

# 2010

*In the spring and summer of 2010, the media in mainland China extensively reported on a domestic ‘labour tide’ (工潮). At the same time, international newspapers came out with hyperbolic headlines such as ‘The Rising Power of China’s Workers’ (The Economist), ‘The Rise of a Chinese Workers’ Movement’ (Bloomberg) and ‘An Independent Labor Movement Stirs in China’ (The New York Times). This renewed enthusiasm for China’s labour movement was triggered by a strike that had erupted at a Honda factory in Foshan’s Nanhai District in May. As the Honda workers—mostly members of the new generation of migrant workers from the Chinese countryside—went on strike to demand a significant pay rise and the right to establish a representative union, their mobilisation rippled across the whole country, culminating in a wave of labour protests. The strike also rekindled the debate in government and union circles about collective bargaining (or ‘collective negotiation’, to use official jargon) as a way to improve labour conditions and preempt labour unrest. Although many of the expectations that arose in the spring of 2010 would be dashed in the following years, the Honda strike remains a landmark event for the Chinese labour movement in the twenty-first century.*

# The Nanhai Honda Strike

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**T**he year 2010 was a time of turbulent labour relations in China. A wave of strikes triggered by a protest by Honda workers in Foshan, Guangdong Province, aroused immense concern among Chinese policymakers, legal and labour scholars and Western media, prompting discussions about the urgency of carrying out democratic trade union reform and implementing workplace collective bargaining, or what in the Chinese context is more commonly known as ‘collective consultation’ (集体协商). In the wake of this strike wave, the Chinese Government and the All-China Federation of Trade Unions (ACFTU) increased their efforts in legalising and promoting workers’ rights to collective bargaining. This essay examines the impact on the development of labour relations in China of the Honda strike, which exerted historic pressure on the Party-State and the ACFTU to promote a collective rights-based framework of industrial relations. However, the shift towards this type of regulatory framework has since been halted due to opposition from global capital and concerns among the Party-State over independent labour organising.

## The Honda Strike

The strike that triggered the wave of unrest in 2010 was set in motion by workers at the Honda Auto Parts Manufacturing Company Limited (CHAM), a company in Foshan’s Nanhai District that specialises in the production of car transmissions. Beginning on 17 May, the mobilisation lasted for seventeen days and involved about 1,800 workers. It followed the rapid expansion of the Chinese car industry in response to the Global Financial Crisis. Due to the Chinese Government’s stimulus policies, in 2009, China’s automotive sales increased 46 percent from the previous year, setting a new record.<sup>2</sup> Despite this growth, the basic salaries of most auto workers had not been adjusted accordingly. At the time of the strike, around 80 percent of CHAM workers were interns from technical

schools and the other 20 percent were formal employees. The strikers listed 108 demands, but consistently named two as the major issues: 1) a wage increase of 800 yuan for all workers; and 2) democratic reform of trade unions, as the existing union did little to represent the workers' interests. Throughout the strike, workers felt that the company's trade union was not on their side.

At first reluctant to negotiate with the workers, the firm instead resorted to intimidation and appeasement. On 22 May, it 'fired' two activists who had already resigned. On 26 May, the company proposed a minimal wage increase—a concession that workers turned down. Monday, 31 May 2010 was a turning point. Under pressure from local government representatives and from teachers at the vocational schools that had dispatched the student interns, many workers resumed production. However, about forty formal workers refused to return to work and gathered in the open space on the factory premises. About 2pm, workers noted that an estimated 200 people wearing yellow caps and carrying 'trade union membership cards' (工会会员证) entered the factory complex to 'persuade' the strikers to resume work. When the persuasion failed, a physical conflict ensued and a few of the striking workers were hurt. This attracted the attention of both local and international media, with one Hong Kong newspaper using the headline 'Conflict at Honda Factory: "Union" Hits Workers' (工会打人).<sup>3</sup> Official sources did not reveal from where the 200 'trade unionists' had come, but reliable sources revealed that they were in fact locals from other villages.<sup>4</sup>

After this incident, CHAM and the trade unions both came under serious pressure from workers. Workers walked out in support of their injured workmates. The factory-wide strike continued. On 1 June, Zeng Qinghong, the CEO of Guangqi Honda Automobile Co. Ltd, a joint venture between Honda and a Chinese state-owned enterprise in Guangzhou, and also a member of the National People's Congress, visited the strikers and asked them to elect their own representatives, promising to hold negotiations with them three days later. At 5pm the same day, the Nanhai District Federation of Trade Unions and the Shishan Town Federation of Trade Unions issued a letter of apology to all CHAM workers.

