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 **China Labour Bulletin**

Speaking Out

**The Workers' Movement in China
(2005-2006)**

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After working repeated overtime shifts for an entire month, Hu Xinyu, a 25-year-old employee at the Huawei factory in Shenzhen, collapsed and died from multiple organ failure on May 28, 2006. Two days later, Gan Hongying, a 35-year-old woman employed in a clothing factory in the Haizhu district of Guangzhou, died after working a total of 54 hours and 25 minutes (22 hours overtime) in the previous four days. A few weeks later, a senior union official publicly admitted that China's official trade union was virtually powerless to prevent forced overtime in factories across the country.¹

Introduction

In 2005-2006, while the Chinese Communist Party (CCP) was seeking to create a “harmonious socialist society,” factory managers withheld wages and forced employees to work excessive overtime for little or no additional pay. The All-China Federation of Trade Unions (ACFTU) called for migrant workers to “come to the union with their problems,” but millions of migrant workers and others ignored the call and took to the streets to demand their rights.

In China Labour Bulletin's second report on the workers' movement, which follows on from our 2000-04 study,² we examine the continuing discrepancy between the government's stated policy of “upholding a fair and equal society” (*weihu shehui gongzheng*), the ACFTU's promises to protect workers' rights, and the outbreak of numerous and widespread protests by Chinese workers in defence of their rights. Why, if the Party, the government and the official trade union are all focused on improving the lives and protecting the rights of workers, should so many workers feel the need to strike, stage public demonstrations and block the highway in protest at violations of their rights? CLB contends that it is the lack of genuinely representative trade unions and the inability of workers to engage in real collective bargaining that is the root cause of the problem. For as long as workers are denied these basic rights, there will be no way to effectively implement laws, regulations and policies designed to protect workers' rights, and China's “harmonious socialist society” will remain illusory.

The report is divided into five chapters. The first chapter outlines the economic, legislative and social background to the workers' movement in 2005 and 2006. Chapter Two examines in detail the worker protests that occurred in the study period. It looks at both the “privatization disputes” that arose during the process of and after the restructuring of state-owned enterprises (SOEs) and also the more general labour disputes that occurred, primarily in the private sector, in response to specific violations of labour rights such as non-payment of wages. The next chapter analyzes the protests in terms of the key issues involved, the ability of the workers to organize, their social impact, as well as the long-lasting after-effects of the disputes that first arose in the late 1990s during the massive SOE restructuring programme. The fourth chapter examines the government's twin-track response to these protests - of conciliation and repression. And the fifth chapter assesses in detail the effectiveness of the ACFTU in protecting workers' rights. We

¹ Song Xuelian, “Zong gonghui cheng jue da duoshu de jiaban dou meiyou jingguo gonghui de tongyi” (ACFTU Says Majority of Overtime Not Approved by Unions), *Zhongguo Jingji Zhoukan* (China Economic Weekly), taken from the *Xinlang Wang* (Sina.com) website (<http://finance.sina.com/g/20060619/01212660666.shtml>), June 19, 2006

² Standing Up: The Workers Movement in China, 2000-2004. Full report only available in Chinese, English executive summary on the CLB website.

examine the official union's role in drafting and promoting labour legislation and its mechanisms designed to regulate labour relations, the actions it has taken to lessen the burden of migrant workers and those laid-off from SOEs, its attempts to organize workers into basic-level unions, and we discuss the systemic problems that have thus far prevented the ACFTU from making a real difference in workers' lives.

The report is based on documents issued by the CCP, the government and the ACFTU, statements of government and union officials, academic articles, official statistics, domestic media reports and the notes recorded from CLB telephone interviews. It is intended to serve as a convenient, one-stop reference source on the major issues and concerns of the Chinese labour movement during 2005-06.

This English language edition of the original Chinese report is published to coincide with the implementation on January 1, 2008, of the new *Labour Contract Law*, which gives the Chinese government and the ACFTU an excellent opportunity to uphold their stated commitments to the protection of labour rights. On paper, the law provides individual workers with greater rights protection and significantly gives the ACFTU the chance to create a genuine collective bargaining system as a means of negotiating and concluding collective labour contracts.

Chapter 1: The economic, legislative and social background to the workers' movement

The economy

China's economy maintained its double digit growth rate in 2005-06 with the GDP increasing by 10.4 percent in 2005 to reach 18.39 trillion yuan, and by 10.7 percent in 2006 to total 20.94 trillion yuan.

Private enterprises grew at an even faster rate, with the number of registered private enterprises in China reaching 4.98 million by the end of 2006, a 15 percent increase over the previous year. The registered capital in the private sector increased by 22 percent to 75 billion yuan. The number of employees rose by 9.81 percent to 63.96 million. By the end of 2006, private enterprises accounted for approximately 65 percent of GDP and 70-80 percent of economic growth.³

China's total workforce at the end of 2005 was 758 million. The urban workforce stood at 273 million, with 9.7 million newly employed that year. The official urban unemployment rate at the end of 2005 was 4.2 percent.⁴ At the end of 2006, the national workforce had increased to 764 million, with the urban workforce increasing to 283 million and 11.84 million newly employed. The urban unemployment rate at the end of 2006 was 4.1 percent.⁵ It is important to note that these official government unemployment figures did not include the rural unemployed and those who had not registered as unemployed. A study by the Chinese Academy of Social Sciences suggested the gap between labour supply and demand in urban areas would exceed 15 million in 2007. It indicated that unemployment would be exacerbated over the following three years with some 3.6 million more workers being laid off from SOEs in the process of restructuring or bankruptcy.⁶

The minimum wage was increased across the board in China between 2005 and 2006. In what was hailed by the Minister of Labour and Social Security Tian Chengping as the broadest, most

³ Gu Ruizhen, "Zhongguo siying qiye hushu zengzhang 15 percent da 494 wan hu" (Private Enterprises in China Increase 15 percent to Reach 4.94 Million), *Xinhua Wang* (Xinhua News Agency) website (http://news.xinhuanet.com/politics/2007-01/31/content_5680220.htm), January 31, 2007.

⁴ National Bureau of Statistics, "Zhonghua Renmin Gongheguo 2005 nian guomin jingji he shehui fazhan tongji baogao" (Statistical Report on the National Economy and Social Development of the People's Republic of China, 2005), February 28, 2006, National Bureau of Statistics website (http://www.stats.gov.cn/tjgb/ndtjgb/qgdntjgb/t20060227_402307796.htm).

⁵ National Bureau of Statistics, "Zhonghua Renmin Gongheguo 2006 nian guomin jingji he shehui fazhan tongji baogao" (Statistical Report on the National Economy and Social Development of the People's Republic of China, 2006), February 28, 2007, National Bureau of Statistics website (http://www.stats.gov.cn/tjgb/ndtjgb/qgdntjgb/t20070228_402387821.htm).

⁶ Yu Jingbo: "Mingnian Zhongguo jiuye quekou keneng chao 1500 wan ge, jiuye xingshi yanjun" (China Employment Gap May Exceed 15 Million Next Year, Employment Situation Serious), taken from *Xinhua Wang* (Xinhua News Agency) website (http://news.xinhuanet.com/fortune/2006-12/07/content_5449834.htm), December 7, 2006.

comprehensive adjustment of the minimum wage seen in recent years, 31 provincial-level governments introduced or increased the minimum wage by the end of 2006.⁷

China's work safety record improved slightly during 2005-2006. There were 12,826 accidents in the industrial, mining, commercial and trade sectors in 2005, resulting in 15,396 deaths, a 12.8 percent and 6.7 percent reduction respectively over the previous year, according to statistics from the State Administration of Work Safety. There were 3,341 accidents and 5,986 deaths in the coal mining industry, a decline of 8.2 percent and 0.7 percent, respectively.⁸ In 2006, there were 12,065 accidents and 14,382 deaths in the industrial, mining, commercial and trade sectors, a reduction of 8.2 percent and 9.4 percent respectively. And in the coal mining industry, accidents decreased by 10.9 percent to 2,945, and the number of deaths fell by 20.1 percent to 4,746.⁹ However, many coal mine accidents are either not reported or deliberately covered-up by mine owners in a bid to avoid harsh financial penalties. As such these official government statistics cannot be relied upon to present an accurate picture of China's coal mining industry.¹⁰ Moreover, many unsafe mines were closed down in the study period, reducing the accident rate in the short term but not addressing the underlying causes of accidents. Indeed, as the demand for coal continues to rise, the likelihood is that the number of accidents and deaths will increase as well.

Legislation and government policy

There were three main areas of focus for the central government in its attempts to protect the rights and interests of Chinese workers during 2005 and 2006: discrimination against migrant workers based on the household registration system,¹¹ the protection of workers' rights during the privatization of SOEs and the collective consultation and contract system that it was hoped would help resolve tensions between labour and management.

⁷ "2006 nian laodong baozhang shiye shixian xin fazhan" (New Developments in Labour and Social Security in 2006), Ministry of Labour and Social Security website (http://www.molss.gov.cn/gb/news/2007-01/19/content_160175.htm).

⁸ "2005 nian quanguo ge lei shangwang shigu qingkuang" (National Report on Incidents Resulting in Casualties in 2005), State Administration of Work Safety website, (http://www.chinasafety.gov.cn/anquanfenxi/2006-01/04/content_151577.htm), January 4, 2006.

⁹ "2006 nian quanguo ge lei shangwang shigu qingkuang" (National Report on Incidents Resulting in Casualties in 2006), State Administration of Work Safety website, (http://www.chinasafety.gov.cn/anquanfenxi/2007-01/11/content_214963.htm), January 11, 2007.

¹⁰ Such as the total of 16 incidences of covering up mining accidents, involving 41 deaths, discovered by the State Mine Safety Administration after inspections between January and November, 2005. See "Woguo qian 11 ge yue faxian 16 qi manbao shigu 41 ren siwang" (Discovery of 16 Cover-Ups over the Past 11 Months in China Involving 41 Deaths), *Xinlang Wang* (Sina.com) website (<http://news.sina.com.cn/c/2005-12-23/16147801170s.html>), December 23, 2005. During the first quarter of 2007, there were 12 mining accidents that were covered up in China. The General Office of the State Council issued a report on March 28, 2007 requiring serious investigation of cover-ups, according to the law and firm control over particularly large incidents.

¹¹ At present, the Chinese government and academics do not share a unified definition of "migrant workers" (*nongmin gong*). According to the definition in the "Comprehensive Research Report on the Problem of Migrant Workers in China", "migrant workers" are persons who have a rural household registration and have contracted land, but who engage primarily in non-farm work and rely primarily on wages as a source of income. See "Zhongguo nongmin gong wenti yanjiu zong baogao" (Comprehensive Research Report on the Problem of Migrant Workers in China) in *Gaige* (Reform), Issue 5, 2006.

On March 27, 2006, the State Council promulgated *Certain Opinions Concerning Resolution of the Migrant Worker Problem*. The document called for “fair and equal treatment without discrimination” for migrant workers, respecting and defending their legal rights, eliminating discriminatory regulations and systemic obstacles to migrant workers entering cities for work, and providing them the same rights and obligations enjoyed by urban workers. It outlined specific solutions to the problems of low wages, wages in arrears, long work days, poor safety conditions, lack of social security, high rates of work-related illness and accidents, and the need for employment training, housing as well as schooling for the children of migrant workers.

In an attempt to address the problems of social welfare and the re-employment of approximately 30 million workers laid-off during the restructuring of SOEs, and thereby stem intensifying social conflicts, on July 5, 2005, the Ministry of Labour and Social Security (MOLSS) promulgated the *Notice Regarding Problems Related to Doing a Better Job of Protecting Employees’ Legal Rights during the Restructuring, Closing, and Bankruptcy of State-Owned Enterprises*. This document required labour bureaus at every level to standardize the restructuring process of SOEs and implement strategies for the handling of labour relations, economic compensation, debt clearance, continuance of social security and measures for the re-employment of workers. These proposals were to be submitted to a general meeting of employees for approval before they became part of the restructuring plan.

This was followed up on November 4, 2005 with the *State Council Notice Regarding Strengthening the Work of Employment and Re-Employment* which indicated that, for the next few years, the focus of such work would be re-employment for workers laid-off from SOEs. On January 20, 2006, as many as 19 departments, including the MOLSS, the National Development and Reform Commission and the ACFTU, jointly promulgated the *Opinion Regarding Certain Problems in Thoroughly Implementing the State Council Notice Regarding Strengthening the Work of Employment and Re-Employment*. This document suggested that “Re-employment Preference Cards” (*zai jiuye youhui zheng*) should be issued to laid-off personnel with both the ability and desire to work. The self-employed were to be exempted from paying business taxes, urban maintenance and construction taxes, additional education fees and individual income taxes, subject to applicable limits, for three years. They were also to be exempted from paying various administrative business fees including management, registration and licensing fees. In addition they could take out small guaranteed loans. Small enterprises employing laid-off personnel were exempt from the same types of taxes and fees, subject to applicable limits and based on the actual number of persons employed. Finally, the document stipulated that public welfare jobs invested in and developed by the government should be preferentially offered to laid-off workers.

On June 9, 2006 the State-Owned Assets Supervision and Administration Commission, the ACFTU, the Ministry of Supervision, the Ministry of Labour and Social Security, and the Ministry of Finance jointly promulgated the *Notice Regarding the Work of Protecting Employees’ Legal Rights During the Restructuring, Closing, and Bankruptcy of State-Owned Enterprises in 2006*, requiring government offices to investigate and punish illegal actions in violation of employees’ rights taking place during restructuring, closing and bankruptcy proceedings of SOEs. Local government offices were to ensure provision of compensation, issue basic pensions, continue social security, help re-employ laid-off personnel and monitor for non-compliance in the implementation of central government policies that resulted in the violation of employees’ legal rights.

The central government's third policy strategy of developing a collective consultation system (*jiti xieshang zhidu*)¹² at the enterprise and regional levels in an attempt to improve labour-management relations was characterized by the *Notice Regarding the Work of Further Promoting Collective Consultations between Labour and Management*, jointly issued on February 22, 2005 by the Ministry of Labour and Social Security, the ACFTU, and the China Enterprise Confederation/China Enterprise Directors Association. This document sought to promote collective consultations between labour and management among non-SOEs, restructured state-controlled stock companies and collective enterprises. The document indicated that relatively efficient enterprises with normal production operations should focus on negotiations regarding wage levels, bonuses, subsidies and benefits, establishing a normal wage increase and adjustment system. Enterprises experiencing difficulty with production were to focus negotiations on issues such as how wages are paid and living expenses for laid-off employees, in order to guarantee payment of wages.

On August 17, 2006, the MOLSS, the ACFTU, and the China Enterprise Confederation/China Enterprise Directors Association also jointly issued the *Opinion Regarding the Expansion of Collective Bargaining Work within Regions and Industries*. It contained regulations concerning the scope, content, processes and dispute resolution methods for regional and industry-specific collective consultations. These provisions aimed to develop regional and industry-specific collective consultations in towns, districts, neighborhoods and industrial parks with a high concentration of small or same-sector enterprises. Where conditions permitted, industry-specific collective consultations and collective contracts could cover county or district levels of local administration.¹³

Finally, we should note at this juncture a significant change in the government's attitude towards workers' protests, which had been increasing in number and severity during this period. The government in the past had tended to see mass protests solely as a source of social instability. However in 2005, the Minister of Public Security acknowledged that "in the current stage, mass protests are essentially manifestations of social and economic tensions. They are not oppositional and do not have a clear political motive."¹⁴ And Premier Wen Jiabao acknowledged that "there have been problems in some areas of the interests of the masses being harmed, to the point of mass protests occurring, and many are due to government bureaus and their employees not doing their jobs according to our laws and policies."¹⁵ It does now seem that the government

¹² The term "collective consultation" (*jiti xieshang*) should not be confused with "collective bargaining" as it is internationally understood. Because of the lack of elected workers' representatives and the equivocal nature of the ACFTU as both an agency of government and the designated representative of labour, "collective consultation" does not emphasize a bargaining process in which labour and management are able to confront each other as formal equals. Rather it is a process designed, in the parlance of the current government, to create "harmony" in the workplace, and in a wider sense ensure "stability" in society as a whole. In recent decades, the latter term in particular has been a by-word for repression rather than dialogue.

¹³ For a detailed analysis of the collective contracts system see CLB's research report, *Breaking the Impasse: Promoting Worker Involvement in the Collective Bargaining and Contracts Process*.

¹⁴ Chen Lihua, "Quntixing shijian kaoyan Zhongguo, xu jian ruoshi qunti liyi suqiu tongdao" (Mass Incidents Test China: Weak Groups Need an Avenue to Defend Their Interests), *Huanqiu (Globe)*, taken from the *Xinlang Wang (Sina.com)* website (<http://new.sina.com.cn/c/2005-08-01/13587381203.shtml>), August 1, 2005.

¹⁵ "Weirao daju tuchu zhongdian shenru tuijin zhengfu lianzheng jianshe – Wen Jiabao zai guowuyuan di si ci lianzheng gongzuo huiyi shang de jianghua" (Focussing on the Overall Situation and Deeply Engaging in Promoting the Building of a Clean Government: Wen Jiabao's Speech at the State Council's Fourth Working Conference on Clean Government), *Renmin Ribao (People's Daily)*, February 28, 2006, 2nd Edition.

recognizes the legitimate and essentially non-political nature of mass protests and is prepared to handle such protests in a different manner.

Social change

The Communist Party Central Committee's October 11, 2006 *Decision Regarding Certain Major Problems in Building a Harmonious Socialist Society*, outlined a wide range of social and economic problems the government would have to tackle in order to build a "harmonious society," including the increasing urban-rural gap and regional development, unemployment, non-payment or delayed payment of wages and lack of social security. The party expressed its earnest desire to solve these problems but stopped short of introducing systemic governmental reforms or encouraging the construction of a civil society.

Although the income of both urban and rural residents increased during 2005-2006, the gap between urban and rural incomes continued to expand slightly. In 2005, the average disposable income of urban residents was 10,493 yuan, and 3,255 yuan for rural residents.¹⁶ In 2006, the average disposable income of urban residents was 11,759 yuan, an increase of 10.4 percent, while the average net income of rural residents was 3,587 yuan, an increase of 7.4 percent.¹⁷ A report from the Chinese Academy of Social Sciences indicated that urban income was 2.57 times rural income in 1978. By 2005, that gap had expanded to 3.22 times and in 2006 it was 3.27 times. Taking into account that rural residents basically have no social security or welfare benefits, the actual urban-rural income gap is probably six-fold.¹⁸

The gap between rich and poor widened further during 2005-2006. The number of urban residents living on or below the poverty line was estimated at between six and eight per cent.¹⁹ The results of two separate surveys on the *China Economic Times* website and Sohu.com showed that those interviewed considered the "gap between the rich and the poor" and "social security and re-employment" to be the two most important social problems in China. During a similar

¹⁶ National Bureau of Statistics, *Zhonghua Renmin Gongheguo 2005 nian guomin jingji he shehui fazhan tongji baogao* (Statistical Report on the National Economy and Social Development of the People's Republic of China, 2005), February 28, 2006, National Bureau of Statistics website (http://www.stats.gov.cn/tjgb/ndtjgb/qgdntjgb/t20060227_402307796.htm).

