Chapter 10
Labour protests and trade union reforms in China

Jenny Chan, Ngai Pun and Mark Selden

1. Introduction

With China’s reintegration into the global economy since the 1970s and the relaxation of state restrictions on labour mobility, young rural migrants have become the core of the new industrial working class. By 2014, nearly 274 million Chinese internal migrants were drawn into non-farm work in booming towns and cities, an increase of 48.5 million from 2008, when the National Bureau of Statistics began to monitor the employment conditions of the rural migrant labour force in the aftermath of the global financial crisis (National Bureau of Statistics 2014; 2015). China’s economy was hit hard as exports had comprised one-third of gross domestic product (GDP) in value, but it recovered quickly in the latter half of 2009 (Wong 2011: 3). In 2014, China surpassed the United States – in terms of purchasing power parity – to become the world’s largest economy (IMF 2014). While its extraordinary growth rates have begun to slow, China’s trade and investment activities are having a significant regional and even global impact.

Through the close-up study of Foxconn workers — the largest industrial workforce of the world’s most powerful electronics contractor — we aim to draw out the intensification of contradictions among labour, capital and the Chinese state in global production. The fragmentation of labour and the diversification of ownership in the hands of Chinese and international capital have profoundly challenged both workers and trade unions. This chapter considers Foxconn workers’ struggle for labour rights, the nature of union representation at the giant Taiwanese-invested firm and the joint responsibility of the enterprise and the government for the protection of workers. Between summer 2010 and spring 2015, we, together with our research team, interviewed Foxconn worker activists to learn about their collective protests against managerial abuses. Without trade union representation and support, workers improvised their organizing and negotiation methods. In our discussion of labour
dispute mediation and settlement, we assess the changing corporate and government responses to labour challenges in globalised China.

2. A new Chinese working class

The integration of Asian manufacturers in global production networks and tight delivery schedules for consumer electronics products have enhanced workers’ bargaining power at the workplace level. In her longitudinal survey of world labour movements since 1870, Beverly Silver documents the rise of new working class forces in sites of capital investment at specific historical conjunctures. She defines ‘workplace bargaining power’ as the power that ‘accrues to workers who are enmeshed in tightly integrated production processes, where a localized work stoppage in a key node can cause disruptions on a much wider scale than the stoppage itself’ (Silver 2003: 13). In contemporary social struggles, Frances Piven (2014: 226) succinctly discusses the nature of ‘interdependent power’ and highlights the fact that employers are dependent on workers’ consent to labour, perhaps more than ever before. She writes:

Distinctive features of contemporary capitalist economies make them exceptionally vulnerable to the withdrawal of cooperation; in other words, to the strike power in its many forms. These features include extended chains of production, reliance on the Internet to mesh elaborate schedules of transportation and production, and just-in-time production doing away with the inventories that once shielded corporations from the impact of the production strike.

China’s centrality in manufacturing and exports suggests the possibility that workers can build on their organizing experience of recent decades to expand labour rights.

China had long prepared for its accession to the World Trade Organization in 2001. The government at all levels has slashed subsidies and cut off bank loans to inefficient small and medium-sized state-owned industrial firms, while providing incentives to domestic private and foreign-invested companies, thereby catching up with neighbouring East Asian economies and the rest of the developed world. Under intense market competition during the 1990s, many old factories went bankrupt, were privatized or restructured, throwing an estimated 35 million to 60 million people out
of work (Lee 2007; Solinger 2009; Hurst 2009). In the three years from 1997 to 2000, the only officially recognized Chinese trade union organization – the All-China Federation of Trade Unions (ACFTU) – whose strength had been centred in state-owned industrial enterprises, lost at least 17 million members (Traub-Merz 2012: 28). The socialist working class has undergone a drastic change. The restructured or privatized firms are increasingly compelled by market forces to reduce the cost of labour and of social insurance that does not directly contribute to profitability. In recent years, with the consolidation of profit-making state-owned enterprises, China’s industrial system has been divided into three segments ‘consisting of large, central-government firms; hybrid local and foreign firms; and small-scale capitalism’ (Naughton 2010: 441). It is in this framework that we highlight the dominance of gigantic Asian-invested manufacturers, notably Foxconn, which have access to cheap land, human resources and numerous privileges from local governments across China.

