

Trade unions and worker struggles in Guangdong

Chen Weiguang interviewed by Boy L uthje¹

BL: How do you assess the labour conflicts in the auto supply industry in South China in the spring and summer of 2010?

CW: The strike at Honda Nanhai and other auto components factories in the Pearl River delta in June and July 2010 triggered a strike wave that involved several tens of thousands of workers. In the city of Guangzhou alone, more than 60 factories had strikes, including Honda Dongfeng and other major auto suppliers.

The basic cause of the strikes was low wages and poor working conditions, but the low wages were the main factor. The Guangdong provincial government basically did not view these strikes negatively. We as a trade union found the workers' demands just and reasonable. Honda and Toyota in Guangzhou are both foreign–Chinese joint ventures, and workers' wages in these companies were between 2,500 and 3,000 RMB² per month. But in Honda Nanhai and many other comparable companies, the wages were much lower, around 1,200 RMB. These companies are profitable ... but their basic wages were about the legal minimum, around 900 RMB.

We therefore believe that the demands of the workers were justified. But we hope that such economic disputes do not develop into political incidents and will not disrupt social order; this is our bottom line. We have to say that our strikes were very orderly – there were no walkouts from the factories to the streets, no destruction of machinery, no playing politics. Everything remained in the framework of disputes within factories. In all of the more than 60 conflicts in Guangzhou this summer, negotiated settlements were achieved. We can therefore proudly say that in Guangzhou no striking worker was dismissed and not one worker was arrested by the police, although the strikes included tens of thousands of workers. Of course, most of the strikes were rather short, between two or three hours and three days. We also taught our Japanese employers that they cannot treat their workers in such harsh ways.

BL: In the strike at Honda Nanhai, which gained the most attention from the national and international media, the trade union behaved in very different ways from what you just described.

CW: In this case, the trade union was not well prepared in its thinking. At the time of the strike, it could not respond with clarity to the demands of the workers. The workers did not accept the trade union as their representative, and the factory trade union lost the workers' trust from the beginning. As the strike went on, the union wavered between management and the workers, and it saw itself as a mediator. Standing between the two sides is the worst position.

In addition, the workers were confronted with physical force from outside the factory. These incidents cannot be blamed on the trade union, since these individuals were not trade unionists, but outsiders. They hoped to end the strike quickly by disguising themselves as trade unionists. They pushed and dragged workers and hurt some of them slightly. Some workers said they were beaten. The workers felt threatened and left the workshops again. Originally, some had been ready to go back to work.

After the incident, the trade union issued a letter of apology in an effort to calm the situation. Writing such a letter was equivalent to admitting people were beaten. After the letter was posted on the web, the whole world criticized the trade union. The union failed to explain its position clearly. Because it did not take a clear stand from the beginning, the chain of events following the incident put the union in a bad light. The impact of such an event is very difficult to dispel within a short period of time, and writing this letter only complicated things for the union.

BL: What was the situation in the other cases, which garnered less public attention?

CW: In the labour conflicts at Honda's suppliers of in the city of Guangzhou, especially in the Nansha district, our approach was very different and the trade union behaved proactively. Basically, since 2007 we have educated the trade union cadres that they must represent the workers and not play the middleman. In the event of a strike, even very short ones, the trade unions have to be on the side of the workers and may not act as mediators. When the strike in Nansha occurred, we asked the district-level trade union to intervene immediately and give voice to the demands of the workers. To our knowledge, the wages of workers in this company were similar to those in Honda Nanhai. According to the factory trade union, the workers were demanding an increase in wages and fringe benefits, such as free meals during night shifts and air conditioning in the dormitory. But the company only accepted free meals during night shifts. So we were supporting the workers, but at the same time we were telling them not to disrupt the public order, and not to damage equipment and obstruct vital operations.

From the beginning to the end, the company did not want to bargain. They told the workers: You can have a raise of 450 RMB, but if you do not accept within 10 minutes, you will have to leave the company. The workers did not give in. They simply continued their strike. This alarmed management, because after three days the Toyota Nansha main factory would have had to stop work. The workers knew

their strength. In the end, the company had no other choice than to change its behaviour and bargaining stance. After four hours of negotiations, a wage increase of 825 RMB was agreed upon. The workers perceived this as a victory, and the employers could live with it. The workers' wage now is around 2,000 RMB, still somewhat different from the main factories of Honda and Toyota.

