Chinese workers detain US businessman for a week

Oliver Campbell
29 June 2013

An American businessman detained for almost a week by employees at a medical supply factory in Beijing was released on Thursday, following negotiations and an agreement to compensate workers . The incident has highlighted the growth of social tensions stemming from the slowing of the Chinese economy, and a growing tide of foreign companies moving production to cheaper labour platforms in countries such as Bangladesh and Cambodia.

According to media reports, around 80 workers at the factory on the outskirts of northern Beijing blockaded exits, preventing Charles Starnes, co-owner of Speciality Medical Supplies, from leaving on the night of June 21. According to its web site, the company, which is headquartered in Florida, produces alcohol prep pads, lancing devices, syringes, and pen needles.

Starnes was confined to his office until he was released on June 27. His ability to communicate while detained was not hindered by the workers, and he dramatically gave interviews behind his barred windows to the journalists that flocked to the factory. He said he had not been physically harmed, and had been provided with a bed and three meals a day.

Starnes arrived at the factory on June 18 to announce the lay-off of 30 workers and the closure of a section of the plant's production that is to be outsourced to a factory in India.

Starnes has claimed the sacked workers were given severance payments and offered jobs in another department. The employees, however, said that the layoffs were in preparation for the closure of the factory and that they were owed two months of wages.

Police maintained a presence at the factory, while the state-run trade unions and government officials intervened in an attempt to foster negotiations. They feared the incident could ignite broader unrest.

Starnes agreed to meet the pay demands of all workers on Thursday, although he continued to claim that he had no intention of shutting the factory. The agreement reportedly includes two months of pay for 97 workers, and compensation totalling almost $300,000. Upon release, Starnes said his company would rehire some of the workers involved in the dispute on new contracts, and resume production on Friday.

An article that appeared on the *Wenxuecity* web site quoted a man surnamed Huang, who claimed to be the factory's vice-president. He stated that production had virtually ceased at the plant, with equipment being packed away, and assets valued in preparation for the closure of the factory.

Huang also noted that while Starnes had claimed the factory would be used for producing ethanol-based medical supplies, the plant is 35 times larger than required for such operations. The recent arrival of Indian engineers to evaluate the ethanol assembly line reportedly further inflamed fears among workers that the plant would be closed.

Chinese workers remember the immediate aftermath of the global financial crisis in 2008, when thousands of factories were closed, many still owing pay to their employees. An investigation by *Economic Information Daily* found that 400 executives, many employed by foreign-owned companies, fled bankrupt factories in Zhejiang province alone in 2008, leaving unpaid workers with no recourse.

The Chinese government and the American embassy have said little publicly about the incident at Speciality Medical Supplies, likely out of concern that it would fuel unrest among millions of Chinese workers about rising unemployment and the lowering of wages.

According to *USA Today*, Chu Lixiang, one of the

© World Socialist Web Site

chief negotiators as head of the state-run union in Beijing's Huairou district, where the factory is located, sought to reassure foreign investors. "Everything has been properly resolved," Chu said. "I just want to tell foreign investors that Huairou has a very good investment environment and fully-fledged laws, they don't have to be scared." The unions are widely viewed by workers as the industrial police for the government and employers.

The dispute at the Beijing factory is not an isolated incident. Social tensions are escalating as economic growth slows amid heightened financial instability, precipitated in part by moves by the US to end quantitative easing. The Chinese economy grew just 7.8 percent last year, below the 8 percent considered necessary to keep unemployment under control.

While notoriously unreliable official statistics have registered little change in unemployment, there are indications that it is rising sharply. In April, only 28 percent of graduating university students found employment in Beijing, and 29 percent in Shanghai.

Similar industrial disputes to the Speciality Medical Supplies incident have received less international media coverage. In January, striking staff at an electronics manufacturer in Shanghai reportedly locked 18 managers, including Japanese executives and Communist Party cadres, inside a room for two days. The strike took place in response to punitive new workplace regulations, including timed toilet breaks.

More recently, escalating social tensions found tragic expression in a shooting spree at a chemical factory in Shanghai's Baoshan district on June 19, in which six people died. A 62-year-old worker at the plant was arrested by police. He had allegedly beaten and killed a co-worker, with whom he had a "financial dispute", before killing a taxi driver, and then a soldier at an army barracks. He allegedly returned to the Shanghai Guangyu Fine Chemical plant, shooting three others, including the factory's boss. The company had suspended production in May due to mismanagement.

Strikes are constantly erupting in China. On June 18, 600 workers in a plant making flexible printed circuits owned by US Amphenol Corporation in Guangzhou stopped work to protest against low wages and substandard foods. The same day, hundreds of riot police were sent to smash a protracted strike by workers since June 6 at the Qujing Heavy Machinery Factory in Yunnan province, which was privatised in 2003. Workers complained the Communist Party officials-turned executives and shareholders have lined their pockets at the expense of the employees.

To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact