Manufacturing slowdown in China triggers more strikes

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A sharp downturn in manufacturing throughout China is driving employers to cut wages and jobs, fuelling a new wave of strikes.

A strike involving 1,000 workers this week in Shanghai at Singapore-owned Hi-P International plant was ruthlessly broken up by police. Hi-P's web site describes the company as part of "a global vertically integrated contract manufacturer serving the wireless telecommunications, consumer electronics and computing and automotive industries." Its main international clients include Apple, BlackBerry maker Research in Motion, Motorola and Hewlett-Packard.

The strike erupted as Hi-P decided to downsize and move more production lines to Tianjin and Suzhou, where labour costs are lower. Workers were offered no compensation, only promises of a job transfer to the new production sites. The workforce responded by occupying the plant and blocking the gate. Reuters reported that employees shouted, "Give me justice!", and held banners that read, "We want an explanation, we want the truth." Workers also accused the company of illegal practices. "Sometimes, they ask us to work 18 or 19 hours in a day," one told the Associated Press. "Sometimes the overtime is even longer than a normal 8-hour work day."

On Tuesday, the first day of the strike, police vehicles sealed off nearby main roads, and the next day hundreds of police officers were deployed to forcibly end the protest. Police punched workers and dragged many away by their hair, including female employees. Several workers were injured and more than a dozen were arrested. According to the Associated Press, workers were continuing their strike yesterday and "police in vans and unmarked cars watched but did not intervene."

It is not the first strike by Hi-P workers. In July-August, workers staged a 10-day strike against the company's plan to shift two production lines to the Suzhou plant. This action was also broken up by police.

A wave of strikes hit China's manufacturing centres in southern province of Guangdong in recent weeks. (See: "Strikes rock manufacturing centres in southern China")

A strike by 1,100 workers at a Japanese-owned Citizen watch factory in Shenzhen ended on November 19 after a month-long struggle. In October, the plant decided to change the wage system from a piece-rate to an hourly rate. In a low-end industry like watch component production, workers are largely dependent on increasing output to maintain a living wage. The low hourly rate offered by the company will dramatically reduce their incomes.

In response to the hourly-rate system, workers have demanded that management repay them wages equivalent to the 40 minutes already deducted from their daily hours for going to the toilet and drinking water since 2005. However, they only received 70 percent of the unpaid time. Workers were forced back to work with police and security officers deployed to each production department to watch them.

In Kunshan city of eastern Jiangsu province, 1,200 workers at the Taiwanese-owned Lisheng plant that produces electronics—including notebook computers, mouses and mobile phones—staged a strike on November 22 against excessive working hours. Management called the police to break up the strike and demonstration, and several workers were injured.

A Lisheng worker posted a blog at a local web site explaining that management changes their shifts at will, without any compensation. They were only paid a basic monthly salary of 1,140 yuan ($US179), but after deducting 450 yuan for factory-provided food, 120 yuan for social security funds, and 400 yuan for rent, "we have nothing to send back home."

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The worker recalled that on November 22, when the strike erupted, 30-40 special police and conventional police officers arrived. The special police are paramilitary forces specialising in domestic repression, including riot control. “We thought what a great thing to have them to defend justice for us,” he wrote. “Who could have imagined—they assaulted whoever they encountered immediately after rushing from their vehicles. A poor young man who said something wrong was dragged into the police car and beaten. Another girl who stood too close to them was also viciously attacked, with her ear drum broken and her head bleeding. She lay on the ground for two hours, but the police ignored her.”

The blogger expressed anger over the plight of millions of super-exploited migrant workers in China: “The labour bureau ignores us, the police do not care! We migrant workers can only be bullied at will by them [the employers]. Where is the justice? Where is the law?”

Chinese workers are confronting a ruthless police state that defends the interests of business. The world’s major corporations cooperate closely with the emerging capitalist class as well as the corrupt Stalinist bureaucracy in China to jointly exploit the working class.

This basic social relationship was highlighted in an investigative report on BYD, a privately-owned battery and electric car manufacturer, published in late October by the New York-based *China Labour Watch*. BYD, partly owned by American billionaire Warren Buffett, employs 130,000 workers. The company’s chairman, Wang Changfu, was China’s richest man in 2009.

At the BYD Shenzhen plant, workers earned just $204 a month—lower than Shenzhen’s estimated minimum living expenditure of $243. Workers are tied to factory-provided housing and food, and with 144 hours of overtime imposed each month, they have no chance of educating themselves and getting a better job.

The *China Labour Watch* report noted: “BYD is only concerned with how to earn the most profit through the lowest possible production costs… BYD’s multinational company clients, such as Nokia, Motorola and Samsung, are solely concerned about manufacturing high quality products at a low cost. In order to bring products to the market as soon as possible, companies require an extremely fast paced rate of production. So workers have to struggle through long working hours at an incredibly high rate of production.”

The report concluded by warning: “[W]orkers are extremely stressed and feel hopeless about the future. If these problems can’t be solved, fierce social conflicts within the factory will arise.”

BYD is a microcosm of countless sweatshops across China where already terrible conditions are set to turn from bad to worse.

In May-June 2010, a wave of strikes initiated by workers in a Honda auto plant in Guangdong province in southern China was largely driven by the demand for higher wages. Amid massive stimulus measures in China as well as in Europe and the US, Chinese manufacturing continued to expand, making it possible for employers and the Stalinist regime to offer limited concessions to head off wider unrest.

The corporate elite is no longer in the same position. There is an unmistakable connection between the strikes emerging in China and the latest official purchasing manager index (PMI) showing a manufacturing contraction in November. This decline is mainly due to falling demand from Europe and the US, two of China’s largest markets. The latest November PMI is just 49—the lowest since February 2009, in the wake of the Lehman Brothers collapse. About 23 million jobs, mainly of migrant workers, were destroyed in 2008/09.

Another wave of factory closures threatens to trigger a social explosion of the Chinese working class. An indication of what is to come was spelled out by the Federation of Hong Kong Industries, which recently warned that up to one-third of the 5,000 Hong Kong-owned factories in Guangdong province could be downsized and closed by the end of this year.

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