

中国劳工通讯 China Labour Bulletin

Research Reports

A Decade of Change

The Workers' Movement in China 2000-2010

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Introduction

The first decade of the Twenty-first Century saw China burst on to the global economic stage. The country's gross domestic product more than tripled in just ten years to reach US\$5.8 trillion at the end of 2010; a meteoric rise that made China the world's second largest economy.¹

This “economic miracle” was fuelled to a large extent by the seemingly inexhaustible supply of impoverished rural labour that flooded into the factory towns of southern China. By the end of the decade however, the picture was changing. Growth was beginning to slow down and China's factory workers staged strikes and protests in an emphatic statement that the days of cheap, docile labour were coming to an end.

China Labour Bulletin has closely monitored the development of worker activism over the decade in a series of research reports covering the years [2000-2004](#), [2005-2006](#), [2007-2008](#) and [2009-2011](#). These reports feature in-depth accounts of the strikes and worker protests during these periods, analyse the changing characteristics of the workers' movement and discuss the response of the Chinese government and the official trade union, the All-China Federation of Trade Unions (ACFTU) to those changes.

This new report brings the four previous studies together and examines how the workers' movement has grown and developed over the decade as a whole. It analyses 553 specific cases of collective worker protests over the eleven years from 2000 to 2010, and examines their distribution across different industries, the changing nature and composition of the workforce, as well as the subsequent transformation of workers' demands and their ability to organize. The majority of these cases were taken from Internet sources with a smaller number taken from CLB's own case work.² The 553 cases analysed here represent a small fraction of the estimated 30,000 strikes and protests in China each year at the end of the decade,³ but they do nonetheless present a useful snapshot of how the workers' movement has developed and indicate the direction it might take in the future.

Examining these trends, CLB concludes that demographic shifts and changes in economic and social policies over the past decade have begun to give China's workers more bargaining power in the workplace. As such, workers have become more determined both to redress grievances with their employer and push for better pay and

¹ [China overtakes Japan as world's second-biggest economy](#), *BBC News* 14 February 2011.

² These cases exclude collective labour disputes that went to arbitration or the civil courts. Cases with the same origin, primary actors or complaint but including two or more protests are treated as a single case.

³ Yu Jianrong (于建嵘), 群体性事件症结在于官民矛盾 (Conflicts between officials and citizens are the key to mass incidents), *中国报道 (China Report)*, No. 1 (2010), pp. 50-51. See also Yu Jianrong's classification of mass incidents: rural residents 35 percent, workers 30 percent, urban residents 15 percent, social conflicts 10 percent, social anger five percent, organized crime five percent. In [群体性事件与和谐社会建设](#) (Mass incidents and the construction of a harmonious society) Chinese Academy of Social Sciences, 8 September 2008.

working conditions. Moreover, younger workers especially are now far more confident in their ability to organize strikes and protests. In some places they have already established an embryonic system of collective bargaining in the workplace. CLB argues that this currently transitory and fragmented system could develop into a more stable and institutionalised collective bargaining system that will lead in the future to more productive and fundamentally more equitable labour relations in China.

Chapter One: The socio-economic and political background to the workers' movement

Economic development

During the late 1990s and early 2000s, China's economic development was shaped by two important and inter-related processes; the restructuring of state-owned enterprises (SOEs), which had been the mainstay of the economy for several decades, and the rapid growth of private enterprises.

After tentative reforms to the state system in the 1980s, the Chinese government led by Jiang Zemin and Zhu Rongji, introduced a radical new "shock therapy" restructuring program in the mid-90s which involved the closure, merger and privatisation of tens of thousands of antiquated, inefficient and underperforming SOEs, and led to lay-offs of well-over 30 million workers.⁴ Workers who had been told from an early age that the state would guarantee them a job, housing and welfare benefits for life, or an "iron rice bowl," as it was known, found themselves on the employment scrapheap. To add insult to injury, these laid off workers saw their former bosses getting obscenely rich by manipulating the restructuring process and purchasing state assets at ridiculously low prices. Prior to the State-owned Assets Supervision and Administration Commissions' *Opinion on Regulating the Restructuring of State-Owned Enterprises* in 2003, there was no comprehensive and unified central government policy to guide or regulate the restructuring process, giving unscrupulous local government officials and SOE managers the chance to collude in undervaluing the assets of SOEs and dividing up the spoils.⁵

SOE restructuring became the main focus of worker protests in the early 2000s with frequent large-scale protests over redundancy payments, job reassignments and corruption. In some cases, the workers organizing these protests were arrested and sentenced to long prison terms. For a detailed study of one of the most significant protests in the early 2000s, see CLB's research report [The Liaoyang Workers' Struggle: Portrait of a Movement](#).

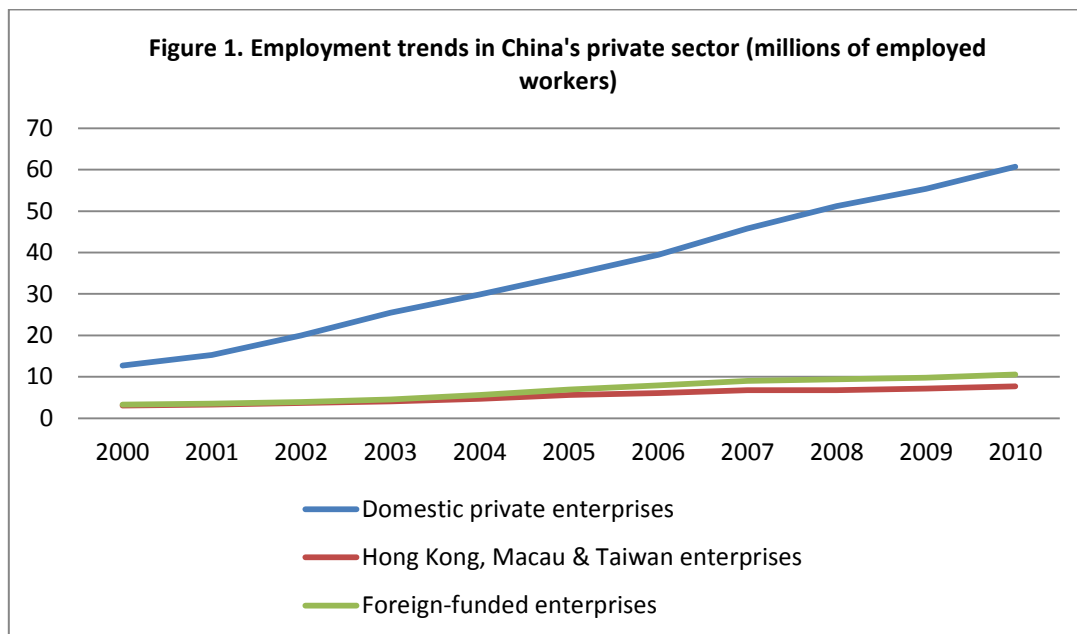
As the numbers of workers employed by SOEs fell dramatically in the late 1990s, employment in the private sector started to grow steadily. Official statistics show strong employment growth throughout the 2000s in domestically-owned private companies, as well as foreign-funded enterprises and those with investment from Hong Kong, Macau and Taiwan. See Figure 1.⁶ The absolute numbers recorded in the official statistics are

⁴ Research Group on Labour Relations in China's Transition Period, Guo Yue (郭悦), author, "转型时期中国劳动关系研究" (Research on labour relations during China's transition period), 劳动科学所 (ilss.net.cn), 9 January, 2004.

⁵ Government estimates put the total value of state assets lost since the start of the SOE restructuring process at between 800 billion to one trillion yuan. Director of the National Audit Office, Li Jinhua, blames "corrupt elements" for the majority of the losses. See Shen Hua (申铤), "李金华: 国有资产流失是中国最大的威胁" (Li Jinhua: Loss of state assets is the biggest threat) 自由亚洲电台 (Radio Free Asia), 30 September 2006.

⁶ Source. China Statistical Yearbook 2011. Table 4.2.

lower than in reality because of the limits on who is classified as an employed person, but the overall trends are still indicative of the actual situation.