Foxconn, like many of its competitors, recruits mostly teens and young adults to run the assembly lines. ‘Over 85 per cent of Foxconn’s employees are between 16 and 29 years old’, a human resources manager said.1 With more than one million employees, Foxconn is the largest private employer in China. This dramatic labour growth has been made possible in part by the global shift of manufacturing. During the 1980s, many of the world’s technology firms abandoned low value-added hardware production and electronics assembly to concentrate on design, research and development (R&D), marketing and customer service (Ernst 1997; McKay 2006). Outsourcing is clearly a way to cut costs and shed benefit ‘burdens’. In 1981, for example, Apple Computer (later the famed Apple Inc.) contracted offshore facilities in Southeast Asia to ramp up upgraded Apple II personal computers, such as those in Singapore (one of the original four Asian tigers, along with South Korea, Taiwan and Hong Kong). Michael Scott, first CEO of Apple Computer from 1977 to 1981, commented: ‘Our business was designing, educating and marketing. I thought that Apple should do the least amount of work that it could and ... let the subcontractors have the problems’ (Moritz [1984] 2009: 208-9). In 1984, Apple launched Macintosh to compete with rivals

---

1. All interviews, unless otherwise stated, were conducted by the authors and independent research team members (from Hong Kong, mainland China and Taiwan) between June 2010 and May 2015. The authors keep the digital files, interview transcripts and field notes in confidence.
in the computer market. By the end of the 1990s, Apple, Lucent Technologies, Nortel, Alcatel and Ericsson – among many others – ‘sold off most, if not all, of their in-house manufacturing capacity – both at home and abroad – to a cadre of large and highly capable US-based contract manufacturers, including Solectron, Flextronics, Jabil Circuit, Celestica, and Sanmina-SCI’ (Sturgeon et al. 2011: 236). We may add to this list Foxconn, a rising Taiwanese contractor, which grew steadily as it fine-tuned and assembled personal computers, smartphones and video game consoles for global brands.

3. Working for Foxconn

In 2013, Foxconn’s imports and exports reached US$ 244.6 billion, equivalent to 4.1 per cent of the total trade value of China (Foxconn Technology Group 2014: 3). Foxconn is a key node in the global production network, in which the assembly and shipment of finished products to world consumers continues around the clock, 365 days a year. Container trucks and forklifts rumble non-stop, serving a grid of factories that churn out iPhones, iPads and other electronic products for Apple and other companies. Today, Foxconn has more than 30 manufacturing complexes in Beijing, Shanghai, Tianjin, Chongqing and in 16 provinces throughout China. It runs multiple manufacturing facilities in many provinces (see Figure 1).

‘There’s no choosing your birth, but here you will reach your destiny. Here you need only dream, and you will soar!’, a Foxconn recruitment banner reads. ‘Foxconn believes that employees are its most valuable intangible asset and the lifeblood of its business’, claims the company report for 2010 (Foxconn Technology Group 2011: 6). Foxconn’s promise of higher pay, better conditions and career development has attracted many job seekers, who queued up outside the company recruitment centres on hiring day. The gigantic 1.75 million square metre Longhua complex in Shenzhen city, South China, includes multi-story factories, warehouses, dormitories, banks, two hospitals, two libraries, a post office, a fire brigade with two fire engines, a kindergarten, an exclusive television network, an educational institute, a book store, soccer fields, basketball courts, tennis courts, track and field, swimming pools, cyber theatres, shops, supermarkets, cafeterias, restaurants, guest houses and even a wedding-dress shop. At its peak in 2010, Foxconn Longhua ‘campus’, as the managers like to call it, had more than 400,000 workers. Behind the
Figure 1  Foxconn locations in Greater China, 1974–2015

Sources: Foxconn Technology Group websites
image of ‘a warm family with a loving heart’, the life of a Foxconn worker is isolated.

The factory dormitory houses a massive migrant labour force without the support of family networks. Whether the worker is single or married, he or she is assigned a bunk space (upper or lower bunk) for one person. The ‘private space’ consists simply of one’s own bed behind a self-made curtain with little common living space. With roommates assigned to different departments and often working different shifts, it is difficult to socialize.

‘Growth, thy name is suffering’: this is one of Gou’s Quotations, a collection of Foxconn chief Terry Gou’s work philosophy. ‘Outside the lab’, Gou emphasizes, ‘there is no high-tech, only implementation of discipline’. Posters on the Foxconn workshop walls intone:

Value efficiency every minute, every second.
Achieve goals or the sun will no longer rise.
The devil is in the detail.

Every second counts towards profit. ‘I take a motherboard from the line, scan the logo, put it in an anti-static bag, stick on a label, and place it on the line. Each of these tasks takes two seconds. Every ten seconds I finish five tasks’, a worker reported. Electronics parts are assembled quickly as they move along 24-hour non-stop conveyor belts. We ‘work even faster than the machines’. In a group interview, several women employees discussed a ritualistic punishment that they had to endure. Their collective experience was articulated most clearly by one worker.

After work, all of us — more than 100 people — are sometimes made to stay behind. This happens whenever a worker is punished. A girl is forced to stand at attention to read aloud a statement of self-criticism. She must be loud enough to be heard. Our line leader would ask if the worker at the far end of the workshop could hear clearly the mistake she had made. Often girls feel they are losing face. It’s very embarrassing. She starts to cry. Her voice becomes very small ... Then the line leader shouts: ‘If one worker loses only one minute [failing to keep up with the work pace], then how much more time will be wasted by 100 people?’
During our fieldwork, we learned about the responses of rank-and-file workers and the Foxconn trade union to the tragedy of employee suicides. Foxconn shocked the world when the ‘12 leaps’ — the attempted and successful suicides of young migrant workers who leaped from high-rise factory dormitories in Shenzhen — took place during the first five months of 2010 (Chan and Pun 2010; Pun and Chan 2012, 2013; Chan 2013; Pun et al. 2014). Xu Lizhi (his real name) wrote of a screw that fell to the ground in perhaps his most desolate reflection on life and death at Foxconn:

A Screw Fell to the Ground
A screw fell to the ground
In this dark night of overtime
Plunging vertically, lightly clinking
It won’t attract anyone’s attention
Just like last time
On a night like this
When someone plunged to the ground.
(Translated by Friends of the Nao Project)

Like a screw in a machine, Foxconn dictates that Lizhi and each of his co-workers, together with other ‘means of production’, are organized into a 24-hour non-stop operation dedicated to satisfying the insatiable global consumer demand for the electronic gadgets that now seem to define our civilization.

4. China’s largest union – the Foxconn company union

Foxconn’s union mission statement is identical to the Chinese official rhetoric. It tells workers, ‘when there’s trouble, seek out the trade union’. By December 2009, ‘unions had been set up in 92 percent of the Fortune 500 companies operating in China’, including Foxconn and Wal-Mart, and this trend has continued since (Liu 2011: 157). As of December 2012, the Chinese trade union federation had a total membership of 258 million (China Labour Statistical Yearbook 2012 2013: 405–406) — surpassing the ITUC (International Trade Union Confederation) global membership of 176 million workers in 161 countries and territories excluding China. The attainment of this high level of unionization in large profitable enterprises is impressive. This stands in sharp contrast to Europe, the
United States, Australia and many other countries, where in recent decades private-sector labour unions have shrunk to a small percentage of the workforce, due to corporate restructuring, job exports to China and elsewhere and the replacement of core regular labour with part-time and temporary labour.

But what has the union been doing for Foxconn workers? From 1988 (when Foxconn set up its offshore factory in Shenzhen on the northern border of Hong Kong in Guangdong province, South China) through 2006, Foxconn, like many other wholly owned foreign-invested enterprises, evaded its legal responsibility to establish a trade union. Chinese leaders, in response to mounting worker strikes and other forms of action in an era of rampant inequality, have supported greater participation of workers in union organization in the hope that enterprise-level unions will help to maintain social stability (Friedman and Lee 2010; Pringle 2011; Chan and Selden 2014; Friedman 2014). On the last day of 2006, under pressure from the Shenzhen government and Shenzhen Federation of Trade Unions, the first step toward unionization was finally taken when local union officials signed up 118 Foxconn workers as members, out of the 240,000 workers at the factory (IHLO 2007). Taking immediate control of the newly formed union, beginning from 2007, Foxconn founder and CEO Terry Gou appointed his special personal assistant, Chen Peng, as chairwoman. She has held the position ever since. Under her leadership, Foxconn’s union executive committee expanded from four representatives at the beginning in January 2007 to 23,000 representatives in December 2012, with general membership reaching 93 per cent of its million-strong workforce in China (Foxconn Technology Group 2014: 14). Foxconn is the country’s biggest union.

Ms Chen, leading the Foxconn trade union, not only failed to investigate the workplace factors responsible for workers’ depression but also made insensitive public comments that ‘suicide is foolish, irresponsible and meaningless and should be avoided’ (China Daily, 19 August 2010). In July 2010, Apple (2011: 18) assembled a team of suicide prevention scholars and medical professionals to conduct a 1,000-plus questionnaire survey at Foxconn Longhua, asking workers ‘about their quality of life, sources of stress, psychological health, and other work-related factors’. The detailed findings were kept for internal reference only. In August, Apple (2011: 19) commended Foxconn for ‘hiring a large number of psychological counselors, establishing a 24-hour care center, and even attaching large nets to the factory buildings to prevent impulsive
suicides’. Concerning the direct production pressure being transferred from Apple to the factory floor, however, the annual Apple Supplier Responsibility Progress Report was completely silent.

Discipline and punishment notwithstanding, Foxconn management, facing a young cohort of workers with higher education and greater mobility, has been struggling to retain and motivate workers, while imposing ever more demanding production quotas. Female and male union staff reports for duty, seven days a week, at the newly established Employee Care Center. In August 2010, the union organized public speaking contests on the theme, ‘The company loves me, I love the company’. It also set up a 24-hour ‘care hotline’, first at the Shenzhen plants and then at all 30-plus company factories across China. The union staff promises to ‘listen to your heart, solve your problems — anytime, anywhere’. Five years on, the company-run hotline and counselling service at the Employee Care Center is still in place.

Li Xiaoxiang, a 17-year-old worker said,

After the suicide wave, we were soon required to take part in the ‘Cherish My Life’ rally in August 2010. Since then, the union has organized day trips, picnics, hiking, fishing, singing contests, concerts, dance shows, basketball tournaments, and annual partner matching parties on Valentine’s Day. These could help workers relax to some extent. However, we’re exhausted from work.

Besides entertainment, the most frequent union activities were the box-sealing competitions. He explained that ