the police during the protest.

CLB recorded a total of 150 police interventions in strikes and protests by factory workers during this period and 239 interventions in worker protests in general, or about 20 percent of the 1,171 strikes and protests recorded in total. There was a noticeable increase in police interventions in the second half of 2013 although similar peaks were recorded in early and mid-2012. *See chart below.* It does seem that many local governments are now taking a tougher stance against worker protests but it is difficult to say if this is a result of a deliberate change in policy or merely an *ad hoc* response to specific incidents as and when they arise.<sup>67</sup>



Sometimes conflicts can arise between police and worker protestors, leading to violent altercations and arrests. For example:

66 Liu Huilong (刘辉龙), “老板’失踪’ 工人’散步’” (Boss “disappears,” workers “take a walk”), 南方都市报 (Southern Metropolis Daily), 23 November 2012.

67 An article in Dui Hua’s *Human Rights Journal* on 19 August 2013, suggested that a June notice by the Supreme People’s Procuratorate may have been one impetus for a crackdown on peaceful assembly in the latter half of the year. See “[Government Notice Fuels Crackdown on Assembly as Subversion.](#)”

- Police in the Shunde district of Guangdong detained 14 workers from the Xinrongxin Kitchen Appliance Factory on 27 August 2013, after they took to the streets demanding a total of four million yuan in wage arrears.<sup>68</sup>

In most of these cases, workers are released with a warning after a few days but occasionally workers are held for an extended period and sometimes prosecuted for criminal offences.

- Police in Shenzhen detained more than 200 workers, at Hong Kong-owned furniture manufacturer Diweixin, who had taken to the streets on 23 May 2013 in protest at the company's refusal to discuss compensation for the planned closure and relocation of the factory. Of the 200 workers detained, 20 were held for 13 days and two for 37 days, while Wu Guijun, one of the seven elected workers' representatives at Diweixin, was detained for eight months before he was eventually put on trial on 17 February 2014.<sup>69</sup>
- On 19 August 2013, police detained 12 security guards who had been involved in a long-running dispute at the Guangzhou Chinese Medicine University Hospital. Hospital management had consistently refused to negotiate with the workers in good faith and so the workers escalated their protest by staging a demonstration on the roof of the hospital entrance. *See photo below.* The protestors were detained by police and later formally arrested. They went on trial in Guangzhou on 20 January 2014 charged with disrupting social order.



**Security guards protest above the Guangzhou Chinese Medicine University Hospital entrance. 19 August 2013**

It is important to note here that local authorities do also occasionally crack down on labour rights groups and other non-governmental organizations (NGOs) that support workers. The

<sup>68</sup> [“广东顺德工人街头讨薪与警方发生冲突,”](#) (Workers from Shunde, Guangdong, take to the streets to demand wage arrears, clash with police), 南方都市报 (*Southern Metropolis Daily*), 28 August 2013.

<sup>69</sup> [“Trial of labour activist Wu Guijun eventually gets underway in Shenzhen,”](#) *China Labour Bulletin*, 18 February 2014.

most notable example of this occurred in 2012, when the Shenzhen government, or elements within it, launched a sustained campaign of harassment and intimidation against several labour NGOs in the city.

- In February 2012, just three months into its three year office rental contract, the Spring Wind Labour Dispute Service Centre was told by its landlord that the contract had been cancelled, the water and electricity was cut off and its signs taken down.
- In March 2012, the Yuandian Workers' Centre was inspected by numerous local government departments and the landlord issued a notice of contract termination.
- In April, the Dagongzhe Migrant Worker Centre suffered surveillance and intimidation by unidentified individuals, after which the landlord terminated the rental agreement and the utilities were cut off.
- In May, the Green Grass Workers' Centre was subject to numerous local government inspections and was informed by the landlord of the termination of the rental agreement.
- In June, the local Industry and Commerce Department ordered the Time Women Workers' Centre to close down and relocate because it had not yet registered.
- Around the same time, the Little Grass Workers' Home suffered numerous local government inspections and was informed by the landlord that their rental agreement would be terminated ahead of schedule. Moreover, two fulltime staff had their residential leasing agreements cancelled in quick succession.
- In July, the Dongguan Youwei Workers' Centre was informed by the landlord that the rental agreement would be cancelled. Later, the group's bank account was frozen because of an investigation by the local tax authorities.

By early 2013, much of the harassment seemed to have stopped. The majority of these organizations found new premises and renewed their operations. However, there were several reports of continued threats and intimidation throughout 2013. The reasons for the crackdown remain unclear but it seems most likely that the authorities were simply attempting to assert more control over civil society organizations in the city and the only methods available to them were intimidation and scare tactics.

