

China: Thousands of coal miners protest over unpaid wages

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Thousands of Chinese coal miners protested last week in the north-eastern province of Heilongjiang after provincial governor Lu Hao boasted to the National People's Congress (NPC) in Beijing that wages at the huge state-owned Longmay Mining Group were being paid in full and on time.

The unrest follows the announcement earlier this month by employment and welfare minister Yin Weimin that 1.3 million coal miners and 500,000 steel workers will lose their jobs as the government slashes overcapacity in basic industry. The protests are a sign of the acute social tensions building up as the Chinese economy continues to slow.

The north-eastern “rust belt” provinces have been particularly hard hit. Yet Heilongjiang governor Lu told the NPC a week ago: “Longmay has 80,000 workers down mines, and today, not one has not been paid monthly wages and their income hasn't fallen a penny.”

Lu also foreshadowed mass layoffs saying that Longmay has more than three times as many workers as the average Chinese coal mine as measured by tonnes of output per employee. The state-owned enterprise (SOE), which has 224,000 employees in all, announced plans last September to shed 100,000 jobs. It is the largest coal producer in north-eastern China with 42 mines in four cities.

The comments provoked widespread anger. From last Wednesday, mine workers and their supporters congregated in front of government and company offices in Shuangyashan, demanding Lu and other officials address their complaints over unpaid wages. In many cases, workers have not been paid for months.

According to social media accounts, up to 10,000 people took part in the demonstrations which lasted at least three days. Photographs showed workers carrying

banners saying, “We want to live, we want to eat” and “Lu Hao tells lies while his eyes are wide open.” A video showed miners being dispersed by armed police.

A protesting miner told the *Financial Times* that Lu's comments about wages were false. “At the time he said that, we had not gotten our salaries for four months. That's the key,” he said.

Speaking to the Associated Press, a local resident Li said that he knew of Longmay workers who had not been paid for six months. Another eyewitness Wang told the news agency that the wages of her family members working in the mine had been cut to less than 1,000 yuan (\$US154). Other workers either did not receive their full wages or were not being paid for months.

Liu Jingjua, a shop assistant whose husband worked in the mine, told the *New York Times*: “We're demanding our own money, and some of us have been arrested. Is it illegal to ask for our own wages? We workers have to eat.”

Last Saturday governor Lu was compelled to make an embarrassing public back-down, acknowledging that wages were in arrears for Longmay workers. However, he sought to shift the blame, accusing Longmay of withholding information and vowing to “severely punish” anyone who did so in the future.

In an effort to save face, Lu called a meeting of provincial officials and issued a statement declaring that the provincial government would work with Longmay to raise money and make every effort to pay workers on time.

Lu's reaction is a telling example of a Chinese Communist Party (CCP) bureaucrat: committed to the CCP's agenda of pro-market restructuring and contemptuous of the working class, yet fearful of the social unrest that the government's policies could

provoke.

Lu, who has been marked out as a rising star in the CCP apparatus, was clearly keen to impress at the NPC. As governor of one of the rust-belt provinces, he was determined to demonstrate his ability to deal with so-called “zombie” companies, like Longmay, that are kept afloat by state-backed loans.

President Xi Jinping last week focussed attention at the NPC on the necessity of slashing overcapacity in basic industries such as coal, steel, plate glass and cement. He asked in particular how Longmay was coping and urged the company to “face the market”—that is, make deep inroads into jobs, wages and conditions to ensure a profit.

“Facing the market” also means abolishing the remnants of the so-called iron rice bowl, which ensured that state-owned enterprises provided health care, education and welfare to their employees. Longmay still runs hospitals and schools and is responsible for the pensions of 180,000 retired workers.

Longmay has been hit by falling prices, which have fallen dramatically by 6 percent for thermal coal and 10 percent for coking coal in the first two months of this year. The company had already been struggling, with substantial losses for at least three years. Last November the provincial government, which owns Longmay, provided 3.8 billion yuan (\$588 million) to ward off an imminent default on its debts.

Last week’s protests are only the latest. In April last year, thousands of miners and their supporters marched in the city of Hegang to protest over delayed wages. The organisers were arrested and jailed. In October, the company management only averted another protest by locking workers in the mines on the day of a scheduled rally.

Moreover, coal miners in other regions are facing similar difficulties. Earlier this month, hundreds of coal miners in Anyuan in south-eastern China marched through the city of Pingxiang. The local state-owned mining company has cut back production, laid off workers and told others to stay home on drastically reduced pay. As reported by the *Washington Post*, up to 1,000 workers from three mines protested with banners declaring: “Workers want to survive, workers need to eat.”

While no official statistics are publicly available, figures produced by the Hong Kong-based *China*

Labour Bulletin have shown a sharp rise in the number of strikes for 2015 to 2,774, twice as many as for 2014. In January, another 504 strikes were recorded. The actual figure is likely to be far higher. Last November, the Chinese employment minister, Yin Weimin, cited 11,007 “incidents” involving unpaid wages—the most frequent cause of disputes—in the first nine months of 2015, a 34 percent increase from a year earlier.

With mounting levels of debt, the CCP regime is determined to press ahead with the first mass layoffs since the 1990s, with estimates of up to six million jobs being destroyed across basic industries. The government has promised to allocate 100 billion yuan (\$15 billion) to fund retraining, which is far from adequate. Even with retraining, many miners and industrial workers will simply not find jobs in the slowing economy.

The CCP leadership is insisting that local government and companies must contribute to the retraining fund. In depressed areas such as Heilongjiang, the economy is already stagnant or in recession, the tax base of local administrations has shrunk dramatically and SOEs like Longmay are heavily indebted. At the NPC, provincial representatives called for greater central government financial support.

At every level of government, the CCP apparatus is acutely conscious of the potential for social unrest that spirals out of control. The rising number of strikes and protests is taking place prior to mass sackings. Moreover, since the 1990s, the growth of staggering social inequality has engendered deep resentment and bitterness. While workers struggle to get by on as little as 100 yuan a month, the CCP has opened the NPC to multi-billionaires whose interests it presents.

A former Longmay mineworker now a taxi driver, Cui, told the *New York Times* earlier this year: “In the 90s, everyone was poor. Now the rich are too rich, and the poor are too poor. Because of the layoffs, everyone is worried. No one has a way to live outside the mines.”

What is looming is a confrontation between the Beijing regime and the working class.



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