

China's New Labor Insurgency - Worker militancy, economic plan and the CCP's official TUs

Saturday 15 November 2014, by [FRIEDMAN Eli](#) (Date first published: 27 September 2014).

Worker militancy has shown cracks in both China's economic plan and the Communist Party's official trade unions.

The following is an excerpt, published online by Jacobin, from Eli Friedman's *Insurgency Trap: Labor Politics in Postsocialist China* [1], available now.

Contents

- [The Honda Conflagration](#)
- [The Union as Strikebreaker](#)
- [Resolution](#)

For years, a strong alliance between capital and the lowest levels of the Chinese state meant that strikes were dealt with either through police repression or through an ad hoc system of mediation by union and government officials that was focused almost exclusively on resuming production, regardless of the outcome for workers.

But by 2010, the Chinese central government and Guangdong provincial authorities not only were ready to seek a new model of accumulation in the Pearl River Delta but were willing to (indirectly) ally with insurgent workers to realize this goal.

Just such an alliance, conditional and ephemeral as it may have been, emerged in the course of the Nanhai Honda strike, which in turn allowed the strikers to win economic concessions and begin to develop political goals. In large part because of this small political opening, the character of protest in the 2010 strike wave displayed some unusual (if not unprecedented) tendencies — most significantly that demands were offensive rather than defensive in nature.

However, even though Honda employees won important economic gains, all levels of the state and union remain vigilant about the development of autonomous bases of worker power. Although economic gains were made in the 2010 strike wave, worker disillusionment with state-affiliated enterprise unions persists.

The Honda Conflagration

Honda's production chain in China consists of a somewhat convoluted system of ownership. The most significant company is Guangzhou Honda, a 50-50 joint venture with the state-owned Guangzhou Automobile Group Corporation, where a majority of units are produced. Additional assembly plants include Honda Automobile (China), which produces for foreign markets, and the

joint venture Dongfeng Honda located in Wuhan.

These plants are served by a variety of parts manufacturers, including the wholly Japanese-owned Nanhai Honda. Starting production in March of 2007 with an initial investment of USD \$98 million, the company was Honda's fourth integrated automatic transmission production plant in the world. Aside from producing transmissions, the plant also makes drive shafts and connecting rods for engines.

In part because Honda believed that work stoppages were highly unlikely in authoritarian China, the Nanhai plant was established as the sole supplier of several key parts for the entire China operation. By sourcing from within China rather than from Japan or Southeast Asia, Honda could reduce costs by saving on transportation and labor.

In part because of the key position that auto manufacturing plays in the economy, the government put a high premium on maintaining good labor relations in this sector. As a result, all the Honda assembly and parts manufacturing plants in Guangdong established unions. The union at Guangzhou Honda had been awarded several official accolades for its good work and frequently hosted visiting delegations of foreign trade unionists.

But there were strict limits on how much even this model union would do for its workers. During a lunch meeting in December 2008 between the chair of Guangzhou Honda and visiting union leaders from the United States, talk turned to international cooperation between auto unions. The union chair said that he had visited Japan previously to hold exchanges with other auto union representatives and that he felt they had much in common.

Alluding to the difficulties American auto manufactures were facing at the time, he joked that he had told his Japanese counterpart, "We have a strong union, like you. But we don't want to be too strong; just look at all the problems□ they have in the United States!"

In fact, it turned out that the very weakness of the union at the Nanhai supplier plant would make it impossible for workers to have their demands heard without going on strike; not just the Nanhai plant but Honda's entire China operations would be shut down as a result.

Although workers at Nanhai had long been unhappy with the wages and had discussed going on strike, hardly any of the workers knew that Tan Guocheng was going to initiate the strike when he did. One week before the strike, Tan met with fifteen people from the assembly department where he worked; previously they had only "had random talks on the shuttle bus to work."

One worker from this department said that the idea had been discussed but that nobody wanted to lead it. In separate interviews, workers from other departments confirmed that they had heard nothing of the strike until it had begun. But according to Tan, more than twenty people, most of them from Hunan, had been in on the plan by the time it was put into action.