Although this section of the report has generally highlighted the actions of local governments in Guangdong, it seems from the more limited data available elsewhere that the authorities in other parts of the country operate in a similar manner. Labour disputes are handled on a case by case basis, with the authorities' prime concern being that disputes are resolved as quickly as possible with the minimum of social disruption. Probably, the key difference between Guangdong and less economically developed regions is that local governments in poorer, inland regions can be more overtly business-friendly or just lack the experience and expertise of Guangdong officials in responding to strikes and protests. Sometimes, the authorities simply stick their head in the sand and hope the problem will go away of its own accord.

- The government of Mudanjiang in Heilongjiang repeatedly ignored demands from 4,000 workers from the Hualin Giti Tire Co. for compensation related to the bankruptcy and sale of the state-owned Hualin Rubber Factory to the Giti Group of

Singapore back in 2003. The workers had made 12 written complaints and signed 11 collective petitions to the provincial and municipal government, but the issue was never resolved. Finally, 1,500 workers staged a protest on 26 March 2012 in the streets of Mudanjiang.<sup>70</sup>

- Several hundred laid-off workers from the Hong Kong-owned Double Crane Pharmaceutical Co. in Xian routinely complained to the municipal and provincial government that the monthly allowance they had received since 2003, when the company was taken over, was barely enough to live on. On 25 March 2012, the workers sent representatives to the municipal petitions office to press their case once again. Staff at the office reportedly told them: “The leader in charge of this situation is not in, and we are not in a position to respond now.” This prompted around 300 workers to take to the streets in protest.

### The role of the trade union

Another institution that has spent much of the last three years mired in inactivity is the All-China Federation of Trade Unions. There can be no doubt that the country’s sole legally-mandated trade union was aware of the increasing number of worker protests in China, as well as its own inability to play a constructive role in resolving them, yet the ACFTU seemed incapable of breaking free of its traditional bureaucratic mind-set and actually do something to help the workers.

The ACFTU’s work plan for the years 2011 to 2013 focused on two key tasks that had been outlined in a 2010 speech by the then chairman Wang Zhaoguo: namely to “encourage all enterprises to establish trade unions according to the law,” and to “encourage all enterprises to hold collective wage negotiations according to the law.” This monumentally unimaginative diktat was followed in January 2012 with a call to “serve workers face to face, heart to heart, in real time at the basic level.”<sup>71</sup>

In 2013, the ACFTU got a new group of leaders but no new ideas. Even after an address by the new Party General Secretary Xi Jinping in October 2013<sup>72</sup> in which he tried to jolt the union out of its torpor, the ACFTU simply spouted more jargon, platitudes and archaic rhetoric, ignoring the fundamental problems staring it in the face. The only “constructive” suggestion the ACFTU came up with after the meeting was for senior union officials to

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70 [“桦林佳通轮胎 1500 名员工徒步前往政府索要补偿”](#) (1,500 Hualin Giti Tire employees ask government for compensation before walking), [新浪地产网](#) (Sina Real Estate website).

71 Wang Jiaoping (王娇萍), [“全国工会‘面对面、心贴心、实打实服务职工在基层’活动正式启动”](#) (ACFTU launches activity to “serve workers face to face, heart to heart, in real time at the basic level”), [中工网](#) (Worker.cn).

72 [“习近平同中华全国总工会新一届领导班子集体谈话”](#) (Speech by Xi Jinping at a meeting of the new leadership of the ACFTU), Chinese central government website, 23 October 2013.

emerge from their grand offices and spend more time with ordinary workers, “listen” to their complaints and “ask” if they have any grievances.<sup>73</sup>

The ACFTU is clearly something of a lost cause at present. In general, it lacks the tools and the strategies needed for a timely and effective response to workers’ initiatives and is out of touch with the realities of labour relations in China today. *See photo below.*



**Trade union officials attend a training session in August 2013 designed to enhance their ability to mediate in labour disputes.**<sup>74</sup>

However, a small number of regional trade union federations have at least made some attempts to engage with workers and adopt more innovative and pragmatic solutions to long-standing problems.

The most high-profile intervention came in May 2012 when the Shenzhen Federation of Trade Unions organized union elections at the Japanese-owned Ohms Electronics factory in the city. The election came about after a strike at the company in March during which, in addition to higher wages and improved benefits, the workers demanded new union elections. The May elections received considerable press coverage both inside and outside China and gave the Shenzhen federation a platform from which to announce plans for democratic trade union elections at another 163 enterprises in the city. However, there is little evidence these elections actually took place, and even at Ohms, the workers quickly became disillusioned with their democratically-elected union chairman, as discussed in the introduction to this report. One year later, in the summer 2013 a group of university students went undercover at five Shenzhen factories to assess the role of trade unions. The student investigation found that the unions played no effective role in representing the workers or in upholding their rights. Violations of workers’ rights, such as excessive working

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73 [“把加强和改善党对工会工作的领导落到实处—六论学习贯彻习近平总书记同全总新一届领导班子集体谈话时的重要讲话精神”](#) (To consolidate the strengthening and improvement of the Party’s leadership of trade union work – Six commentaries on the study and implementation of the spirit of General Secretary Xi Jinping’s important speech whilst at a meeting of the new leadership of the ACFTU), ACFTU website, 4 November 2013.

74 [一杯浓斋啡的博客](#) (A cup of strong black coffee), blog on 25 August 2013.

hours, basic pay lower than the municipal minimum wage, poor working conditions and insufficient protective clothing, were discovered at many of the five factories. There had been no democratic trade union elections and workers still had only a limited understanding of what a union was or who their representatives were.<sup>75</sup>

The Guangzhou Federation of Trade Unions did however intervene rather more forcefully on a few occasions. Workers at Hong Kong-owned Hengbao Jewellery in Guangzhou had been engaged in a long-running dispute over the non-payment of social insurance premiums, and in early April 2012, the workers surrounded the manager's office demanding a written assurance that the premiums would be paid. The manager responded by calling the police who later detained two of the workers' leaders for their alleged "incitement of workers and illegal detention of the manager." They were eventually released on bail and, with the help of their lawyer, appealed to the Guangzhou Federation of Trade Unions for assistance. Federation Chairman Chen Weiguang said the company should pay its social insurance arrears and that there was no room for compromise on this point. "The union will not equivocate on this matter," he said. Moreover, Chen added that the union would urge the public security bureau to properly resolve the detention of workers' representatives as soon as possible.<sup>76</sup>

In September 2012, the Guangzhou Federation took a public stance in support of the city's sanitation workers who had staged numerous strikes in protest at low pay and benefits (*see previous chapter*). The federation called on the government to establish appropriate pension, unemployment and medical insurance; strictly punish enterprises that employed workers illegally and harmed their interests; and ensure that sanitation workers' basic rights were protected.<sup>77</sup>

When five workers at the American-owned International Paper factory in Guangzhou were sacked after organizing a strike in February 2013, the Guangzhou Federation said in its official micro-blog that:

We have learned about the workers' complaints and collected information. The Guangzhou union will further investigate and handle them in a timely manner according to the law, to safeguard the legitimate rights and interests of the employees.<sup>78</sup>

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75 "[Undercover students expose sorry state of factory trade unions in Shenzhen](#)" China Labour Bulletin, 29 October 2013.

76 Forum Research Group (论坛调研组), "[关于恒宝厂工人代表被刑拘事件的调查报告](#)" (Investigative report on criminal detention of Hengbao factory workers representatives), 中国集体谈判论坛 (China Collective Bargaining Forum).

77 Guangzhou Municipal Federation of Trade Unions (广州市总工会), "[今年以来广州市环卫工人工人多起诉求事件的分析及建议](#)" (Analysis and recommendations regarding Guangzhou sanitation workers' multiple complaints this year), 广东省总工会网站 (Guangdong Provincial Federation of Trade Unions website).

78 Wang Jing (王婧), "[广州工会介入调查国际纸业罢工代表被开除事件](#)" (Guangzhou union investigates International Paper firing striking workers), 财新网 (Caixin.com); Yang Hui (杨辉), "国际纸业工人钱少拒加班 停工遭开除" (International Paper workers refuse to work overtime for less; workers expelled for strike), 羊城晚报 (*Yangcheng Evening News*), 27 February 2013.

Later, in his personal micro-blog, the former vice-chairman of the Guangzhou Federation, Liu Xiaogang, noted that:

In the numerous recent labour disputes, unions have worked together with social and community organisations to protect the legitimate rights and interests of workers. In the days ahead, there should be more and more such cooperation, with each giving full play to their respective strengths to protect workers' rights and promote social development.<sup>79</sup>

Outside of Guangdong, the only notable example of union intervention occurred in the Yanlian dispute mentioned in Chapter One. When the workers complained to the local and provincial trade unions, the Shaanxi provincial federation set up a working group to investigate and criticised the company for forcing the workers to sign up as agency employees. Gu Dongwu, vice-chairman of the federation, pointed out that, "As state-owned enterprises, they should also shoulder their social responsibilities, set an example, strictly comply with national labour laws and regulations, and actively safeguard workers' legitimate rights and interests."<sup>80,81</sup>

### The evolution of labour rights groups in Guangdong

Non-governmental organisations (NGOs) that promote and defend workers' rights have become a key part of China's burgeoning civil society, particularly in the south-eastern coastal provinces where migrant workers are heavily concentrated.