¹⁷ National Bureau of Statistics, *Zhonghua Renmin Gongheguo 2006 nian guomin jingji he shehui fazhan tongji baogao* (Statistical Report on the National Economy and Social Development of the People's Republic of China, 2006), February 28, 2007, National Bureau of Statistics website (http://www.stats.gov.cn/tjgb/ndtjgb/qgdntjgb/t20070228_402387821.htm).

¹⁸ Zhu Qingfang, "Jingji shehui hexie fazhan zhishi tixi zonghe pingjia" (A Comprehensive Target System Evaluation of Harmonious Development in an Economic Society), in Tuo Xin, Lu Xueyi, Li Peilin, eds., *2007 nian: Zhongguo shehui xingshi fenxi yu yuce (2007: An Analysis and Forecast of Trends in Chinese Society)*, Shehui Kexue Wenxian Chubanshe (China Social Sciences Press), Beijing, 2006, pp. 321-339.

¹⁹ Social Trends Analysis and Forecasting Topic Group, Chinese Academy of Social Sciences, "Zhongguo jinru quanmian jianshe hexie shehui xin jieduan – 2006-2007 nian Zhongguo shehui xingshi fenxi yu yuce zong baogao" (China Enters a New Stage in Building a Harmonious Society: Comprehensive Report on the Analysis and Forecast of Social Trends in China in 2006-2007), in Tuo Xin, Lu Xueyi, Li Peilin, eds., *2007 nian: Zhongguo shehui xingshi fenxi yu yuce (2007: An Analysis and Forecast of Trends in Chinese Society)*, Shehui Kexue Wenxian Chubanshe (China Social Sciences Press), Beijing, 2006, pp. 1-16.

survey in 2000, the “gap between the rich and the poor” had ranked fifth but, beginning in 2001, it rapidly became the number one social concern in China.²⁰

In 1999, the government established a minimum social welfare standard system for urban areas. In 2006, some 22.41 million urban residents (10.28 million households) nationwide benefited from this subsistence allowance, 67,000 more than in 2005. A total of 22.21 billion yuan in social welfare payments was issued, an average subsidy of 82.9 yuan per recipient, per month, an increase of 10.6 yuan per capita, or 14.7 percent, over 2005. The urban social welfare standard system has not, however, reduced the problem of urban poverty. Participants at a conference on urban poverty held in Shenzhen in January 2006 concluded that the problem of urban poverty, far from being alleviated by the rapid economic growth in recent years, had actually worsened. Those attending the conference classified China’s urban poor as those laid-off during the reform and restructuring of SOEs, urban residents who had the ability to work but lived in cities with exhausted resources, elderly people who retired early and relied on their pension for a living, and the large number of rural migrants flowing into the cities. Moreover, the limitations of the urban social security, education, and medical insurance systems meant that new urban poor could be created at any time and in any place.²¹ For example, the Development Research Centre of the State Council reported that fewer than a quarter of the urban population who were entitled to minimum social welfare benefits actually received them. And this survey excluded the long-term migrant population. Due to financial pressures, municipal governments typically underestimated the numbers of urban poor who qualified for financial assistance. Therefore the research centre said, “in reality, the problem of urban poverty in China has been severely underestimated.” Researcher Tang Jun, of the Social Policy Research Centre at the Chinese Academy of Social Sciences, and Hong Dayong, Deputy Director of the Graduate School at Renmin University of China, both believed that the urban poor in China numbered approximately 30 million.²²

In June 2005, the State Council’s Development Research Centre published the *Evaluation of and Suggestions for the Reform of China’s Medical and Health Care System*, which essentially concluded that “health care reform has been a failure.” The report indicated that the basic trend in the medical and health care system has been toward commercialization and privatization, and that the primary goal of medical and health organization services had changed from working for the public welfare to pursuing only economic objectives. The medical needs of the wealthy had been satisfied, but the majority of citizens (including a large proportion of the rural population and a portion of urban residents) had great difficulty in obtaining adequate medical care. Those living in poverty did not enjoy even the most minimal medical and health care services. In a

²⁰ Wang Junxiu, “Dangqian Zhongguo shehui xintai fenxi baogao” (An Analysis of Current Chinese Social Psychology), in Tuo Xin, Lu Xueyi, Li Peilin, eds., *2007 nian: Zhongguo shehui xingshi fenxi yu yuce (2007: An Analysis and Forecast of Trends in Chinese Society)*, Shehui Kexue Wenxian Chubanshe (China Social Sciences Press), Beijing, 2006, pp. 67-81.

²¹ Yang Jun, “Chengshi pinmin jiecheng shi yige xinhao” (The Urban Poor Class is a Signal), *Nanfengchuang (South Wind View Magazine)*, Issue 325, January 1, 2007, pp. 36-38.

²² “Zhuanjia gusuan Zhongguo chengshi pinkun renkou jiejin 3000 wan” (Experts Estimate China’s Urban Poor Population Numbers Nearly 30 Million), *Di Yi Caijing Ribao (First Financial Daily)*, taken from the *Zhongguo Wang (China.org)* website (<http://www.china.org.cn/chinese/jingji/1153527.htm>), March 14, 2006; Yang Jun, “Chengshi pinmin jiecheng shi yige xinhao” (The Urban Poor Class is a Signal), *Nanfengchuang (South Wind View Magazine)*, Issue 325, January 1, 2007, pp. 36-38.

World Health Organization evaluation of the equity of its member countries' health spending and allocation in 2000, China ranked 188th out of 191 countries, fourth from the bottom.²³

In 2003, the central government introduced a number of measures designed to improve the living and working conditions of rural migrant workers in the cities.²⁴ However in 2005-06 there was little evidence these measures had taken effect. The *Investigative Report on Migrant Labour in China*, published by the Research Office of the State Council in April 2006, indicated that migrant workers earned on average between 500 and 800 yuan a month.²⁵ Only 53.7 percent of migrant workers had signed job contracts with their employers, 30.62 percent had not signed contracts, and 15.68 percent of the workers did not know what a labour contract was. Among those surveyed, 47.78 percent were usually paid on time, but 35.68 percent were only occasionally paid on time, and 15.68 percent usually had their payment delayed. Only 13.7 percent worked eight hours per day; 40.3 percent worked eight to nine hours; 23.48 percent worked nine to ten hours; and 22.5 percent worked over ten-hour days.²⁶ According to a National Bureau of Statistics survey in October 2006, migrant workers worked on average 6.3 days per week, for an average of 8.9 hours per day. Only 11.9 percent of migrant workers had a two-day weekend, 46 percent had not signed a contract or agreement with their employer, 14.9 percent were unable to obtain their wages on time, 50.1 percent worked overtime with no overtime compensation, 57.2 percent did not receive compensation for work related injuries, 79.5 percent received no paid vacation, 92.4 percent did not receive a housing subsidy, 95.2 percent received no housing provident fund, 79.8 percent of female migrant workers received no maternity leave, over 70 percent had no social security plan, and 47.3 percent received no on-the-job training.²⁷

Public awareness of social problems and social tensions was heightened in 2005-2006. The Chinese Academy of Social Sciences' *National Sample Survey on the Issue of Social Harmony and Stability* indicated that only 16.3 percent of people thought there was "no conflict" between the various social groups in China, while 44.9 percent said there was "a little conflict," 18.2 percent believed that there was "a rather large conflict" and 4.8 percent said there was "a serious

²³ "Guowuyuan yanjiu jigou dui Zhongguo yigai de pingjia yu jianyi (yaodian)" (Essential Points of the State Council Research Organization's Evaluation of and Suggestions for China's Health Care Reform), *Xinlang Wang* (*Sina.com*) website (<http://news.sina.com.cn/c/2005-07-29/12247359802.shtml>), July 29, 2005.

²⁴ Such as the *Guowuyuan bangongting guanyu zuo hao nongmin jincheng wugong jiuye guanli he fuwu gongzuo de tongzhi* (Notice of the General Office of the State Council Regarding Succeeding in the Work of Employment Management and Services for Rural Residents Entering Cities to Work), (promulgated on January 5, 2003) and the *Guowuyuan bangongting guanyu jin yi bu zuohao gaishan nongmin jincheng jiuye huanjing gongzuo de tongzhi* (Notice of the General Office of the State Council Regarding Furthering the Work of Improving the Employment Environment for Rural Residents Entering Cities to Work), (promulgated on December 27, 2004).

²⁵ In 2005, the average annual wage among workers currently employed with urban employers nationwide was 18,405 yuan, for an average monthly wage of 1,533 yuan.

²⁶ "Woguo nongmin gong de shengcun xianzhuang" (How Migrant Workers in Our Nation Subsist), *Banyue tan* (*China Comment*), taken from the *Xinhua Wang* (*Xinhua News Agency*) website (http://news.xinhuanet.com/politics/2006-05/18/content_4566403.htm), May 18, 2006.

²⁷ Social Trends Analysis and Forecasting Topic Group, Chinese Academy of Social Sciences, "Zhongguo jinru quanmian jianshe hexie shehui xin jieduan – 2006-2007 nian Zhongguo shehui xingshi fenxi yu yuce zong baogao" (China Enters a New Stage in Building a Harmonious Society: Comprehensive Report on the Analysis and Forecast of Social Trends in China in 2006-2007), in Tuo Xin, Lu Xueyi, Li Peilin, eds., *2007 nian: Zhongguo shehui xingshi fenxi yu yuce* (2007: An Analysis and Forecast of Trends in Chinese Society), Shehui Kexue Wenxian Chubanshe (China Social Sciences Press), Beijing, 2006, pp. 1-16.

conflict.” In addition, 38.6 percent believed that these conflicts “could or would intensify.”²⁸ This public perception was backed up by statistical indicators used by the Chinese Academy of Social Sciences which showed that social order and social stability had been steadily deteriorating since the introduction of economic reforms in the early 1980s.²⁹

Finally, in 2005, China’s labour-dispute arbitration committees accepted 314,000 labour-dispute cases involving 740,000 workers, an increase of 20.5 percent over the previous year. Among these were 19,000 collective labour disputes involving 410,000 workers.³⁰ In 2006, arbitration committees accepted 317,000 labour-dispute cases, an increase of 0.96 percent over the previous year, among which 14,000 were collective labour disputes involving 350,000 workers.³¹

²⁸ “National Survey on the Issue of Social Harmony and Stability” Topic Group, Chinese Academy of Social Sciences, “2006 nian Zhongguo shehui hexie wending zhuangkuang diaocha baogao” (2006 Survey Report on Social Harmony and Stability in China), in Tuo Xin, Lu Xueyi, Li Peilin, eds., *2007 nian: Zhongguo shehui xingshi fenxi yu yuce (2007: An Analysis and Forecast of Trends in Chinese Society)*, 2006, Shehui Kexue Wenxian Chubanshe (China Social Sciences Press), Beijing, pp. 19-31.

²⁹ Zhu Qingfang, “Jingji shehui hexie fazhan zhishi tixi zonghe pingjia” (A Comprehensive Target System Evaluation of Harmonious Development in an Economic Society), in Tuo Xin, Lu Xueyi, Li Peilin, eds., *2007 nian: Zhongguo shehui xingshi fenxi yu yuce (2007: An Analysis and Forecast of Trends in Chinese Society)*, Shehui Kexue Wenxian Chubanshe (China Social Sciences Press), Beijing, 2006, pp. 321-339. See this document for the definitions and composition of the “social order index” and “social stability index.”

³⁰ Ministry of Labour and Social Security and National Bureau of Statistics, *2005 niandu laodong he shehui baozhang shiye fazhan tongji baogao* (Statistical Report on Developments in Labour and Social Security Work in 2005), Ministry of Labour and Social Security website (http://www.molss.gov.cn/gb/zwx/2006-06/12/content_119277.htm).

³¹ Ministry of Labour and Social Security and National Bureau of Statistics, *2006 niandu laodong he shehui baozhang shiye fazhan tongji baogao* (Statistical Report on Developments in Labour and Social Security Work in 2006), Ministry of Labour and Social Security website (http://www.molss.gov.cn/gb/news/2007-05/18/content_178167.htm).

Chapter 2. Worker Protests in 2005-06

In CLB's first report on the workers' movement from 2000 to 2004, we identified two main groups of worker protestors; urban workers, most of whom had been made redundant or had retired early from SOEs, and migrant workers, most of whom worked in private and foreign owned enterprises in the southeastern coastal region. During 2005-2006, these two groups were increasingly joined by workers still employed at restructured or privatized SOEs. Previously these workers were reluctant to take action for fear of losing their jobs and benefits but for many urban workers in restructured enterprises, conditions are no better than in the private sector and for some workers, they are worse.

Workers disputes and protests during 2005-06 can best be understood when placed in two broad categories: "privatization disputes" that arose from the long-term and complex process of SOE restructuring, that can involve a wide range of local government and judicial agencies, and "general labour disputes" that usually occurred in the private sector in response to employers' violations of workers' rights such as non-payment of wages and termination of employment without compensation.

1. Privatization Disputes

Protests by workers during and after the restructuring and privatization of SOEs have been the core component of worker unrest since 2000. These disputes involved laid-off urban workers, SOE managements and local governments. They concerned the rights and interests of workers prior to employment, during employment and after being laid-off. Privatization disputes often escalated into protests because they could not be easily resolved through traditional labour-dispute arbitration or judicial procedures. The disputes were not limited to just the workers from restructured SOEs and their current or former employers but also involved the government bureaus that formulated and approved the restructuring process. Moreover, because privatization disputes were so complex, the Supreme People's Court decided they should not be handled by the judicial system alone and that the courts needed the assistance of the Party and government in their resolution.³² In practice, this has amounted to political interference in the judicial process.

³² For example, Huang Song, the deputy director of the Supreme People's Court stated at the National Discussion Meeting on Civil Judgments on March 26, 2003: "In handling mass labour disputes we must fully rely upon the support of the Party Committees and the government. Currently, our country's social security system is not fully developed. With regard to group disputes arising from state-owned enterprises in arrears on wages due to factors like our state industrial policies or enterprise restructuring, (the court) may make a temporary dismissal. We must, under the unified leadership of the Party Committees, do a good job of guiding workers, together with the relevant government departments, to settle conflicts and resolve disputes." Provincial, municipal and autonomous regional courts further expanded the scope of "temporary dismissal" (*buyu shouli*). For example, the *Guidance and Opinion Regarding Certain Problems in Trying Labour Dispute Cases* promulgated by the Supreme People's Court in Guangdong Province on September 15, 2002 stipulated that courts should not take on disputes arising from SOEs laying off workers and being in arrears on wages during a government-guided restructuring process. In September 2003, the *Notice Regarding Several Types of Cases for Temporary Dismissal* issued internally by the Supreme People's Court in the Guangxi Zhuang Autonomous Region further allowed temporary dismissal of 13 categories of cases "that are broad in scope, highly sensitive, and closely watched by society," including "dispute cases arising from enterprises being in arrears on employee wages due to factors such as the reform or non-productivity of an enterprise, as well as dispute cases of laid-off workers arising from the reform of the labour system."

Privatization disputes involved a much broader range of issues than simple disputes between labour and management. Workers not only made demands for wages, redundancy payments and pensions, they also demanded that corrupt company managers be investigated for administrative and criminal liability and then often questioned the basis of the restructuring policies formulated and implemented by the local government. Since there was no means of resolving privatization disputes through existing arbitration procedures, workers had no choice but to make a formal complaint to the government or pursue other legal avenues, such as suing their employer or filing an administrative suit against the government.

For example, during the restructuring process, enterprises usually laid-off a large group of workers with a form of economic compensation called “status revision” (*shenfen zhihuan*), also known as “seniority buy-out” (*maiduan gongling*). With this measure, many of the government officials in charge of the process and the company managers believed the restructuring had been successfully concluded. The workers, however, harboured a lingering resentment against managements and local governments because of their forced redundancy and insufficient compensation, and the conviction that they had been either tricked or coerced into giving up their jobs. Once unemployed, if they felt that their family’s livelihood was threatened, they were more likely to demand that the government and the enterprise formulate a new economic compensation package, while some younger and middle-aged workers demanded new employment within the enterprise or a job placement by the government. And in order to achieve their demands, workers often utilized provisions in existing civil and administrative law normally outside the scope of labour law. It is also important to note that when protests escalated, as they increasingly did, into strike action and public demonstrations, they could also involve the criminal law and public order regulations.

Privatization disputes have lasted many years and had a significant effect on social stability, especially in areas where the former SOE concerned was the major local employer. Protests could arise both during and for a long time after the SOE restructuring process. There follows a representative list of some of the more significant worker protests that took place in 2005-06 both during and after the restructuring process. In each case we list the key issues involved and the scale and duration of each protest. Because of the extended timeframe and complexity of the disputes, as well as the lack of published material in the official Chinese media, it has not been possible to give a definitive outcome in each case. Much of the information is based on interviews with the workers. It was rarely possible to get a statement from managements or local governments on the case.

Worker protests during the restructuring of SOEs

The primary cause of privatization disputes during the restructuring process in 2005-06 was the failure of government and company managers to strictly implement the relevant central government policies. Many managers took advantage of the lack of public scrutiny to misappropriate state assets and used deceptive and coercive tactics to force employees to accept redundancy with little compensation. Many workers, fearful for their future, boycotted the restructuring process until they were left with no option but to launch a public protest.

Documents issued by the central government have repeatedly emphasized that an enterprise restructuring plan can only be implemented after it is submitted to a meeting of the workers’

Congress or a general employees' meeting for approval.³³ This provision, however, was not implemented in the majority of SOE restructuring cases. Workers' congress meetings were often either abandoned or cancelled by company managers, or became a mere formality. One of the most common reasons cited by workers for engaging in a protest was that, "(t)he restructuring proposal was not approved by a meeting of the workers' congress."

- From September 16 to 19, 2005, more than 300 employees at the Zhongyuan Measuring Instrument Company, in Sanmenxia city in Henan province, went on strike in protest at the company's restructuring proposal. The workers demanded an increase in wages and redundancy payments. The workers said that although the restructuring proposal was approved by the factory's workers' congress, the majority of the employee representatives were managers or were directly delegated by managers, and only a small proportion of representatives was directly elected by the workers.³⁴
- On January 16, 2006, nearly 100 workers at the Qianjiang Chiyu Group in Hubei province staged a sit-in at the municipal government office to demand an investigation into alleged corruption during the company's restructuring. According to the workers, the company was sold for 51.5 million yuan in November, 2005. The company only committed 17.89 million yuan for job reallocation; this proposal was opposed by a workers' congress meeting held on November 24. That same evening, the government transportation bureau, which was the company's supervising bureau, sent people to the homes of the employee representatives and pressured them by saying, "if you don't sign, you don't go to work," thereby forcing the employee representatives to sign the job allocation proposal.
- On March 6, 2006, several thousand workers at the Yunnan Textile Plant in Kunming went on strike because only managers were permitted to attend the meeting of the workers' congress held during that company's restructuring process. Moreover, the proposed redundancy package was only 881 yuan for each year of employment and only calculated up to October 30, 2004.

The central government's policy states that when an enterprise goes bankrupt or restructures, its redundancy package should be based on the employees' monthly wages, calculated on the basis of average wages during in the previous year.³⁵ Company managers and government officials

³³ See the State Assets Supervision and Administration Commission, *Guanyu guifan guoyou qiye gaizhi gongzuo yijian de tongzhi* (Notice of Opinion Regarding the Regulation of the Restructuring of State-Owned Enterprises), issued on November 30, 2003; and *Guanyu jin yi bu guifan guoyou qiye gaizhi gongzuo shishi yijian de tongzhi* (Notice of Implementing Opinion on the Work of Further Regulating the Restructuring of State-Owned Enterprises), issued by the General Office of the State Council on December 19, 2005.

³⁴ "Gujia bei qiangpo xiatie, gongren fen nan ping" (Stock Price Forced Down, Worker Anger Hard to Calm), *China Labour Bulletin* website (http://big5.china-labour.org.hk/public/contents/article?revision_id=65829&item_id=65819).

³⁵ For example, the fourth paragraph of Part Four of the State Assets Supervision and Administration Commission's *Guanyu jin yi bu guifan guoyou qiye gaizhi gongzuo shishi yijian de tongzhi* (Notice of Implementing Opinion on the Work of Further Regulating the Restructuring of State-Owned Enterprises), requires that those enterprises restructuring into non-state-owned enterprises must strictly adhere to relevant laws, regulations and policies in managing the restructuring and labour relationships with employees. Economic compensation must be paid to workers whose labour contracts are terminated and who are let go during the restructuring period. The fifth paragraph requires that, during restructuring, the company must, in principle, pay out in a lump sum any confirmed employee wages, pooled funds, or medical expenses that are in arrears; any misused employee housing subsidy

involved in the restructuring, however, often deliberately set a very low overall employee wage level for the previous year. The resultant redundancy package was, therefore, far from the level desired by the employees, further inciting disputes and protests.

- On June 6, 2005, over 400 workers at the Wuxi Commercial Building in Wuxi city, Jiangsu Province went on strike to oppose the company's restructuring (see the photo below). The restructuring proposal offered 1,850 yuan for each year of employment for employees over 40, and 1,500 yuan for employees under 40. The employees believed that at a time when the building was enjoying good economic productivity, this offer was lower than those of other small SOEs that were not as productive.



*Protestors outside the Wuxi Commercial Building in Wuxi, Jiangsu.*³⁶

- The Chongqing Special Steel Company announced bankruptcy in July 2005. In mid-August, several thousand employees blocked the streets in protest, demanding the redundancy payment of 2,000 yuan for each year of employment set by the municipal government. The workers claimed the annual salaries of company managers and cadres before the bankruptcy were as high as 30,000 to 40,000 yuan, and they could obtain payments of over 70,000 yuan after the bankruptcy, whereas the workers were only being offered 800 yuan per year of employment. Moreover, the company required the workers to pay their own medical insurance contributions.
- Several thousand workers at the Chengdu Engine Factory, a military enterprise, went on strike from July 11 to 15, 2005. Following bankruptcy, the company only offered redundancy payments of 1,200 yuan for each year of employment, about one third the level designated by state bankruptcy policies. The workers said they had expressed their

funds; and any social security funds owed by the company. After restructuring, enterprises must continue to pay in a timely manner each type of social security including pension, unemployment, medical, occupational injury and maternity leave; they must also fulfill the payment of social security fees on behalf of employees.

³⁶ Peacehall.com (<http://www.peacehall.com/news/gb/china/2005/06/200506090429.shtml>).

dissatisfaction with the offer many times but management did not respond and they were left with no option but to strike.³⁷

- In early November of 2005, thousands of construction workers from four state-owned construction companies in Shenzhen protested in the streets. The workers said that during the companies' restructuring early in the year, they had been promised compensation of over 40,000 yuan, whereas they only received 10,000 to 20,000 yuan.

Worker protests after SOE restructuring

Large-scale reforms of SOEs got underway in the mid- and late-1990s, but due to incoherent local government policies and a lack of comprehensive planning, many problems emerged that remained unresolved nearly a decade later. We refer to these problems in this report as the after-effects of restructuring.

After-Effect 1: Laid-off workers demanded either re-employment at their former enterprise or to be granted formal retirement.

According to the Ministry of Labour and Social Security, during the seven-year period from 1998 to 2004, SOEs laid off six out of ten workers, or a total of 30 million people. Between 1998 and 2000, seven to nine million workers were laid off each year.³⁸ In order to achieve their layoff targets, company managers used many deceitful tactics to force workers to sign "agreements to voluntarily terminate the labour contract" (*ziyuan jiechu laodong hetong xieyi*). Several years after the restructuring, when laid-off workers saw that the companies had not closed their doors and gone bankrupt, but rather had seen a gradual improvement in their economic fortunes and that the workers still employed there enjoyed a continual increase in income, this inevitably gave rise to protests.³⁹ During such protests, two kinds of demands were often aired: the first was by young people insisting they had been tricked into terminating their labour contract and demanding to return to work at the company; the second by people nearing retirement age demanding proper compensation or retirement benefits.

- On January 14, 2005, several hundred laid-off workers at the Jingmen Petrochemical Company in Hubei province initiated a four-month protest demanding the restoration of their jobs. The workers claimed they were forced to give up their jobs through the use of coercion, threats and deception by company management.
- About 2,400 workers were laid off from the then Inner Mongolia No. 2 Machine Factory from 1999 onwards. On July 4 and 5, 2005, more than 200 workers staged a sit-in at the front gate of the company, now restructured as the North Heavy Industry Group, demanding their jobs back. The workers claimed that not one of them had voluntarily

³⁷ "Chengdu jungong fadianji gongsi ji qian ming zhigong bagong" (Thousands of Employees Strike at Chengdu Military Engine Factory), Radio Free Asia (<http://www.rfa.org/mandarin/shenrubao/2005/07/15/bagong/>), July 15, 2005.

³⁸ Liu Yingli, "Jinnian gaobie 'xiagang zhigong'" (Saying Goodbye to Laid-Off Workers This Year), *Zhongguo Xinwen Zhoukan* (China Newsweek), March 2005, Issue 220.

³⁹ Tactics often used by company managers included notifying workers that the company was about to go bankrupt and close its doors; telling them that if the labour relationship with the company was terminated as soon as possible, there would be economic compensation,;and that if the labour relationship were not terminated and the company went bankrupt, there would be no compensation whatsoever.

agreed to their seniority buy-out. The management had told them at the time that, if they agreed to a seniority buy-out, they would get a redundancy package that included three years of living expenses, but that if after three years they still had not agreed to a seniority buy-out, they would be considered to have voluntarily left their position and would be taken off the company rolls without any economic compensation whatsoever. However, the workers later discovered that those employees who had turned down the redundancy package were still receiving living expenses from the company and had not been taken off the company pay-roll.⁴⁰

- On September 20, 2005, more than 10,000 laid-off workers from the Anshan Steel Group conducted a protest demanding higher compensation and the restoration of jobs. According to the Xinhua News Agency, the protests began in the latter half of 2004 when the gap between the living expenses paid to laid-off workers (on average 1,000 yuan a month, comparable to the average local salary and much higher than the 205 yuan local minimum social welfare standard), and the income of those workers still employed at Anshan Steel, began to increase significantly.⁴¹
- On November 29, 2005, several thousand unemployed workers originally with the Shengli Oil Field blocked the oil field management offices for several days, demanding a dialogue with company managers. In early 2000, the management had claimed the oil field had difficulty continuing operations and faced an uncertain future, with the possibility of bankruptcy. At that time, 20,000 workers signed agreements with the oil field to accept lay-offs. With the increase in oil prices, the oil field's profits increased and those still employed received large pay rises. Many laid-off workers believed they had been cheated and demanded that management justify the layoffs or restore their jobs.

After-Effect 2: Managers or local governments refused to strictly implement central government policy regarding restructuring, or reneged on promises made during restructuring, leading to workers' protests.

- On February 3, 2005, more than 100 teachers employed at 14 schools under the Sichuan Petroleum Administration Bureau engaged in a sit-in at the Sichuan Petroleum head office in Chengdu, carrying signs saying "peaceful protest" and "hunger strike." During the restructuring process, the schools had been transferred to the local government, which however refused to implement relevant central government requirements, resulting in a reduction in the teachers' wages.⁴²

⁴⁰ "Gongling maiduan, zhigong he qu he cong (yi)" (With Seniority Bought Out, What are Workers to Do? (1)), *China Labour Bulletin* website (<http://big5/china-labour.org.hk/public/contents/article?revisionpercent5fid=64752&itempercent5fid=64751>).

⁴¹ Wang Zhenhong, Wang Jintao, Chu Guoqiang, Wan Dong, "Dangqian guoqi gaige maodun fenxi" (An Analysis of Current Contradictions in the Restructuring of State-Owned Enterprises), *Xinhua Wang Liaoning Pindao* (Xinhua News Agency Liaoning Channel) website (http://www.dl.xinhua.org/jizhe/2006-07/25/content_7600300.htm), July 25, 2006.

⁴² "Sichuan shiyou guanliju qiban jiaoshi zhanqilai (1)" (Instructors at Sichuan Petroleum Management Bureau Stand Up (1)), *China Labour Bulletin* website (<http://big5/china-labour.org.hk/public/contents/article?revisionpercent5fid=67319&itempercent5fid=67318>).

- On October 25, 2005, more than 400 workers staged a strike at the An County Paper Factory in Sichuan over the continued failure of the county government to pay economic compensation and social security expenses promised to workers.
- On May 10, 2006, more than 700 retired teachers from kindergartens and vocational schools, attached to what were originally SOEs in Yunnan Province, gathered to stage a sit-in at the front gate of the provincial government office. They demanded payment of benefits equal to those of elementary and secondary teachers, as stipulated in the *Teachers Law of the People's Republic of China* and the *Notice Regarding the Problem of Appropriately Managing Benefits for Retired Teachers from Elementary and Middle Schools Attached to State-Owned Enterprises*, issued by the General Office of the State Council on January 20, 2004. Many of the retired teachers had been fighting for their rights since the end of 2004.⁴³

After-Effect 3: The standard of living for a large number of workers declined rapidly after they were laid-off.

Even if they received unemployment or social security benefits, many could still only maintain the most basic standard of living. Most of these workers were between the ages of 40 and 50 when they were laid off. Due to their age and lack of useful skills, they had a difficult time finding a stable job at a comparable income. Since they had not reached the legal retirement age, they could not obtain retirement benefits.

- On April 23, 2005, more than 1,000 employees from the Shehong County Silk Factory in Sichuan Province staged a sit-in protest in front of the county government, demanding that the government revise its economic compensation scheme for the employees. When the county-owned silk factory declared bankruptcy in 2000, the employees were only given 120 yuan a month in living expenses. Five years later, on April 22, 2005, the county government issued an economic compensation scheme for the employees, setting the basic compensation at 4,500 yuan and adding 606 yuan for each year of employment. However because the scheme also required workers to pay their own pension and insurance contributions for the years 2000-2005, the workers claimed they would have virtually nothing left after their pension and insurance contributions.⁴⁴

In another scenario, when laid-off workers tried to make a living by setting up their own small business, they came into conflict with the local government's efforts to improve the appearance of the city.

- In November 2006, as part of its campaign to improve the urban environment in preparation for the Asian Winter Games, the northeastern city of Changchun banned unlicensed motorized pedicabs from entering the city. Most unlicensed pedicab operators were laid-off workers who could not afford to pay the license fee. On November 27, about 300 pedicab operators staged a sit-in demonstration at the gates of the Shuangyang

⁴³ "Yunnan tuixiu jiaoshi zhengqu gongwuyuan biao zhun daiyu" (Yunnan Retired Teachers Fight for Public Employee Standard Benefits), *China Labour Bulletin* website (http://big5/china-labour.org.hk/public/contents/article?revision_percent5fid=72044&item_percent5fid=72041).

⁴⁴ "17 nian de gongzuo zhi huanlai 7 qian yuan pochuan buchangjin? (er)" (17 Years of Work Bring Only 7,000 Yuan in Bankruptcy Compensation?(2)), *China Labour Bulletin* website (http://big5/china-labour.org.hk/public/contents/article?revision_percent5fid=6466&item_percent5fid=64658).

district government in Changchun, contending that before the government banned the pedicabs, it should have made appropriate arrangements for the employment and placement of laid-off workers.⁴⁵

2. General Labour Disputes

In the private sector, by far the most important source of conflict between labour and management has been the non-payment of wages, in particular the non-payment of wages to migrant workers. For example, between January and September 2005, the Guangzhou Municipal Labour and Social Security Bureau accepted and handled a total of 36,408 complaints of non-payment of wages. The bureau's director was quoted by the media as saying that over 95 percent of all labour protests occurred because of companies owing wages to employees.⁴⁶

- In the afternoon of August 25, 2005, nearly 600 workers from the Baoying Shoe Factory in Guangzhou blocked the streets in a protest over wages in arrears. The factory had not paid any wages since April of that year. The workers had sought out the factory director on several occasions to ask for their wages, but were told that "the factory is going through a difficult period, and we hope the workers can stand together with the factory in getting through it." By August, the factory director had disappeared and, for the workers, even getting enough food had become a problem.⁴⁷
- On September 29, 2005, more than 100 workers from the Zhiye Shoe Factory in Guangzhou took to the streets demanding that the factory pay their back wages. When the factory opened in June that year, the workers had been promised that wages would be paid monthly, but the August wages had not been paid by the second half of September. After several fruitless attempts to inquire with those responsible at the factory, the workers finally took to the streets in protest.⁴⁸
- On October 15, 2005, more than 200 workers from the Yongxiang Shoe Factory in the Baiyun District of Guangzhou blocked the sidewalk in front of the factory gates, demanding their wages. According to a report on the Baiyun District government website, the factory, a joint-venture between a Taiwanese company and the Jiahe Sub-District of Baiyun, was bankrupted by the Taiwanese partner leaving 1.6 million yuan in unpaid wages.⁴⁹

⁴⁵ "Changchun sanlun motuoche chezhu jingzuo shiwei (3)" (Changchun Motorized Pedicab Operators Demonstrate (3)), *China Labour Bulletin* website (<http://big5/china-labour.org.hk/public/contents/article?revisionpercent5fid=97121&itempercent5fid=97120>).

⁴⁶ Ting Yun, "Guangzhou xiang Quanguo Renda jianyi xingshi zhicai eyi qianxinzhe" (Guangzhou Suggests National People's Congress Punish Malicious Wage Withholders), *Xinxi Shibao* (*Information Times*), taken from the *Xinlang Wang* (*Sina.com*) website (<http://gd.news.sina.com.cn/local/2005-11-16/1904282.html>), November 16, 2005.

⁴⁷ Ibid.

⁴⁸ "Guangzhou xiechang bai yu ming gongren tao xin long jing zahuai shu liang jingche" (In Pursuit of Wages, Over 100 Workers from Guangzhou Shoe Factory Attack Police, Destroy Numerous Police Cars), *Xinxi Shibao* (*Information Times*), taken from the *Beijing Guangbo Wang* (*Beijing Music Radio*) website (<http://web05.bjradio.com.cn/98/2005-9-30/3@14035.htm>), September 30, 2005.

⁴⁹ Jiahe Street, "Jiahe jie xianei Yongxiang Xieye Youxian Gongsi qian xin shijian de qingkuang" (Regarding the Situation of Yongxiang Shoe Company on Jiahe Street Owing Back Wages), *Baiyun Xinxi Wang* (*Baiyun Information Network*) website (<http://www.by.gov.cn/cn/news/content.asp?id=200510181033449586>), October 18, 2005.

- 140 workers from the Pushu Clothing Company in Hangzhou staged two protests from December 22 to 29, 2005 demanding their rightful wages. According to the local Labour and Social Security Bureau's website, the company's previous owner absconded with company funds during the sale, leaving the employees without pay for one and a half months.⁵⁰
- 300 workers at the Longgang district Jinbao Factory in Shenzhen staged four separate street blockades from April 7 to 9, 2006, demanding the payment of over two million yuan in back wages.⁵¹

Apart from non-payment of wages, another cause of worker protests was low wages or managements' embezzlement of a part of those wages.

- On February 26, 2005, nearly 1,000 workers at a factory in Shenzhen printing Hong Kong periodicals gathered near the Buji Township government, to protest the management's "fake" wage increase. The workers' basic wage, based on an eight-hour day, was 380 yuan a month, with the factory also paying room and board. On the afternoon of the 26th, the factory suddenly announced that workers' wages would be raised to 480 yuan, but at the same time required workers to work ten hours per day and pay 150 yuan in food expenses each month. In other words, this amounted to two additional hours work each day for 50 yuan less each month.⁵²
- On March 26, 2005, some 300 workers from the Qinghai Motor Factory in Guangzhou's township of Shajing blocked the streets, demanding an increase in wages. Some workers told reporters they could only obtain their designated wages by working excessive overtime shifts. One worker showed reporters a wage chart indicating that her entire monthly wage for the month of December, 2004 was only 550 yuan, significantly lower than the standard minimum wage in Guangzhou, even though it included wages for overtime work.⁵³
- In the afternoon of June 3, 2005, some 3,000 workers at the Futai Wool Knitwear Factory in Zengcheng, Guangdong launched a strike over low wages. The workers' monthly wages were only 700 or 800 yuan per month with a very heavy workload. In May, public security officials ordered workers renting rooms at the factory to pay a sanitation fee of

⁵⁰ "Hangzhou Pushu Fushi Youxian Gongsi 140 ming yuangong rushu lingdao bei qian de gongzi" (140 Employees of Pushu Clothing Company in Hangzhou Obtain Full Back Wages), Hangzhou Shangcheng District Labour and Social Security Bureau website (http://www.shangcheng.gov.cn/subsite/ldj/displaynews.jsp?docid=20061230093159_49), December 30, 2005.

⁵¹ Li Nanling, "3 ming gongchang gaodeng renyuan shandong yuangong dulu bei xingkou" (Three Factory Managers Punished for Inciting Employees to Block Streets, *Xinhua Wang* (Xinhua News Agency) website (http://www.gd.xinhuanet.com/newscenter/2006-04/13/content_6728458.htm), April 13, 2006.

⁵² "Shen Buji qian ren kangyi" (A Thousand Protest in Buji, Shenzhen), *Wenhui Bao* (Wen Wei Po), taken from the *Xianggang Wenhui Bao Zhushanjiao Xinwen Wang* (Wen Wei Po Pearl River Delta News Network) website (<http://www.wwprd.com/news/200522811237-1.shtml>), February 28, 2005.

⁵³ Kang Haifeng, "Guangzhou 300 ming lao yuangong wei kangyi xin yuangong zhangxin du guodao 2 xiaoshi" (Protesting Increase in New Employee Wages, 300 Senior Guangzhou Employees Block Highway for Two Hours), *Nanfang Dushi Bao* (Southern Metropolis News), taken from the *TOM Xinwen Wang* (TOM News Network) website (<http://news.tom.com/1006/3877/2005327-1987372.html>), March 27, 2005.

