

**CHINA'S RECENT SPATE OF LABOR
PROTESTS: TABLES TURNED FOR
CHINESE WORKERS?**

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Executive Summary

1. Wage increases promised by employers following the string of suicides at Foxconn and the Honda strike led observers to herald a “turning point” in China’s industrial-labor relations and the rise of the Chinese proletariat. There are, however, reasons to doubt this sanguine outlook.
2. China’s recent labor unrest may be viewed from a few perspectives, namely differences between past and present labor protests; demographics of the current workforce; paradigmatic shifts in China’s labor supply; policy shifts; institutional structure of Chinese trade unions and their role in labor conflicts.
3. The rising trend of collective action by workers demanding for better pay and work conditions is often attributed to the post-80s and post-90s generations of workers, who are more aware of their rights and less tolerant of harsh work conditions. They are also more mobile owing to labor shortage in China’s manufacturing hub since 2004 and jobs created in inland localities.
4. Yet there is doubt over the arrival of the Lewisian turning point of limited labor supply and rising wages. The US census bureau reported that China’s labor supply will still grow by 16 million from 2010 to 2015. Labor intensive industries also have the option of shifting to inland localities with more abundant labor supply and lower production costs.
5. From February this year, various provinces and municipalities have adjusted the minimum wage rate upwards by more than ten percent. Yet even after adjustment, the minimum wage rates still range from 600 odd *yuan* to slightly over 1,000 *yuan*.
6. China’s share of exported manufactured goods was significantly higher than that of other developing countries in 2008 although its hourly wage rate more than doubled that of the rest. Even as wages are set to rise, it is unlikely that

China's manufacturing edge will be affected in the near future because of its overall competitiveness.

7. The All-China Federation of Trade Unions is subservient to the state and the communist party. Its government status prevents it from any kind of labor mobilization against employers. The Chinese government is unlikely to accede to workers' demands to nominate representative union heads.
8. Chinese workers are in the throes of a new labor movement. They are not out to politicize it or to confront the Communist Party directly in the manner of trade unions in Western Europe, but they want better pay and better work conditions, which are long overdue to them.
9. Spontaneous workers' action is potentially explosive due to the large numbers congregating at the workplace. With China's widening wealth gap and slow *hukou* reforms, the likelihood of escalating antagonism and radicalization of labor disputes is very high if the government continues to deprive workers of truly representative unions and legal channels to seek redress.
10. On a positive note, the wave of labor protests may serve as a timely boost to the central government's reform initiatives to resolve social conflicts, which have often been met with resistance at the local levels. An overall pay hike will also help to accelerate China's industrial restructuring, boost domestic consumption and narrow the widening income gap.