Labour NGOs have traditionally offered camaraderie and practical support to migrant workers, in a sense, providing them with a home away from home. Their main work effort revolved around legal support for workers whose rights had been violated and/or who had been injured at work. Through lectures, workshops and publications, labour NGOs provided migrant workers with information about their rights under the law, occupational health and safety, job search techniques, tips for urban living and health issues for women workers etc. When resources allowed, some organisations also provided workers with simple vocational skills training. An important element of their work was organizing cultural and recreational activities that helped bring workers from different regions of China and different factories closer together – not just in the same room but towards a common end.

While this approach may have been appropriate in the 2000s, the development of the workers' movement in China over the last few years has meant that labour groups have had to adapt in order to keep pace with the new collective demands of workers. Encouragingly, several labour NGOs in Guangdong are now moving away from the traditional approach of just helping individual workers towards a more collective focus, providing workers with strategic advice on collective bargaining and maintaining solidarity in the face of management hostility. The mission statement of the Honghuacao Worker Service Centre in

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79 Liu Xiaogang (刘小刚) [micro-blog](#), 27 June 2012.

80 Mao Nongxi (毛浓曦), "[陕西一公司强行'逆向派遣'数百职工](#)" (Shaanxi company forces "back-door labour agency" on hundreds of workers), *工人日报 (Workers Daily)*, 13 December 2012.

81 Mao Nongxi (毛浓曦), "[企业表态是否派遣遵从职工自愿](#)" (Company makes labour agency voluntary for workers), *工人日报 (Workers' Daily)*, 18 December 2012.

Shenzhen, for example, is specifically to support collective bargaining rights.<sup>82</sup> The Honghuacao Centre has so far directly intervened in more than 60 collective labour disputes since its founding in 2008. The Spring Wind Labour Dispute Service Centre in Shenzhen's Shajing district is likewise active in helping workers to prepare for collective bargaining. In March 2013, it held its first workers' collective bargaining and capacity-building training course, which attracted more than 50 workers. *See photo below.*<sup>83</sup>



Probably the most important pioneer in this new collective approach is the Panyu Service Centre for Migrant Workers in Guangzhou. Founded 14 years ago, it is one of the oldest labour NGOs in China, and exemplifies the transition many such organisations are undergoing. In the 2000s, the Panyu Centre focused on providing legal assistance to industrial accident victims etc.<sup>84</sup> but a few years ago, staff began to realise the limitations of helping workers one at a time, and the Centre shifted its focus towards collective bargaining. As its director, Zeng Feiyang said, only by pushing for collective bargaining will workers really be able to take a stand in the factory.<sup>85</sup>

The Panyu Centre's breakthrough case was the Hengbao Jewellery dispute mentioned above. Hengbao was a Hong Kong-owned enterprise producing mainly gold, silver and costume jewellery, metal and plastic products. In July 2010, the workers demanded that the company start paying their social insurance premiums, as required by law. The company started doing so in September 2010 but ignored the issue of past payments. In May 2011, several worker representatives from Hengbao went to the Panyu Centre for assistance. The centre suggested that, in addition to their social insurance arrears, the workers should collect evidence on non-payment of other benefits such as annual leave and high-temperature subsidies. Over the next six months, the Centre provided the workers with guidance on strategy and negotiation techniques and stressed the importance of maintaining solidarity in

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82 Honghuacao Worker Service Centre (红花草工人服务中心) [website](#).

83 Time Women Worker Centre (时代女工服务部) [blog](#).

84 Qin Hongyan (秦鸿雁), Feng Zhoufeng (冯宙峰), Huang Jihao (黄集昊), “本土NGO跨越十年” (Local NGO spans ten years), 南方都市报 (*Southern Metropolis Daily*), 2 November 2010.

85 Xing Xiaowen (邢晓雯) & Wang Yangyang (王洋洋), “曾飞洋：14年寻路劳工服务” (Zeng Feiyang: 14 years of finding our way in labour services), 工友 (*Gongyou*), Vo. 1 (2003).

the face of pressure from company managers and the local government. The workers repeatedly submitted written demands to the local labour bureau and trade union and elected 13 representatives to negotiate with management. On 9 December 2011, the company finally agreed to pay the workers back-dated premiums but insisted that the workers should pay their own premiums of up to 10,000 yuan, first.<sup>86</sup> Although the workers did find the money, the company repeatedly stalled, leading to the incident in April 2012 when two worker representatives were detained. The Panyu Centre was instrumental in keeping the workers together and eventually Hengbao did pay the long-overdue premiums.

Inspired by the success of the Hengbao workers, jewellery workers from other factories in the Panyu area also approached the Centre for help. In August 2012, after getting advice from the Centre, workers from Gaoya Jewellery also demanded the payment of long-overdue social insurance premiums. The workers adopted a similar strategy to Hengbao, and presented a detailed list of arrears to the local social security bureau. The workers paid their own premiums in September and two months later, the company paid the premiums in arrears dating back to 2004. The Centre continued to help the Gaoya workers throughout the following year in their push for more concessions from the company.<sup>87</sup> When workers' representative Huang Xiaojuan was sacked by Gaoya in September 2013, she started working as collective bargaining coach at a nearby women workers' centre.

The Panyu Centre was also instrumental in helping 40 local sanitation workers recover their social insurance premiums from the government. The Centre provided the workers with legal advice and drafted a "sanitation workers' statement of demands," which called for the payment of social insurance premiums from their dates of employment to May 2011 as well as the payment of various allowances that had been provided by the local government since March 2010. After protracted negotiations, in early 2013, the local government agreed to pay the 16 years of social insurance premiums owed.<sup>88</sup>

One of the most intractable obstacles to the development of the workers' movement in China thus far has been the inability of workers to maintain the solidarity and momentum created by isolated victories in the workplace. In November 2013, the Panyu Centre organized a forum specifically to address this issue. The forum was hosted by workers from the Liansheng Moulding factory who, just a few months before, had forced the company, for the first time in two decades, to pay workers the severance pay they were legally entitled to. One of the Liansheng workers, Tan Zhenmiao, told the gathering of workers, staff from labour rights organizations and students:

It is very important that we carry on the fight in our new work places. We have to spread the latest news and information about the labour movement and share our

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86 Zhu Huizhen (朱慧针) & Cai Manji (蔡满基), "[恒宝厂工人集体维权之路](#)" (Hengbao factory workers collectively defend their rights), 集体谈判论坛 (*Collective Bargaining Forum*).

87 "[Diary of a Chinese worker activist. Women workers fight for justice in Guangzhou](#)," *China Labour Bulletin*, 15 October 2013.

88 Li Chunhua (李春花), "[40名环卫工追回16年社保金](#)" (40 sanitation workers recover 16 years of social insurance), 南方都市报 (*Southern Metropolis Daily*), 31 January 2013.

experiences with our new co-workers. We have to cultivate their awareness and their ability to better defend their legal rights.

In order to further bolster the sustainability of the workers' movement, in October 2013, the Centre, in collaboration with other labour groups, devised and published a ground-breaking *Code of Collective Bargaining* (劳资集体谈判守则), designed to give employers and employees a practical guide to collective bargaining and provide a possible template for collective bargaining legislation in the future. The 65-article *Code* is based entirely on the first-hand, practical experience of workers and labour organizations in Guangdong, and acts as a step-by-step guide to initiating, preparing for, conducting and concluding collective bargaining in the workplace as well as supervising the implementation of the resulting agreement.<sup>89</sup>

Another labour NGO in Guangdong that has been doing important work in promoting collective bargaining among women workers in particular is the Sunflower Women's Workers Centre. One of the centre's founders, Jia Jun explained:

Women workers often come to us individually, complaining about their situation or seeking legal advice. If they don't see the situation change immediately, they often just quit rather than discuss these common issues with other sisters. We try to introduce them to the concept of collective bargaining... We encourage them to think that if they don't change things collectively, they would still face the same problems in other factories.<sup>90</sup>

On 25 November 2013, the International Day for the Elimination of Violence against Women, the Sunflower Centre published a survey showing that about 70 percent of women factory workers in Guangzhou had been sexually harassed. The report highlighted the extent and seriousness of sexual harassment in China's factories as well as the lack of safeguards to protect women workers.<sup>91</sup> Several other labour NGOs across China are expected to conduct similar surveys in 2014.

Although not strictly a labour NGO, another important player in the development of collective bargaining in China is the Guangdong Laowei Law Firm ([广东劳维律师事务所](#)). Established in Shenzhen in 2005, Laowei has now developed into the country's leading labour rights law firm, providing expert advice and representation for workers involved in disputes with their employers. Since 2008, Laowei has focused on collective resolution of disputes, and is now recognised as China's leading authority on collective bargaining. Laowei has directly intervened in dozens of collective bargaining cases and has acted as an advisor for labour NGOs such as the Panyu Centre in other disputes.