15 yuan per month. On June 2, the workers asked for a wage increase. The factory promised an answer that same day, but did not respond, leading to the strike.⁵⁴

- On July 4 and 5, 2005, nearly 1,000 workers at the Meixing Shoe Company in Zhuhai, Guangdong went on strike to protest management's lowering of their wages. Work hours at the factory were as high as 81 hours per week, but overtime payments were less than regular wages. Workers received no paid vacation, maternity leave, or health insurance. Workers had conducted strikes on two other occasions, in April of 2004 and May of 2005.⁵⁵
- On July 27, 2005, more than 500 workers from the Toshiba Dalian Company, located in the development zone in the city of Dalian, went on strike as the management increased the production line speed while paying low wages. The strike spread to other Japanese-invested enterprises in the Dalian development zone. Eventually it involved some 30,000 workers at over a dozen enterprises, including Mitsubishi, Toshiba, Nissan Electric, Shin Nippon Koki (SNK) and Asahi Textiles.⁵⁶

The blatant violation of labour laws and regulations by some private enterprises also led to protests.

- On March 3, 2005, nearly 100 workers at the Baoji Handicraft Company in Shenzhen surrounded the main factory after being dismissed with no severance pay. The workers had received an "early holiday" notice from the factory in the second half of October, in which the factory promised they would be able to return to work in March of 2005. When the workers returned to the factory on March 2, they were not allowed to enter and were told they had been dismissed without compensation.
- On the afternoon of June 29, 2005, more than 20 workers at the Beijing headquarters of the Siemens Corporation unfurled a banner in front of the company gates protesting layoffs of workers and unfair treatment of Chinese employees. According to media reports, this was the first time that Chinese employees had openly protested at a transnational company operating in China. The causes of this protest included a more than ten-fold wage gap between German and local employees working in the same positions and at the same productivity level.⁵⁷

⁵⁴ "Gongren yaoqiu jia xin yinfa chongtu" (Worker Demand for Wage Increase Sparks Conflict), *Xin Kuai Bao* (New Express), taken from the *Chongqing Wanbao* (Chongqing Evening Post) website (<http://www.cqwb.com.cn/webnews/htm/2005/6/5/143653.shtml>), June 5, 2005.

⁵⁵ "Zhuhai Meixing Zhixie Youxian Gongsi diaocha baogao" (Investigative Report from the Meixing Shoe Making Company in Zhuhai), *China Labor Watch* website (http://www.chinalaborwatch.org/php/web/article.php?article_id=688), July 6, 2005.

⁵⁶ Zhan Yanhui, "Dalian riqi yuangong bagong shijian diaocha" (An Investigation of the Strike against Japanese Enterprises in Dalian), *Fenghuang Zhoukan* (Phoenix Weekly), Issue 34, (Vol. 203), 2005, pp. 28-31.

⁵⁷ Zou Shan, "Ximenzi (Zhongguo) caiyuan yin kangyi, Zhongguo yuangong yaoqiu daiyu pingdeng" (Siemens China Layoffs Cause Protest, Chinese Employees Demand Equal Treatment), *Xinjing Bao* (The Beijing News), taken from the *Xinhua Wang* (Xinhua News Agency) website (http://news.xinhuanet.com/fortune/2005-07/01/content_3163115.htm), July 1, 2005; Duan Yusheng, "Ximenzi Shouji caiyuan shexian guobie qishi, yuangong lachu hengfu kangyi" (Nationality Prejudice Suspected in Siemens Wireless Layoffs; Workers Unfurl Banner in Protest), *Dongfang Zaobao* (Oriental Morning Post), taken from *Renmin Wang* (People's Net) website (<http://it.people.com.cn/GB/1068/42900/3518409.html>), July 5, 2005.

- On April 4, 2006, several thousand workers at Ruifeng Timber Co Ltd. in Shenzhen attempted to present a petition at the Qilin Mountain Villa where Chinese leaders were staying, protesting at the company's compulsory overtime system (see photo below).⁵⁸



Workers attempt to present a petition to government leaders in Qilin

- From November 1 to 3, 2005, over 3,000 workers at Del Coro Co Ltd. (a wholly-owned Italian company) in Shenzhen went on strike in protest at the beating of several workers' representatives who had asked for an audit of wages by the Italian manager.⁵⁹

Silicosis is an endemic problem in China's gemstone industry. However, many factories have sought to avoid liability by providing forged or misleading medical reports. (For a detailed account of the problem see CLB's English language research report *Deadly Dust: The Silicosis Epidemic among Guangdong Jewellery Workers and the Defects of China's Occupational Illnesses Prevention and Compensation System.*)

- From March 15 to 17, 2005, nearly 5,000 workers at a jewellery factory in Foshan, Guangdong, staged a three-day strike, demanding independent medical examinations after 12 workers who had at their own expense undergone medical checks were diagnosed with suspected silicosis. The workers claimed that although the factory itself had arranged for physical examinations for its employees every year, the examination results were always "normal."⁶⁰
- On May 10, 2005, several hundred workers at the Eryou Jewellery Materials Company in Foshan blocked a major highway in protest at the management's failure to provide workers with reliable health checks after several workers were diagnosed with silicosis in 2003.

⁵⁸ Singtaonet (http://www.singtaonet.com/global/head/t20060404_181503.html)

⁵⁹ "Baoli he zhiye bing – gongren miandui de weixie" (Violence and Occupational Illness – Threats Workers Face), *China Labour Bulletin* website (http://big5/china-labour.org.hk/public/contents/article?revision_percent5fid=68809&item_percent5fid=68808).

⁶⁰ Long Xiao, Ye Cuishan, "Shoushigong yi ran chenfeibing ruyuan" (Jewellery Factory Workers Hospitalized with Suspected Silicosis), *Shibao (The Times)*, taken from the *Suohu Wang (Sohu.com)* website (<http://news.sohu.com/20050319/n224761712.shtml>), March 19, 2005.

Urban workers employed in the private sector increasingly used strike action in 2005-06 to protest management abuses.

- On February 1, 2005, some 2,000 employees at the Dazhou Cotton Textile Factory in Sichuan went on strike to demand they be laid off with a living allowance paid by the factory. The factory had entered bankruptcy proceedings and was temporarily leased to a private operator. According to the strikers, the contractor had embezzled their wages and so they were only able to take home around 300 yuan each month. As such, it was better to be laid-off and seek employment elsewhere.⁶¹
- On December 30, 2005, several hundred employees at the newly privatized Chengdu People's Department Store in Sichuan went on strike and protested at the municipal government office against the management's violations of employee rights, beating, chastising and searching employees arbitrarily. On December 29, store security personnel beat and injured employee representatives who had sought to discuss employee benefits with the management.

During 2005-2006, the income gap between the managers of some state-owned holding corporations and the rank and file gradually increased.

- On July 23, 2005, more than 3,000 workers went on strike at the Changba Lead-Zinc Mine in Longnan county, Gansu. The mine, owned by the Baiyin Non-Ferrous Metals Corporation, a subsidiary of the China Non-Ferrous Metals Corporation, had more than tripled its production capacity since 1999 but the number of rank and file workers had not increased, and wages had not risen since 1995. Management benefits however steadily grew, including 400 yuan per month in subsidies and 200 yuan to reimburse telephone expenses.
- Nearly 6,000 employees at the Feiya Textile Company in Huaibei, Anhui province, went on strike for five days from October 31, 2005, in protest at the growing wage gap between workers and management. According to the workers, they had not received a pay rise for ten years and the lowest monthly wage for the rank and file was only 400 or 500 yuan, whereas the income of team leaders and workshop managers reached 1,500 to 3,000 yuan. The monthly income of the company's managing director was even higher, at 6,000 yuan.
- On February 10, 2006, nearly 1,000 workers at the Heze Cotton Textiles Factory in Shandong province went on strike over low pay. The factory operated a contract system, but even after productivity went up, the monthly income of rank and file workers remained only just over 400 yuan. There were no benefits whatsoever and workers even had to pay for water consumed during work hours. The wages of the management, however, were several times those of the workers; the annual income of the factory manager and assistant manager reached tens of thousands of yuan.⁶²

⁶¹ "Sichuan Dazhou Mianfang Chang 2,000 duo ming zhigong fadong 4 tian bagong" (Over 2,000 Employees Begin Four-Day Strike at Dazhou Cotton Textile Factory in Sichuan), *China Labour Bulletin* website (http://big5/china-labour.org.hk/public/contents/article?revision_id=16924&item_id=16923).

⁶² "300 duo yuan gongzi de buman" (Dissatisfaction with 300-yuan Wage), *China Labour Bulletin* website (http://big5/china-labour.org.hk/public/contents/article?revision_id=68764&item_id=68746).

Chapter 3. An Analysis of Worker Protests

In all the disputes detailed in the previous chapter, there was either no trade union at the enterprise to represent workers' interests or the union in place was ineffective and unrepresentative. All of the SOEs undergoing restructuring had unions. If the unions had been able to actively participate in the restructuring process from the outset, bringing up worker demands and negotiating with the government officials and enterprise managers conducting the restructuring over economic compensation and post-layoff re-employment and social security, the violations of workers' rights caused by enterprise restructuring might not have reached the levels seen today. Nor would the worker protests caused by restructuring have persisted from the late 1990s until now.

Workers' demands for greater economic compensation and appropriate job placements might have increased the costs of restructuring. However, if unions had been actively involved in the restructuring process, they could have monitored managements' misappropriation of state assets, thereby greatly decreasing the "corruption costs" of restructuring. A proportion of these savings would have been sufficient to pay for a reasonable increase in compensation payments to workers, and for establishing an effective re-employment service and training organization to mitigate or eliminate the after-effects of SOE restructuring. The active participation of unions in the restructuring process would therefore not only have protected workers' rights, but also have produced tangible social, political and economic benefits.

Similarly, if unions had been able to negotiate with owners of restructured and private enterprises issues such as wages, work safety, shifts and living conditions, they could have conveyed worker-rights complaints to management in a timely manner. However, because of the inability or failure of basic-level unions within the ACFTU to protect workers rights, workers were left with essentially two options; either to quit and "vote with one's feet" (*yong jiao xuanze*) as workers increasingly did in 2005-06 in areas such as the Pearl River Delta where there was a severe labour shortage, or to protest and fight for their rights. There was a clear increase in 2005-2006 in the proportion and number of protests by migrant workers. Most of these disputes were collective in nature, arising for example when an employer owed back wages to the entire workforce or arbitrarily lowered wages. Workers increasingly realized that the best way to gain attention and support for their demands was to stage a strike, a public demonstration or a blockade. With outside support, there was often a greater chance of a favourable resolution. Among the series of protests by Guangdong migrant workers in pursuit of wages and compensation for occupational illness, described above, virtually all involved mass demonstrations blocking highway or public areas.

With no mechanism within enterprises to alleviate labour-management tensions, worker dissatisfaction often built up over a long period of time, and protests were often sparked off by a specific incident. The November 2005 incident at Del Coro in Shenzhen, in which worker representatives requesting a review of their wages were severely beaten, is one such example. There had been long simmering discontent at the company's management methods and working conditions. The company had paid no social security expenses at all for the workers and had not told workers they had come into contact with hazardous substances during the production process. After some workers contracted occupational illnesses, the company refused to arrange

physical examinations for the other workers.⁶³ The beating incident was the final straw. More than 3,000 workers participated in the strike.

Violations of Workers' Economic Rights and Interests

During 2005-2006, the primary cause of protests continued to be the violation of workers' economic rights and interests. Workers from former SOEs raised the issues of re-employment, redundancy payments, pensions and medical insurance. In the case of the Shehong County Silk Factory protest mentioned in the previous chapter, for example, the workers demanded that the government pay their pension and insurance contributions from 2000 to 2005, lower the minimum retirement age to 40 for women and 50 for men, and that, before retirement, the government give them a living allowance subsidy of 120 yuan per month.⁶⁴ The government's original offer, which did not include pension and insurance contributions, would have left many workers with virtually nothing.

Retired workers also often demanded that the government increase their pension benefits and guarantee their basic medical insurance. In July 2004, for example, several thousand retired workers from more than ten former SOEs in Hangzhou began a series of demonstrations and sit-ins at local government offices that lasted until the end of 2006. One demonstration organizer told CLB that he had been employed for 37 years but that his pension was less than 1,000 yuan per month. He could barely survive in Hangzhou on this meager amount and could not afford to get sick, because medical and hospitalization expenses would only be reimbursed if they were over 800 yuan.⁶⁵

Migrant workers in private enterprises most commonly demanded payment of wages in arrears, salary increases, and improved working conditions. Low wages were the reason for the strikes in September of 2005 by 30,000 workers from more than ten Japanese-invested enterprises in the Dalian development zone. At that time, the average annual wage in Dalian city was 18,709 yuan, but the monthly wage of workers in the development zone was only about 500 yuan and, in some small Japanese-invested enterprises, only 400 yuan. The workers had to rely on overtime work to increase their income. Even with that, the highest income one could earn was 1,000 yuan.⁶⁶ At the Ruifeng timber company in Shenzhen, workers were required to perform three hours of "voluntary overtime" each day, without overtime pay. In the period leading up to the workers' protest, Saturday was added as a "voluntary overtime day." In a 200-person workshop, workers had just one temporary pass between them to leave their post. Workers had to carry such a pass to use the bathroom or drink water; otherwise they would be deemed to be skipping work and would be fined 10 to 20 yuan.

⁶³ "Baoli he zhiye bing – gongren miandui de weixie (2)" (Violence and Occupational Illness – Threats Workers Face (2)), *China Labour Bulletin* website (http://big5/china-labour.org.hk/public/contents/article?revision_id=68824&item_id=68823).

⁶⁴ "17 nian de gongzuo zhi huanlai 7 qian yuan pochan buchangjin? (san)" (17 Years of Work Bring Only 7,000 Yuan in Bankruptcy Compensation? (3)) *China Labour Bulletin* website (http://big5/china-labour.org.hk/public/contents/article?revision_id=64671&item_id=64667).

⁶⁵ "Tuixiule, shenghuo que wu baozhang (yi)" (Retired without a Guaranteed Living (1)), *China Labour Bulletin* website (http://big5/china-labour.org.hk/public/contents/article?revision_id=68189&item_id=68187).

⁶⁶ Zhan Yanhui, "Dalian riqi yuangong bagong shijian diaocha" (An Investigation of the Strike against Japanese Enterprises in Dalian), *Fenghuang Zhoukan (Phoenix Weekly)*, Issue 34, (Vol. 203), 2005, pp. 28-31.

While most protests did center on specific economic concerns, some disputes focused on wider social or political issues. For the first time since the introduction of economic reforms in China, workers at the Japanese-invested Uniden Electronics Corporation in Shenzhen went on strike to demand the establishment of a trade union. On April 17, 2005, some 16,000 workers at the company went on strike for three days, demanding the establishment of a labour union. This was the fourth time the workers had gone on strike since 2000. And with the assistance of the ACFTU in Shenzhen's Bao'an District, the workers finally established a union on July 30, 2005. This proved to be a rather hollow victory, however, as the management was allowed to nominate the union officers. This was only one example of workers demanding the establishment of a union. Given the increasing tensions between labour and management and the lack of any real mediating mechanism, it was by no means the last.

In our previous report, we noted that workers' protests from 2000 to 2004 tended to be isolated incidents. However, in 2005-06, due to the availability of the Internet and other means of communication, workers orchestrated increasingly coordinated campaigns and protests. The long-term protest by laid-off employees of the National Geological Survey is a good example. In 1998, the National Geological Survey began to lay off employees through the use of seniority buy-outs. The laid-off employees soon discovered their redundancy payments were insufficient to make ends meet. In 2000, they started to lobby for a return to work or appropriate retirement benefits. Initially, this protest took place on a province by province basis, but because no resolution could be reached, representatives from Hunan, Guangxi, Jiangxi, Zhejiang, Sichuan, and Heilongjiang coordinated by telephone and email a visit to Beijing in September 2006 to issue a formal complaint to the Petitions Office, the National Geological Bureau and the China National Nuclear Corporation's Bureau of Geology.⁶⁷

The 2005 strikes at the Dalian Development Zone mentioned in the previous chapter spread largely because the 529 Japanese-invested enterprises in the zone were densely packed together. Factory buildings and worker dormitories adjoined each other, making it easy for workers from the different companies to communicate with each other. When workers heard of the successful strike at the Toshiba factory on July 27, which led to a wage increase of 150 yuan a month, news spread quickly and workers at ten other companies went on strike with similar demands.⁶⁸

The Ability of Workers to Organize Protests is Improving

In the past, the biggest obstacles to workers organising protests were the lack of an effective union to plan and organize the protests, and a shortage of workers who were both able and willing to lead them. Although workers participating in the Dalian Development Zone strikes claimed there was no strike leader and that no leaders were needed since they were united in spirit,⁶⁹ it is clear that ten strikes involving 30,000 workers, all making the same demand, could not have occurred without some kind of pre-planning and organisation.

⁶⁷ See "Chuan Xiang Gui dizhi kantan xitong maiduan gongling taolun (5)" (A Discussion of Geology System Seniority Buy-Outs in Sichuan, Hunan, Guangxi (5)), *China Labour Bulletin* website (http://big5/china-labour.org.hk/public/contents/article?revision_id=90308&item_id=90307).

⁶⁸ Zhan Yanhui, "Dalian riqi yuangong bagong shijian diaocha" (An Investigation of the Strike against Japanese Enterprises in Dalian), *Fenghuang Zhoukan (Phoenix Weekly)*, Issue 34, 2005 (Vol. 203), pp. 28-31.

⁶⁹ *Ibid.*

In some protests, however, worker representatives and organizers openly identified themselves as protest leaders. The Chongqing Special Steel Factory protests, mentioned in the previous chapter, lasted from mid-August until early October 2005 when the workers' demands were rejected by the municipal government. On the afternoon of October 5, organizers convened a meeting at which one workers' leader made an appeal to continue their resistance. Although the result of this appeal is unclear, it does indicate that workers were willing to stand up and be counted. Similarly, during the protest in Hangzhou in which several thousand retired workers fought for retirement benefits and basic medical insurance, several workers openly applied to the Hangzhou Public Security Bureau for permission to demonstrate. According to one organizer, retired workers from different enterprises each had their own representative, some of whom were former production managers or factory managers.⁷⁰

There were only a few examples in 2005-06 of workers willing to openly identify themselves as leaders and organizers. The risks of criminal prosecution for disrupting public order are still great and the fact that any workers were willing to put themselves on the line at all indicates the depth of feeling they had for their cause. Of course, if the climate of fear in China could be lessened and workers could organize their own democratically elected unions, the organizers of such protests could openly, legally appear as union organizers or leaders and bring up demands for workers' rights through negotiation. In this way they could, at the very least, improve the current situation in which there are no worker representatives with whom government and management could conduct a dialogue during protests.

Worker Protests have become a Focus of Academic Study

In our 2000-04 report we noted that worker protests had gained limited support from academics and lawyers. However in 2005-2006, not only did academics and the legal profession begin to show a greater interest in and sympathy for worker protests. The general public began to see such protests in a more positive light and not simply as events disrupting social order and stability. Academics have suggested that mass protests are natural phenomena that should be expected during a transitional phase of society. Moreover, they argued, protests had the beneficial effect of raising public awareness of individual and collective rights and the determination of others to fight for those rights.⁷¹

A debate evolved in academic circles on the nature and causes of China's worker protests. Tong Xin argued that a "socialist cultural tradition" (*shehui zhuyi wenhua chuantong*) is the wellspring of worker protests. He suggested that this tradition remained ingrained in the workforce during the period of economic reform and became a force in uniting workers in a common goal.⁷² By contrast, He Weihua argued that the market economy had fundamentally changed people's

⁷⁰ "Tuixiule, shenghuo que wu baozhang (yi)" (Retired without a Guaranteed Living (1)), *China Labour Bulletin* website (<http://big5/china-labour.org.hk/public/contents/article?revision=percent5fid=68189&item=percent5fid=68187>).

⁷¹ Chen Jinsheng, Zhang Tao, "Quntixing shijian xingzhi, yuanyin de bianzheng fenxi" (A Dialectical Analysis of the Nature of and Reasons for Mass Protests), *Zhonggong Shanxi Shengwei Dangxiao Xuebao* (*Journal of the Shanxi Provincial Communist Party School*), Issue 26 No. 3, 2006, pp. 40-41.

⁷² Tong Xin, "Yanxu de shehui zhuyi wenhua chuantong – yi qi guoyou qiye gongren jiti xingdong de ge'an fenxi" (The Continuing Socialist Cultural Tradition – a Case Study of Worker Protests at State-Owned Enterprises), *Shehuixue Yanjiu* (*Sociological Studies*), Issue 1, 2006, pp. 59-76.

thinking and behaviour. He believed that a free, constitutional governmental and property system based on Enlightenment principles was being created, and that it was this process that was giving rise to the nascent civil rights movement we see in China today.⁷³

Feng Chen used the concept of a “the right to subsistence” (*shengcun de quanli*) to explain the worker protests during the reform of SOEs and suggested that the sudden and dramatic decline in their quality of life led to anger and resentment, manifested as protest.⁷⁴ Michael Zhang contended that workers had been marginalized during the restructuring of SOEs. Workers’ rights and interests had not been the focus of local governments and those manipulating the process took advantage of their information monopoly to operate in violation of laws and regulations, keeping workers out of the loop. When workers lost their status as SOE employees, they became devalued in society and the resentment at this gradual process of marginalization, Zhang argued, has been the root cause of the repeated wave of worker protests seen since the early part of this decade.⁷⁵

Research indicates that many social groups impoverished during the economic reform process experienced a basic sense of deprivation (*boduo gan*), which could be a major factor leading to protests.⁷⁶ Related to this sense of deprivation is an acknowledgement of class consciousness. In a rapidly changing society, corresponding changes in people’s economic status make them extremely sensitive to their own gains and losses, and an explicit consciousness of class or social status may result.⁷⁷ Behind such a sense of deprivation and class consciousness often lies resentment on the part of weaker groups toward the government or more powerful groups. If such resentment is allowed to accumulate with no systematic channel for release, it is highly likely to explode into protest.⁷⁸

⁷³ He Weihua, “Da guimo qunti chongtu shijian beihou de shehui lixing goujian dongli yu wenming jin Cheng” (The Rational and Civilizing Forces Behind Large-Scale Mass Conflicts), *Boxun Wang* (*Boxun News Network*) website (http://boxun.com/hero/2006/hewh/206_1.shtml), November 16, 2006.

⁷⁴ Chen, Feng, “Subsistence Crisis, Managerial Corruption, and Labor Protest in China,” *The China Journal*, July 2000, pp.41-63.

⁷⁵ Zhang, Michael, “The Social Marginalization of Workers in China’s State-Owned Enterprises,” *Social Research*, Issue 73, No. 1 (Spring) 2006, pp. 159-184.

⁷⁶ For research related to the “sense of deprivation” (*boduo gan*) see Liu Xin, “Xiangdui boduo diwei yu jiecheng renzhi” (Recognition of Deprived Status and Class), *Shehuixue Yanjiu* (*Sociological Studies*), Issue 1, 2002, pp. 81-90; Li Peilin, “Shehui chongtu yu jiecheng yishi – dangdai Zhongguo shehui maodun yanjiu” (Social Conflict and Class Consciousness – Research on Social Conflicts in Contemporary China), *Shehui* (*Society*), Issue 1, 2005, pp. 7-25; Yu Jianrong, “Zhuanxing qi Zhongguo de shehui chongtu – dui dangdai gongnong weiquan kangzheng huodong de guancha he fenxi” (Social Conflicts in Transitioning China – a Survey and Analysis of Contemporary Worker and Peasant Civil Rights Activities), *Fenghuang Zhoukan* (*Phoenix Weekly*), Issue 7, (Vol. 176), 2005; Li Jun, “Xiangdui boduo lilun yu ruoshi qunti de xinli shudao jizhi” (On the Deprivation Theory and a Psychological Guidance Mechanism for Weak Groups), *Shehui Kexue* (*Social Science*), Issue 4, 2004, pp. 74-78; Zhang Haidong, “Chengshi jumin dui shehui bu pingdeng xianxiang de taidu yanjiu” (A Study of Urban Residents’ Attitudes Towards Social Inequities), *Shehuixue Yanjiu* (*Sociological Studies*), Issue 6, 2004, pp. 11-22; Zhang Yi, “Zhongguo chengshi shehui jiecheng chongtu yishi yanjiu” (A Study of the Awareness of Social Class Conflicts in China’s Cities), *Zhongguo Shehui Kexue* (*China Social Science Digest*), Issue 4, 2005, pp. 115-129.

⁷⁷ Liu Xin, “Xiangdui boduo diwei yu jiecheng renzhi” (Recognizing Deprived Status and Class), *Shehuixue Yanjiu* (*Sociological Studies*), Issue 1, 2002, pp. 81-90.

⁷⁸ Zeng Peng, Dai Lichao, Luo Guancui, “Zai jiti kangyi de beihou – lun Zhongguo zhuanxing qi chongtuxing jiti xingdong de shehui qingkuang” (Behind Collective Protests – A Discussion of the Social Circumstances of Collective Conflicts during China’s Transition), *Dangdai Zhongguo Yuanjiu* (*Modern China Studies*), Issue 2, (Vol. 93), 2006.

Worker Protests due to the After-Effects of SOE Restructuring

In early 2005, some scholars suggested that urban workers laid off during the restructuring of SOEs might protest for a short period, but that their fate was essentially sealed and there was not much they could achieve. The focus of workers' rights protest would then shift to a conflict between capitalists and hired labour, including migrant workers, mainly from the countryside.⁷⁹ However, in 2005-2006, more and more workers, struggling to make a living since being laid-off from SOEs, continued to organize protests.

Although the central government established a "three-stage guarantee" (*san tiao baozhang xian*) system for laid-off workers, designed to protect their basic livelihood, unemployment benefits and the minimum subsistence allowance for urban residents, these measures failed to restore social equity. Laid-off workers were left with three very concrete questions. First, why was their right to employment taken away without due legal process? Second, why was their family's normal standard of living reduced to the poverty level? Third, after being forced to sacrifice themselves for the good of the enterprise, why did they not share in the profits after the company's economic performance improved? The failure of local governments and managements to address these matter-of-fact questions fuelled the continued protests long after the restructuring process had been completed.

Local governments across the country consistently offered low levels of compensation to laid-off workers. For example, in the five years since 2001, some 4.91 million workers from SOEs in the three northeastern provinces of Heilongjiang, Liaoning and Jilin were either laid-off or had their employment relationship with the SOEs terminated. Their average compensation was less than 9,000 yuan. Although some were re-employed with the government's assistance, the majority ended up in temporary jobs or soon became unemployed again. Even when re-employed, they could, at the most, just get by on their income, making them the largest group dependent on social welfare.⁸⁰ After conducting a survey of impoverished groups in the northeast during the second half of 2005, Ding Sibao, Director of the Centre for China Study at the Shenzhen Comprehensive Development Research Institute, pointed out that most workers, after having to leave their jobs at state-owned or collective enterprises, had difficulty in finding new jobs, in obtaining unemployment benefits and pensions or employment training, and in gaining access to medical and educational services.⁸¹ In March 2007, ACFTU Vice-Chairman Xu Deming revealed that in the previous year, trade unions at the municipal level and above received 149,600 worker complaints related to enterprise restructuring, 38.19 percent of all complaints from workers, making restructuring-related complaints the most common category of worker complaints. At the end of June 2006, a total of 20.5 billion yuan in back wages and 700 million yuan in compensation payments were owed to workers by restructured and bankrupt SOEs in

⁷⁹ Yu Jianrong, "Zhuanxing qi Zhongguo de shehui chongtu – dui dangdai gongnong weiquan kangzheng huodong de guancha he fenxi" (Social Conflicts in Transitioning China – A Survey and Analysis of Contemporary Worker and Peasant Civil Rights Activities), *Fenghuang Zhoukan (Phoenix Weekly)*, Issue 7 (Vol. 176), 2005.

⁸⁰ Wang Zhenhong, Wang Jintao, Chu Guoqiang, Wan Dong, "Dangqian guoqi gaige maodun fenxi" (An Analysis of Current Contradictions in the Restructuring of State-Owned Enterprises), *Xinhua Wang Liaoning Pindao (Xinhua News Agency Liaoning Channel)* website (http://www.dl.xinhua.org/jizhe/2006-07/25/content_7600300.htm), July 25, 2006.

⁸¹ Liu Shixin, "Chengshi pinkun qunti cheng fazhan qushi" (Development Trends of Urban Impoverished Groups), *Zhongguo Qingnian Bao (China Youth Daily)*, February 9, 2006.

eleven provinces. Nationwide, about 25 percent of all workers at restructured, bankrupted and closed enterprises had not received continuous social security payments.⁸²

The social welfare and unemployment benefit systems established by local governments have only met the most minimal needs of laid-off workers. Meanwhile, the incomes and benefits of employed workers and their managers continued to grow, creating waves of resentment among laid-off workers that turned into public protest. Some enterprises were forced to come up with hasty measures to temporarily satisfy the demands of laid-off workers. The Daqing Oil Field, where a series of demonstrations by tens of thousands of laid-off workers occurred in 2002, remained basically stable during 2005-2006 partly because the enterprise spent 270 million yuan re-hiring 23,900 previously laid-off workers.⁸³

As the era of SOE restructuring comes to a close, we can clearly see that the state did not benefit, the enterprises themselves did not benefit and the workers, whose rights were systematically disregarded in the process, certainly did not benefit. The only ones who really did benefit were the government officials and company managers who manipulated the process for their own personal gain. Today, those managers and officials live very well while the laid-off workers are suffering great hardships, while the local governments are seen as heartless, unjust and unfair. It is safe to say that without a more robust social relief policy, the after-effects of SOE restructuring will continue to be felt and have a significant impact on social stability for a long time to come.

⁸² Liu Sheng, "Gonghui jiebie weiyuan pilu 11 sheng shi tuoqian guoqi zhigong gongzi 20 duo yi" (Committee Member from Labour World Reveals 11 Provinces Owe SOE Workers over Two Billion in Back Wages), *Zhongguo Qingnian Bao* (China Youth Daily), March 13, 2007, taken from *Renmin Wang* (Peoples Daily) website (<http://politics.people.com.cn/GB/1026/5464228.html>).

⁸³ Wang Zhenhong, Wang Jintao, Chu Guoqiang, Wan Dong, "Dangqian guoqi gaige maodun fenxi" (An Analysis of Current Contradictions in the Restructuring of State-Owned Enterprises), *Xinhua Wang Liaoning Pindao* (Xinhua News Agency Liaoning Channel) website (http://www.dl.xinhua.org/jizhe/2006-07/25/content_7600300.htm) July 25, 2006.

Chapter 4. Government Policies in Response to Worker Protests

In 2004, the Chinese Communist Party leadership significantly revised its standpoint on the question of worker protests. The *Working Opinion Regarding Actively Preventing and Appropriately Handling Mass Incidents*, issued by the General Office of the Party Central Committee, stated for the first time that workers' protests resulted from "internal contradictions among the people." In other words, protests were not necessarily anti-government or politically motivated but arose from "internal contradictions among the people in which the masses believe their rights have been violated, and express their wishes or bring up their demands toward the relevant bureaus or organizations by means such as illegal gatherings or blockades."

Following a large number of protests by migrant workers in 2005-06, some local governments became more cautious and sought to avoid escalation of disputes. They dispatched officials to intervene and arbitrate, striving to calm workers' resentment in the shortest possible time. For example:

- When the workers at Uniden Corporation in Shenzhen went on strike in April 2005 demanding the establishment of a union, the Labour and Social Security Bureau in Shenzhen's Bao'an District organized a labour-management coordination team to go into the factory and encourage the company to improve the working and living conditions of its workers. As a result, the company completely renovated the water system in the employee dormitory to guarantee a supply of hot water, added more than 100 cell phone chargers for free use by employees and increased the number of food-serving windows in the employee cafeteria from nine to 14.⁸⁴
- After the Foshan jewellery workers' strike on March 28, 2005, the local government persuaded the factory owner to arrange for all workers to undergo thorough health checks for silicosis at major hospitals in Foshan.
- After the December 23, 2005 protest by workers seeking to obtain their wages in arrears from the Pushu Clothing Company in Hangzhou, government bureaus from Hangzhou's Shangcheng district sent personnel to coordinate and assist the workers in obtaining their back pay and, as an interim measure, provided them with a living allowance.⁸⁵
- Following a protest by as many as 10,000 construction workers in November 2005 over the restructuring of four state-owned construction enterprises in Shenzhen, the municipal government held a job fair and created public work programmes for unemployed workers. The municipal labour bureau relaxed the qualifications for unemployment hardship status so that any unemployed men over 45, women over 35, couples among whom both

⁸⁴ Zhang Shenghao, "Qiye yao yong ai goujian hexie laozi guanxi, Bao'an Qu Laodong Ju lingdao banzi xia jiceng diaoyan, jishi jiuzheng ge lei laodong weifa xingwei" (Companies Should Build Harmonious Labour-Management Relations Based on Care: Bao'an District Labour Bureau Leadership Investigates and Quickly Corrects Illegal Labour-Related Behaviour at Basic Level), *Bao'an Ribao (Bao'an Daily)*, September 21, 2005.

⁸⁵ "Hangzhou Pushu Fushi Youxian Gongsi 140 ming yuangong rushu lingdao bei qian de gongzi" (140 Employees of Hangzhou Pushu Clothing Company Obtain Back Wages), website of Labour and Social Security Bureau, Shangcheng District, Hangzhou (http://www.shangcheng.gov.cn/subsite/laj/displaynews.jsp?docid+20061230093159_49), December 30, 2006.

husband and wife were unemployed, single parents and “zero-employment households” (*ling jiuye jiating*) could obtain an unemployment subsidy and social security subsidy.⁸⁶

The Dalian city government’s response to the strike at Japanese-invested enterprises was particularly noteworthy. The government publicly stated that the strike was a simple labour-management dispute and that the employees were protecting their own interests. It stressed that the strike had nothing directly to do with the government and acted as a neutral arbitrator between labour and management, telling the workers that their demands should be kept reasonable, while urging the management to make concessions.⁸⁷

The central government also urged local authorities to adopt the “Four Early” (*si ge zao*) approach to mass protests (discover early, report early, control early and resolve early). The actions of local governments, however, have rarely met these requirements. During some of the worker protests described above, government bureaus learned about the dispute after a protest had occurred and only then undertook emergency measures to resolve it. When handling privatization disputes, all levels of government relied heavily on the established “petitions office” (*xinfang*) system⁸⁸ to get information about disputes. The central government sought to reform the system in 2005-06 in order to make it more effective in dealing with specific disputes arising from SOE restructuring. However the high incidence of worker protests indicates that the petitions system has not been an effective method of “early control” and “early resolution”. Even after the reforms, China’s petitions bureaus had no power to interpret law, regulations or policy, let alone the power to handle and resolve specific problems. Looking at the design of the system and the results it achieves, the petitions system seems to be merely a means by the government to try and mitigate the dissatisfaction of its citizens. A survey conducted by the academic Yu Jianrong on May 10, 2004 indicated that only two percent of complainants had their issue resolved through the petitions system.⁸⁹

The central government also promoted the “Three Dos and Three Don’ts” (*san ke san buke*) in handling mass protests (do disperse and don’t gather, do resolve and don’t complicate, do calm down and don’t excite), as well as the “Three Cautions” (*san ge shenyong*) (the cautious use of police force, cautious use of police equipment, and cautious use of coercion). Compared with the previous few years, local governments did begin to adopt a more reasoned overall approach to worker protests in 2005-2006. However, they still used isolating tactics to reduce the social impact of the protests, having police forces surround workers in a factory or a public area. They also made it difficult for the media and the general public to learn about workers’ complaints.

⁸⁶ Zhang Guodong, “Zhengfu mai gangwei zhu gongchengbin jiuye” (Government Buys Jobs in Construction Engineering Corps to Aid Employment), *Nanfang Dushi Bao* (*Southern Metropolis News*), taken from *Shenzhen zhi Chuang* (*Window on Shenzhen*) website (http://city.sz.net.cn/CITY/2005-12/16/content_173648.htm), December 16, 2005.

⁸⁷ Zhan Yanhui, “Dalian riqi yuangong bagong shijian diaocha” (An Investigation of the Strike against Japanese Enterprises in Dalian), *Fenghuang Zhoukan* (*Phoenix Weekly*), Issue 34 (Vol. 203), 2005, pp. 28-31.

⁸⁸ Since the establishment of the PRC in 1949, the “Petitions Office (Xinfang) System” has been just about the only method by which ordinary Chinese citizens could seek redress for their grievances. Put very simply, aggrieved parties send petition letters or visit the xinfang office of a higher level of the administrative government in order to seek compensation, an apology or to correct mistakes made by a lower level of the administration.

⁸⁹ Zhao Ling, “Guonei shou fen xinfang baogao huo gaoceng zhongshi” (First Domestic Complaints Survey Report Gains Higher Leadership’s Attention), *Nanfang Zhoumo* (*Southern Weekend*), November 4, 2004, taken from the *Nanfang Zhoumo* (*Southern Weekend*) website (<http://www.nanfangdaily.com.cn/zm/20041104/xw/szxw/200411040012.asp>).