The **growth of private enterprises** over the decade was facilitated to a large extent by the lack of legal enforcement in China. Government officials who wanted to see rapid economic growth and local investment usually turned a blind eye to employer violations of labour rights. This, combined with the superior economic power of capital over labour meant that employers could unilaterally determine the pay and conditions of their workforce.

The economic power of capital over labour was further enhanced by the vast pool of under-employed rural residents migrating to the cities for work. In 2000, the Ministry of Human Resources and Social Security (MOHRSS) estimated that there were a total of 113 million migrant workers in China.⁷ By 2010, that number had doubled to 240 million, including 150 million working away from their home regions.⁸ Of those 150 million, an estimated 72 percent were employed in the manufacturing, construction, hospitality, food and beverage, wholesale and retail industries.⁹

In 2004 however, labour shortages began to appear for the first time in China's south-eastern coastal areas. These shortages eased somewhat during the international financial crisis of 2008-2009,¹⁰ but soon after the economic situation improved in early

⁷ MOHRSS Employment Relief Office and National Bureau of Statistics Rural Investigation Team Topic Group, "2000年中国农村劳动力就业及流动状况" (*The Employment and Mobility of China's Rural Labour in 2000*).

⁸ MOHRSS, "2010年度人力资源和社会保障事业发展统计公报" (*Statistical report on human resources and social security developments in 2010*), 人力资源和社会保障部网站 (MOHRSS website).

⁹ National Bureau of Statistics, "2009年农民工监测调查报告" (*2009 monitoring and investigation report on migrant workers*), taken from 腾讯网 (QQ.com).

¹⁰ At that time, a large number of small and medium-sized enterprises in the manufacturing and textile industries went bankrupt, leading to loss of jobs for a large numbers of migrant workers. According to the Ministry of Agriculture, 15.3% of migrant workers (about 20 million) lost their jobs or were unable to find work. See Chen

2010, there were reports of shortages of over two million workers in the Pearl River Delta region alone.¹¹

By the end of the decade, labour shortages were being reported across the country, reflecting a marked **shift in demographics** and the ever increasing demand for labour. The number of young people entering the workforce began to level off during the decade and then start to decline, severely impacting the manufacturing sector, which traditionally relied on teenage workers and those in their 20's to operate the production lines. Many economists believe China is approaching or has already reached the "Lewis turning point," where the "unlimited labour supply" from a developing county's rural labour surplus finally dries up, leading to higher wage demands.¹² Indeed, as will be seen in the following chapter, since labour shortages began to emerge in 2004, worker protests have not only increased in number but have shifted focus from a reactive response to labour rights violations towards more proactive demands for higher wages and improved working conditions.

This dynamic was further enhanced by the increasingly **divergent interests of labour and management**. It became ever more apparent to workers, as the decade progressed, that the experiences and interests they shared with their colleagues on the factory floor were very distinct and separate from those of management. This realisation that workers in one factory, or even in a network of factories, broadly shared the same problems and had the same interests and economic needs, helped foster a sense of solidarity and facilitated collective action for better pay and working conditions.

The evolution of government policy and labour legislation

It was in this socio-economic context that the Chinese Communist Party, under the new leadership of Hu Jintao and Wen Jiabao, developed and promoted the concept of the "**harmonious society**," a model of development that stressed issues of social justice and stability as well as the out-and-out economic development that had been the focus of the previous leadership. Soon after coming to power in 2002, Hu and Wen talked about "putting people first" and using "power for the people, showing concern for the people, and seeking benefit for the people." And in October 2006, the Party Central Committee issued its *Decision on Some Major Issues in Building a Harmonious Socialist Society*, which stressed narrowing rural-urban and regional divides; creating a more efficient and equitable system of income distribution; boosting employment; and establishing a basic social security system for both urban and rural residents. In the latter half of the decade, the leadership made resolving "people's livelihood" issues its main task. By late 2010, all

Xiwen (陈锡文), "[无工作返乡的农民工约两千万, 政府积极应对](#)" (Government actively deals with about 20 million migrant workers returning home without jobs), 新华网 (*Xinhuanet*).

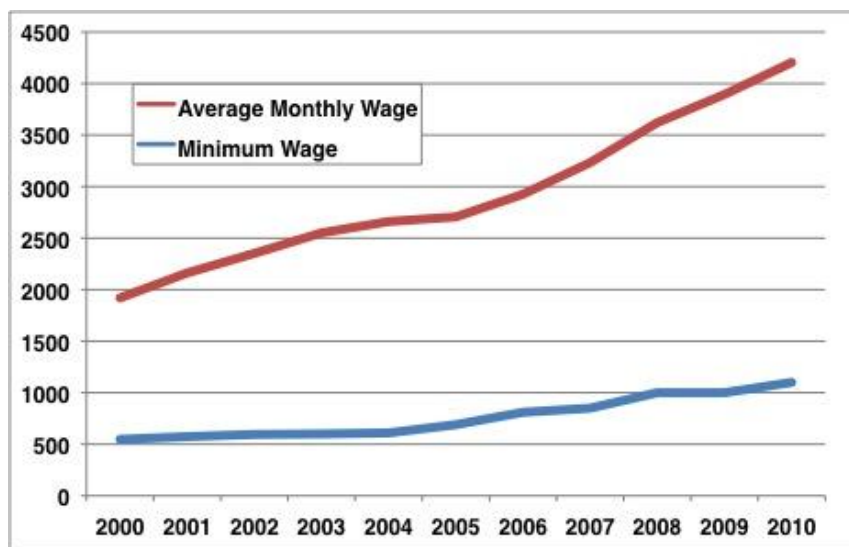
¹¹ "[沿海地区普遍出现用工荒, 珠三角缺工超200万](#)" (General labour shortage in coastal areas, over 2 million in Pearl River Delta), 新华网 (*Xinhuanet*).

¹² Cai Fang (蔡昉) and Wang Meiyang (王美艳), "中国劳动力市场的新因素" (New factors in China's labour market), in Cai Fang, ed., 中国人口与劳动问题报告 No. 12 (*Reports on China's population and labour (No. 12)*), 社会科学文献出版社 (Social Sciences Academic Press), 8 August 2011, pp. 56-69.

these policies coalesced into the Party's 12th Five Year Plan, which outlined a “strategy of steady expansion of domestic demand coupled with sustained stable and rapid economic growth.”

A key component of the government's strategy for boosting consumption has been to establish mechanisms to steadily increase wages, especially for the poorest paid workers. A **minimum wage** was first introduced in 1994, the same year as China's first comprehensive labour legislation, the *Labour Law*. Local governments increased the minimum wage by relatively small amounts during the 2000s, on average once every two years. Increases were put on hold altogether after the international financial crisis in late 2008. In 2010, many local governments started to make more substantial annual adjustments but even these failed to keep up with increases in average wages. See Figure 2.

Figure 2. Comparison of average and minimum monthly wages in Shenzhen 2000-2010



The reason for this growing discrepancy was simple. Many employers, especially in the manufacturing sector, saw the statutory minimum wage not as a minimum at all but rather as a basic wage to be paid to all production line workers. And unless the government increased the minimum wage, employers would not raise the wages of their workers. Throughout the late 1990s and early 2000s, factory workers' wages in the Pearl River Delta, which was rapidly establishing itself as the “factory to the world,” remained basically stagnant.¹³ Their take home pay of just 800 yuan each month at the time was exhausted by the costs of daily necessities, food, housing, transport etc.¹⁴

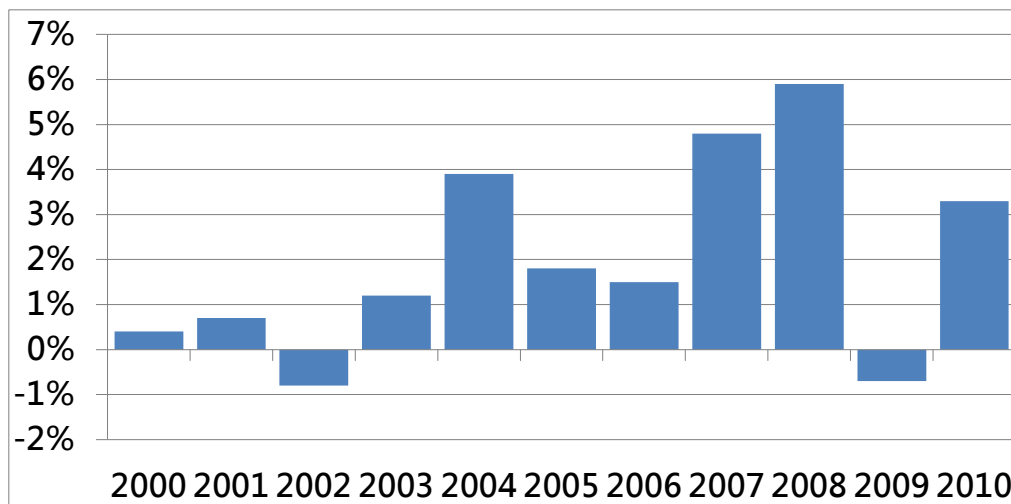
It was only after labour shortages first appeared in 2004, that factory worker wages in

¹³“珠三角民工荒依旧紧张，一批经营不佳中小企业倒闭” (Pearl River Delta migrant workers remain tense; poorly managed small and medium enterprises shut down), 新华网 (*Xinhuanet*), 20 April 2005.

¹⁴“‘劳动力低廉’之危，中国劳动力价值与国强民富” (The danger of cheap labour: the price of Chinese labour, strengthening the country and enriching the people,” 中国经济周刊 (*China Economic Weekly*), 30 May 2005, taken from 中国农村劳动力转移培训网 (*China Migrant Labour Force Training website*).

Guangdong began to rise. However, at the same time as wages started to creep up so did **inflation**, especially food inflation and prices for other daily necessities which form the bulk of poorly paid workers' monthly expenditure. See Figure 3.

Figure 3. Changes in China's annual headline consumer price index 2000-2010



In the latter half of 2006, the price for staples such as grain, oil, and eggs began to increase rapidly, pushing headline inflation up to 4.8 percent in 2007. Pork prices increased particularly rapidly, putting a huge strain on the budgets of the poorest families. In July 2007, the price of pork reached 13.6 yuan a pound in Guangdong,¹⁵ while the minimum wage in the province remained between 450 and 780 yuan a month. Prices continued to surge in 2008 with overall inflation reaching 5.9 percent for the year. It was only in mid-2008 that prices fell before rising again at the end of the decade. Consumer price rises were a major contributory factor to workers' demands for higher wages in the latter half of the decade.

Throughout the decade, the government sought to ameliorate the effects of low wages and high prices by introducing a range of social policies to improve conditions for the two most disadvantaged sections of the workforce, those laid-off from SOEs and migrant workers.

Back in the late-1990s, Beijing urged local governments and SOEs to set up "re-employment service centres" to guarantee the basic livelihood of laid-off and unemployed workers and help them find new employment. This, together with other central government initiatives in the early 2000s, eased to a certain extent the living and employment difficulties faced by laid-off workers, helping restrain the worker protests triggered by the SOE restructuring process.

As China's **rural migrant workforce** became an increasingly important component of the overall workforce in the early 2000s, the systemic discrimination they faced in the

¹⁵ "廣東省物價局長稱豬肉價格將持續上漲" (The Price Bureau of Guangdong Province warns of continued increase in the price of pork), *Southern Metropolis Daily* 12 July 2007.

cities stemming from the household registration system became more and more apparent. Policy documents issued by the central Party and government in 2003 acknowledged the importance of migrant workers, and ordered city governments to eliminate discriminatory provisions that prevented migrants from obtaining and retaining employment, as well as any unreasonable fees and expenditures incurred by migrant workers and their families. Other policy notices demanded action on resolving wage arrears, an issue which affected migrant workers more than any other group. In March 2006, the State Council issued *Some Opinions on Resolving the Problems Faced by Migrant Workers*, which again called for “fair and non-discriminatory treatment” of migrant workers. However local governments only introduced piecemeal reforms, lifting discriminatory measures only for those migrants they considered desirable residents, i.e. those with regular well-paid jobs, property and investments in the city. At the end of the decade, the vast majority of migrants were still excluded.

In a further attempt to improve workers’ income and so boost domestic consumption, the government sought to establish a system of **collective wage negotiations and contracts** in unionized enterprises. The *Notice Regarding the Rainbow Plan to Further Promote the Implementation of the Collective Contract System*, jointly issued by the government, trade unions and Chinese business associations, called for collective contract systems to be set up in 60 percent or more of unionized enterprises by the end of 2010, rising to 80 percent in 2011. Small enterprises without unions would sign regional or industry-wide collective contracts to increase the coverage rate. While these contracts have helped increase wages in some cases, the union-led negotiation process has excluded the workers themselves, meaning there is no guarantee that the improvements won on their behalf will satisfy the workforce in the long-run.

The 2000s saw the implementation of a wide range of **new laws and government regulations** designed to improve workers’ rights, with the most significant burst of legislative activity coming as the workers’ movement began to intensify in 2007 and 2008. The five most important national laws introduced during this period were:

- The *Law on Prevention and Treatment of Occupational Diseases*
- The *Labour Contract Law*
- The *Employment Promotion Law*
- The *Law on Labour Dispute Mediation and Arbitration*
- The *Social Insurance Law*

Although these laws have only been loosely enforced, their introduction did enhance the legal status of workers, and the intensive efforts of government and trade union officials to promote the laws did greatly increase workers’ awareness of their rights. The *Labour Contract Law*, which went into effect on 1 January 2008, was particularly important in galvanizing workers to defend their legal rights. At the end of 2008, the number of labour disputes going to arbitration and the courts had both doubled over the previous year, and numbers have remained at a consistently high level since.

Maintaining stability

All of the laws and government policies discussed above fed into and contributed to the Party and government's primary goal, the maintenance of social and political stability. Maintaining stability has been the overriding priority for the authorities since 1989 but it became even more important in the 2000s as social tensions began to escalate. So much so that central government spending on the maintenance of stability reached 514 billion yuan in 2009, roughly equivalent to or even in excess of the country's annual expenditure on the military.¹⁶ This excessive spending continued into the current decade with the overall budget for police, state security, armed militia, courts and jails and other items of "public security," increasing by 11.5 percent in 2012 to reach 701.8 billion yuan.¹⁷

Yet despite the absolute focus on maintaining stability, and wide-ranging policy initiatives to improve people's livelihoods, protests by workers, rural land owners and other marginalized and exploited groups have continued to grow in number and intensity. Many protests were fuelled by dissatisfaction and anger at the rapidly increasing gaps between the rich and the poor and the powerful and the weak; processes seen as directly linked to government corruption and cronyism.

The traditional method of expressing grievances or complaints in China has been to petition the government either by letter or in person. Petitioning steadily increased in the 1990s,¹⁸ reaching record levels in the early 2000s. During the summer of 2003, for example, the Party's Central Commission for Discipline Inspection received 10,000 individual petitions and over 453 collective petitions, with an average of 100 people visiting in person each day.¹⁹ Despite strenuous and sometimes violent and illegal efforts to limit the number of petitioners coming to Beijing,²⁰ the numbers of complainants have remained at consistently high levels ever since.

Popular protests, known as "**mass incidents**" also increased in the 2000s. China's Academy of Social Sciences reported that there were more than 60,000 mass incidents in 2006 and over 80,000 in 2007.²¹ Although official figures are no longer published,

¹⁶ Yin Hongwei (尹鸿伟), "我国去年维稳经费达5140亿元, 严打模式引思考" (Nation's spending on stability last year reached 514 billion, provoking thought about crackdown model), 南风窗 (*Window of the South*), taken from 新浪网 (*Sina.com*).

¹⁷ "China boosts domestic security spending by 11.5 percent," *Reuters*, 4 March 2012.

