

# Labour Unrest and a Slowing Economy in China: Unpaid Wages Spark Strikes

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*In a clear sign of a slowing economy, many employers in China, including foreign-owned factories and state-owned enterprises, have been unable or unwilling to pay their employees for months. Strikes and protests by workers have erupted to demand unpaid wages.*

On December 10-11, more than 1,000 subcontracting workers at Eastern Heavy Industries in Jiangsu province's Jingjiang city struck over the company's failure to pay them for 5 to 6 months. Workers rallied at the Shanghai-Beijing expressway, causing massive traffic jams and forcing municipal officials to negotiate. The next day, the shipyard, under pressure from the local government, was forced to pay some of its wages and bills (See [photo](#))



Singapore-based JES International, which owns the shipyard, justified the non-payment by blaming the subcontractors, who often hire migrant workers and delay payments to prevent them from leaving without notice. The company also stated that it needed working capital, as the number of ships under construction was high and some clients were asking for delayed delivery dates.

In reality, recent data from China's National Shipbuilding Industry shows that the number of new orders in the first 10 months this year was down nearly 50 percent, compared to the same period last year. In the first nine months of this year, profits for large shipbuilders were down 40 percent. Several leading shipbuilders, including the largest private-owned shipbuilder in Chongqing, Jinglong Shipbuilding, collapsed in the first half of 2012.

The Hong Kong-based *China Labour Bulletin* reported that several thousand Eastern Heavy Industries employees had also been unpaid for five months. One worker said the management had warned them not to join the subcontractors in striking, or they would be fired. Some of the workers, however, indicated that they would take action if they were not paid by the end of the year.

The Chinese Communist Party (CCP) regime is once again resorting to police-state measures against workers. In the aftermath of the subcontracting workers' strike, contingents of police vehicles have been at the shipyard each day in an attempt to intimidate the workforce and prevent further stoppages.

A 12-day strike by 600 workers at a shoe factory in Foshan in Guangdong province ended on December 22, after they were forced to accept half the payout they had been demanding. The stoppage at the Shyang Ho Footwear began on 10 December after its private owner

prepared to sell the factory and move to the inland city of Chengdu, where labour is cheaper. The workers demanded the compensation required by law, namely one month's salary for every year of employment.

Workers occupied the plant in order to prevent the removal of equipment. But the government sent in hundreds of armed police to stand guard as the management shipped out the factory's assets. The collapse of the company, which was a leading shoe maker in Foshan during the 2000s, symbolises the crisis of China's export-led growth. Following the 2008 global financial crisis, many export enterprises went bankrupt. Those that survived, like Shyang Ho, slashed costs.

On December 20-21, over 1,000 workers at the South Korean-owned Dongguan Samkwang Science & Technology, which makes mobile phone parts, went on strike over low wages and poor conditions. Large numbers of armed police and security guards were sent to suppress the stoppage, leading to injuries and arrests of workers. (See [photo of police arresting strike workers](#))

On Monday, 4,000 workers at the Hong Kong-owned Wong's Electronics Co in Shenzhen downed tools over the lack of compensation for the "restructuring" of the company, which changed its name and legal representative. Large numbers of police were deployed at the factory. On Wednesday, workers marched to the local Shajing township government with banners demanding justice, but the authorities responded with more armed police.



(See [photo of strikers surrounding township government](#))

Demonstrations have also taken place at state-owned enterprises. On December 25, more than 1,000 workers at a subsidiary of China's largest paper mill, Chengming Papers, blocked the junction of two major bridges in Wuhan city to protest against the factory's closure and unpaid wages. (See [photo](#)). Elite "Special Police" contingents were deployed to suppress the strike, resulting in injuries to 30 people, according to the dissident web site, the *China Jasmine Revolution* .

The web site explained that the protests were part of a month-long struggle by employees, who had been unpaid for half a year. The loss-making company had sold its land but did not want to compensate the workforce. Instead it pressured workers to transfer to distant subsidiaries, with very low pay of just 1,000 yuan (\$US160) a month. Workers said the purpose was to force them to resign.

On December 25, hundreds of doctors and nurses from a hospital belonging to a major state-owned enterprise, the Tongling Nonferrous Metals Group, blocked one of Tongling city's main junctions to protest against the non-payment of six months' wages.



(See [photo](#))

Social unrest is set to grow in the aftermath of the CCP's 18th Congress in November. The congress adopted a pro-market economic agenda that includes the privatisation of some of the 100,000 remaining state-owned enterprises. Newly-installed CCP general secretary Xi Jinping recently completed a "Southern Tour" that mimicked that of former leader Deng

Xiaoping two decades ago, during which Deng accelerated the process of capitalist restoration in China. Xi's tour was designed to reassure the business elite and foreign investors that his administration will press ahead with pro-business policies.

Just after Xi completed his tour, workers in Deng's home town of Guang'an city, in Sichuan province, held a protest over two and half months' of unpaid wages. Around 200 workers from a Korean-owned knitting factory, Hanmei, struck on December 21. After the factory manager fled to avoid a confrontation, workers rallied at the City Hall, appealing for authorities to step in. Instead, the local government mobilised hundreds of riot police to violently disperse the protests. Six workers were injured and two reporters were detained.

The violent suppression of workers in Deng's home town was designed to send a strong message that the new CCP leadership will not hesitate to use police-state repression to enforce its socially-regressive pro-market reforms

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