When protests lasted for a long period or caused public disturbance, governments sometimes used police to forcibly disperse people, leading to injuries or arrests. Following is a list of 12 illustrative incidents in which police clashed with protesting workers. In some of these cases, local governments also used more conciliatory tactics to resolve the disputes, as outlined above:

- On February 2, 2005, several thousand workers from the Jingyi Industrial Company in Shenzhen's Bao'an district attempted to demonstrate against the management's alleged embezzlement of their wages, but their route was blocked by several hundred police officers. Several workers were injured in the conflict.
- When nearly 1,000 printing plant workers in Shenzhen gathered to demonstrate in the vicinity of the Buji Township government office on February 26, 2005, several dozen workers blocked the road at the gate and were dispersed by the police. Four workers were arrested.
- When about 1,000 employees from the Shehong County Silk Factory in Sichuan staged a sit-in protest in front of the Zixian city government office on April 23, 2005, they were dispersed by more than 200 police officers. Two female workers were injured.
- On May 10, 2005, several hundred workers at the Eryou Jewellery Materials Company in Foshan attempted to block the Sanshui Bridge, an important traffic artery in Sanshui Township. They were barred by the police and two workers were beaten.
- From the morning of June 3 until the afternoon of June 8, 2005, some 3,000 workers at the Futai Wool Knitting Factory in Guangdong went on strike over low wages. The local authorities mobilized 300 police officers to forcibly disperse the striking workers, firing tear gas at them and arresting more than 20 people.⁹⁰
- For two days on July 4 and 5, 2005, about 200 laid-off workers from the former Inner Mongolia No. 2 Machine Factory staged a sit-in at the front gate of the factory and were dispersed by Public Security police. Three workers were beaten.
- In August 2005, several thousand employees from the Chongqing Special Steel Plant blocked the streets. On October 7, the local government mobilized several thousand police officers and took into custody the worker representatives who were picketing at the factory gates. More than 20 workers and their family members were hurt. Several were arrested in the conflict.
- On September 29, 2005, more than 100 workers from the Zhiye Shoe Factory in Guangzhou took to the streets in protest, demanding that the factory pay the back wages owed to them. The local government dispatched numerous police vehicles and 100 police officers to disperse the workers. Six workers were later taken into custody.⁹¹
- On October 25, 2005, more than 400 workers went on strike at the An County Paper Factory in Sichuan. On October 31, the local public security bureau sent some 40 police officers to the factory. Several workers were arrested.

⁹⁰ "Gongren yaoqiu jiaxin yinfa chongtu" (Worker Demands for Wage Increase Sparks Conflict), *Chongqing Wanbao* (*Chongqing Evening Post*) website (<http://www.cqwb.com.cn/webnews/htm/2005/6/5/143653.shtml>), June 5, 2005.

⁹¹ "Ren gong di, hai yao daogei laoban 80 yuan, xiechang gongren lan che kangyi" (Shoe Factory Workers Block Traffic in Protest of Low Wages and Having to Pay 80 yuan Back to the Boss), *China Labour Bulletin* website (http://big5/china-labour.org.hk/public/contents/article?revision_id=65804&item_id=65799).

- When some 1,000 workers from four construction companies demonstrated in the streets of Shenzhen on November 4, 2005, the police took a worker representative and his wife into custody. On the evening of November 6, more than 5,000 workers surrounded the public security bureau demanding their release. They clashed with the authorities in the early hours of November 7.
- When more than 1,000 workers gathered next to the Pushu Clothing Company in Hangzhou, demanding payment of back wages on December 23, 2005, the local government dispatched several hundred police officers to disperse the workers. Six protestors were injured and three were taken into custody.
- On January 18, 2006, some 5,000 employees of the 354 Military Factory in Chengdu staged a demonstration demanding payment of their back wages. That evening, about 1,000 police personnel entered the factory. In the ensuing conflict some 50 workers were injured, ten seriously. Four people were taken into custody.

Public security bureaus tend to see worker protests purely as a public order issue. The director of the Hunan Police Association wrote, for example, that in view of the “immense harmfulness” of mass protests, the authorities must “use effective methods, grasp the situation and, in particular, discover and control the lead organizers and key elements behind the scenes, collecting evidence and being well prepared to handle them according to the law.”⁹² Given the hard-line stance of public security bureaus, it is not surprising that conflicts arise when the police are called in to deal with worker protests. The use of police to break-up strikes, demonstrations and sit-ins in essence criminalizes the protest and goes against the central government line that such protests are “internal contradictions among the people.”

In 2005-2006, several workers’ representatives were charged with criminal offences and sentenced for organizing and participating in protests. During the restructuring of the Yibin Tianyuan chemical company in Sichuan, for example, about 1,000 retired employees protested on numerous occasions, voicing their discontent with the level of their redundancy and pension payments. After the government refused to meet their demands, the workers blocked the front gate of the factory on July 26, 2005. The Yibin public security authorities arrested four people, Luo Mingzhong, Zhan Xianfu, Zhou Shaofen, and Luo Huiquan for the “crime of assembling to disturb social order” (*juzhong raoluan shehui zhixu zui*). In April of 2006, the Cuiping District court in Yibin sentenced Luo Mingzhong and Luo Huiquan to two years in prison, Zhan Xianfu to one and one-half years, suspended for two years, and Zhou Shaofen to one year, suspended for one year. In July of 2006, the Intermediate People’s Court of Yibin rejected the appeals of all four people, upholding the original sentences.⁹³

On August 18, 2006, Zhou Yuanwu, a workers’ representative at the Jingchu Brewery in Jingzhou, Hubei, who had led several protests in defence of the factory workers’ rights, was beaten up and arrested by police when he refused to accompany the officers to court because they did not have a warrant. His case was heard by the Jingzhou District court on April 6, 2007, but Zhou was deprived of his advocate, Chen Xiongyan, after Chen was detained for “violating court discipline”. On April 25, workers at the Jingchu Brewery organized a petition in support of

⁹² Yang Hongguang, “Qiantan quntixing shijian de chuzhi” (A Brief Discussion on Managing Mass Protests), *Gong’an Yanjiu (Policing Studies)*, Issue 3 (Vol. 125), 2005, pp. 15-17.

⁹³ CLB, as part of our Labour Rights Litigation Programme, arranged for criminal defence lawyers to represent several of the detained workers at their trials and appeal hearings.

Zhou Yuanwu, claiming his face was covered in blood after being beaten by the police and refuting his alleged attack on the police. The workers announced their intention to file a petition in Beijing, demanding “an end to corruption and the embezzlement of money earned by the blood and sweat of laid-off workers.” In April 2007, Zhou was sentenced to two and a half years in prison by the Jingzhou District Court for “obstructing public officers in the execution of their duties.”

Chapter 5. The ACFTU and workers' rights

1. The ACFTU's Role in Protecting Workers' Rights

According to the PRC's 2001 *Trade Union Law*, protecting workers' rights is the primary responsibility of the ACFTU. Exactly how the ACFTU should go about protecting workers' rights within its existing structure, organizing principles and operating policies has been the subject of much theoretical debate within the organization over the last five years. In December 2006, the ACFTU formulated its "conception of labour rights defence work" (*weiquan guan*). In a speech to the union's executive committee on December 8, ACFTU Chairman Wang Zhaoguo stated that the "union's conception of rights defence" (*gonghui weiquan guan*) should be based on "socialism with Chinese characteristics". He stressed that labour-rights work by unions under a socialist market economy was not the same as that during China's planned economy era and that it was also fundamentally different from that of Western capitalist countries. He also demanded that the union be on guard against "workers' rights groups" (*zhigong weiquan zuzhi*) and hostile forces, independent of Party-led unions, "infiltrating and dividing" the ranks of Chinese workers and unions in the name of defending workers' rights:

We absolutely cannot blindly copy union models in Western countries, nor can we carry on with the methods used during the revolutionary period and under a planned economy, and we certainly cannot support so-called workers' rights activities. We must make our stand based on China's national conditions, with an eye toward the changing times, and establish a clear conception of labour rights defence work that is grounded in socialism with Chinese characteristics.

In essence, the ACFTU sees its labour rights work as conducting union operations under the overall guidance of the Party and government. The ACFTU stresses that only when unions consciously accept the Party's leadership and firmly implement the Party's line, strategies, and policies, can they consistently maintain the correct political direction and truly implement their basic responsibility to protect workers' legal rights. The ACFTU requires that unions channel their labour rights work through Party- and government-led mechanisms.⁹⁴

The ACFTU's labour rights principles are intended to "unify two levels of rights protection" (*jianchi liangge weihu xiang tongyi*). In other words, represent and defend workers' specific rights while continuing to protect the overarching interests of the nation as a whole. The ACFTU contends that this principle represents an intrinsic difference between China's unions and those of capitalist countries. Based on this principle, the ACFTU sees its role as supporting China's reforms and guiding and educating workers to understand and commit themselves to the reforms. The ACFTU also states that the principle of unifying the two levels of rights protection is embodied within enterprises themselves as the principle of "promoting the development of the enterprise and defending employees' rights" (*cujin qiye fazhan, weihu zhigong quanyi*).⁹⁵ Based

⁹⁴ Special commentator, "Qilun jianchi Zhongguo tese shehuizhuyi gonghui weiquan guan" (Upholding a Union Concept of Labour Rights Grounded in Socialism with Chinese Characteristics: Essay Seven), *Gongren Ribao (Workers Daily)*, December 26, 2006, 1st Edition.

⁹⁵ Special commentator, "Sanlun jianchi Zhongguo tese shehuizhuyi gonghui weiquan guan" (Upholding a Union Concept of Labour Rights Grounded in Socialism with Chinese Characteristics: Essay Three), *Gongren Ribao (Workers Daily)*, December 15, 2006, 1st Edition.

on this principle, the ACFTU sponsors a union strategy of “mutually beneficial, harmonious development with win-win outcomes” (*hexie fazhan, huli gongying*), requiring unions, in their labour rights work, to use coordination and negotiation to resolve conflicts and problems existing in the labour relationship, as well as to promote mutual understanding, support and cooperation between labour and management.⁹⁶

The AFCTU sees itself essentially as a political instrument of the Communist Party and an administrative assistant to the government. From the macro perspective, the ACFTU’s conception of its own labour rights work places “defending the overarching interests of all of the nation’s people,” a vague and unquantifiable political notion, over “defending working peoples’ specific rights,” a clear and quantifiable economic concept. It is thus severely hampered in its ostensible task of defending workers’ rights and interests. From the micro perspective, moreover, the ACFTU’s position asserts that genuinely representative worker organizations are a threat to the political power of the Communist Party. As a result, if workers want to defend their own rights by legally organizing a labour union, they will be seen as a political challenge to the Party and the government. Moreover, the ACFTU has exaggerated and politically dramatized “workers’ rights groups” that are formed only to protect economic rights, thereby increasing the ruling party’s fear of grassroots unions. Needless to say, this has a pernicious and corrosive effect both for the ruling party’s goal of “building a harmonious society” and for the establishment of healthy labour relations.

The drafting and monitoring of labour laws and policies

One of the most important functions of the ACFTU since the early 1980s has been its “participation at the source” (*yuantou canyu*), in which unions at various levels participate in the drafting of laws and local regulations related to labour issues. In recent years, the ACFTU has been involved in drafting and formulating the *Labour Contract Law*, the *Employment Promotion Law*, the *Social Security Law* and other items of legislation.

On April 29, 2006, the ACFTU, along with the State Administration of Work Safety and the State Administration of Coal Mine Safety, jointly issued *A Notice Regarding the Launch of the “Special Campaign for Migrant Worker Safety and Health,”* which required unions and work safety bureaus to conduct safety awareness programmes and training for workers and managers in the mining, construction, and manufacturing industries, where there are a high concentration of migrant workers. The unions were to assist in checking for hidden dangers, implement work safety and health requirements contained in the State Council’s *Certain Opinions Concerning Resolution of the Migrant Worker Problem* and supervise the establishment of work safety responsibility systems.

On May 19, 2006, the ACFTU’s General Office issued its *Guiding Opinion Regarding Promoting the Increase in and Implementation of a Minimum Wage Standard*, requiring each provincial level branch of the ACFTU to strengthen its monitoring of local workers’ wage levels, social security, wage payment, basic living expenses, as well as local economic development, employment and the implementation of minimum wage standards. It required unions to establish

⁹⁶ Special commentator, “Wulun jianchi Zhongguo tese shehuizhuyi gonghui weiquan guan” (Upholding a Union Concept of Labour Rights Grounded in Socialism with Chinese Characteristics: Essay Five), *Gongren Ribao* (*Workers Daily*), December 18, 2006, 1st Edition.

and refine a top-down supervision and inspection system, as well as a bottom-up observation and reporting mechanism. At the end of 2006, all unions were to conduct a one-time special investigation of the minimum wage situation in their jurisdictions, particularly among foreign-invested and private enterprises and those in which migrant workers were concentrated. The unions were to intervene in cases where the minimum wage was circumvented through the arbitrary increase of work quotas, lowering of piecework compensation and failure to pay overtime. If unions discovered, through inspections or worker reports, actions in violation of the *Provisions on Minimum Wages*, they were to monitor the situation and urge the employer to take corrective action to issue the wages owed to workers, within a specified time period. Unions were to immediately report to the local labour and social security bureau those acting illegally and still not taking corrective action after such criticism and education had been given. They were also to monitor and assist the bureau concerned in punishing such employers on the basis of the relevant regulations.

In October, 2005, the ACFTU also opened its “12351 Worker Hotline” to promote the protection of workers’ rights. The hotline was supposed to operate in ACFTU branches at the national, provincial and local levels and to deal with worker inquiries regarding labour laws, regulations, and policies; provide assistance for workers in urgent need of financial aid; investigate worker accusations and complaints regarding violations of their legal rights; and act promptly on worker reports of emergencies and large-scale accidents.

By participating in the legislative and enforcement process, the ACFTU, has to some degree, reflected the interests and demands of Chinese workers. However “participating at the source” has also prevented the union from acting as a truly independent representative of labour. Its role as an adjunct of the Party and government has meant the ACFTU has put the needs and objectives of the authorities over those as a trade union it should be representing, the workers.

Policies and Measures to Secure Migrant Workers’ Rights

There are approximately 120 million migrant workers in China’s major cities, plus an additional 80 million rural workers employed at enterprises in their own villages and towns.⁹⁷ The plight of these workers has been widely reported in the Chinese media over the last few years. The government has responded by introducing a series of policies and measures aimed at protecting migrant workers’ rights and improving their working conditions. On March 27, 2006, the State Council issued *Certain Opinions Concerning Resolution of the Migrant Worker Problem*. This was the first time since the founding of the PRC that the central government had issued a document specifically addressing migrant worker issues. The document contained a number of policies addressing migrant workers’ wages, employment, technical training, labour protection, social security, and public management and services, as well as reform of the household registration system. It also reiterated equal legal, social and political status of migrant workers vis-à-vis urban workers. The document required the ACFTU to strengthen its defence of migrant workers’ rights by focusing on labour contracts, wages, working conditions and occupational safety and health, so as to encourage employers to carry out their responsibilities as stipulated in the law.

⁹⁷ Migrant Worker Problem Research and Reporting Group, “Zhongguo nongmin gong wenti yanjiu zong baogao” (Comprehensive Research Report on the Migrant Worker Problem), *Gaige (Reform)*, Issue 5, 2006.

In response to direct instructions from President Hu Jintao on January 3, 2006, the ACFTU issued its *Urgent Notice Regarding Carefully Studying and Implementing the Central Leadership's Important Instructions and Conscientiously Protecting the Legal Rights of Migrant Workers*. At a national teleconference two days later, the ACFTU urged its unions to organize morale-boosting activities on behalf of migrant workers and to be more proactive in resolving migrant workers' problems. The ACFTU stressed that unions should make it clear that "migrant workers can come to the union with their problems."⁹⁸

On March 9, 2006, the ACFTU held a press conference at which Vice-Chairman Xu Deming announced that the union would "do ten things" (*ban shi jian shishi*) to defend migrant workers' legal rights and more thoroughly implement the leadership's instructions, including the State Council's *Certain Opinions Concerning the Resolution of the Migrant Worker Problem*. This included putting into effect a three-year action plan to promote the labour contract system; taking action to protect migrant workers' wages, health and safety and social security; providing them with legal assistance, organizing morale-boosting activities and employment training and assistance; improving their spiritual and cultural life; guaranteeing their democratic political rights; and facilitating their "smooth and peaceful return home for the Chinese New Year."⁹⁹

Five days later, the ACFTU issued its *Opinion Regarding Thoroughly Implementing the State Council's "Certain Opinions Concerning the Resolution of the Migrant Worker Problem,"* which fleshed out the "ten things" to be done, and focused on the importance of union organizing at the grassroots level. Union duties and responsibilities, the Opinion stressed, should include: 1) organizing migrant workers into unions; 2) expanding the scope and content of collective contracts and encouraging enterprises that have already developed a collective consultation and contracts system not only to include migrant workers within the scope of the negotiations and contracts, but also to make the issues they face the focus of the process; 3) using the existing union infrastructure for employee education and training to conduct skills and technical training for migrant workers; 4) opening union employment bureaus to migrant workers, providing assistance and finding jobs for them by matching jobs to skills and organizing large-scale job fairs; 5) opening workers' cultural clubs and other such organizations to migrant workers, establishing cultural activity centers and book corners, and providing activities such as movie and arts programmes at workplaces in which migrant workers are concentrated; 6) using union resources to provide legal assistance to migrant workers, with local unions at the county level, and higher, establishing workers' legal assistance organizations; 7) providing morale-boosting activities for migrant workers, especially before the Chinese New Year, and helping the children of migrant workers to attend school, and 8) providing programmes for migrant workers to return home for the Chinese New Year, with unions assisting workers unable to purchase tickets home for the holiday.

On July 4, 2006, ACFTU representatives from 18 cities met in Fuzhou for a Discussion Meeting on Urban Unions Jointly Protecting Migrant Workers. They approved a plan to recruit migrant

⁹⁸ "Quanzong: quan shehui jiaoxiang 'nongmin gong you kunnan zhao gonghui' kouhao" (ACFTU: Society Echoes the Call to Migrant Workers to Come to the Union with Their Problems), *Gongren Ribao (Workers Daily)*, taken from *Xinhua Wang (Xinhua News Agency)* website (http://new.xinhuanet.com/legal/2006-01/12/content_4041408.htm), January 12, 2006.

⁹⁹ Cui Qingxin, Wu Jing, "Zhongguo gonghui chengnuo wei nongmin gong weiquan ban shishi" (China's Union Promises to Do Things for Migrant Workers' Rights), *Xinhua Wang (Xinhua News Agency)* website (http://news.xinhuanet.com/society/2006-03/09/content_4280979.htm), March 9, 2006.

workers, pursue cases of wages in arrears, allow the transfer of pension plans from urban to rural areas, assist in obtaining compensation for workers, conduct arbitration and litigation of labour disputes, provide travel expenses to return home, and so on.¹⁰⁰

In March 2007, Xu Deming delivered a progress report on the “ten things” ACFTU had sought to do for migrant workers over the previous year. This included getting more than 30.3 million migrant workers home for the Chinese New Year using special trains and buses and group ticket purchases; securing 1.73 billion yuan in back wages for 2.65 million workers; providing financial assistance for more than 80,000 workers to allow their children to go to school; paying morale-building visits to some 1.6 million migrant workers between January 1, 2007 and the Chinese New Year in mid-February; awarding the National May Day Labour Medal to 18 migrant workers; and bringing 8.5 million new migrant worker members into unions nationwide, resulting in a total of 41 million migrant workers in the unions.¹⁰¹

While many migrant workers may well benefit from these ACFTU programmes, in CLB’s view the official union is still overly focused on its traditional role of morale boosting activities and providing workers with after-the-fact relief and assistance. The primary duty of a union is to assist workers in establishing a union presence in the workplace so that they can effectively undertake collective bargaining with management. Only this way can migrant workers develop a real sense of self-reliance and the capacity to defend their own rights.