¹⁸ Li Keming (李科明), "信访工作面临的新情况和新问题" (Facing the new situation of public petition work and its new problems), 中国监察 (*China Discipline Inspection*), Vol. 11 (2001), pp. 42-43.

¹⁹ "2003: 中国遭遇信访洪峰" (2003: China faced flood of petitions), 新华社瞭望东方周刊 (*Oriental Outlook*, Xinhua News Agency).

²⁰ See "[An Alleyway in Hell: China's Abusive Black Jails](#)" Human Rights Watch, 12 November 2009.

²¹ CASS Social Trends Analysis and Projection Topic Group, 2008—2009年中国社会形势分析与预测总报告 (Analysis and Forecast of China's Social Trends in 2008-2009), in Ru Xin (汝信), Lu Xueyi (陆学艺), and Li Peilin (李培林), ed., 2009年: 中国社会形势分析与预测 (*2009: Analysis and Forecast of China's Social Trends*), 社会科学文献出版社 (Social Sciences Academic Press) (2008), pp. 1-14.

there is credible evidence indicating that there were more than 90,000 mass incidents in 2009.²²

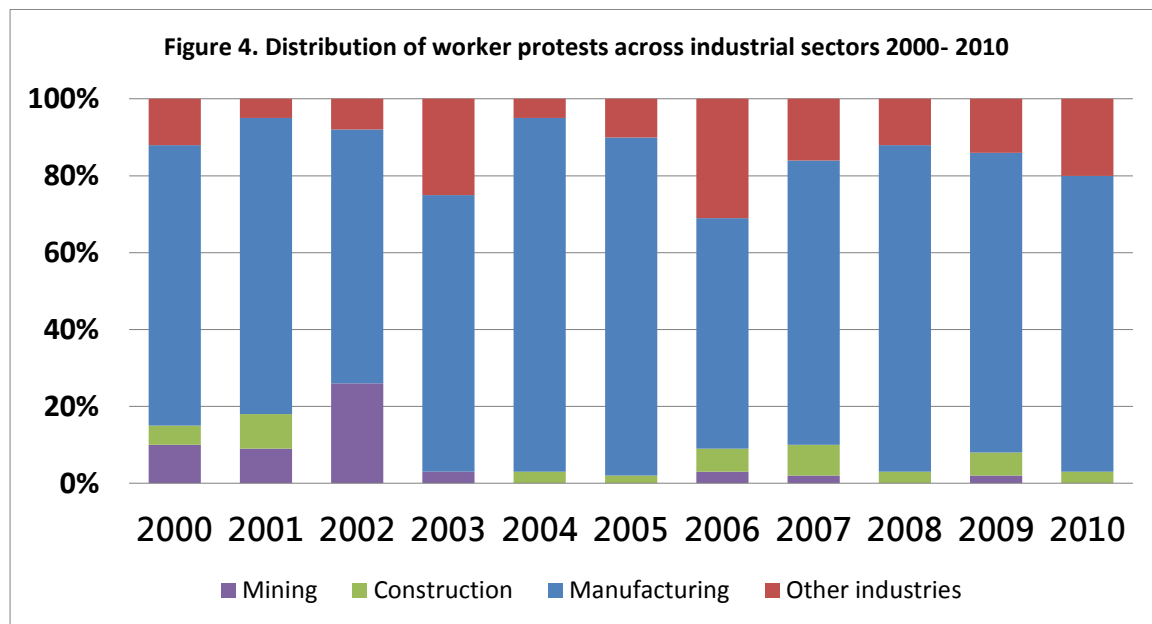
The continued rise in the number of popular protests through both formal and informal channels indicates that the Chinese government has yet to devise and implement a mechanism to resolve disputes between different interest groups in an effective and equitable manner. However, looking at the development of the workers' movement since 2000, it is possible to discern clues as to how that mechanism might be created.

²² Yu Jianrong (于建嵘), "群体性事件症结在于官民矛盾" (The crux of mass incidents lies in contradiction between officials and citizens), 中国报道 (*China Report*), Vol. 1 (2010), pp. 50-51.

Chapter Two: Major trends in the workers' movement

Distribution of protests

Throughout the first decade of the century, the vast majority of worker protests took place in the manufacturing sector. CLB's survey of 553 collective disputes shows that in every year except 2006, more than 70 percent of worker protests were in manufacturing enterprises. To a large extent, the concentration of disputes in the manufacturing sector is explained by the fact that China's economic growth during this period was driven by export-oriented manufacturing that relied on a high volume of low-cost labour. As mentioned in the previous chapter, enforcement of labour laws and regulations designed to protect workers interests was extremely lax in this sector. With no effective trade union presence to represent them and no channels of communication with management, workers were left with no option but to stage protests when their rights were violated.



Strikes and protests are relatively easy to organize in factories where there is a high concentration of workers; all with the same interests and all facing the same problems. Very often, long-standing dissatisfaction with low pay and working conditions, and grievances against management would build up to such a point that it would take a small incident to trigger a strike or mass walkout. Moreover, as protests in the manufacturing sector grew and, to some extent, became more successful as the decade progressed, production line workers became more confident in their ability to organize and more determined to stand up for what they were entitled to.

But as Figure 4 also shows, protests were not limited to factories. There were regular protests throughout the decade in other sectors too, especially in the education and transport sectors. Many of these protests occurred in clusters as successful strikes in

one city encouraged workers in other cities to take the same action.

Some of the most vocal protestors in the education sector were community teachers. They had played a vital role in China's grassroots schooling from the 1960s onwards but in the 2000s, in contravention of central government policy, they were systematically discarded by local governments without proper compensation. It is estimated that several million community teachers were laid off in the early 2000s, mostly middle-aged or elderly workers with few formal qualifications. Living in poor rural areas, they found it very difficult if not impossible to find new jobs. Community teachers organized petitions and protests throughout the decade, demanding that local governments deal with their problems in accordance with central government regulations.²³

Additionally, there have been hundreds of strikes over the decade by regular teachers, primarily those in poor rural areas of Sichuan, Chongqing, Hubei, Hunan, and Shaanxi. The key demand of these teachers was pay parity with civil servants as stipulated in several national laws such as the *Teachers Law* and the *Compulsory Education Law*. Although some impoverished local governments genuinely could not afford to implement central government policies,²⁴ the fact that civil servants in the same area were paid substantially higher wages was a cause for considerable resentment, and led to a wave of strikes across the country in 2008.²⁵

Transport strikes, particularly by taxi drivers, have been a regular part of worker protest in the latter half of the decade. Probably the most intense phase of protest occurred after around 9,000 drivers staged a city-wide strike in Chongqing in 2008, which led to copycat protests in dozens of other cities across China.²⁶ Most of these strikes were due to the drivers' dissatisfaction with the excessive fees they had to pay to the taxi companies, high fuel prices and competition from unlicensed cabs.²⁷ It is important to note that taxi drivers currently lack adequate trade union representation, and that their requests to form a union have often been rebuffed by local trade union federations,²⁸ as was the case in Chongqing in 2005, when an application by drivers was refused on the grounds that "unions should be organised at the enterprise level."²⁹

²³ See, "[对民办教师群体上访事件的思考](#)" (Reflections on the petitioning by community-supported teachers), 凤凰论坛 (*Phoenix Forum* website).

²⁴ Chen Liming (陈黎明), "[教师群访事态调查：政策到基层成空头支票](#)" (Investigation of teacher petitioning: policy becomes empty promise at local level) 瞭望 (*Outlook*), taken from 新浪网 (*Sina.com*).

²⁵ Yin Hongwei (尹鸿伟), "秀才造反：川渝教师停课要待遇" (A scholars' rebellion: teachers in Sichuan and Chongqing strike for benefits), 南风窗 (*Window of the South*), Vol. 24 (2008), pp. 57-59.