On 3 June, endeavouring to gain wider public support and calling for stronger solidarity among workers, the workers' representatives issued an open letter to all CHAM workers and to the public, reiterating their

main demands: 1) a wage increase of 800 yuan; 2) a seniority subsidy; 3) a better promotion system; and 4) democratic reform of the company trade union. Part of the letter read as follows:

We urge the company to start serious negotiation with us ... It earns over one billion yuan every year and this is the fruits of our hard work ... our struggle is not only for the sake of 1,800 workers at CHAM, it is also for the wider interests of workers in our country. We want to be an exemplary case of workers safeguarding their rights.<sup>5</sup>

After the open letter was released, workers' representatives received more than 500 text messages of support from people all over China, with one emblematic example saying: 'You not only represent CHAM's workers, but also the 100 million-strong working class under oppression in China ... All the people in the country are supporting you and paying great attention to your just action. Your glorious action will be recorded as part of modern Chinese history.'<sup>6</sup>

In a pre-negotiation meeting with Zeng held that very day, the workers' delegates requested a democratic and formal election of workers' representatives to be held as soon as possible. The same evening, the company initiated a democratic election in all departments and thirty representatives were elected. Also that day, with outside help, workers' representatives contacted Chang Kai, a prominent labour law professor from the People's University in Beijing, who later agreed to be their advisor. On 4 June, negotiations began in earnest, with the newly elected workers' representatives, representatives from the company, the labour bureau, the local government, the legal advisor to the workers, the chairperson of the enterprise trade union and Zeng himself.

In the end, the two parties reached an agreement that formal workers' wages would be increased by 32.4 percent, from 1,544 yuan to 2,044 yuan, and interns' wages would be raised by 70 percent, from around 900 yuan to around 1,500 yuan. However, the company refused to discuss the workers' demand for democratic reform of the enterprise trade union, giving the excuse that it could not intervene in matters concerning workers' associations.

## NGOs and Intellectuals: A Supportive Role?

One of the reasons the strike stood out from similar actions is the strong external support the workers received from local and international civil society. Recalling the negotiations on 4 June, one worker representative wrote in his blog: 'Being able to get in touch with and have Professor Chang Kai as our advisor is very encouraging; I am very thankful for his help ... without his assistance, we would have played a more passive role in the negotiations, since we have limited abilities.'<sup>7</sup>

Also, apart from the support from Professor Chang, more than seventy local and overseas scholars signed a petition to support the workers' demands. It said:

Living on meagre wages and struggling to survive, workers are forced to strike so that they could live with dignity ... let us unite and put pressure on the company. We should tell Honda to stop suppressing and dividing workers and to accede to the workers' reasonable demands.<sup>8</sup>

This petition was issued a day before the negotiations and contributed to the pressure on the company and the local government. More importantly, it strengthened workers' morale and confidence. One worker said to us: 'It is hard to believe we have so much support from so many professors.'

Alongside these, the Chinese Workers Research Network (中国工人研究网, CWRN), a now defunct website launched by a few young mainland intellectuals and registered in Beijing that reported news on labour issues, covered the CHAM workers' strike in detail. Furthermore, many Hong Kong labour nongovernmental organisations (NGOs) and trade unions showed their support by protesting against Honda in Hong Kong. They updated the international community with news of the strike, and a global signature campaign to solicit international support was initiated by Globalization Monitor, a Hong Kong NGO focusing on the negative impacts of globalisation on labour in China. Shortly after the strike was over, the government started to strengthen its control over media reports of strikes and the civil society actors who had supported the Honda workers. For example, the CWRN faced retribution and was shut down by the State Council Information Office for 'having published articles with bad intention without authorisation', on 8 June 2010.

## The Aftermath

In late June 2010, officials from the Guangdong Federation of Trade Unions (GDFTU) met CHAM workers' representatives. Although they promised trade union reform and collective wage bargaining, the GDFTU delegates overruled the call of the workers' representatives to remove the existing trade union chair.<sup>9</sup> By manipulating the list of candidates and isolating active workers' representatives who maintained close contact with civil society during the strike, the higher-level trade unions ensured that most of the elected enterprise trade union officials came from managerial or supervisory levels.<sup>10</sup>

Alongside the trade union reform, there was also some progress regarding collective bargaining, with the GDFTU taking a leading role. From 25 February to 1 March 2011, wage negotiations took place between the trade union and the management of CHAM. Kong Xianghong, Deputy Chair of the GDFTU, who was deeply involved in Honda workplace issues, played a key role in driving both parties to reach an agreement. In the end, a pay rise of 611 yuan was agreed on.

Since 2011, annual collective bargaining has been held between the workplace trade union and management, facilitated by the higher-level trade union. A dispute arose in 2013 as the pay raise offered by the company was far lower than the rank-and-file workers had expected. A strike took place, though it was opposed by the official trade union committee. The company finally agreed to a pay rise higher than its original offer, but both the trade union committee and management exerted considerable pressure on the workers who had led the strike.

It is also worth noting the knock-on effect of the strike on the car industry, as well as other industries. In the summer of 2010, auto workers from many car companies and suppliers followed the example of their Honda counterparts and went on strike to demand higher wages. A supplier to Hyundai in Beijing, a Honda factory in nearby Zhongshan, two Toyota factories in Tianjin, Atsumitec Co. (a supplier to Honda) and Ormon (a supplier to Honda, Ford and BMW) were all hit by strikes in June and July 2010. The ripple effect is demonstrated by the fact that a leader of the Zhongshan Honda strike contacted workers' representatives from CHAM, seeking their advice. As can be seen, CHAM and other auto workers' increasingly sophisticated organising strategy and growing class consciousness enabled them to negotiate higher wages. Without

relinquishing its grip restricting workers' freedom of association, the Party-State conceded to workers' strong demands by pressuring global capital to raise wage standards.