One of the most important collective bargaining cases handled by Laowei occurred in late 2011, following a strike at the Citizen Watch factory in Shenzhen. The workers had a long-

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89 "[Developing a blueprint for collective bargaining in China](#)," *China Labour Bulletin*, 28 October 2013.

90 Jennifer Cheung, "[Young women workers in China: Seeking a better life](#)," *China Labour Bulletin*, 19 March 2013.

91 Didi Kirsten Tatlow, "[Survey Finds Many Female Workers Experience Sexual Harassment](#)," *The New York Times*, 9 December 2013.

standing grievance related to the non-payment of overtime from 2005 to 2010. During that period, management did not include the employees' daily 40 minute break as part of their normal working hours and refused to pay overtime until employees had made up the "lost" 40 minutes. The strike failed to resolve the issue, so the workers formally hired Laowei to act as their representative in negotiations with management. After a week of face-to-face negotiations, on 17 November, the workers agreed to a management offer to pay 70 percent of the overtime arrears.<sup>92</sup> Laowei's director, Duan Yi, described the law firm's role in the dispute as stepping into the vacuum created by the lack of any effective labour dispute resolution mechanism at the factory:

During the strike, the workers wanted a negotiated solution to the dispute. Local government bureaus attempted to persuade both labour and management to resolve the situation through negotiations but the government was unable to play the role of workers' representative. The local trade union could not assume that role because of limited capacity. Although the workers had their own representatives, they lacked the necessary legal knowledge and negotiating skills. The local government repeatedly sent people to the factory to stress that the strike was illegal and that the participants might be held liable. This placed the workers' representatives under tremendous pressure and since they feared management retaliation and government penalties were unwilling to negotiate directly with the employer. Once Laowei became involved, the firm's lawyers could use their status, legal background, and negotiating experience to represent the workers.<sup>93</sup>

Once the collective agreement was signed, Laowei helped establish a "labour and management coordination committee" at the factory to deal with several other outstanding disputes and problems that may arise in the future. The Citizen case attracted a lot of media attention in China at the time and was seen as a major milestone in the development of collective bargaining in China.<sup>94</sup>

Laowei followed up its success at the privately-owned Citizen factory by getting involved in the labour agency and equal pay dispute at the Yanlian SOE in Shaanxi. Laowei faced a similar situation to that at Citizen, namely that the enterprise trade union was unwilling or unable to negotiate on behalf of the workers. Laowei suggested that the workers get organized and elect their own representatives in order to kick-start negotiations whilst at the same time seeking the support of the local and provincial trade unions. This move

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92 For a detailed description of the Citizen case, see [Collective Bargaining at the Shenzhen Citizen Watch Factory](#), CLB's translation of Laowei's own account "[深圳市沙井黄埔冠星精密表链厂劳资谈判](#)" written in November 2011.

93 Duan Yi (段毅), "集体谈判：一种解决行动型集体劳动争议的非诉讼途径" (Collective bargaining: a non-litigation solution for collective labour disputes), *中国工人 (Chinese Workers)*, Vol. 10 (2012).

94 Wang Jing (王婧), "[西铁城深圳代工厂罢工始末](#)" (The story of the Shenzhen Citizen subcontractor strike), "财新网" (Caixin.com); Zhao Hongjie (赵洪杰), "[深圳冠星厂工人涨工资把日方老板'请'上谈判桌](#)" (Shenzhen Guanxing factory workers "ask" the boss to the negotiation table for increased wages), 南方日报网 (*Southern Daily On Line*); Lu Litao (卢丽涛), "[集体谈判样本：西铁城代工厂劳资博弈 15 天](#)" (Collective bargaining role model: Citizen subcontractor, labour and management engage for 15 days), 1 财网 (Yicai.com).

effectively laid the groundwork for what is believed to be the first case of collective bargaining at a state-owned enterprise in China. As labour scholar Wang Jiansong noted on his micro-blog at the time:

Workers' action at SOEs can be regarded as more than a simple labour relations conflict and can therefore pose new challenges. Laowei is exploring the feasibility of introducing collective bargaining in SOEs, facilitating communication between workers and the company, and finding a way to solve the conflict in a rational manner.<sup>95</sup>



**Workers at Yanlian and staff from Laowei stage a protest over unequal pay and the use of agency labour.**

The movement of labour NGOs towards a more collective focus has played a key role in the emergence of collective bargaining in China. Labour NGOs have essentially played the role that should have been played by enterprise trade unions, helping to organize and instil solidarity among the workers, providing expertise and practical help in negotiations with management, and seeking support from regional trade union federations. This however is not a long-term solution for workers trying to bring the boss to the negotiating table. Workers cannot rely on NGOs for help every time there is a dispute. In the long-run, the workers will have to get actively involved in their enterprise trade union and use it as the basis for collective bargaining. In short, workers will need to reclaim the trade union for themselves.