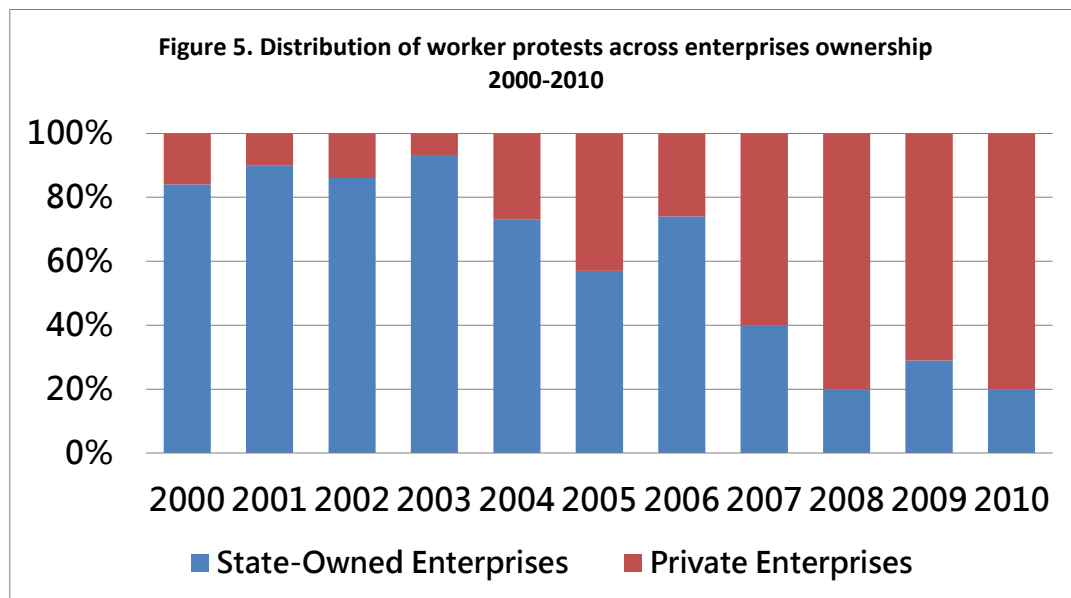
²⁶ Cui Xiaolin (崔晓林), "为谁而忙：内地出租车业权益博弈调查" (Who are we working for? A survey of the mainland taxi industry rights game), 中国经济周刊 (*China Economic Weekly*), Vol. 38 (2011).

²⁷ Liu Shixin (刘世昕) and Guan Jing (关婧), "[出租车公司司机与黑车司机收入可能相差5倍](#)" (Possible five-fold income gap between company taxi drivers and unlicensed taxi drivers), 中国新闻网 (*China News* website). In 2006 the average annual wage of Beijing workers was 36,097 yuan, for an average monthly wage of 3,008 yuan.

²⁸ Xu Xiaoying (胥晓莺) and Guo Juan (郭娟), "工会，'游说'并拒绝着" (Union refuses to be persuaded), 商务周刊 (*Business Watch Magazine*), Vol. 15 (2005), pp. 72-75.

²⁹ Liu Yanxun (刘炎迅), Yang Long (杨龙), and Wang Jun (王军), "劳工神圣 - 出租车司机维权的努力" (Sacred labour - taxi drivers' effort to defend their rights), 中国新闻周刊 (*China Newsweek*), Vol. 43 (2008), pp. 22-28.

Given the development of the Chinese economy away from state ownership and planning towards private ownership and market forces, one would expect a corresponding shift in the patterns of worker protests. And Figure 5 below does indeed show a clear trend in the concentration of worker protests away from SOEs towards privately-owned enterprises.



However, there were other factors explaining the decline in SOE-related protests in addition to the shift in employment patterns. The restructuring process was basically complete by 2006, with the remaining SOEs in a much stronger economic position than before. The remaining SOEs tended to be large-scale, monopolistic, profit-oriented enterprises concentrated in the financial, energy and communications sectors where wages and the proportion of skilled labour tended to be higher. There is often intense competition for jobs in SOEs and those already employed in the state sector usually want to hang on to their jobs. Surveys suggest that SOE workers are generally more satisfied with their wages and working conditions than those in the private sector.³⁰

Workers' demands

We can divide worker protest into two broad categories: those seeking to uphold or defend existing rights and benefits, such as claims for wage arrears and compensation, and those seeking additional rights and benefits, such as improvements in pay and working conditions.

Throughout the first half of the 2000s, worker protests largely focussed on defending or upholding their basic rights. This was especially true of migrant workers in the manufacturing, construction and service industries who were routinely denied prompt and full payment of wages and benefits. It was estimated in 2003, for example, that the

³⁰ Hu Jiayuan (胡家源), “国家将对高收入垄断国企工资总额设限” (State will limit total wages of high-income monopoly SOEs), 经济观察网 (*The Economic Observer* website).

total wage bill owed to migrant workers could be as high as 100 billion yuan, while their monthly take-home pay was generally only a few hundred yuan.³¹

Workers laid-off from SOEs also sought the payment of wage arrears and social security contributions, as well as re-employment and the punishment of corrupt enterprise managers. However, the failure of local governments to adequately respond to workers' demands meant that several disputes dragged on and many remain unresolved even today. For example, after 8,700 oil field workers in the central province of Henan lost their jobs in the early part of the decade as part of a national restructuring program orchestrated by the China National Petroleum Corporation, thousands of laid-off workers staged regular protests, with the most recent demonstration occurring in August 2011, when they were joined by around 1,000 currently employed oil field workers demanding higher pay from the company.

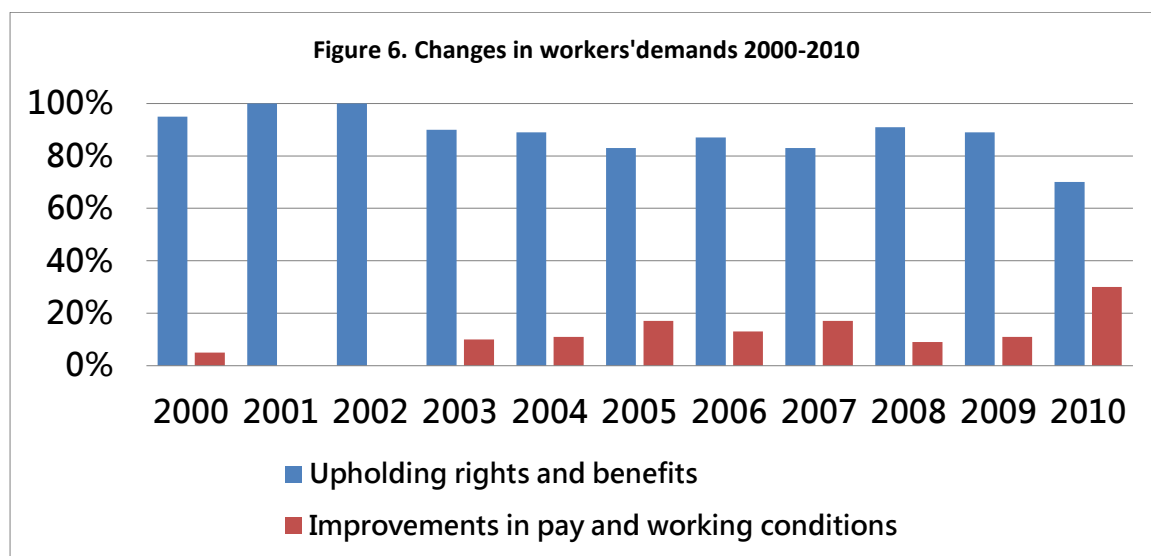


Figure 6 above shows the extent to which demands concerning existing rights and benefits dominated worker protests during the decade between 2000 and 2010 but also the sudden increase in demands for better pay and working conditions in 2010. Prior to 2010, the proportion of protests involving demands for higher wages and improved working conditions hovered between nine and 17 percent. In 2010, the proportion of such protests rose dramatically to 30 percent, largely because of the wave of strikes at automotive components plants and other industrial enterprises across the country. These workers were demanding substantial pay increases to counteract rapidly rising inflation and the widening pay gap between production line workers and management.