### Political Impact

The 2010 Honda workers' strike was widely seen by scholars and activists as representing a new stage of labour resistance in China. This was because of not only its success, but also its duration of seventeen days, and the level of organisation compared with previous strikes.<sup>11</sup> Equally significantly, the strikers went beyond the individual interest of a pay rise and narrow demands related to their legal rights to call for democratic trade union reform. This wave of nationwide strikes and other forms of collective action sent a warning to the government about growing labour discontent. More importantly, it acted as a signal that the individual rights-based regulatory regime was inadequate for dealing with workers' grievances.

Chen Feng has conceptualised the regulatory regime established in the reform era before the establishment of the Labour Law (1994), the Trade Union Law (1992) and the Arbitration Law (1995) as an approach based on 'individual rights' (see also Biddulph's essay in the present volume).<sup>12</sup> Chen refers to 'individual rights' as the legal accentuation of individuals' entitlement to a minimum wage, social insurance, an overtime premium and so forth, while workers' collective rights denote the right to organise, strike and engage in collective bargaining—rights that are basically absent in China. The Chinese Government has not yet ratified International Labour Organization Conventions No. 87 and No. 98 on freedom of association and collective bargaining and, in fact, freedom of association remains one of the most politically sensitive issues in China.

The ACFTU is the sole union federation in the country, and it falls under the leadership of the Chinese Communist Party (CCP), as stipulated in its constitution and the Trade Union Law. Although included in the Chinese constitutions enacted in 1975 and 1978, the right to strike was removed from the Constitution of 1982. It should be noted that, although the aforementioned laws contain clauses related to the collective rights of workers, in practice, these are seldom implemented. As soon as these laws were in place, workers began to use them as a weapon to protect their rights.<sup>13</sup> According to official data, the number of cases handled by the labour dispute arbitration committees at all levels in the country jumped

dramatically, from 12,368 in 1993 to 135,206 in 2000 and to 684,379 in 2009. However, China's individual rights-based regulatory regime has proved insufficient to prevent labour conflicts, which have increasingly taken the form of collective resistance, especially since the early 2000s.<sup>14</sup>

The Honda strike marked the apex of bottom-up workers' resistance, forcing central and local governments to push forward labour regulations based on collective interests, while temporarily placing at the top of the government and ACTFU's agenda the reform of the trade union system on the basis of the existing legal framework and the establishment of a better collective consultation system in the workplace.

On 5 June 2010, the ACFTU issued a document titled 'Further Strengthen the Building of Workplace Trade Unions and Give Them Full Play' (进一步加强企业工会建设充分发挥企业工会作用), which emphasised workers' rights to information, participation and the voicing of opinions, as well as the right of workplace trade unions to monitor management.<sup>15</sup> Shortly after the Honda strike, thirteen provinces issued documents in the name of the CCP committee or local government to promote collective wage consultation.<sup>16</sup> In August 2010, the Guangdong Provincial Government began debating the second draft of the Regulations on the Democratic Management of Enterprises, while the Shenzhen Collective Consultation Ordinance (amended draft) was also under public consultation.

However, in a repeat of what had occurred during the discussions of the draft Labour Contract Law (see Gallagher's essay in the present volume), some overseas chambers of commerce were strongly opposed to legislation on collective negotiation. In Hong Kong, more than forty business associations published petitions in newspapers.<sup>17</sup> Chambers of commerce from the United States also voiced concerns about the legislation.<sup>18</sup> As a consequence, both the Regulations on the Democratic Management of Enterprises and the Shenzhen Collective Consultation Ordinance were suspended.

## Two Lessons

From the case of Honda, we can see that workers' activism in China's Pearl River Delta enhanced wages and working conditions by pushing the government to legislate an individual rights-based legal framework and global capital to raise wage levels. In this context of a restrictive

regulatory regime primarily focused on individual rights, a new wave of workers' strikes in 2010 forced the government to seriously consider a collective rights-based regulatory framework. This was short-lived due to the state's manipulation of trade unions and opposition from business.

We can draw two lessons from the Honda strike. The first is that Chinese migrant workers have been actively participating in the shaping and reshaping of labour rights in global factories. However, while labour activism can challenge global capital and the Party-State regarding labour regulations, political and economic constraints on workers' power should not be underestimated. Politically, the authoritarian nature of the Chinese Party-State and the legacy of socialist trade unionism have structurally impeded the rise of democratic trade unionism in China. Although civil society has provided significant support to workers in their struggles, the Party-State has effectively stifled the ability of labour NGOs to promote independent workplace organising. Economically, China's heavy dependence on foreign investment and export-oriented industry has granted global capital powerful leverage in influencing local labour policies. The second lesson is that, in the process of integrating into the global economy, the Chinese state has had to balance the interests of and pressures from both labour and capital to maintain its ruling authority.<sup>19</sup> State regulations and the state's relations with labour and capital are therefore key to analysing and predicting further developments in labour standards and industrial relations in China.