On the morning of May 17, just as production began at the usual time of 7:50, Tan hit the emergency stop button, and both production lines in the assembly department were shut down. Tan and co-organizer Xiao shouted out at each assembly line, "Our wages are so low, let's stop working!"

For most of the plant's nearly 2,000 workers, this was to be the first they heard of the strike. Even one worker who was from the assembly department and had heard discussion about the possibility of the strike was caught unaware: "I didn't know the strike was going to happen....I wasn't there at the time [because I went to the bathroom]. When I was finished in the bathroom I came out and there weren't any people. I stood there looking, 'huh, how come they aren't at work?' "

As workers from the assembly department fanned out throughout the facility, they shouted to their coworkers to stop work and join them in fighting for higher wages. They initially received a somewhat cool reception in the other departments and eventually began a sit-in in front of the factory with only about fifty workers.

But given the critical position of the assembly department in the production process, the other departments were forced to shut down in a matter of hours. By that afternoon, management had set up suggestion boxes and pleaded with the workers to resume production, promising them that they would consider their demand for higher wages and provide a full response in four days. Perhaps because of their relatively small numbers, the strikers took management at their word, and production resumed that very day.

On May 20, management, government officials, union officials, and worker representatives engaged in negotiations. The workers' demand at this point was simply to raise all wages by RMB 800. In the meantime, the strikers returned to work, though production was greatly reduced during these few days.

The next day, negotiations broke down, and the strike continued. Over the weekend, organizers continued their outreach, and the number of strikers in front of the factory grew to over 300. Then, on May 22, management announced that Tan and Xiao, the two original strike leaders, were having their contracts terminated.

But this attempt at repression completely backfired, as the following day the strike only grew in strength. Now concerned for their livelihoods, workers covered their faces with surgical masks but continued to hold the line.

Throughout this process, the enterprise union alternated between passivity and hostility. Workers complained that during the bargaining session, the union representative did not say anything at all but merely observed the proceedings. When the strike initially began, a team of investigators from the district labor department and trade union were dispatched to the factory.

Leaving no doubt which side of the struggle they were on, the officials announced, "According to relevant regulations, we did not find that the factory is in violation of any laws."

One worker who was selected as a representative was quite disappointed with the behavior of the enterprise union chair, Wu Youhe, in the first round of negotiations:

"[The enterprise union chair] invited a lawyer [to the first round of negotiations]. The lawyer said that our strike was illegal. He [the union chair] didn't have any views of his own and couldn't make any decisions. He always asked the general manager what to do. At bottom he is a chairman and isn't controlled by the company; he has this power. But for him, everything had to go through the general manager, and he would help the general manager refute the things we said."

On May 24, worker representatives were convinced to come back to the table in a negotiation session chaired by the enterprise union head. Still trying to serve as an intermediary, the union chair attempted to persuade the workers to accept management's offer of a RMB 55 increase in food subsidies — a far cry from the RMB 800 they were demanding.

This ineffectiveness was not lost on the workers, with one striker commenting, "The union said it stood for our interests. They said we employees could give them any demands and they would pass them on to management, and they would resolve things for us. But they didn't do this in the slightest."

The strikers refused management's offer on May 24, and the situation escalated. On May 25, things became much more tense when all of Honda's assembly plants in China were completely shut down because of lack of parts.

Originally counting on a well-disciplined workforce, Honda had only one supplier for transmissions in the country, and all four assembly plants in China were therefore highly dependent on Nanhai. The combined daily losses of the five plants were estimated to be RMB 240 million.

Management further yielded by producing a second offer for wage increases on May 26. This proposal called for increasing regular workers' salaries by RMB 200 a month, along with 155 in living expense subsidies, and a wage increase of 477 for interns who had been at the plant for more than three months. But workers rejected this offer as well, and the strike continued.

At this point, workers formalized their demands. In addition to the primary demand of increasing wages for all employees by RMB 800, they also demanded that the fired workers be rehired, that there be no retribution against strikers, and that the enterprise union be "reorganized" (chongzheng). According to some strikers, the demand for union reorganization emerged after they saw that the union had failed to actively represent them in the previous negotiation sessions.