Policies and Measures to Assist Impoverished Urban Workers

In recent years, a major focus of the ACFTU’s work in urban areas has been to provide assistance and support to impoverished workers. The term “impoverished workers” (*kunnan zhigong qunti*) refers primarily to workers in bankrupted enterprises, laid-off workers and those who have been owed back wages and medical expenses for an extended period of time.¹⁰² Local unions established “impoverished worker support centres” to provide employment assistance and training to the unemployed; living expenses for impoverished workers, help with medical expenses and school fees; and pro-bono legal assistance to workers.

According to the ACFTU’s own data, by the end of 2006, it had established 11 provincial-level impoverished worker support centres, 336 urban centres and 2,006 centres at the county level. The impoverished worker support centres at all levels had raised a total of 2.6 billion yuan and given out 2.2 billion yuan to assist more than 15 million impoverished workers.¹⁰³

¹⁰⁰ Li Bailei, “Quanguo chengji gonghui nongmin gong liandong weiquan fang’an zai Rong tongguo” (National Urban Union Joint Migrant Workers’ Rights Plan Approved in Fuzhou), *Fuzhou Ribao* (*Fuzhou Daily*), taken from the *Xinhua Wang* (*Xinhua News Agency*) website (http://www.fj.xinhuanet.com/news/2006-07/05/content_7434617.htm), July 7, 2006.

¹⁰¹ “Zhongguo gonghui 2006 nian wei nongmin gong ban ‘shi jian shishi’” (China’s Union Does Ten Things for Migrant Workers in 2006), *Zhongguo Wang* (*China.com.cn*) website (http://www.lianghui.org.cn/news/txt/2007-03/12/content_7948202.htm), March 12, 2007.

¹⁰² Zhou Yuqing (Secretary of the ACFTU), “Guanyu gonghui dangqian xuyao renzhen yanjiu de ji ge wenti” (Several Problems Presently Requiring Diligent Research by Labour Unions), *Gongren Ribao* (*Workers Daily*), September 3, 2002.

¹⁰³ Wang Qiaoping, “Jianchi Zhongguo tese shixian gonghui shiye da fazhan – xie zai liang hui kaimu zhi ji” (Support the Task of Developing Unions with Chinese Characteristics – Written on the Eve of Two Meetings), *Gongren Ribao* (*Workers Daily*), taken from the ACFTU website (<http://acftu.people.com.cn/GB/67561/5467559.html>), March 13, 2007.

Once again, the ACFTU policies for impoverished urban workers have been limited to providing assistance and relief after the fact. The role of the ACFTU in SOE privatization disputes should be to represent impoverished workers in negotiations with the government, securing a guarantee of their rights to a basic livelihood and to employment. In future SOE restructurings, as required by central government policies, the ACFTU should fully exercise its rights and duties to represent workers' interests, actively participating in the restructuring process and securing reasonable economic compensation and job placement for the affected workers.

2. The ACFTU's Role in Regulating Labour Relations

Another self-proclaimed role of the ACFTU during this period was to develop structures or mechanisms to regulate (*tiaozheng*) labour relations. To this end, in 2005-06 the ACFTU was actively involved in a joint-conference system between local unions and the corresponding local government bureaus, industry-specific unions and the corresponding industrial departments, and tripartite negotiation mechanisms at the national, provincial, municipal and county levels. Regulations concerning the establishment of a joint-conference system are set forth in the *Notice Regarding Strengthening and Improving the Leadership of Trade Unions, the Communist Youth League and the Women's Federation*, promulgated by the Communist Party Central Committee in 1989 and the *Trade Union Law*, revised in 2001.¹⁰⁴ Most joint-conference systems were initially established between provincial governments and the ACFTU. They then gradually filtered down to the municipal and county-level and eventually to the township and village level. Typically, there should be one to two conferences each year, which report on government initiatives and any administrative measures concerning labour unions, and investigate worker complaints and demands as relayed by the unions.

Following the Chinese government's 1999 ratification of Convention 144 of the International Labour Organization, the *Convention Concerning Tripartite Consultations to Promote the Implementation of International Labour Standards*, on August 3, 2001, the Ministry of Labour and Social Security, the ACFTU and the China Enterprise Association/China Entrepreneurs Association held the inaugural meeting of the National Tripartite Conference on Coordinating Labour Relations. The following August, they issued a *Guiding Opinion Regarding the Establishment of a Robust Tripartite Labour Coordination Mechanism*, which stressed that the primary functions of such a mechanism should be: researching and analysing the impact of China's economic development and reform policies on labour relations and giving policy opinions and suggestions; reporting on problems arising during labour-relations work, analysing trends in labour relations and conducting negotiations regarding significant and widespread labour-relations problems; and surveying and examining high-impact collective labour disputes

¹⁰⁴ The CCP Central Committee's *Guanyu jiaqiang he gaishan dui gonghui, Gongqingtuan, Fulian gongzuo lingdao de tongzhi* (*Notice Regarding Strengthening and Improving the Leadership of Trade Unions, the Communist Youth League, and the Women's Federation*), (Issue 12, 1989) stipulates that the People's Governments of provinces, autonomous regions, directly-administered municipalities and large and mid-sized cities may, using formats such as regular or unscheduled discussions or joint meetings with the ACFTU at their level, inform them of government policies, laws, and regulations, as well as important programmes, and look into and resolve any problems among workers as reported by the unions. The *Trade Union Law* stipulates that local governments at the county level and above may convene meetings or use other appropriate formats, report to the unions at their level on important government programmes and any administrative measures concerning the work of labour unions, and look into and resolve worker complaints and demands reported by the unions (Article 34).

and mass protests and making suggestions for resolving and preventing them. By the end of 2005, tripartite labour-relations coordination mechanisms had reportedly been established in all cities, bringing the number of such organizations nationwide to 6,600.¹⁰⁵

At the local level, the ACFTU has been involved in three main kinds of labour-relations regulatory work: labour contracts, collective contracts and workers' congresses.¹⁰⁶

Labour Contracts

In 2006, the MOLSS, the ACFTU, and the China Enterprise Association/China Entrepreneurs Association launched a "Three-Year Action Plan to Promote Labour Contract Work," which aimed to establish basic labour contracts for all employees within three years. The ACFTU further issued a *Notice Regarding Further Promoting the Implementation of a Labour Contract System*. It required its unions to assist government agencies in implementing the Three-Year Action Plan, supervising and urging employers to sign and implement labour contracts with their employees, guiding and assisting employees, especially those at non-SOEs and migrant workers, in signing labour contracts, and promoting the standardized recruitment and supply of labour. In this document, the ACFTU required in particular that, in situations in which enterprises unilaterally change labour contracts, the union must represent the workers in negotiations with the enterprise, to jointly determine the revised content of such contracts. Unions were also to establish a joint mechanism to promote labour contract work, guided by the government and based on a tripartite negotiation mechanism. On August 1, 2006, the ACFTU issued its *Opinion Regarding Accomplishing the Work of Assisting and Guiding Employees in Signing Labour Contracts*, which required that unions at the basic level participate in the formulation and revision of labour contracts and, during the process of signing labour contracts, provide information to workers about relevant laws and policies and respond to and resolve problems experienced by workers. In the case of labour contract terminations, the unions were to pay particular attention to whether or not the employees' right to information was exercised, the contract termination process was legal, the reasons for termination were valid and that the employee received due economic compensation. When employers violated laws, regulations or contract provisions in terminating employees' labour contracts, basic-level unions were to explain the employer's error and seek its correction. When such incidents involved a relatively large number of workers, the unions were to report them to their supervisory union level.

¹⁰⁵ Data source: Ministry of Labour and Social Security and National Bureau of Statistics, *2005 niandu laodong he shehui baozhang shiye fazhan tongji baogao* (Statistical Report on Developments in Labour and Social Security Work in 2005), *Zhongyang zhengfu menhu wangzhan* (Central Government Portal) website (http://www.gov.cn/gzdt/2006-06/12/content_307417.htm), June 12, 2006.

¹⁰⁶ Wang Zhaoguo, "Zai Quanzong shisi jie shiyi ci zhuxi tuan (kuoda) huiyi shang de jianghua" (Speech at the 11th Meeting of the Expanded Presidium of the ACFTU's 14th Executive Committee), December 8, 2006, ACFTU website (<http://www.acftu.org/template/10004/file.jsp?cid=318&aid=53832>).

Collective Contracts System¹⁰⁷

The ACFTU's December 2005 *Decision Regarding Strengthening Labour Negotiations, Conscientiously Protecting Workers' Legal Rights, and Promoting the Building of a Harmonious Socialist Society* required unions to promote a collective contracts system, with emphasis on negotiating specific wage contracts in private enterprises. In areas in which small enterprises and enterprises within the same industry were clustered, collective consultation by area or by industry was to be promoted. On January 10, 2006, the ACFTU issued "Four Important Tasks for 2006," which set a target for the end of 2008 in which over 60 percent of employees nationwide would be covered by collective contracts, over 50 percent of non-SOEs would have a collective contract mechanism in place and over 50 percent of those enterprises with collective contract mechanisms would have established collective consultation systems. The one-year target for 2006 was to have 400,000 enterprises sign collective wage agreements, covering more than 45 million employees. The authorities have not indicated how well the union fared in reaching these targets. What is known is that, according to ACFTU figures, by the end of 2006, the cumulative total from previous years was 862,000 collective contracts signed by enterprises nationwide, covering 5.26 million enterprises and 112.46 million workers. Among those, there were 305,000 specific collective wage contracts that covered 526,000 enterprises and 37.15 million workers; 55,000 collective work safety contracts that covered 117,000 enterprises and nearly six million workers; and 119,000 contracts concerning the rights of women workers that covered 238,000 enterprises and 10.46 million workers.¹⁰⁸

During 2005-2006, the ACFTU and local unions trained and hired full- and part-time "collective consultation experts" (*jiti xieshang zhuanjia*) to address union officials' lack of knowledge and expertise in collective contract negotiations. These experts were civil servants, union officials and enterprise managers who had undergone training at the local union and received a certificate issued jointly by the labour and social security bureau and the union. The duties of these experts were, on behalf of the bureau and the union, to guide both labour and management into collective consultations, conduct training in negotiation skills for the representatives of both labour and management, assist enterprises in drafting collective contracts, and resolve labour-management conflicts arising during the collective consultation process. How successful these new appointees will be remains to be seen.

The development of the collective contracts system in China has been a government-led, top-down process initiated by the ACFTU, which has set targets, issued documents, and imposed deadlines for promoting the collective contract system within enterprises. During this process, however, the most important element of such a system, namely participation by the workers themselves, has largely been ignored. Many of the collective contracts signed simply reiterated provisions contained in labour laws and regulations. As such they did not reflect the specific demands of workers with regard to wages, working conditions etc.

¹⁰⁷ For a detailed analysis of China's collective contracts system, see CLB's research report, *Breaking the Impasse: Promoting Worker Involvement in the Collective Bargaining and Contracts Process*.

¹⁰⁸ Wang Qiaoping, "Jianchi Zhongguo tese shixian gonghui shiye da fazhan – xie zai liang hui kaimu zhi ji" (Support the Task of Developing Unions with Chinese Characteristics – Written on the Eve of Two Meetings), *Gongren Ribao (Workers Daily)*, taken from the ACFTU website (<http://acftu.people.com.cn/GB/67561/5467559.html>), March 13, 2007.

Workers Congress System

The ACFTU's *Decision Regarding Strengthening Labour Negotiations, Conscientiously Protecting Workers' Legal Rights, and Promoting the Building of a Harmonious Socialist Society* required local and industry-specific unions to develop a workers congress system in enterprises characterized by a variety of new institutions such as "worker democratic management committees", "democratic procedures meetings", "labour-management discussion meetings", and "democratic negotiation meetings". Local unions were required to establish systems for workers' congresses to make inspections, issue work reports and make evaluations. Unions were to participate in the formulation of SOE restructuring plans. A workers' congress was to approve the company restructuring or bankruptcy plan, discuss the employee lay-off plan and approve the employee re-employment plan. In addition, the ACFTU required its unions to promote "democratic worker management" within non-SOEs and to promote industry-specific and regional workers' congresses. According to the ACFTU's figures, 891,000 enterprises nationwide had established workers congress systems by the end of 2006.¹⁰⁹

In reality, as we have seen in Chapter Two, in the vast majority of SOE restructurings, the workers congresses were little more than a formality. Functioning systems for inspections, work reports and evaluations by congresses are still extremely rare in state-owned and private enterprises.

3. Organizing Work by the ACFTU

The downsizing and restructuring of SOEs that began in the mid-1990s brought about the ACFTU's greatest crisis in its history. Between 1998 and 2005, SOEs and collective enterprises laid off nearly 30 million workers. The laid-off workers' union membership status was lost along with their jobs. Unions were either disestablished or merged with other Party organizations. Many union officials were let go, typically leaving just one full-time union representative. Once SOEs became private enterprises, union organizations were either abolished or continued to exist in name only.

During this crisis, the ACFTU focused its organizing work on newly-established private enterprises. In November 2000, the ACFTU convened the National Meeting on Establishing Union Organizations in New Enterprises in Ningbo, Zhejiang. During this meeting, Communist Party Politburo Member and then ACFTU Chairman Wei Jianxing stated: "We must firmly uphold the organizing principle that, where there are workers, a union organization must be established." The ACFTU sought to establish basic-level unions within single enterprises and confederated basic-level unions across multiple small enterprises, and joint-conferences among regional and industry-specific unions, so as to achieve the goal of "bringing the vast majority of workers at newly-established enterprises into the union within approximately three years."

Local unions used tried and tested methods such as setting up basic-level union committees in enterprises with 25 or more employees, as well as some new organizing techniques such as "joint organizing" (*lianhe zujian fangshi*) for enterprises with fewer than 25 employees, using the

¹⁰⁹ Sun Chunlan, "Zai Quanzong shisi jie si ci zhiwei huiyi shang de gongzuo baogao" (Work Report from Fourth Meeting of the ACFTU's 14th Executive Committee), December 9, 2006, ACFTU website (<http://www.acftu.net/template/10004/file.jsp?cid=318&aid=538321>).

principle of “working close to the ground” (*jiudi jiujin*) to establish joint basic-level union committees among two or more enterprises in the same area, industry, market place or office building; and “dependent organizing” (*shanggua zujian fangshi*), or organizing union teams in small enterprises where conditions did not permit the establishment of joint basic-level union committees, which then directly depended upon the union or union committee at the next-highest level in the enterprise’s locality. Other new methods included “delegation” (*pairu zujian fangshi*), with the local union selecting known union workers from among SOEs, Party organizations and businesses, paying their salary and delegating them to solely foreign-invested enterprises and large-scale private enterprises to be candidates for union chairman and assisting the enterprise in setting up a union; and “coordinated organizing” (*tongchou zujian fangshi*), i.e. establishing neighborhood unions in cities and towns, and village unions, in areas where small-scale private enterprises were concentrated. According to ACFTU statistics, by the end of 2006, there were 1.32 million basic-level unions across the nation, covering 2.75 million enterprises and other entities.¹¹⁰

The ACFTU has traditionally used a top-down organizing method whereby local unions seek to obtain an employer’s agreement before setting up a workplace union branch. However, because union organizing encountered determined resistance from employers in private and foreign-invested enterprises in 2005-06, the ACFTU began to change its tactics and adopted a more aggressive approach, particularly with regard to a number of well-known transnational companies, including Wal-Mart, that had refused to allow unions. On October 26, 2004, the *Beijing Times* reported that companies such as Wal-Mart, Kodak, Mitsubishi, KFC, and McDonalds had failed to fully unionize their branches. The ACFTU stated that it would “name and shame” those companies that had failed in their obligations to establish a union. These companies responded that, under Chinese labour laws, the establishment of unions was to be a voluntary act by employees and the companies’ employees had not made any demands to establish a union.¹¹¹

On July 29, 2006, the ACFTU announced that Wal-Mart’s Pujiang store in Quanzhou, Fujian had established a union. It claimed that employees at that store had applied to organize a union, and the Quanzhou and Pujiang branches of the ACFTU sent in a team to assist them in doing so.¹¹² When Wal-Mart management refused to support the process of organizing the union, the ACFTU announced it would utilize the relevant provisions of the *Trade Union Law* to press home the “legal demands” and “active desire” of (the legally required) 25 employees as a way of undermining Wal-Mart’s legal stance that the workers themselves had not asked for a union.¹¹³

¹¹⁰ Wang Qiaoping, “Jianchi Zhongguo tese shixian gonghui shiye da fazhan – xie zai liang hui kaimu zhi ji” (Support the Task of Developing Unions with Chinese Characteristics – Written on the Eve of Two Meetings), *Gongren Ribao (Workers Daily)*, taken from the ACFTU website (<http://acftu.people.com.cn/GB/67561/5467559.html>), March 13, 2007.

¹¹¹ Zhu Weidong, “Wo’erma shou ci huiying ‘gonghui wenti,’ bei su kenengxing bu da” (Wal-Mart Makes First Response to ‘Union Problem,’ Probability of Being Sued Low), *Beijing Yaole Xinbao (Beijing Star Daily)*, taken from the *Xinhua Wang (Xinhua News Agency)* website (http://news.xinhuanet.com/fortune/2004-11/24/content_2253204.htm), November 24, 2004.

¹¹² Wang Jing, Zhang Yanming, “Pujiang Wo’erma yingzi gonghui diaocha” (An Investigation of the Shadow Union at the Pujiang Wal-Mart), *Zhongguo Jingji Bao (China Economic Daily)*, taken from the *Xinlang Wang (Sina.com)* website (<http://finance.sina.com.cn/g/20060806/16522796018.shtml>), August 6, 2006.

¹¹³ Liu Sheng, “Wo’erma 62 jia fendian quan jianli gonghui, Quanzong toulou gongjianzhan mijue” (Unions Established at 62 Wal-Mart Stores, ACFTU Reveals Successful Strategy), *Zhongguo Qingnian Bao (China Youth*

On October 12, the ACFTU convened a press conference and announced that 62 Wal-Mart stores in 30 cities had established union organizations, with a membership of more than 6,000.

However, some domestic commentators claimed the ACFTU's battle with Wal-Mart resulted in a hollow victory. One writer candidly asserted that Wal-Mart's original resistance was based on a misunderstanding of the nature of the ACFTU. Wal-Mart imagined that the ACFTU was an American-style union, not realizing that in reality it was "paper tiger," incapable of negotiating wages or work conditions, but merely able to hand out benefits and organize get-togethers during the New Year and other holidays." The essay said Wal-Mart's compliance would be considered as "adherence to China's laws, nothing more."¹¹⁴ Indeed, the August 2006 framework agreement, worked out between the director of the ACFTU's basic-level organizing department and the vice-president of Wal-Mart China, contained a provision that "the union at each Wal-Mart store would support the store's administration in exercising its legal operation and management rights, motivate and organize workers to complete their work responsibilities, and cooperate on an equal basis with the store administration, supporting each other and working together for the harmonious development of the business."¹¹⁵

The ACFTU's move away from reliance on the support of enterprise owners and toward proactively organizing unions was a significant turning point in its union-organizing policy. However, much more work still needs to be done. At present, there are already more than 1.5 million private and foreign-invested enterprises in China; organizing unions at all of them will not be an easy task. The ACFTU needs to formulate and implement different union-organizing strategies based on the industries, regions and types of workers in the enterprises. If the ACFTU simply focuses its efforts on a few well-known foreign-invested enterprises such as Wal-Mart, MacDonald's and KFC, the vast majority of workers in the private sector will remain without representation. More importantly, it needs to start acting like a real union, if the Wal-Mart and other similar "unionizing" activities are to have any credibility among the workforce.