A very important factor concerning the outcome of this conflict was the attitude of the top political leaders in our province. They had a clear understanding that the nature of the dispute was economic and the strikes should not be treated as destabilizing incidents. Mass activities such as collective resistance, road blockages, protest marches and mass petitioning are considered as being in this category. But in this case, the workers did not leave the factory, everything remained peaceful, there was no yelling and shouting, and it was more like silent resistance. Our provincial party committee noted that these were not destabilizing incidents and that police force should not be used. The government should act as a mediator, and the trade union should bargain with the employer.

BL: Looking into the future, how do you view the prospects for democratic management of enterprises and collective bargaining?

CW: This year's strike movements taught us many lessons. First, they educated our trade union cadres to take a very clear position when handling such conflicts. Second, they taught the employers to treat workers with dignity and not as machines. Third, they taught many of our leaders that labour relations is a very important issue. We have talked for years about the importance of wage negotiations, but this has not had a real impact on the various levels of our leadership and society. After these strikes, many people think it is a good idea to promote wage bargaining. Apart from the discussions about collective bargaining, the question of democratic elections is of the greatest concern to trade union cadres. We now have plans to introduce truly democratic elections of factory trade union representatives. Elections for trade union representatives exist, but how are candidates being selected? Often, the elections do not work very well, and most of the time a small group of leaders decides to support candidates who fit their interests, giving workers only a very limited choice. These superficial elections, in fact, are really appointments. We want to change these methods. Candidates should be recommended by the collective mass of employees: this way, we will be able to create a choice among capable candidates approved by the workers and bottom-up democracy can take shape. At the same time, top-down processes will also become more focused.

We believe that democracy must be rational and that responsible people should become leaders. Only this sort of democracy constitutes active progress, and is not a destructive force.

BL: What is your view of the prospects for coordinating wage levels between companies and establishing industry-wide wage standards?

CW: I am strongly in favour of industry-wide collective bargaining because wage standards can be much more efficiently negotiated at the level of entire industries than they can in companies of various types. We therefore have to bring into play industry trade unions and employer organizations. In the wake of the recent labour conflicts at Denso Nansha in Guangzhou, we looked into the possibility of creating an industrial trade union for the automobile sector. This seems inevitable, yet conditions are not yet ripe at the city level. But we are trying this at least at the district level. In Nansha, the conditions do exist, and the trade union at the Toyota factory in Nansha has taken the lead in developing regular contacts with the trade union at lower-tier suppliers.

I have learned about the way bargaining is conducted in Singapore. There, the workers' wage is split into three parts: the base wage, monthly premiums and yearly bonuses. The first component makes up 70 per cent of regular pay; this is negotiated by trade unions and employers' associations at the industry level. The latter two elements are negotiated between unions and management at the factory level. The main part of the wage is subject to industry-wide negotiations, and the smaller part remains open to negotiation within the company. This leaves room for differences, but the differentiations cannot become too big. Besides, a proportion of the base wage of around 70 per cent of regular monthly income is quite healthy. In China, the base wage is very low and the freedom of employers to determine wages is too great. In comparison, I find the Singapore method very good.

BL: What can be learned from the experiences of Western trade unions in this context?

CW: As China becomes more open to the market and to the global economy, there is no reason why the trade unions should not study the wealth of international experience, particularly systems of wage negotiations. But this learning must be integrated with our country's own conditions and experience. Our attitude should be realistic and we should learn from the facts. In this context, we should vigorously support exchange with foreign trade unions and experts.

¹ The interviewer selected and translated the text.

² One hundred renminbi is equivalent to 15 US dollars.

Chen Weiguang is the Chairman of the Guangzhou Federation of Trade Unions and the Vice Chairman of the People's Congress of the City of Guangzhou.

Boy Lüthje is a Senior Fellow at the Frankfurt Institute of Social Research, specializing in economic transformation and labor in China.