With the losses mounting, management became desperate and did its best to try to break the resolve and unity of the strikers. The most direct attack was on May 28, when managers attempted to force workers to sign a pledge saying that they would "not lead, organize, or participate in slowdowns, work stoppages, or strikes anymore."

But this tactic completely backfired as almost nobody agreed to sign it, with one worker saying, "as soon as I saw it [the agreement] I threw it away. We won't sign." One group of female workers said that "nobody moved a hand." When asked if they were afraid of refusing management's demand, one worker insisted, "Nobody was afraid! Who would be afraid? If they want to fire us, then they'll have to fire all of us!"

The strike was entering a decisive stage. Likely already the longest strike ever waged by migrant workers in the reform era, the situation had become a political crisis for the local state. Despite the mounting economic and political costs, the events of May 31 took everyone by surprise.

The Union as Strikebreaker

When workers arrived at the factory on that morning, they were informed that each department would be holding meetings to further discuss strike resolution. As the workers were waiting in various rooms of the main administration building, a large contingent of vans and buses pulled up in front.

The vehicles were filled with dozens of men, all of whom were wearing yellow hats and badges reading, "Shishan Township Federation of Trade Unions," which is the union organization immediately superordinate to the enterprise union branch.

Shortly thereafter, the assembly department, crucial to reviving production, met with the general manager of the plant and made a new offer for a wage increase. Although still dissatisfied with management's new offer, the workers were persuaded to return to their assembly lines. Indications began to emerge that the strikers' unity was crumbling as some departments began to start up their assembly lines. People from the union dispersed to each of the departments and encouraged workers to immediately resume production.

When some workers from the assembly department moved to return to the area in front of the factory where they had been demonstrating over the previous nearly two weeks, a confrontation with the union group emerged. As confirmed from multiple independent sources, the union people began filming the workers and demanded that they return to the factory and end the strike.

A tense situation quickly escalated and soon devolved into a physical confrontation during which several workers were struck by people from the union. This infuriated the workers, and a strike that had appeared to be losing steam was quickly reinvigorated.

Workers from other departments who had resumed production rushed to the scene as soon as they received news of the violence, and a large crowd quickly gathered. Another physical confrontation occurred, and this time the union side was even more violent than before, with several workers suffering light wounds. The aggressors quickly retreated to their vehicles and refused to come out.

At this point, the government decided things had gone too far, and it took steps to settle the conflict. Riot police were deployed, though they never engaged the workers. The authorities additionally cordoned off the road into the factory, and nobody was allowed entrance. Whichever government agencies had supported the peaceful strike were not interested in more violent confrontations or the possibility that the strikers might leave the production grounds.

It is certain that most of the strikebreakers were not actually union officers. The first thing mentioned by many workers was that it seemed preposterous that the township-level federation, with only a few paid members on staff, could recruit so many officers from other union branches. One worker involved in the scuffle said that some of the strikebreakers (all of whom were male) had earrings and tattoos, items that union officials would be very unlikely to sport.

But if most of the thugs were not actually union officers, it is nevertheless undeniable that the district union federation had a hand in organizing the strikebreakers, a point made obvious in a letter it wrote to workers. A foreman from the assembly department was blunt in his assessment: "Of course it was the union's idea. Who else would have such a stupid idea? Only Chinese unions would think of this." It is, however, unclear to what extent the union federation was acting at the behest of management or whether it was taking independent action.

When workers received an open letter from the Shishan Township and Nanhai District Federations of Trade Unions the following day, the local union leaders provided a tepid apology and did not denounce the violence that had occurred the previous day, nor did they attempt to deny that they had organized the strikebreakers:

"Yesterday the trade union participated in mediation talks between the workers and management of Honda. Because a portion of Honda employees have refused to return to work, factory production has been severely curtailed. In the process of discussions with forty or so employees, at one point there occurred some misunderstandings and verbal imprudence from both sides.

