Are These Strikes a Sign of Growing Militancy Among China’s Workers?

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By Michelle Chen

Workers on strike at Stella Footwear factory in Dongguan City, China, March 2015. (Photo from China Labor Watch)

Last month, thousands of workers at the Yue Yuen shoe factory in Dongguan in Southern China—a supplier to Adidas and other Western brands—walked off the job in a dispute with management over wages and benefits, clashing with police and jamming production.

A few years ago, such a major strike at a factory on mainland China might have been international news. But these days, such uprisings are part of the daily rhythms of working life in China, pulsating with growing labor militancy.

The Yue Yuen protest was both spontaneous and strategic, targeted at what workers saw as their employer’s failure to hold up their end of the social contract. Since their grievances are driven by social policy as well as their employer’s alleged exploitation, these strikes represent the sharp edge of a deeper undercurrent of social strife.

According to New York-based China Labor Watch (CLW), the workers moved quickly to strike, before their demands were fully formulated, and it appears that the dispute remains at an impasse. The action was triggered by the company’s announced plans to restructure by merging two local plants, which many feared would lead to unilaterally breaking their contracts and slashing jobs. Workers were also angry over the company’s reportedly unexplained cuts to their annual bonus, which makes up a major part of a worker’s yearly income.

CLW reported that “During the strike, the company union collected demands from participating workers to present to management,” but Yue Yuen contended that “the merger would only apply to the office staff” and a plants logistics unit, not production workers. One worker told CLW that workers remained defiant, since they “perceive this change as a progressive step toward movement of Yue Yuen operations out of Dongguan toward Southeast Asia. Workers expect that the downsizing in the Dongguan operations will only continue, and most workers want to resign now with a payout of their housing fund.”

The strike was a reprise of an historic mass strike last year, involving tens of thousands of Yue Yuen workers. Though that uprising...
ended quietly with a compromise with management, it helped galvanize rising labor militancy in the southern Chinese manufacturing sector, and, at least nominal promises of reform (yet unfulfilled) from the official All-China Federation of Trade Unions.

The housing fund—one component of China’s nascent social insurance scheme—is a major issue for factory workers, because the municipal government recently tightened restrictions on early withdrawals. Now workers are demanding advance payments, after being warned that they could only withdraw partial payments early starting in March 2015.

According to Hong Kong-based China Labour Bulletin (CLB), under the new rules, “workers who resign or lose their jobs are specifically barred from access to their accounts,” and Dongguan workers see the government’s move as “a trick to...hold on to the huge pool of housing funds already contributed by the millions of workers in Dongguan.”

With the new limits in place, Kevin Slaten with CLW explained via e-mail, workers are not only anxious about their funds being locked up but also want to cash in because they fear “a low-or-no interest fund will dissipate the value of earnings over the next 10, 20, or more years.” Since the amount of the fund is generally too low to finance any serious housing investment, workers tend to treat it as a supplementary social-security-type fund.

“In the overall context of the decline or restructuring of manufacturing in the Pearl River Delta,” CLB Communications Director Geoff Crothall said via e-mail, “it is understandable that workers want to get everything they possibly can from their employer before they lose their job or move elsewhere. After all, they are just asking for what should have been theirs all along.”

Workers’ access to the housing fund, which is partially governed by municipal policy, was also at the core of another major strike in Dongguan last month at the Stella shoe factory, which produces for designer labels like Rockport and Reebok. An estimated 5,000 Stella workers went on strike to protest alleged underpayment of housing funds, and the company quelled the strike immediately (while declining to state publicly how the issue was resolved). [Update: Early withdrawals were quietly arranged in late March.]

Both Stella and Yue Yuen workers seemed primed for preemptive direct action. Labor activist Zhang Zhiru told The Financial Times, “After that protest [at Yue Yuen last year], workers have gone on strike more frequently. They don’t want to waste time on negotiations that can take a long time and are usually useless.”

The housing fund and the year-end bonus together may constitute as much as 25 percent of a workers’ yearly income, so the stakes are extremely high for Chinese manufacturing workers. They’re clinging to a creaky benefits system as their job security is undercut by even “cheaper” workers in neighboring regions like Cambodia, Vietnam and Indonesia. The willingness to take militant action in response to these challenges reflects awareness that the golden era of Chinese manufacturing may be on the wane.

But labor might be on the rise. According to CLB’s strike-tracking map, the first quarter of 2015 saw “record numbers of strikes and worker protests...with a total of 650 incidents compared to 569 in the previous quarter.” Many actions were concentrated in southern cities like Dongguan, but unrest sprang up in inland areas as well, with the majority of actions concentrated in construction and manufacturing.

In a parallel (but apparently not directly related) labor incident, workers at a Yue Yuen-owned factory in Vietnam also went on strike in late March. That strike too, was just a short, sharp shock, and production resumed after six days. But like the Dongguan strike, the conflict was fueled by disputes between workers and management over social insurance payments.

So at two plants under a single brand, in two rival manufacturing hubs, simultaneous wildcat strikes arose over workers’ anxiety over long-term economic security. It seems that even if not directly in contact, workers are aligned in their pushback against global manufacturing’s “race to the bottom.” As the relentless pressure to suppress labor costs begins to finally bottom out, workers may find new leverage on the shop floor, across the city, and maybe even across borders.