Strikes erupt in China’s Sichuan province

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Thousands of workers from the state-owned company Pangang Group Chengdu Steel & Vanadium (known as Chengdu Steel) went on strike on January 4 over low wages in Chengdu, the capital of the inland province of Sichuan.

The New York-based *China Labour Watch* put the number of strikers at 2,000, but other reports estimated that 10,000 were involved. Hong Kong’s *Ming Pao Daily News* said 1,000 police were sent to block the workers, who marched to a crossroad of the Chengdu-Mianyang Highway near the factory.

China Labour Watch reported: “Over several hours, the confrontation paralysed traffic and the police dispelled the crowd by use of pepper spray. Several workers were injured in the ensuing clashes.” Five workers were arrested, but released after the steel company intervened.

Witnesses quoted online said workers were holding banners saying, “We want a wage increase” or “We want to survive, we want meals.” Other slogans called on the enterprise to disclose the salaries of the management.

China Labour Watch stated: “The workers say they work long and hard for extremely low pay, while their managers reap the benefits.” According to the workers, their average monthly salary is only 1,200 yuan ($US190), or 14,400 yuan annually, while their managers earn an average of more than 100,000 yuan per year. The minimum wage for workers in Chengdu’s Qingbaijiang District was just 850 yuan a month last year.

The Chengdu Steel workers demanded an increase of 400 yuan per month, while the management offered a mere 260 yuan rise. The strikers complained that their wages had been falling behind rapidly rising prices, and that their labour contracts lacked security.

The strike was the second eruption within five days in Qingbaijiang District. Thousands of workers at the state-owned Sichuan Chemical Industry plant walked off on December 30. After losing money for years, Sichuan Chemical Industry had frozen wages at 1,000 yuan a month for four years and the management was planning to file for bankruptcy in order to sell land to developers. Workers responded by taking to the streets, forcing the company to lift their wages by 400 yuan, plus a year-end bonus of 3,000 yuan.

The Chengdu Steel workers, reportedly inspired by the chemical workers, demanded the same year-end bonus. Chengdu Steel, with more than 14,000 employees, is a key subsidiary of Pangang Group Steel & Vanadium. The firm produces seamless steel pipes, wire and rod materials and other metallurgical products, mostly for industrial applications, which are used in more than 50 countries.

As part of the restoration of capitalist relations in China, most of the remaining state-owned enterprises have been transformed into joint-stock companies listed on share markets. Pangang, the largest steelmaker in western China, has been incorporated into the country’s second largest steelmaker, Anshan Iron and Steel Group, as part of Beijing’s policy of consolidating heavy industry in order to create multinational corporations.

The plight of the Chengdu Steel workers is typical of those who used to be employed by state-owned industry. In a wholesale campaign of privatisation from 1998 to 2002, over 60 million lost their jobs, along with the attached social services, such as housing and health care. For those who retained their jobs, their social conditions are not so different from those of the super-exploited migrant workers from the countryside.

On the same day as the Chengdu Steel strike, hundreds of migrant workers stormed the People's Court in Sichuan province's Shuangliu County, demanding that the court act on their behalf to obtain unpaid wages from their employer. Far from helping the workers, hundreds of police were deployed, with workers' representatives taken into the court and beaten. The brutality triggered clashes with the police, injuring two workers.

The growing unrest of workers is bound up with falling exports to Europe and America, combined with China's unravelling real estate market. After a massive expansion during the past decade, China's steel consumption would rise only 4 percent to 700 million tonnes in 2012, meaning falling profits for steel companies, China Iron and Steel Association head Zhu Jimin warned last Thursday.

"Enterprises are facing increasing operating risks, under pressure from a variety of factors such as rising costs, falling demand and difficult and expensive financing," Zhu stated. He said a series of policies introduced last year to cool the real estate sector had reduced the demand for steel. In addition, sluggish demand from manufacturing, railway construction, shipbuilding and auto companies would also take its toll.

The strikes in Sichuan, in China's southwest, indicate that unrest is spreading from stoppages at export cities in Guangdong and other coastal provinces last month over cuts to wages, conditions and year-end bonuses.

Guangdong authorities initially decided to suspend a planned 20 percent increase in the minimum wage. But the threat of broader protests by workers and the rural masses prompted the Guangdong government to change its mind, with key manufacturing centres such as Shenzhen increasing the minimum wage by 15.9 percent to 1,500 yuan. Other cities like Beijing have also raised minimum pay by 8.6 percent to 1,260 yuan from February 1.

There is limited room for the Chinese regime to make concessions to the working class because industries such as steel operate at thin profit margins of around 2.5 percent.

Given the dire global economic prospects this year, employers lobbied hard against any hikes this year in minimum wages—the basic default salary for most workers. Federation of Hong Kong Industries vice chairman Stanley Lau told Reuters that any rise would "prove to be a severe blow to the industrialists." He said export orders in the first quarter of 2012 were expected to fall sharply.

Significantly, Sichuan authorities had already announced a 23 percent increase in minimum wages from January 1, before the latest strikes. With many manufacturers relocating to Sichuan and other inland provinces from the traditional cheap labour zones in the coastal regions, the latest struggles in Sichuan indicate that the entire working class is being driven into a confrontation with the corporate elite and the Beijing regime.