These protests showed that more and more workers were no longer willing to accept just the legal minimum wage mandated by the government. In addition, they had no confidence in the ACFTU's ability to negotiate a decent pay increase on their behalf. So workers took matters into their own hands and organised a wide range of increasingly

³¹ Qi Zhongxi (齐中熙) and Du Yu (杜宇), “[工会代表关注职工欠薪](#)” (Union representatives concerned over workers' back wages), 人民网 (People's Daily website).

effective collective protests to put pressure on managements to sit down and negotiate.

Changing tactics

We have seen the protest tactics used by workers develop over the last decade from simple strikes and demonstrations into an array of increasingly creative actions such as those on:

- 13 August 2009. More than 300 workers from the Japanese-owned Meiyang Injection Moulding Co., Ltd. in Shenzhen went to a park near the factory to “voluntarily” pick up litter to protest the fact that, prior to relocating, the company had refused to pay workers leaving the company with overtime payments, year-end bonuses or tickets to return home.
- 3 June 2010: Workers at Jalon Electronics in Xiamen staged a mass “sleep-in” to protest against new work quotas introduced after a 1 June pay increase. Workers said pay for an eight-hour shift had gone up from 30 yuan to 38 yuan but that the work quota had gone up from an already difficult 7,700 units of conductive adhesive to an impossible 9,000 units. The workload was so exhausting that workers said they had no option but to sleep at their stations.³²

Similar creative tactics were also seen in protests led by former SOE workers. For example:

- 27 March 2009, the Baoding Yimian (Group) Co., Ltd. in Hebei for many years owed its workers housing fund, pension insurance, employee contribution funds and economic compensation after restructuring. When several thousand workers learned that management planned to sell the company and substantially reduce its personnel, they went on strike and walked along a major highway on a “tour to Beijing,” which gained national media attention.

More traditional protest methods for laid-off SOE workers involved delivering collective petitions to the authorities. They would often gather outside a local government office and demand a dialogue with the officials. On 20 August 2009, for example, more than 200 laid-off workers from the former Guangdong Machine Tool Factory in Foshan went to the tree-lined boulevard in front of the Guangdong provincial government office to call for a resolution of the difficulties they had experienced since the company’s restructuring. Such actions were usually peaceful but in some cases, the perfunctory and condescending attitude of officials or their delaying tactics incited the workers to more extreme actions such as blocking local railways or traffic arteries. These protests could sometimes lead to physical conflicts between workers and police.

For currently employed workers however, strikes are still very much the tactic of choice.

³² Liu Yijie (刘以结), [“工资低、定额高、工人不满，停工睡大觉”](#) (Workers stage mass sleep-in to protest low wages and high workload), 厦门网 (Xmnn.cn), 4 June 2010.

The number of workers involved in strikes can range from a few dozen to tens of thousands, although they most commonly range from several hundred to a few thousand. As part of their strike action, workers frequently set up picket lines, blocking the factory gates to prevent the transport of goods and materials in and out of the factory. See photograph below.



Striking workers at Denso (Guangzhou) Nansha block the goods entrance of the plant, preventing deliveries. 21 June 2010. Photograph, [courtesy of aboluowang](#), taken by the workers.

Strikers will also quite often take their protests into the public sphere by blocking nearby roads and disrupting traffic in a bid to alert local authorities to their dispute. Other forms of protests include demonstrations and processions, and sit-ins in central city plazas and other public places. These actions have on occasion brought a more robust response from the local authorities who have used police to break up the protests and detain ringleaders.

However, only 15 (2.7 percent) of 553 cases in this report involved striking workers destroying factory property or office equipment, assaulting management personnel, or getting into physical altercations with security guards. And in nearly all of these cases, the violence seemed to be a spontaneous reaction to the long and gradual accumulation of dissatisfaction and resentment in the workforce.

The rapid development in recent years of mobile communications technology, the Internet and social media have significantly strengthened the ability of workers to organise themselves and post real-time updates on the progress of strike action and their negotiations with management.³³ During the Nanhai Honda strike of 2010, for example, workers posted detailed information about the strike within hours of it starting and then set up a group on QQ.com called “Unity is Victory.” One of the strike

³³ Wu Qingjun (吴清军) and Xu Xiaojun (许晓军), “中国劳资群体性事件的性质与特征研究” (The nature and characteristics of China’s mass labour-management incidents), 学术研究 (*Academic Research*), Vol. 8 (2010), pp. 59-65.

leaders later told the *New York Times*, “I created [a chat room] myself the night before the strike, and that had 40 people. We discussed all kinds of things on it, such as when to meet, when to walk out and how much pay we want.”³⁴

It should be noted that these strikes are completely unrelated to the activities of the official trade union: None of the 553 cases in this report involved strikes resulting from a deadlock in ACFTU brokered “collective consultations.”

The composition of the workers’ movement

As we have seen, worker protests in the 2000s were predominately organised and led by two main groups; those laid-off from SOEs and rural migrant workers employed in the private sector.

Towards the end of the decade a marked shift occurred in the composition and characteristics of this second group. A new generation, those born in the 1980s and 90s, started to redefine the concept of “migrant worker.” Unlike their parents, these young workers did not consider themselves to be “rural.” Indeed many were born or grew up in the factory towns and cities of southeast China and saw themselves as just as urban as their contemporaries who had an urban residency card. While their parents may have responded to exploitation and rights violations by cutting their losses and looking for another job or even returning to their villages,³⁵ this younger, better educated and more determined generation was far more likely to stay and fight for their legal rights and for a better life in the cities.

The phrase “new generation of migrant workers” was used for the first time in Party and government documents in 2009, a year when, according to official statistics the proportion of migrant workers born after 1980 already exceeded 60 percent.³⁶ A report published by the Chinese Academy of Social Sciences (CASS) the following year,³⁷ identified some of the key characteristics of this new generation of migrant workers that fed into and energised the wave of strikes that swept across China that summer. Higher levels of education, familiarity with the Internet and mobile telecommunications, higher expectations and aspirations, and a singular lack of interest in rural living among young migrants, all allowed the workers’ movement to develop and intensify. See table below.

³⁴ David Barboza and Keith Bradsher, “[In China a Labour Movement Aided by Modern Technology](#),” *The New York Times*, 17 June 2010.

³⁵ Wen Ying (闻英), “新生代农民工特点的实证分析-基于与第一代农民工比较的视角” (An empirical analysis of the characteristics of the new generation of migrant workers – a comparison with the first generation), 山东省青年管理干部学院学报 (*Journal of Shandong Youth Administrative Cadres College*), Vol. 3 (2011), pp. 34-42; Liu Xiaolan (刘小兰), “新生代农民工的困境及对策” (Countermeasures for the plight of the new generation of migrant workers), *中国集体经济 (China Collective Economy)*, Vol. 5 (2011).

³⁶ National Bureau of Statistics, [2009年农民工监测调查报告](#) (*Research report into rural migrant workers, 2009*).

³⁷ New Generation Migrant Workers Research Group, “新生代农民工的数量、结构和特点 (The number, structure, and features of the new generation), in Cai Fang (蔡昉), ed., *中国人口与劳动问题报告 No.12 (Report on China’s Population and Labour, No. 12)*, 社会科学文献出版社 (Social Sciences Academic Press) (2001), pp. 1-17.

Figure 7. Links between the characteristics of new generation migrant workers and the development of the workers' movement

Characteristics	Links to workers' movement
29 percent graduated high school or above	Greater awareness of legal rights and sense of entitlement
47 percent regularly access the Internet	Easier, more efficient and effective communications
45 percent work in the manufacturing sector	Manufacturing has long been the focus of worker protests in China
45 percent "not satisfied" with current income level	Demands for higher wages
Higher demand for consumer products	Greater need for higher pay
45 percent not planning to return to rural areas	Decision to make a new life in the city
90 percent not engaged in rural production prior to employment in the cities	Vast majority of migrant workers do not possess the skills to work on the land

The younger generation of migrant workers has certainly breathed new life into the workers' movement, making it more organized, confident and effective. However, the movement is still fragmented and transitory in nature. Any workers' organization that develops during a protest is usually disbanded after the specific grievances or demands that gave rise to it have been addressed. Some strike leaders get sacked, some leave of their own accord, while those that stay tend to keep a lower profile for fear of being branded trouble-makers. Workers may gain invaluable experience in organizing strikes and conducting negotiations with management but that experience is invariably lost after the protests end because those involved have little or no chance of becoming full-time labour activists.