In March, 2004, the ACFTU announced that it planned to "admit 6.6 million new members per year between 2004 and 2008."¹¹⁶ On August 8, 2004, the ACFTU issued a *Notice Regarding Organizing Workers from All Types of Companies, Enterprises, and Organizations to Join Unions*, requiring unions to organize "all workers who have labour relationships with their employers at companies, enterprises, or organizations under any type of ownership, no matter where their household is registered, what type of work they do, or whether their period of employment is long- or short-term." This notice outlined three methods for recruiting migrant workers into unions: they could join the union at the enterprise they were working in, join the union belonging to the labour services company that recruited them, or join a union in their

Daily), taken from the *Xinhua Wang (Xinhua News Agency)* website (http://news.xinhuanet.com/fortune/2006-10/13/content_5196642.htm), October 13, 2006.

¹¹⁴ Deng Haijian, "Lengyan kan gonghui dui Wo'erma de shengli" (A Dispassionate Look at the Union's Victory over Wal-Mart), *Yanzhao Dushi Bao (Yanzhao Metro Daily)*, taken from the *Xinhua Wang (Xinhua News Agency)* website (http://news.xinhuanet.com/employment/2006-8/24/content_5000322.htm), August 24, 2006.

¹¹⁵ "Quanzong yu Wo'erma 'hexie hezuo,' 19 jia fendian jianli jiceng gonghui" (The ACFTU and Wal-Mart 'Cooperate in Harmony,' Unions Established at 19 Stores), *Renmin Ribao (People's Daily)*, taken from the *Xinhua Wang (Xinhua News Agency)* website (http://news.xinhuanet.com/politics/2006-8/19/content_4980714.htm), August 19, 2006.

¹¹⁶ Ding Zhanwang, "Quanmian luoshi 'zuzhiqilai' de mubiao renwu" (The Tasks and Goals for Fully Implementing Union Organizing), *Hunan Gongren Bao (Hunan Workers Daily)* website (<http://media.rednet.com.cn/Articles/04/03/09/435107.htm>), March 9, 2004.

hometown and then transfer their membership to the enterprise in which they were employed. The *Opinion Regarding Thoroughly Implementing the State Council's "Certain Opinions Concerning Resolution of the Migrant Worker Problem,"* issued by the ACFTU in March, 2006, required unions at all levels to use various methods to make it easier for migrant workers to join unions, including simplifying procedures for them to join and transfer between unions, encouraging them to join unions at their place of origin, implementing collective union registration for migrant workers and opening special union registration kiosks for them. According to ACFTU statistics, by the end of 2006, union membership nationwide had risen to 169.94 million or 73.6 percent of all workers, among whom migrant workers comprised 40.98 million, or 24.1 percent.¹¹⁷

Although the ACFTU's figures look impressive, when compared to more objective government statistics, we can see the ACFTU still has a lot of organizing work to do in order to meet its targets. At the end of 2004, for example, there were 5.17 million legal entities in China engaged in secondary and tertiary industries, including 3.25 million registered corporations. Among the corporations, there were 1.98 million private enterprises (61 percent), 343,000 collective enterprises (10.5 percent), 179,000 SOEs (5.5 percent), 74,000 enterprises owned by investors from Hong Kong, Macau and Taiwan (2.3 percent) and 78,000 foreign-invested enterprises (2.4 percent). The number of people working in secondary and tertiary industries was 308.83 million, of whom 214.6 million (69.5 percent) were employees rather than sole operators.¹¹⁸

However, simply increasing the number of unions and union members should not be the final objective of union organization. The unions established should act to defend and secure workers' rights. The establishment of unions at Wal-Mart had a theatrical quality to it, but after the curtain closed on this great union-organizing event, it was difficult to find any stories in the domestic media about actual union activities at these 62 stores. Did the unions engage in collective bargaining with the management, as provided for in the *Trade Union Law* and the *Collective Contract Regulations*? Did the workers' wages increase? Did their benefits improve?

4. An Analysis of Workers' Rights Activities by the ACFTU

Is the effective protection of labour-rights by trade unions to be viewed as a necessary and desirable end in itself or merely as a means towards another goal: maintaining social and political stability? In the former scenario, unions see labour-rights work as their basic function, organizing workers to form a countervailing force sufficient to contend with management, and using collective bargaining to resolve disputes, mitigate conflicts and reduce tensions between labour and management. Social and political stability is thus realized through the widespread and consistent defence of workers' rights in enterprises across the country. In the latter scenario, which generally applies in China today, workers' rights are merely a factor to be considered in

¹¹⁷ Wang Qiaoping, "Jianchi Zhongguo tese shixian gonghui shiye da fazhan – xie zai liang hui kaimu zhi ji" (Support the Task of Developing Unions with Chinese Characteristics – Written on the Eve of Two Meetings), *Gongren Ribao (Workers Daily)*, taken from the ACFTU website (<http://acftu.people.com.cn/GB/67561/5467559.html>), March 13, 2007.

¹¹⁸ Data source: Office of the First National General Economic Survey Leadership Group and the National Bureau of Statistics, "Di yi ci quanguo jingji pucha zhuyao shuju gongbao (di yi hao)" (Report on the Primary Data from the First National General Economic Survey (No. 1)), December 6, 2005, *Xinhua Wang (Xinhua News Agency)* website (http://news.xinhuanet.com/fortune/2005-12/06/content_3883969.htm).

the realization of the government's goal of social and political stability. Hence, the quality and quantity of rights gained by workers is dependent on how highly the government values social and political stability. At a time when there is an over-emphasis on economic performance, the rights won by workers will be limited to a level needed to maintain a minimum standard for social and political stability. Moreover, any grassroots workers' rights activities will be seen as destabilising factors that should be eliminated.

The ACFTU has been an instrument of the ruling party since the founding of the PRC. This role has not significantly changed during the period of economic reforms and the ACFTU's "conception of labour rights work" is merely an attempt to justify its continued role in the changing economy. The various labour-rights initiatives undertaken by the ACFTU during 2005-2006 all tightly adhered to the government's economic and social policies and were based on the latter's needs and commands. During 2005-2006, the government increased its focus on social justice and social policy issues and the ACFTU likewise focused its work on social issues. After the central government issued policies to safeguard the rights and interests of impoverished sectors of society and protect the rights of migrant workers, the ACFTU's unions shifted the focus of their work to establishing impoverished worker relief centres, doing more for migrant workers, morale-boosting activities and so on. This suggests that the ACFTU has little capacity to protect workers' rights on its own terms. The conductor's baton remains in the hands of the Party and the government. The ACFTU merely plays a passive role, dancing to their tune.

Following the restructuring of the SOEs, the ACFTU found it difficult to reestablish an effective presence at the enterprise level. Although the ACFTU repeatedly instructed its lower level unions in 2005-06 to focus on enterprise-level rights protection (see the *Decision Regarding Strengthening Basic-level Union Work* in December, 2004 and the *Enterprise Union Work Regulations (Trial Measures)* in July 2006) most of its successes came at the county level or above. Local unions were only able to focus on social work outside of the enterprises. They only provided workers' rights services to employees after their rights had been violated; for example, providing re-employment services to laid-off workers, pursuing back wages owed to migrant workers and providing legal assistance to workers during labour disputes. Although this after-the-fact work did at times win back some of the losses suffered by the workers whose rights were violated, it did not address labour rights protection at the primary or fundamental level.

The majority of the unions established by the ACFTU in the private sector in 2005-06 were under management control. Although there has been little reporting in the media on the effectiveness of these unions, most reports indicate that the unions are largely ineffective in protecting workers' rights. On May 9, 2006, the *China Business Times* published an opinion piece entitled "No Province Meets Minimum Wage Targets, Union is Silent." The article claimed that the minimum wages of all provinces and cities were "lower than the national standard," and accused basic level unions of "doing nothing for workers' personal rights and interests, even though, according to provisions of the *Trade Union Law*, defending workers' legal rights is the primary function of a union organization."¹¹⁹ In 2006, there was a series of media reports on worker deaths resulting from excessive overtime. For example, after working repeated overtime shifts for an entire month, Hu Xinyu, a 25-year-old worker at the Huawei

¹¹⁹ Zhu Dazhi, "Zui di gongzi wu yi sheng dabiao, gonghui weihe chenmo wuyan" (No Province Meets Minimum Wage Target; Why is Union Silent?), *Zhonghua Gongshang Shibao (China Business Times)*, taken from the *Xinlang Wang (Sina.com)* website (<http://finance.sina.com/review/zlhd/20060509/10072552153.shtml>), May 9, 2006.

factory in Shenzhen, collapsed and died from multiple organ failure on May 28, 2006. Two days later, Gan Hongying, a 35-year-old woman working in a clothing factory in the Haizhu district of Guangzhou, died after working a total of 54 hours and 25 minutes (22 hours overtime) in the previous four days. A few weeks later, a senior union official admitted in an interview with the *China Economic Weekly* that the ACFTU was virtually powerless to prevent forced overtime in factories across the country. Unions had no power to enforce the law, he said, and some private enterprises had no unions in the first place or, if there were unions, they were largely ineffective.¹²⁰

¹²⁰ Song Xuelian, “Zong gonghui cheng jue da duoshu de jiban dou meiyou jingguo gonghui de tongyi” (ACFTU Says Majority of Overtime Not Approved by Unions), *Zhongguo Jingji Zhoukan (China Economic Weekly)*, taken from the *Xinlang Wang (Sina.com)* website (<http://finance.sina.com/g/20060619/01212660666.shtml>), June 19, 2006

Conclusion

China's workers' movement in 2005-06 was characterized by continued disputes and protests by urban workers laid off from privatized former SOEs and also predominantly by migrant workers in the private sector. Both the government and the official trade union recognized that workers had genuine grievances and sought to address those grievances through legislative, regulatory and policy initiatives. However, the inability of the government and unions to enforce the law or effectively implement their own policies meant that the lives and working conditions of workers across the country for the most part failed to improve; indeed for many workers, the situation worsened.

Most workers laid-off from former SOEs during the process of privatization faced immense hardship. Not only did they receive pitiful compensation on being made redundant, they also found it increasingly difficult to find re-employment. Those that did find jobs usually obtained low-paid, temporary employment and soon rejoined the ranks of the unemployed.

Labour disputes and protests in this period arose both during the process of privatization and for a long period after it. Typically disputes flared up during the restructuring process because management arbitrarily imposed a redundancy package on workers without any meaningful consultation or dialogue. The workers congresses, which were supposed to approve restructuring plans before they were implemented, were either by-passed or manipulated by management into endorsing the plan. Very often, workers and their representatives were coerced or tricked into agreeing a severance package that was barely sufficient to cover their day to day expenses. One commonly used management tactic was to demand that laid-off workers pay their own medical insurance and old-age pension contributions, thereby significantly reducing - or even canceling out - the value of the workers' redundancy package.

Managements usually thought they had solved the problem of worker compensation once they had forced through their arbitrary redundancy package. But very often these privatization disputes carried on for many years, as the workers refused to give up their demands for due compensation. Typically, younger laid-off workers demanded re-employment, while those nearer retirement age demanded proper pension benefits. Workers also protested at the offices of local governments which had failed to protect their interests during the privatization process or which had reneged on promises to provide post-employment financial support. As the cost of living steadily increased, many laid-off workers demanded a higher compensation package or re-employment at their former enterprises, many of which had seen a "miraculous" turnaround in economic fortunes after privatization.

For migrant workers employed in the private sector, disputes and protests arose largely from specific and blatant violations of their rights. The single most important cause of labour disputes in this period was the failure of management to pay wages on time. Often an entire factory could go for months on end without being paid, and this led to widespread strikes, protests and street blockades. Workers also protested at wages lower than the minimum, excessive overtime for no additional pay, hazardous work conditions and intimidation of or violent attacks on workers' representatives.

It was often the case that government agencies first became aware of these labour disputes only when the workers took to the streets in protest. The response of local governments varied: some attempted to mediate on behalf of the workers, seeking the payment of back wages and better working conditions, while others used heavy handed tactics, sending in the police to break up demonstrations and pickets.

The central government recognized that these disputes and protests reflected mounting social and economic problems created by rapid economic reform and development and were not a direct political threat. It sought to improve the lot of workers by introducing legislation and regulations designed to prevent the most blatant violations of labour rights and ensure that workers were not cheated during the SOE privatization and restructuring process. The government also demanded that local authorities handle mass protests with care and exercise caution in deploying police.

The ACFTU, as an instrument of the Communist Party and central government, followed Beijing's lead by introducing a range of social policies designed to assist laid-off urban and migrant workers. These policies largely took the form of charitable relief and only addressed the problems of workers after they had appeared, rather than seeking to resolve labour disputes and concerns at an early stage or forestalling them entirely by acting as the committed representative of labour in negotiations with management.

The ACFTU did make a concerted push in 2005-06 to organize more unions in the private sector, most famously in its well-publicized battle with Wal-Mart to unionize its stores in China. However many union branches established in private enterprises could not effectively represent labour because the union representatives were either appointed by or in some way beholden to management. Likewise the "collective contracts and consultation system" promoted by the ACFTU, as a means of establishing a dialogue with management, very often was little more than a *pro forma* exercise in which agreements consisted of articles copied from the relevant labour laws and regulations.

The well-intentioned policies of the government and the ACFTU have failed because workers are still seen by the authorities as passive recipients of largesse, rather than active participants in the labour dispute resolution process. CLB contends that it is essential that the authorities radically alter their view of China's workers. It should treat them as equal partners in a tri-partite negotiating system that can effectively deal with labour-management disputes across a wide variety of issues and a wide range of industries and ownership systems.

There is now an urgent need in China for the current "collective consultation" system to be replaced by a system of genuine collective bargaining in which the official union acts as a representative of labour, and labour alone. It should abandon the charade of being an impartial third party facilitator that can restore harmony in the workplace and society by, in essence, sitting on the fence.

In short, it is time for the ACFTU - the only legally permitted representative of labour in China - to start acting like a proper union. The *Labour Contract Law*, which goes into effect on January 1, 2008, will be both a challenge to and a tremendous opportunity for China's official trade union to start acting as an authentic representative of and advocate for labour. If the ACFTU does not

accept this challenge, China's workers will sooner or later find ways to organize an effective counterforce to management on their own terms.

The workers' movement in China may still be fragmented and disorganized but migrant workers, laid off workers and even those still employed in former SOEs now share the same experiences and suffer the same injustices. Workers in China increasingly share a common interest and face a common adversary. Indeed, the situation in China today is analogous to the pre-unionized period in Western industrialized countries where workers were routinely exploited by industrialists and factory owners. The trade union movement grew as a response to that exploitation. The challenge for the ACFTU now is either to join China's growing workers' movement or to remain on the sidelines – an increasing irrelevance to the real issues.

CLB's Research Reports

China Labour Bulletin is committed to promoting workers' rights, as well as raising international awareness and understanding of labour issues in China. To this end we have produced a series of Chinese language and English language reports that provide an in-depth analysis and overview of some of the most important aspects of labour rights in China today. The reports will be of particular use to scholars and researchers but will also provide the general reader with a valuable introduction to specific issues such as the workers' movement, child labour, migrant workers, healthy and safety, the coal mining industry and the legal framework of labour rights in China.

English Language Reports

1. Deadly Dust: The Silicosis Epidemic among Guangdong Jewellery Workers

The main focus of this report is on the labour rights litigation work undertaken by China Labour Bulletin during 2004-05 to assist jewellery workers who had contracted chronic silicosis to win fair and appropriate compensation from their employers. The report highlights the severe health cost to Chinese workers of the country's current model of economic development and reveals the daunting procedural obstacles that occupational illness victims must surmount in order to secure compensation.

Published December 2005

2. Falling Through the Floor: Migrant Women Workers' Quest for Decent Work in Dongguan, China

Migrant women workers in Dongguan and other key cities of the Pearl River Delta have consistently been denied their fair share of the rewards of China's rapid economic growth over the past decade and more – indeed, they are increasingly falling below the ILO-defined minimum standard for socially acceptable work. In this survey report, Chinese women workers tell us in their own words about their arduous experiences of trying to earn a decent living in the boomtowns of the Chinese economic miracle today.

Published September 2006

3. Small Hands: A Survey Report on Child Labour in China

Child labour is a widespread, systemic and increasingly serious problem in China, and this report provides a timely, detailed and insightful analysis of the problem. Based on research carried out on the ground in 2005, the report explores both the demand for child labour in China and the supply of child labour stemming from serious failings in the rural school system. Our researchers talked to government labour officials, school teachers and administrators, factory owners, child workers and their parents to build up a picture of the living and working conditions of child labourers and explore the reasons why these children drop out of school early and go into work.

Published September 2007

4. Breaking the Impasse: Promoting Worker Involvement in the Collective Bargaining and Contracts Process.

An introduction to and overview of China's collective contract system that provides a detailed account of the legal framework and practical implementation of the system so far, and advocates

the use of collective bargaining and collective contracts as a means of promoting and protecting workers' rights, as well as improving relations between labour and management.

Published November 2007

Short English Reports

Public Interest Litigation in China: A New Force for Social Justice

One of the first English language overviews of the newly emerging field of public interest litigation (PIL) in China. The study examines the social, economic and legal background to PIL's development, shows its relevance to labour rights in China, introduces a range of illustrative cases, and discusses the current obstacles to PIL and its prospects for the future.

Published October 2007

Chinese Language Reports

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Conflicts of Interest and the Ineffectiveness of China's Labour Laws
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Occupational Health and Safety in China – Labour Rights Lose Out to Government and Business
3. 挣扎在去留之间：中国广东省东莞女工状况的调查笔录整理报告（2005年6月）
Falling Through the Floor: Migrant Women Workers' Quest for Decent Work in Dongguan, China
4. 中国工人运动观察报告(2000-2004)（2005年9月）
Standing Up: The Workers Movement in China, 2000-2004
5. 致命的粉尘：中国广东地区珠宝加工业矽肺病个案分析报告（2005年12月）
Deadly Dust: The Silicosis Epidemic in the Guangdong Jewellery Processing Industry
6. 有效的工人组织：保障矿工生命的必由之路——中国煤矿安全治理研究报告（2006年3月）
Bloody Coal: An Appraisal of China's Coalmine Safety Management System
7. 关于中国童工现象的实地考察报告（2006年5月）
Small Hands: Survey Report on Child Labour in China
8. “以人为本”？：煤矿矿难遗属谈话的启示（2006年11月）
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Speaking Out: The Workers Movement in China, 2005-2006

10. 集体合同制度是调整劳资关系的必然选择 (2007 年 9 月)

Breaking the Impasse: Promoting Worker Involvement in the Collective Bargaining and Contracts Process.