Due to the impulsive emotional state of some of the employees, a physical conflict ensued between some employees and representatives from the union. This incident has left a negative impression on employees. A portion of these employees, after receiving word of the incident, seem to have misinterpreted the actions of the union as siding with management. Yesterday's incident came entirely as a shock to us. If people feel that some of the methods used in yesterday's incident were a bit difficult to accept, we apologize.

The behavior of the above mentioned group of forty or so workers has already damaged the interests of the majority of employees. In addition, such behavior harms factory production. The fact that the

union has stood up and admonished these workers is entirely in the interests of the majority of employees. This is the responsibility of the union!

It would be unwise for workers to behave in ways that go against the interests of themselves and others because of impulsive emotions. Some employees are worried that representatives who are willing to stand up and enter into talks with management would later receive the reprisals of management. This is a misunderstanding."

The letter went on to admonish workers for refusing to accept the offer that management had made. In a final attempt at damage control, it closed by saying, "Please trust the union. Trust each level of Party officials and government. We will definitely uphold justice."

Unsurprisingly, the letter from the Shishan and Nanhai union federations was unsatisfactory to the strikers. As one worker activist put it, "Their apology letter wasn't an apology letter at all, so we were pretty enraged."

An open letter from worker representatives that appeared two days after the union's apology letter was defiant: "The union should protect the collective rights and interests of workers and lead the workers in the strike. But up until now, they have been looking for excuses for the union people's violence against striking workers, and we seriously condemn this."

Additionally, the letter went on to express "extreme rage" at the union's claim that it was the union's hard work that had caused management to increase its offer of wage increases, arguing rather that these were "won by the blood and sweat of striking workers facing extreme pressure." Relations between the strikers and the township-level union could not have been worse, and they certainly heightened the tension of the unfolding drama.

Resolution

Whereas the tactics of the township-level union failed to break the deadlock, higher levels of the union and Party were much more sympathetic to the strikers. I heard from GZFTU leadership that Guangdong Party secretary Wang Yang supported the strike and the workers' wage demands and even that there was support in the central government.

The Central Propaganda Department did not issue a reporting ban until May 29, nearly two weeks into the confrontation, at which point the strike wave had spread to other factories. But this was an indication that the central government was willing to allow more pressure to build on management, as it is rare for coverage of strikes to go on for so long. The GDFTU deputy chair, Kong Xianghong, took an active role in the negotiations and supported the wage demands. Particularly after the confrontation between the Shishan union and the workers, the provincial-level authorities were eager to resolve the conflict quickly.

In order to find an orderly resolution, the various government agencies that had become involved in the strike demanded that the workers select representatives. Although a hastily arranged set of negotiators had been selected for the first round of talks, strikers had become reluctant to produce representatives, particularly after the two people who initiated the strike were fired.

This unwillingness to negotiate was unacceptable to the state, and it brought in the Guangzhou Automotive CEO and National People's Congress delegate Zeng Qinghong to speak with the workers. Through gentle and paternalistic persuasion, late on June 1, Zeng convinced the strikers to select representatives and to begin a conditional resumption of production.

In their open letter, the worker representatives had said that if management did not meet their demands within three days, the strike would be resumed. Furthermore, the letter had stated that “bargaining representatives will not accept anything less than the above-listed demands without the authorization of a general meeting of employees.” Finally, negotiations began on the third.

On June 4, the worker representatives were joined by Chang Kai, a well-known labor scholar from Beijing, who served as their legal counsel. Negotiations went late into the night, and eventually an agreement was struck.

Regular workers were to receive wage increases of approximately RMB 500, bringing their monthly wages above RMB 2,000. The underpaid interns who worked alongside regular workers saw their wages increase by more than 70 percent, to more than RMB 600. Such large wage increases in response to strikes were unprecedented in China and may leave an important mark on the struggles yet to come.

Eli Friedman

P.S.

* <https://www.jacobinmag.com/2014/08/china-labor-insurgency/>

* Eli Friedman is the author of *Insurgency Trap: Labor Politics in Postsocialist China*. He teaches at Cornell University.

Footnotes

[1] <http://www.cornellpress.cornell.edu/book/?GCOI=80140100431210>