

The following interview with the Chairman of the Guangzhou Federation of Trade Unions, Chen Weiguang, provides his analysis of labor conflicts in the auto supply industry in South China and circumstances that led to the tragic suicides of young migrant workers at the Foxconn electronics plant in the spring and summer of 2010. Both events exposed labor practices of multinational corporations, which stirred debate inside and outside China about labor policy reform and trade unions. In Guangdong province, trade unions are initiating fundamental reforms in workplace elections of union representatives, dispute resolution, and collective bargaining. These reforms open important new perspectives for change, and are important for working people, trade unions, and academics in the West to note.

This interview was recorded in October 2010 in connection with a seminar at the International Center for Joint Labor Research, a partnership between the School of Government of Sun Yat-Sen University in Guangzhou and the UC Berkeley Labor Center. A shorter version of the interview was previously published in "Global Labour Column", the newsletter of the Global Labor University at <http://column.global-labour-university.org>

**Interview with Chen Weiguang,
Chairman of the Guangzhou Federation of Trade Unions,
October 27, 2010**

By Boy Lüthje, with Zhang Hao and Luo Siqi¹

BL: The tragic suicides at Foxconn and the labor conflicts at the suppliers for Japanese automobile companies in Guangdong province last summer had a tremendous impact on international public opinion and on labor relations in China. Could you please analyze this in more detail?

CWG: The impact of both events has been pretty significant, indeed. Especially the

¹ Boy Lüthje is a Senior Fellow at the Institute of Social Research in Frankfurt, Germany, who specializes in global production and labor in China. Luo Siqi is a PhD fellow at this Institute. Zhang Hao is a graduate of China's Renmin University School of Labor Relations and the Global Labour University.

former one gained attention, since it was unprecedented that 12 workers in one company would sacrifice their lives by jumping from buildings within such a short period. The reasons are pretty complicated, but the basic problem is in the way Foxconn is using workers and in its management model.

To begin with, Foxconn's employment model is a semi-militaristic one. At the beginning of each shift, workers have to perform some military-type physical exercises. This method is pretty common among Taiwanese firms on the Chinese mainland; it is aimed at workers' absolute subordination and at the creation of a so-called team spirit. At the same time, Foxconn's model of a continuously running assembly line does not leave the slightest space for workers to fulfill basic needs like going to the toilet or talking with each other. The highly automated machinery engenders the total submission of workers. The nature of the production process requires that Foxconn uses such a completely regimented model of management.

The second problem is low wages. Within regular working hours, a worker can earn as much as the legal minimum wage. For more, he or she has to work overtime. The minimum wage stipulated by the local government in this area is only 900 RMB per month. For a migrant worker, this is not enough to cover living expenses in a big city away from home. Therefore, workers have to toil overtime, year in and year out. This makes workers numb. Many workers live in dormitories with 6 or 7 persons in one room. But often, they do not even know the names of their roommates. Similar to the famous American movie "Modern Times," workers seem to become machines.

The media has reacted in a very negative way. They believe Foxconn is a sweatshop; the wages are way too low and must be raised. This forced Foxconn to augment the wages by 110%, a pretty substantial amount. This created widespread fears of a wage explosion among employers throughout the industry. However, the scope of the overall wage raise has not been so high. The wages were augmented, but many fringe benefits were reduced in order to compensate for the cost increases from raising the base wage.

The reaction of the Guangdong provincial government has been very clear: the

employment conditions are the problem and improvement of the working environment is unavoidable. The Chinese government and the trade union do not share the view that Foxconn is a sweatshop, since workplace safety and working environment are not substandard, at least compared to manufacturing industries in China, but also according to international standards. The problem, however, is the permanent overtime work. Therefore, Mr. Wang Yang, the first secretary of the Chinese Communist Party in Guangdong province, says Foxconn is "not a sweatshop in the traditional sense." As we can see, the Chinese government is very determined to deal with these issues, but remains cautious about their characterization.

BL: China's labor laws limit overtime work to 36 hours per month. How could it happen that Foxconn permanently violated existing laws and regulations by incorporating workweeks of 50 or 60 hours into its regular shift plans?

CWG: On the surface, it seems that workers are asking to work overtime, since they want to make extra money to compensate for their low wages. However, the key problem, which we have to criticize, is the low wage policy on the part of the employers. According to China's concept of the minimum wage, under normal conditions a minimum income should be achieved within regular working hours. But in reality, the wages paid by many companies are below this level, and they increase their profit margins by forcing workers to work overtime. Before the tragic events at Foxconn happened, the factory union had enormous difficulty in negotiating a wage increase of 5%. But after workers jumped from the building, the company raised the wages immediately. What does this mean? If wage negotiations are not backed up by pressure, workers will never free themselves from their disadvantageous position. My position in this respect is very clear: if we want to have real wage bargaining, it cannot be separated from the workers' right to strike.

BL: Many multinational corporations have Corporate Social Responsibility policies to

ensure labor standards. How do you view this with regard to the incidents at Foxconn?

CWG: I believe the results of such policies are rather unsatisfactory. When you do not pay workers enough within regular working hours to ensure an income they can live on, this violates the idea of corporate responsibility.

BL: How do you assess the labor conflicts in the auto supply industry in South China in the spring and summer of 2010?

CWG: The strike at the Nanhai Honda [transmission parts plant] and other auto supplier factories in the Pearl River Delta in June and July 2010 triggered a strike wave, which involved several tens of thousands of workers. In the city of Guangzhou alone, more than 60 factories had strikes, including Dongfeng Honda and other major auto suppliers.

The basic cause of the strikes is low wages and poor working conditions. For example, during summertime it is very hot here, so workers are demanding air conditioning in the factories. But low wages are the main factor. The Guangdong provincial government basically does not look at such strikes negatively. We as a trade union find the workers' demands are just and reasonable. Honda and Toyota in Guangzhou are both joint ventures and workers' wages in these companies are between 2500 and 3000 RMB per month. But in Nanhai Honda and many other comparable companies the wages are much lower, around 1200 RMB. These companies are profitable, but their basic wages are around the legal minimum wage, around 900 RMB.

Therefore, we believe that the demands of the workers are justified. But we hope that such economic disputes do not develop into political incidents and will not disrupt social order. This is our bottom line. For this reason, we ask workers not to use illegal means in the struggle for their rights and interests. We have to say that

our strikes have been very orderly, there were no walkouts from the factories to the streets, no destruction of machinery, no playing of politics. Everything remained in the framework of disputes within factories. The trade union basically helped the workers to elect representatives, trained them to bargain with employers, and facilitated bargaining between labor and capital in order to solve the problems. In all of the more than 60 conflicts in Guangzhou this summer, negotiated settlements were achieved. Therefore, we can proudly say that in Guangzhou no striking worker was dismissed and not one worker was arrested by the police, although the strikes included tens of thousands of workers. Of course, most of the strikes were rather short, between two or three hours and three days. We therefore believe that the trade unions have done a pretty good job in resolving these issues. We also gave a lesson to our Japanese employers that they cannot treat their workers in such harsh ways. Today, there is a new generation of migrant workers from the countryside. They are educated, conscious, and informed. They communicate among each other easily, and they are very skilled in confronting capital.

BL: In the strike at Nanhai Honda, which gained the most attention from national and international media, the trade union behaved in very different ways from what you just described. One strike at a supplier factory for Toyota in Guangzhou Nansha offered a particular contrast. Could you please analyze these differences in more detail?

CWG: In the former case, the trade union was not well prepared in its thinking. At the time of the strike, it could not react clearly to the demands of the workers. Therefore, the workers did not accept the trade union as their representative; the factory trade union lost the workers' trust from the beginning. As the strike went on, the union waived between management and the workers, and it saw itself as a mediator--standing between the two sides. This is the worst position you can be in.

In addition, workers were confronted with physical force. This incident cannot be

blamed directly on the trade union, since these individuals were not trade union cadres, but outsiders. They hoped to end the strike quickly by disguising themselves as trade union cadres. There were several dozen people who tried to persuade workers to go back to work. They pushed and dragged workers and hurt some of them slightly. Some workers said they were beaten. The workers felt threatened and came out of the workshops again, even though some had been ready to go back to work.

After the incident, the trade union issued a letter of apology in order to calm the situation. Writing such a letter is equivalent to admitting that people were beaten. After the letter was posted on the web, the whole world criticized the trade union. The trade union failed to explain its position clearly. Because the trade union did not take a clear stand from the beginning, the chain of events following the incident put the trade union in a bad light. The impact of such an event is very difficult to dispel within a short period of time. Writing this letter only complicated the problems for the union.

So, why did the trade union write this letter of apology? It is because they became worried and wanted the situation to calm down quickly. As the work stoppage had been going on for 19 days, the Guangzhou Honda [assembly plant] had run out of gearboxes which were supplied by the Nanhai Honda transmission plant. Under Honda's zero-inventory system, the whole production chain was brought to a halt. This raised widespread concerns. All different levels of government exerted pressure, and the local trade union got really worried. Shortly after this incident, the chairman of Guangzhou Automotive Corporation, Mr. Zeng Qinghong, and the chair of the Honda group trade union intervened and helped both sides to sit down for bargaining, which was eventually concluded successfully.

BL: What then was the situation in other cases, which got less attention from the public?

CWG: In the labor conflicts at suppliers of Honda in the city of Guangzhou, especially in the Nansha district, our approach was very different, the trade union behaved proactively. Basically, we had educated the trade union cadres over a long time that they must represent the workers and not play the middleman. The Guangzhou City Central Trade Union had disseminated this position in numerous articles, speeches, reports and legislative activities since about 2007. In the event of a strike, even very short ones, the trade unions have to be on the side of the workers and may not act as a mediator. This is in line with chapter 27 of the Trade Union Law of China. According to this, the trade union must represent the workers in a strike and start bargaining with the employer. When the demands are just and reasonable, the employer has to accept them, and the trade union has to persuade workers to resume work quickly.

When the strike in Nansha Denso occurred, we asked the district level trade union to intervene immediately and give voice to the demands of the workers. To our knowledge, the wages of workers in this company were similar to those in Nanhai Honda. According to the factory trade union, the workers were demanding a raise of wages and fringe benefits, such as free meals during night shifts, and air conditioning in the dormitory. But the company only agreed to free meals during night shifts. So, we were supporting the workers, but at the same time we were telling them not to disrupt public order, and not to damage equipment and obstruct vital operations.

For example, workers were sitting in front of the factory gate blocking access. This is not permitted. Some were locking the warehouse gates, in order to prevent movement of materials. This also exceeds the legal framework. Later, the workers agreed to let the union organize a workers' meeting to put forward their demands, elect delegates, train them, and conduct bargaining. We felt the workers trusted us. In the outcome of bargaining, the wages were raised by 825RMB on average, a big raise in line with the expectations of the workers.

From the beginning to the end, the company did not want to bargain. They told the workers you can have a raise of 450RMB. But if you do not accept within 10

minutes, you can leave the company. The workers did not give in. They simply continued their strike. This alarmed the management, because after three days the main Toyota factory that Denso supplied would have had to stop work for lack of parts. The workers knew their strength. In the end, the company had no other choice than to change its behavior and bargain. After four hours of negotiations, a wage raise of 825 RMB was agreed upon. The workers perceived this as a victory and the employers could live with it. The workers' wage now is around 2000 RMB, still somewhat lower than the main factories of Honda and Toyota.

A very important factor for the outcome of this conflict was the attitude of the top political leadership of our province. They had precise understanding that the nature of this dispute was economic and should not be treated as a destabilizing incident. Mass activities such as collective resistance, road blockages, protest marches or mass petitioning are considered of such nature. But in our case, the workers did not leave the factory, everything remained peaceful, there was no yelling and shouting, it was more like silent resistance. Our provincial party committee also said that these were not destabilizing incidents and that police force should not be used. The government should act as a mediator, and the trade union should bargain with the employer.

BL: Looking into the future, how do you see the perspectives for democratic management of enterprises and collective bargaining?

CWG: This year's strike movements taught many lessons. First, they educated our trade union cadres to take a very clear position [on the side of workers] when handling such conflicts. Second, they taught the employers to treat workers with dignity and not as machines. Third, it taught many of our country's leaders that labor relations are a very important issue. We have talked for years about the importance of wage negotiations, but this has not had a real impact on the various levels of our leadership and society. Since those strikes, many people now think it is a good idea

to promote wage bargaining. A basic consensus is emerging over the formation of the elementary mechanisms of wage negotiations. This includes a large number of employers, although many do not still follow our thinking. Therefore, we are now conducting large-scale training programs on wage bargaining. During the last two months, large numbers of trade union cadres and employers took part.

Apart from the discussions about collective bargaining, the question of democratic elections is of greatest concern to trade union cadres. We now have plans to introduce truly democratic elections of factory trade union representatives. Elections for trade union representatives exist, but how are candidates being selected? Often, this does not work very well; at most times a small group of leaders decides to present candidates who fit their interests, giving workers only very limited choice. Such superficial elections in fact are appointments. We now want to change these methods. Candidates should be recommended by the broad masses of employees, on this basis, we will create a choice among capable candidates approved by the workers. Thereby, bottom-up democracy can take shape.

At the same time, top-down processes will also become more focused. We believe democracy is good, but not an end in itself - not a free-flowing process. If, for example, in a company with 1000 workers the workers would suggest 500 candidates, we would have to make sure that after collecting all opinions the most respected and most capable workers become trade union candidates. We still apply the principles of democratic centralism; this is a characteristic Chinese system which we find is scientifically founded. When we visited the trade unions of our sister city Frankfurt in Germany, we asked how their trade union cadres are being elected. In Germany, there are industrial trade unions, and they usually recommend the most respected candidates to be chosen by everyone. In fact, this is also a process of democratic centralism. We therefore, believe, that democracy must be reasonable, and responsible people should become leaders. Only this sort of democracy is active progress, and not a destructive force.

BL: How do you see perspectives for reform of the trade unions in China in general?

CWG: I am moderately optimistic, because under the present conditions certain things have to be changed inevitably. Therefore, the trade union at the national level has established two general policies: establishing trade unions everywhere and comprehensively introducing wage negotiations. In order to achieve these two basic goals, the trade unions have to transform themselves. Otherwise, everything will be empty talk. For example, if we want to establish universal presence, the broad masses of workers must have a reason to join the union. Since you cannot force people to join, trade union cadres have to be closely connected with the workers, help workers to have a voice, and thereby let workers experience the advantages of trade unions. If we want to have collective bargaining on a broad basis, the problem of the orientation of the trade union has to be resolved. As we said before, the trade union must represent the workers and not play the mediator.

Nationwide, many local trade unions now are undergoing reform, some profoundly, some less so. In some localities, for example, the upper level trade unions directly deploy and pay the chairpersons of enterprise trade unions, in order to make the trade union more independent from the employer. If employers continue to pay the trade union cadres directly [as presently the norm in China-- BL], trade unions will never function [as representatives of workers]. Only in a few cities are trade unions indifferent to such changes; most of them are actively taking action and going toward this direction. We have to recognize this.

BL: What perspectives do you see to coordinate wage levels between companies and establish industry-wide wage standards?

CWG: I am strongly in favor of industry-wide collective bargaining, because wage standards can be much more efficiently negotiated at the level of entire industries than in companies of different kinds. Therefore, we have to bring into play industry

trade unions and employer organizations. In the wake of the recent labor conflicts at Nansha Denso in Guangzhou, we looked into the possibilities for creating an industrial trade union for the automobile sector. This seems inevitable, however, the conditions are not yet mature at city level. But we are trying this at least at district level. In Nansha, the conditions already exist, therefore, the trade union at the main Toyota factory in Nansha has taken the lead to develop regular contacts with trade unions at lower tier suppliers.

This, of course, involves ample coordination across companies, exchange and integration of thinking, and conducting trade union activities. On the side of the employers, similar developments are taking place. For example, in the wake of the strike at Denso, about 100 employers from the region gathered in Nansha in order to coordinate their behavior towards strikes and the handling of negotiations.

I have learned about the way bargaining is conducted in Singapore. There, the workers' wage is split into three parts: the base wage, monthly premiums and yearly bonuses. The first component makes up 70% of the regular pay; this is negotiated by trade unions and employers associations at industry level. The latter two elements are negotiated between unions and management at factory level. The main part of the wage is subject to industry-wide negotiations, the smaller part remains open to negotiations within the company. This leaves room for differences, but the differentiations cannot become too big. Besides, a proportion of the base wage of around 70% of regular monthly incomes is very healthy. In China, the base wage is very low and the freedom of employers to determine wages is too large. In comparison, I find the Singapore method very good.

BL: What can be learned from experiences of Western trade unions in this context?

CWG: As China has opened to the market and to the global economy, there is no reason why the trade unions should not study advanced experiences internationally. This particularly includes systems of wage negotiations. Others have more than one

hundred years of experience in this field, and their very mature systems deserve our greatest attention. In fact, wage negotiations have developed in China only very recently, in many concrete aspects we are not very knowledgeable yet. That's why we have to learn. But this learning has to be integrated with our country's own conditions and experiences. Our attitude should be realistic and we should learn from the facts. Under these premises we should vigorously support the exchange with foreign trade unions and experts.