

Chinese finance minister calls for easier dismissals under labour laws

Peter Symonds
10 March 2016

Remarks by China's Finance Minister Lou Jiwei on Monday, criticising the country's labour laws, are a warning sign that the government is preparing savage attacks on the jobs, pay and working conditions of the working class.

In televised comments on the sidelines of this week's National People's Congress (NPC) in Beijing, Lou complained that the legal system was tilted too much in favour of employees. "If an employee does not work hard it is difficult for a company to do anything like dismissing them," he declared.

Lou's statement could have been uttered by any CEO or big business politician around the world. They repeatedly call for greater "labour flexibility," especially when it comes to hiring and firing workers. And his arguments were dressed up with the same sham concern for employees.

"The original purpose of the law is to protect workers, but in the end it harms the interests of some workers and may lead to a rapid rise in wages," Lou explained, saying that rising costs were leading firms to move their operations overseas. "Ultimately who is harmed? It's workers who are harmed."

According to National Bureau of Statistics, wages levels in China have doubled over the past decade, leading to low-end manufacturing, in particular, moving to sources of cheaper labour such as Vietnam and Bangladesh.

The answer of Lou and the Chinese Communist Party (CCP) regime is the response of capitalist governments internationally: to boost "international competitiveness" through a never-ending drive to lower wages and drive up production by slashing conditions.

"In recent years, the increase in workers' income is faster than the increase in productivity. This is not sustainable," Lou bluntly declared.

The finance minister's remarks highlight the class character of the CCP, which speaks for the tiny super-wealthy elite who have enriched themselves through the processes of capitalist restoration in China over the past three decades.

Significantly, the official Xinhua news agency highlighted Lou's statements to demonstrate that the NPC was not just a stage-managed affair but an example of "spontaneous dissent" and robust debate among the delegates.

The report noted that Lou was not alone in criticising the Labor Contract Law—other NPC delegates, all business owners, joined the chorus.

Zeng Xiaohe, who runs the Anhui Tianfang Tea Group, declared that the law "weakens employers' positions with respect to employees and does not cover their diverse needs, for example temporary or hourly workers are not adequately dealt with."

Gao Yafe, an entrepreneur, complained: "An employer who wishes to discharge an employee is under a number of obligations, but employees are not subject to similar strictures if they wish to quit."

Zhang Yansen, another businessman and member of the National Committee of the Chinese People's Political Consultative Conference, said the spirit of the law was to protect employees, but it had crossed the line and had to be amended.

These signs of "dissent" and "debate" are all from the standpoint of members of the corporate elite, who are closely intertwined with the upper echelons of the CCP apparatus. The congress delegates include many of the country's wealthiest billionaires and a long list of business people.

A businesswoman and NPC delegate from Shanghai, Fan Yun, used the opening session of the congress to lambast market regulators for triggering last year's

share price collapse. She declared: “The ten years of stock market development since 2007 is a decade of tears for Chinese investors.”

Under conditions of sharp economic slowdown, these social layers are demanding an acceleration of pro-market liberalisation and restructuring that was set out in the latest five-year plan and the work report presented by Premier Li Keqiang on Saturday.

For all of Finance Minister Lou’s protestations of concern about “harming workers,” the CCP government is preparing to devastate the lives of millions of workers through mass layoffs in heavy industry. In his work report, Premier Li announced the government’s intention to slash massive overcapacities and merge, reorganise or shut down “zombie” state-owned enterprises that are being kept afloat through state financing.

Before the congress, Employment Minister Yin Weimin announced plans to destroy 1.8 million jobs in the steel and coal industries. Glass, cement, shipbuilding, aluminium and other heavy industries also face severe downsizing, with estimates of up to 6 million jobs being axed.

On Tuesday, Zhang Qingwei, governor of the northern province of Hebei, announced that 240 of the province’s 400 steel plants would be shut down by 2020. He also said the provincial government would slash cement production capacity by two thirds and impose heavy cuts to coal and glass. Zhang estimated that more than one million workers would be laid off over the next two years.

These measures will have a severe impact on the working class in already economically depressed areas. While Premier Li projected annual growth over the next five years of 6.5 percent, the economy in large areas of China is stagnant or in recession. That is particularly the case in the so-called rust bucket provinces in the country’s northeast, including Hebei and Liaoning.

An article in last weekend’s *Wall Street Journal*, entitled “China’s Two-Speed Economy,” painted a bleak picture: “China’s slow lane is choked with state-owned industrial firms in sectors linked to real estate—steel, cement, coal and construction equipment—all suffering from massive overcapacity. Many get by on bank loans, endlessly rolled over, and orders for boondoggle civil-works projects. They are zombies in a phantom economy.”

The article explained that Liaoning boomed after the 2008 global economic crisis on the basis of the huge government stimulus spending and cheap credit that fuelled a speculative housing bubble. The voice of American finance capital left no doubt that “if China keeps subsidising wasteful investment to keep industrial cities alive, its financial system will eventually blow up.”

Finance Minister Lou, along with the rest of the CCP bureaucracy, doubtless agrees. That is why he is stridently advocating changes to labour laws to facilitate the avalanche of job destruction being prepared. If the regime has held back until now, it is only because of fears of the widespread social unrest that will result and for which a build-up of the police-state apparatus has taken place.

The social devastation facing Chinese workers is part and parcel of what is confronting the working class around the world. In every country, governments are imposing the burden of the worsening global crisis onto the backs of workers, insisting that pay, conditions and jobs must be sacrificed to make corporations “internationally competitive.”



To contact the WSWWS and the
Socialist Equality Party visit:

wsws.org/contact