Chapter Three: The response of the government and media

Handling mass incidents

Research conducted early in the decade by the Fujian Police Academy found that the vast majority (95 percent) of all mass incidents were relatively non-violent sit-ins, petitions, and strikes etc. Only five percent were classified as “illegal rallies and demonstrations; collectively surrounding and attacking Party and government entities, key buildings, infrastructure and other critical installations...” or involved “mass beating, smashing, looting, burning, injuring and killing.”³⁸

The gradual realisation by the authorities that mass incidents were largely non-violent led to a more cautious approach to managing and controlling them. However the key aim remained to contain and defuse the protests as quickly as possible. The Ministry of Public Security’s *Regulations on Public Security Bureaus’ Handling of Public Order Incidents*, issued in April 2000, for example, outlined three principles to be followed in dealing with mass incidents:

- Prevention of the intensification of the conflict.
- Cautious use of police and coercive measures.
- Cautious use of police weapons and equipment.

In practice, local governments sought to prevent escalation of protests by laid off SOE workers in the first years of the decade by using police to block off streets, disperse crowds and arrest workers’ leaders. However, they also used more conciliatory tactics such as arranging for the payment of wage arrears and pensions owed by the enterprise, reimbursing some of the workers’ medical and other expenses, and sometimes even suspending the restructuring process itself. In addition, several regional governments sought to reduce the number of public protests by making local officials and enterprise managers liable for large-scale protests or petitions in their area.³⁹

In 2004, the State Council’s *Opinion on the Work of Actively Preventing and Appropriately Handling Mass Incidents* for the first time defined mass incidents as “internal contradictions among the people.” In other words, they were not a direct political threat. The *Opinion* stressed that:

It is necessary to fully consider the fundamental interests of the overwhelming majority of the people, take into account the understanding and support of the people when formulating and introducing new policies and measures, and counter

³⁸ Wang Yong (王勇), “论处置群体性暴力事件的防控行动” (On preventing and controlling violent mass incidents), 福建公安高等专科学校学报 (*Journal of the Fujian Police Academy*), Vol. 2 (2003).

³⁹ The *Implementing Regulations of the Leadership Responsibility System for Letters and Complaints Work*, issued in September 2003 by the Anhui Provincial Party Committee and government called for disciplinary action and even criminal prosecution of enterprise managers and local officials whose actions resulted in repeated, large-scale collective petitions.

mass incidents at the source.

The *Opinion* noted that officials should use education and persuasion to:

Guide the masses to express their interests in a rational and legal way, resolving conflicts of interest, and preventing the intensification of the conflict and the expansion of the incident.

While most central government pronouncements focused on resolving disputes through conciliatory means, the 2007 *Emergency Response Law* focused more on containment and coercion. It categorized mass incidents as “public safety” incidents, a sub-category of “emergencies,” and mandated in Article 52 that:

When incidents seriously threaten public order, public security authorities shall immediately mobilise police forces in accordance with the law and take corresponding coercive measures based on the situation and in accordance with the law, to restore normal social order as soon as possible.

For most local governments however, the primary concern was to quell public protests as quickly as possible, while at the same time enhancing their own image in the eyes of the public. In July 2005, for example, when workers at over ten Japanese-owned companies in the Dalian Development Zone went on strike, the local government immediately affirmed that the strike was purely a labour protest and had nothing to do with politics. Officials then urged workers to make reasonable demands and pressured managements to make appropriate wage offers to appease the workers.⁴⁰

When a wave of strikes spread across Guangdong in the summer of 2010, the local authorities again took a relatively neutral stance, mediating between labour and management and urging the trade union to play a more positive role. When the Nanhai Honda strike broke out in May 2010, police set up a cordon 200 metres away from the factory, conveying a clear message to both labour and management that the government considered it to be a labour dispute, to be resolved within the factory and not allowed to intensify or broaden in nature.

After the strike, Guangdong Party boss, Wang Yang, reiterated that trade unions should represent the legal rights of workers becoming a “representative” and a “voice” for the interests of workers.⁴¹ Several commentators noted however that Wang’s seemingly pro-worker stance is actually in line with the provincial government’s stated aim of driving out old labour-intensive and polluting industries and replacing them with high-value and high-skill industries, a policy known as “changing the birds in the cage” (腾笼换鸟). In other words, the provincial government was using worker demands for higher

⁴⁰ Zhan Yanhui (湛彦辉): “大连日企员工罢工事件调查” (Investigation of the strike by employees of Japanese companies in Dalian), 凤凰周刊 *Phoenix Weekly*, (2005) Issue 34 (Vol. 203), pp. 28-31.

⁴¹ Liu Ziqian (刘子倩), “工会的新机会” (New opportunities for trade unions), 中国新闻周刊 (*China Newsweek*), taken from 新浪网 (*Sina.com*).

wages to drive out the industries the government did not want and put pressure on the employers who remained to properly adhere to the provisions of the *Labour Contract Law* and other laws and policies.⁴²

However, there were limits to how far the Guangdong government was willing to go in promoting workers' rights. Following the strikes of 2010, the provincial government revised its *Draft Regulations on the Democratic Management of Enterprises* to create, for the first time, a system in which workers could call for collective bargaining with management over issues related to pay and working conditions. The regulations stated that, when over a third of workers demanded collective wage negotiations, the enterprise trade union should take that demand to the company. However, the changes to the draft provoked a strong reaction from the Hong Kong business associations whose members' factories were located in the province, and the government eventually backed down, putting the bill on indefinite hold.⁴³

Official media coverage

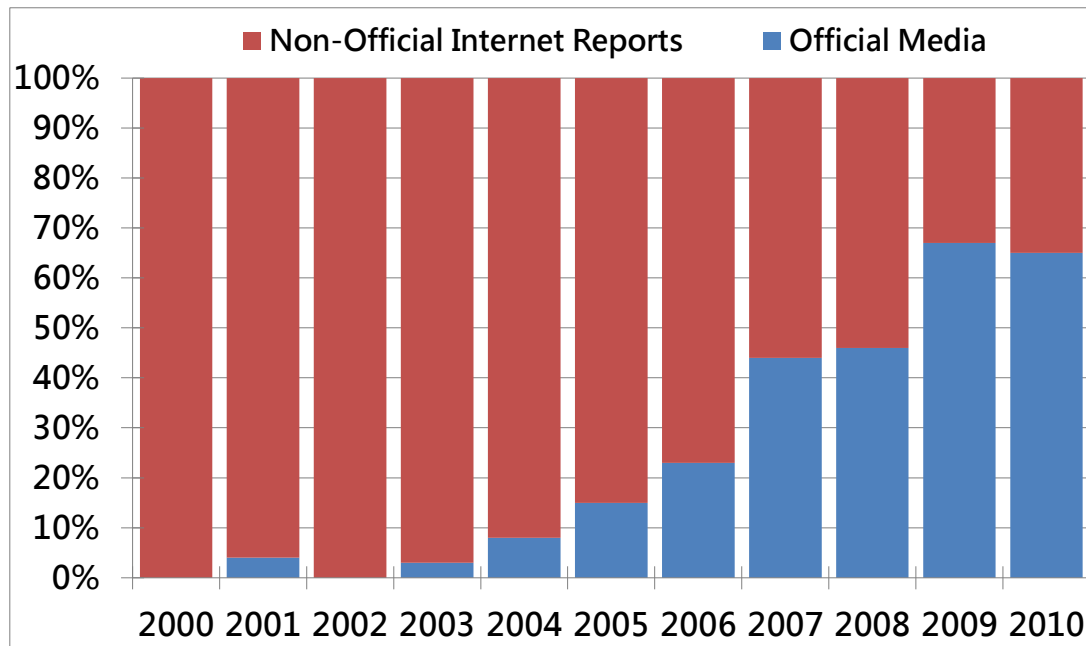
A key indicator of the changing attitudes of the government towards the workers' movement has been the extent to which, and the manner in which, worker protests have been covered in the official media. In the first half of the decade, it was virtually unheard of for strikes and labour unrest to be reported in the official media. But with the expansion of media outlets and especially with the growth of the Internet over the decade, this media blackout began to lift. By 2010, reports on strikes and worker protests were becoming increasingly common and in some cases quite supportive of workers' actions.

Of the 191 cases in this report that occurred prior to 2007, only 16 (8.3 percent) were reported in the official media. None of the 49 cases in the years 2000 and 2002 received any official media coverage. When the official media did report on these cases, it focused primarily on the government's "pacification" (安抚) measures to deal with the protests and the trial and punishment of worker representatives. By contrast, in the four years from 2007 to 2010, more than half (57.4 percent) of the 362 cases logged were reported in the official media. See Figure 8 below. In many of these reports, coverage began at the onset of the strike and journalists devoted far more space to workers' demands and grievances rather than to just the government efforts to control the protest and resolve the dispute.

⁴² “理性应对劳资关系新节点” (New milestone in rational response to labour relations), 财经网 (Caijing.com.cn). Zheng Yongnian (郑永年), “罢工潮与中国的转型动力” (Strikes and the forces transforming China), 联合早报网 (Zaobao.com); He Qinglian (何清涟), “中国: 笼罩在落日余晖中的‘世界工厂’” (China: Shrouded in the sunset of the ‘World’s Factory’), “中国人权双周刊” (*Human Rights in China Biweekly* website); “真假美猴王之辨: 全总工会与自主工会 — 浅析中国政府对罢工潮的复杂反应” (Distinction between true and false: ACFTU unions and independent unions – analysis of the complex Chinese government reaction to the strikes), “中国人权双周刊” (*Human Rights in China Biweekly* website).

⁴³ Li Yongqing (李永青), “广东决缓审‘企业民主管理条例’” (Guangdong decides to suspend and examine *Regulations on Democratic Management of Enterprises*), 香港文汇报 (*Wen Wei Po*), 18 September 2010.

Figure 8. Changes in the official media's coverage of worker protests (2000-2010)



The increase in official media reporting can be seen as part of a wider government policy to stress the positive aspects and reasonable demands of workers and exert pressure on employers to make concessions. However, it can also be explained by the rapid growth of new and social media, which has forced the official media to adapt and accommodate new sources of information. There were 420 million netizens in China by June 2010, and the figure is now well in excess of 500 million. For many netizens, their primary sources of news are social networking sites and microblogs, which can disseminate breaking stories in real time and transform local issues that would have been ignored by the official media into national topics requiring central government intervention.⁴⁴ Professor Zhao Dingxin of the University of Chicago, amongst others, believes that the government can no longer stop the dissemination of information about such incidents. To remain the leader of public opinion, it is argued, the government must relax its restrictions on official media reporting and try to direct the story from within rather than simply ban it.⁴⁵

⁴⁴ Zhu Huaxin (祝华新), Shan Xuegang (单学刚), and Hu Jiangchun (胡江春), “2010年中国互联网舆情分析报告” (Report on opinions about the Internet in China in 2010), 人民网 (*People's Daily* website).

⁴⁵ Zhang Mingyang (张明扬) and Cao Liuying (曹柳莺), “芝加哥大学教授赵鼎新谈国内公共事件与公众参与” (University of Chicago professor Zhao Dingxin on domestic public events and public participation), 东方早报 (*Dongfang Daily*), taken from 凤凰网 (*Phoenix New Media* website).

Conclusions

It is often assumed that for a workers' movement to be effective, or indeed to be classified as "movement" at all, workers need certain rights; the right to organize, the right to bargain collectively and the right to strike.⁴⁶ Workers in China do not explicitly have these rights, according to the law or the Constitution, but that has not prevented them from exercising these rights in practice. Looking at the 553 disputes covered in this report, it is clear that workers do have the ability to organise themselves collectively, stage strikes, initiate and conduct talks with management over a wide range of grievances and demands. The organizations they created may have been loose-knit and transient but they were effective at the time because the workers were united around a specific cause and were determined to secure their demands.

It is unlikely, in the short term at least, that the Chinese government will grant workers the legal right to organize, bargain collectively or to strike. Nor should we realistically expect the ACFTU to listen more closely to workers' demands and represent them effectively in negotiations with management. Rather, we should expect to see workers, especially the new generation of migrant workers, continue to take matters in their own hands and do the work the ACFTU should have been doing by organizing a determined and unified defence of their rights and interests.

The demographic and economic shifts that occurred the 2000s have altered the balance of supply and demand in the labour market and have given workers much greater bargaining power. In the Pearl River Delta and other areas with significant labour shortages, for example, workers know that if they stand their ground and demand concessions from their employers, they will have a much better chance of improving their pay and working conditions than if they simply leave and look for a better job elsewhere. Moreover, employers in the southeast coastal areas increasingly understand that strike action can cost them millions of yuan in lost export orders, especially if the dispute drags on for several days without resolution, and are therefore often more willing to negotiate.

It has been suggested that the on-going shift of factories away from the southeast coastal areas towards China's inland provinces may stifle the momentum of the workers' movement. It is thought that the lower cost of living in these areas will reduce workers' need for, and demands for, higher wages. Recent evidence suggests otherwise. Wage demands in the hinterland are now not too far behind the coastal regions. Moreover, the shift in production towards regions that have traditionally supplied migrant labour to the coastal provinces might also have the effect of broadening the workers' movement

⁴⁶ Chang Kai (常凯), "当代中国劳动关系的特点和趋向" (Characteristics and trends of labour relations in contemporary China), in Chang Kai and Qiao Jian (乔健), ed., 中国劳动关系报告—当代中国劳动关系的特点和趋向 (*China labour relations report – Characteristics and trends of labour relations in contemporary China*) China Labour and Social Security Publishing House (2009), pp. 1-61.

into a more sustainable social movement. When labour disputes occur in factories staffed primarily by migrant workers with no links to the local community, the dispute is effectively limited to the enterprise itself. The workers have to rely on themselves without any direct support from their families and community. However, when factories are located closer to the workers' home area, those workers will have the advantage of proximate social and kinship networks to support their demands. As we have seen in Europe and America over the last century, when local communities do get actively involved in labour disputes, their social, economic and even political impact can be magnified many times.⁴⁷

If this is indeed the case, the need for an inclusive and comprehensive system of collective bargaining becomes even more apparent. The model of "collective consultations" developed and promoted by the Chinese government and the ACFTU over the last decade or more has singularly failed to improve labour relations because it deliberately excludes workers from the process. However, we have also seen over the last decade that China's workers themselves have developed an embryonic system of collective bargaining that could form the basis of a broad-based and institutionalised system in the future.

Today's factory workers are less intimidated by threats of retaliation by the bosses and are far more willing to put themselves forward as representatives in negotiations with managements. Workers' representatives have shown in addition that they can articulate a broad range of demands from all sectors of the workforce and outline substantive proposals to resolve grievances and improve working conditions, wages and benefits. Crucially, many of these negotiators are determined to stick to the collective bottom-line and not cave in to management pressure.

The question now is whether or not business and government will realise it is in their long-term interests to join the process initiated by China's workers and help establish a system that can provide stable and effective channels of communication and dialogue between labour and management. Such a system would reduce the cost to business of unnecessary, wildcat strikes, and help to some extent boost domestic consumption by giving workers a living wage. And by creating a fundamentally more equitable system of wage distribution, the government will go a long way towards building a more stable and "harmonious" society. Of course, strikes and protests will never go away entirely, but with an effective and institutionalised system of collective bargaining in place, they will become a weapon of last resort rather than the instigator of the whole process, as is the case at present.

⁴⁷ The 1984-85 miners' strike in Britain, for example, would not have lasted so long, nor had such a wide-ranging social and political impact without the support of the miners' families and local communities.