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95 Wang Jiansong (王江松), "[陕西延安市延炼综合服务公司劳企集体谈判系列报道之三](#)" (Third in a series of reports on collective bargaining between labour and the enterprise at Shaanxi Yanlian), Wang Jiansong's micro-blog).

## Conclusion and analysis

### **The emergence of a new working class in China**

During the era of state-planned economy, China's workers were portrayed as the "leading class" and "masters in their own house." However, such depictions had more to do with political ideology than economic reality. The relatively small number of workers in China's cities generally did have stable jobs and reliable benefits but these were essentially gifts bestowed by the state and the threat of withholding such gifts was enough to control the workers. Today, after 35 years of economic reform, the picture is very different. No one would dare to pretend that workers are China's "leading class:" That position has been usurped by big business and corrupt government officials. However, China does now have a strong and increasingly active working class, one that cannot so easily be controlled by the state. Spearheaded by young men and women from the countryside, who under the old system would not have even been classified as workers, China's new working class is not at all interested in political rhetoric, it is focused instead on basic social and economic rights; earning a living wage, creating a safe work environment and being treated with dignity and respect by the employer.

All too often, however, workers are confronted with authoritarian and exploitative managements who deny them even these basic entitlements. The lack of an effective trade union, and the absence of any permanent mechanism for collective bargaining in the workplace, leaves workers with no option but to go on strike, work to rule, or stage protests and demonstrations in order to get their voices heard. However, it is precisely these collective actions that help foster a greater sense of unity and solidarity among the workers, and in turn change both the way workers see themselves and the way management sees them. Younger workers in particular no longer see themselves as mere isolated individuals, strangers in the city who have no choice but to keep their heads down and earn a little money before returning home. Rather, they see themselves as a collective force, a part of the city where they work and not apart from it. Workers know that by coming together and staying united they can put much more pressure on their employer not only to make concessions on their specific demands but more importantly to see their employees less as subjects to be dictated to and more as a distinct interest group that has to be respected.

Importantly, China's new working class is increasingly engaging with civil society. Labour rights groups have played a vital role in guiding workers through their disputes with their employers, discussing what collective bargaining strategies to employ, how to respond to setbacks, and how to maintain solidarity and support their representatives. Labour rights groups are at the forefront of the development of collective bargaining in China, both on the ground and in disseminating the results and lessons learned to a wider audience. The rapid development of social media in China over the last three years has given workers and civil society organisations a much broader voice. Workers are shaking off the image of poor, exploited individuals and emerging as an active, dynamic and unified group capable of taking action to help itself. And in so doing they are gaining more support from ordinary members of the public who can identify with their struggle.

## **The Chinese government struggles to respond**

When the new leadership of the Chinese Communist Party took over at the end of 2012, it inherited a crisis of legitimacy. The economy was slowing down, the gap between the rich and the poor was growing at an alarming rate and corruption among government officials was at an all-time high. General Secretary Xi Jinping and his colleagues knew they had to move the economy on to a more stable and sustainable footing, crackdown on the worse excesses of corrupt officials and find some way of allowing ordinary people to share in the benefits of China's much vaunted "economic miracle."

The Party and government have in the past attempted to boost domestic consumption in China by raising the minimum wage but this has been largely ineffective because most adjustments only keep up with the cost of living. Moreover the government-mandated minimum wage can actually limit the pay increases workers might otherwise get because employers see it as the state-set basic wage to pay all low-level employees. Just about the only way workers can get a real pay rise is by going on strike and demanding more. As a result, local authorities often end up getting dragged into disputes that could and should be resolved by talks between labour and management. This is a role local authorities are singularly ill-equipped to handle. They lack the staffing, the expertise, as well as the financial resources to successfully intervene or mediate every time workers strike. Sometimes the authorities try conciliation and urge labour and management to come to an accommodation, on other occasions they adopt a hard-line approach and detain worker activists. But whatever attitude they take, nothing really seems to change.

