

Asia & Pacific

Strikes and workers' protests multiply in China, testing party authority

By Simon Denyer

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GUANGZHOU, China — In the Chinese region nicknamed “the world’s factory,” many workers are angry and disillusioned.

Strikes and other labor protests have spiked across the country as manufacturing plants lay off workers and reduce wages in the face of mounting economic head winds. But the unrest is particularly intense in the southern province of Guangdong, the vast urban sprawl bordering Hong Kong that is the heart of China’s export industry — and its economic success story.

The upsurge in industrial action represents a challenge for a Communist Party that bases much of its legitimacy on its ability to manage the economy. Experts say it is not about to threaten the party’s vice-like grip on power, but it will ring alarm bells for local officials whose careers often depend on their ability to stamp out stirrings of social unrest.

In December, Guangdong police [arrested a handful of labor activists](#) who have tried to defend workers’ rights and negotiate peaceful settlements to some of the disputes.

In the latest confrontation, hundreds of workers faced off against police in riot gear this week at a stainless steel factory in the provincial capital, Guangzhou, protesting wage cuts, layoffs and efforts to force many to resign without proper compensation.

“To me, the company was like a big family, but now it’s treating its employees so badly we have no sense of belonging,” said 32-year-old Chen, who has worked there for nearly seven years. “It is so cold-blooded.”

Chen asked to be referred to only by his family name for fear of retaliation. Other strike organizers and workers who have spoken out have been fired, or harassed by police.

Problems began when the factory’s Taiwanese owners sold the business to a Chinese state-owned company last year, workers said. Shortly afterward, Chen said, he was told he was being demoted from a lower-level leadership job and would see his salary cut, along with many others.

“We didn’t complain because we understood the company was in trouble,” he said. “But now . . . we found out our base salary had been halved, to 2,200 yuan (\$325) a month.”

“You just can’t live in Guangzhou on the money they are paying,” he said. “If you were to get a bowl and beg under the overpass, you would earn more.”

China Labour Bulletin (CLB), a Hong Kong-based group that supports workers’ rights, says it recorded 2,774 strikes or protests in China last year, twice as many as in 2014. It says the rise may be partly accounted for by better tracking of strikes on social media but called the upsurge obvious and massive.

The jump began after last August’s currency devaluation and stock market crash and continued to build during the last quarter of last year, mainly in the manufacturing and construction sectors, and most markedly in Guangdong.

“There is a growing sense of insecurity among workers, particularly in Guangdong,” said Jonathan Isaacs, a labor specialist and partner at Baker and McKenzie, a law firm in Hong Kong. “A lot of factories have shut down, relocated to cheaper areas or implemented mass layoffs.”

Many of the underlying problems predate the last quarter, according to Albert Park, director of the Institute for Emerging Market Studies at the Hong Kong University of Science and Technology.

A survey by HKUST and Beijing’s Tsinghua University of nearly 600 factories in Guangdong conducted last August found that, although the profits picture was mixed, companies had trimmed their workforce by 3.7 percent in 2014. Labor-intensive sectors were the hardest hit, with employment in textiles falling more than 10 percent.

The main problem firms cited was rising wages: Guangdong is, in a sense, a victim of its own success, and now many factory owners are eyeing cheaper locations in Southeast Asia.

But the global economic slowdown was also having an impact, with low market demand cited as the second-biggest problem, Park said.

Industrial unrest, though, has mainly been fueled by owners’ failure to offer workers proper compensation for layoffs, pay them wages they were due or keep social security payments up to date, experts said.

CLB said two-thirds of the disputes recorded last year related to the nonpayment of wages. “The economic slowdown only partially explains the increase in labor disputes,” it wrote. “The fundamental cause has been the systematic failure of employers to respect the basic rights of employees.”

China has labor laws that are supposed to protect workers’ rights, but local governments regularly fail to enforce them, experts say.

Unions also do little to help. The All China Federation of Trade Unions is the largest in the world, with 280 million members and 918,000 full-time employees, but is firmly under Communist Party control, critics say.

At the Ansteel Lianzhong factory in Guangzhou, workers said the union leader had been appointed by the company and backed the management's position.

"We wouldn't even know who the union chairman was if it wasn't for this strike," Chen said. "It's laughable. Anyone with any common sense would know the union leader must be elected."

Given the vacuum left by the unions, a small network of labor activists has sprung up in Guangdong, seeking to educate workers about their legal rights and settle labor disputes through collective bargaining.

In December, dozens of activists were called in for questioning, and seven were detained. Three remain behind bars, the most prominent being Zeng Feiyang, who has been charged with "gathering a crowd to disturb social order."

Denied access to his attorney, Zeng has been denounced by state media in what critics say amounts to a "smear campaign" that gives him no chance of a fair trial.

The top U.N. human rights official, [Zeid Ra'ad al-Hussein](#), and the International Trade Union Confederation are among those who have expressed concern or called for the activists' release. Writing in *The Washington Post* in January, three leading American legal scholars also denounced what they called the "cruel irony" of a Communist Party stamping out labor activism.

"The authorities don't know how to deal with the situation, so their only response was to target the people who are actually helping," said Geoffrey Crothall, communications director for CLB, which helps fund Zeng's small labor organization.

Andrew Polk, resident economist at the Conference Board China Center for Economics and Business in Beijing, said there will probably be a rise in structural unemployment as China's economy transitions away from heavy industry and toward services. "You can't have a coal miner suddenly becoming a bank teller," he said.

But a rise in joblessness and any further labor unrest is unlikely to significantly undermine one-party rule, he said, suggesting that the authorities might have to bolster social welfare payments, as they did during another economic transition around the turn of the millennium. "It is something government policy will have to address," he said, "but I think the government is quite capable of dealing with the issue."

At the Guangdong factory, Monday's face-off ended without violence, although workers said all their banners, with slogans calling for better pay and conditions, were confiscated.

On Tuesday, the seventh day of the strike, police issued a notice saying workers had been "incited and seduced" by a small number of people and warning of arrests if the "illegal" gathering continued.

“We have called local media, but they didn’t dare cover this,” complained Luo Yebin, 31. “We posted on social media, uploaded videos, but they were deleted. We feel powerless, oppressed and infuriated.”

Many employees [returned to work Wednesday](#) after the police warning and after the company promised to restore their wages to previous levels, although some said they would still pursue legal action. Others said they feared retaliation and would seek work elsewhere.

Chen said he had been forced to leave his 3-year-old son with his parents back in his home town while he worked in Guangzhou, often reducing his wife to tears. Now, he wonders if all his heartbreak and hard work were worth it.

“I thought if I could keep working hard, I could get a decent job and have my kid with me,” he said. “My dream is just to be together with my family. But now even that dream is clouded with uncertainty.”

Xu Yangjingjing contributed to this report.

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