

Honda rocked by further strikes in China

John Chan
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Japanese auto manufacturer Honda has been hit by two further strikes in associated parts plants in China just days after settling a lengthy stoppage at its transmission plant in Foshan by granting a significant pay rise. Along with other industrial disputes, the Honda strikes have provoked considerable nervousness in Beijing and in international financial circles about the potential for widespread unrest in the multi-millioned Chinese working class.

The second Honda strike erupted on Monday at the Foshan Fengfu Autoparts Co., a joint-venture owned by Honda subsidiary Yutaka Giken and Taiwan's Fuwei Industrial Co. The plant has 460 workers making exhaust systems for Guangqi Honda Automobile which assembles the Accord, Odyssey and Fit models in Guangzhou. Due to a lack of parts, Guangqi Honda's two plants halted production on Tuesday, just days after they had returned to operation.

The strike began on Monday morning after 20 workers rallied their colleagues at the factory entrance. By noon, 215 workers had agreed to strike and by the evening, 250. A 22-year-old worker from Hunan province told the *South China Morning Post* that they had been forced to take days off during the earlier strike by Honda transmission employees, then made to do unpaid overtime to make up for the lost hours.

Workers drew their inspiration from the previous strike at the transmission plant. "If their strike hadn't been successful, our workers here probably wouldn't be as united as we are now," one striker told the *Post*, adding that workers were also demanding the removal of the head of the plant's state-run union, who is part of management. The worker said that those in the factory earned less than the 1,500 yuan (\$US220) a month that the transmission plant workers were paid prior to their pay rise. Last night Honda management claimed to have reached an agreement to end the strike.

A third stoppage began at the Honda Lock (Guangdong) plant in Zhongshan on Wednesday morning to demand a wage rise from 930 to 1,600 yuan a month, the punishment of security guards for their maltreatment of workers, and a restructured union. The workers elected 10 representatives to negotiate with management. One Honda Lock worker told the *South China*

Morning Post that police had been handing out leaflets describing the strike as illegal and warning of jail terms of up to five years. Another said: "We will continue to strike until our demands are met. We want the same treatment as Honda Autoparts workers."

The spate of strikes at Honda is already spreading to other companies. An article in yesterday's *Financial Times* commented: "While there is no evidence that workers at different factories are coordinating their activities, the success of the first Honda strike has emboldened workers by demonstrating that mass action can yield results."

The article cited a strike on Sunday at a Taiwanese audio components factory, Merry Electronics, in Shenzhen, where workers blocked nearby roads to protest against changes to their shifts. Nervous that the stoppage might get out of hand, the company announced a 22 percent pay rise. Yesterday, the local Shenzhen government announced that it was lifting the minimum wage for all workers in the city—government and private—by 10 percent starting in July.

The electronics giant Foxconn announced this week that it was raising wages by as much as 122 percent in a bid to counter adverse publicity surrounding a wave of suicides at its massive plant in Shenzhen, where 400,000 workers labour under a military-style regime. Making the announcement, Foxconn's billionaire chairman Terry Gou also said that 80 million yuan would be donated to charities to demonstrate his company was not a sweatshop.

According to the *South China Morning Post*, many Foxconn workers regarded the announcement as "a trick". At the same time as offering wage rises, the company is planning to review its factory city system, including the practice of providing food and board to workers. "If a worker in Taiwan commits suicide because of emotional problems, his employer won't be held responsible, but we are taken to task in China because they are living and sleeping in our dormitories," Gou complained.

The strikes have provoked discussion in the financial press about the raising of wages. Jun Ma, Deutsche Bank AG China chief economist, told *Bloomberg*: "If you don't meet the

demands of the workers, social stability will be threatened.” Chang Kai, director of Institute of Labour Relations at Renmin University, also warned that the low wage regime in Pearl River Delta region was breeding a social explosion and called on Honda and other corporations to increase pay to avoid strikes from spreading.

Some commentators are encouraging employers to pay. The *Financial Times* noted yesterday that the Foxconn’s doubling of wages would not have a huge impact as labour is a small fraction of overall costs. “Moreover, many of the biggest producers have ample room to absorb pay rises. Between 1994 and 2008, on Nomura estimates, industrial enterprises showed 21 percent annual labour productivity growth, while annual wage growth was just over 13 percent. In other words, labour costs fell.” Other analysts point out that an increase in wages would also help boost domestic consumption, reducing Beijing’s reliance on stimulus spending to maintain economic growth.

However, most manufacturers in Pearl River Delta making toys, shoes, garments, home appliances and other goods are unable to afford large wage increases. If they are compelled to pay higher wages, factories could close, leading to higher unemployment and social unrest. Tsau Cheng-fu, the deputy director of the Taiwan Merchant Association in Shenzhen, told the media that few factories could follow Foxconn’s multi-million dollar PR exercise. He bitterly complained about rising raw materials prices, US pressure for a yuan revaluation and the demands from Western corporate clients for low prices. “Factory owners have nowhere to go but to squeeze the workforce,” he said.

The working class is moving into a collision course with employers and ultimately, the Chinese regime. Beijing’s stimulus package focus on infrastructure projects has created jobs in the interior provinces, causing a labour shortage of 2 to 2.5 million workers in Guangdong alone. In order to attract workers, many cities have lifted official minimum wages this year, although the increases have still been outstripped by sharply rising prices for housing, food and other essentials.

The strikes are also provoking fears in the Chinese Communist Party (CCP) of the emergence of a political movement against its police state regime. An article in yesterday’s *Financial Times* entitled “‘New form of strike’ troubles Beijing” stated that some sections of the CCP bureaucracy regarded any encouragement of workers’ wage demands as “a considerable threat, given that a wave of copycat strikes could help forge independent and credible groups of organised labour outside the control of the party and its official body, the All-China Federation of Trade Unions.” The article noted that propaganda officials had instructed the Chinese

media last week not to report on the Honda strikes or the Foxconn suicides.

Since its inception, the Chinese regime has been deeply fearful of the working class and has repeatedly employed police repression to crush strikes and protests. The CCP ordered tanks and heavily armed troops to crush the Tiananmen Square protests in 1989 precisely at the point when students protesting for democratic rights were joined by substantial numbers of workers raising their own economic demands.

Any eruption of social and political unrest now would compound the problems confronting the government as it tries to control a rapidly growing, but fragile economy. As Honda shares tumbled on the Tokyo stock exchange, the *Nikkei* business newspaper warned that rising industrial unrest in coastal China could “scare off” foreign investors, forcing them to move to inland areas of China or South East Asia. It was a not-so-subtle call for Beijing to suppress further strikes.

Police and strikers have already clashed. About 2,000 workers stopped work last Friday at an industrial products factory owned by the Taiwanese-run KOK International in the city of Kunshan in eastern Jiangsu province. Workers demanded that management address a number of demands, including unbearably hot conditions in the plant, enforced unpaid overtime, and low wages. While it claimed to be mediating the dispute, the local government sent in police against the strikers.

Police attacked workers on Monday as they took their protest outside the factory gate. The clash lasted an hour, with 50 workers injured and between 30 and 40 arrested. A young woman told the media: “The police beat us indiscriminately. They kicked and stomped on everybody, no matter whether they were male or female. I saw several riot police beating one worker who had fallen on the ground, then they dragged him away into their van.” Despite the violent crackdown, workers continued their sit-in strike on Tuesday.

At present, Beijing has acted relatively cautiously, so as not to provoke wider industrial action. But if the strikes mushroom into a wider movement, the CCP will not hesitate to use police state measures against the working class.



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