Government officials increasingly recognise that running around trying to put out fires is not a long term solution to the problems endemic in the workplace. Many officials understand the need for a mechanism to resolve labour disputes in-house and the need for the official trade union to play a far more proactive and pro-worker role in the disputes. Thus far, however, attempts to rouse the All-China Federation of Trade Unions from its slumber have had little impact. Even when Xi Jinping summoned the new leaders of the ACFTU to Party headquarters in Zhongnanhai and told them face-to-face that China's workers deserved better, the ACFTU responded with its usual jargon, platitudes and archaic rhetoric while basically ignoring the issue at hand. It was not that the ACFTU was defying the Party but simply that it did not know how else to respond.

## **Waking the slumbering giant**

The ACFTU remains firmly stuck in its old ways, unable to change or adapt. It mechanically claims to be "unified with the Party Central Committee" in its thinking and actions, and yet has completely failed to implement basic Party and government policy on improving workers' living standards and reducing the number of strikes and other labour conflicts. Instead it continues to preach the virtues of "hard work" and "meritorious service," investing vast amounts of money and manpower in "work competitions" and in selecting "model workers." This only succeeds in driving workers even further away from the union.

When striking workers need the union to back them up, in the vast majority of cases, it is simply not there. The union currently does not have the will or the ability to help workers by

establishing a genuine collective bargaining system in the workplace. Instead, it continues to set targets and quotas, create hollowed out unions and conduct meaningless “collective consultations” with management that completely bypass the workers concerned.

The reality is that the primary concern of the ACFTU, with 900,000 full-time officials, is its own self-interest. If the ACFTU is ever to become an organization that puts the interests of workers first, it needs to undergo a thorough restructuring and get rid of all of those union officials who are currently surplus to requirement. The union needs to be where the workers, industry and the government need it to be, and not, as is currently the case, act as a lifeless shadow of the government’s administrative structure. A good start would be to eliminate the huge numbers of largely ineffective lower-level trade union federations in cities, urban districts and counties and leave just the national and provincial federations in place to coordinate major policy issues. Although some municipal federations have made notable efforts to represent workers in their disputes with employers, their efforts would be much more effective if they were directed and coordinated from the provincial level. Provincial federations could set up centres in the cities where they are needed and train workers on effectively representing their co-workers and engaging in collective bargaining with their employers. This would encourage ordinary workers to see themselves trade union officials and help to establish a sense of trust and kinship between the unions and workers.

Such a restructuring, if happens at all, will undoubtedly take a long time, but at least there is now pressure from both the workers below and from an increasingly exasperated Party and government above to get the ball rolling. The Chinese government, after abdicating nearly all its authority in the workplace to the employers, is fully aware of its own limitations in protecting workers’ rights and helping them get better pay and working conditions. The government knows that if it is to achieve its long-term development goals of a more stable, consumer driven economy, it needs the trade union to get on the workers’ side and level the playing field in disputes between labour and management. Workers too increasingly realise that while they can certainly go it alone and get by without the trade union, they will have a much greater chance of creating a powerful, unified and sustainable presence in the workplace if they can reclaim the union for themselves. As such, China’s workers will continue to search for the union.

### **Looking forward**

In the next few years, many of the themes discussed in this report will continue to play out in the workplace as China’s increasingly assertive working class takes a stand.

- Strikes and collective protests will remain the principle means by which workers give voice to and resolve their grievances.
- More employers will be forced to respond to workers’ collective demands, creating more opportunities for collective bargaining.
- Hard-line employers will continue to retaliate against strike leaders but more workers will refuse to back down and demand reinstatement and the right to bargain.

- Workers' demands will be supported by civil society organizations, the mainstream media and ordinary members of the public.
- Labour rights groups in other parts of the country will follow the model developed by NGOs in Guangdong, offering strategic advice on collective bargaining etc. to striking workers.
- Local governments will have to play a difficult balancing act, assessing both the needs of capital and labour, as the economy adjusts and develops, as well as the need to maintain social stability.
- The priorities of the central government, as outlined by Premier Li Keqiang, will be: "Raising personal income in tandem with economic growth, strengthening the social safety net and continually improving people's livelihoods. Our people want not only a better material life, but also a richer cultural life and social justice."<sup>96</sup>
- The All-China Federation of Trade Unions will face more pressure to do a better job in protecting and promoting the interests of workers.
- In their push for more effective trade union representation and greater workplace democracy, China's workers will lay the groundwork for a more stable and sustainable economy in which they can earn a decent wage and finally share in the benefits of the country's much vaunted "economic miracle."

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96 Premier Li Keqiang's presentation to the Berggruen Institute's 21st Century Council meeting in Beijing, January 2014. Reprinted in "[Upgrading China's Development Model](#)," *The World Post*, 10 February 2014.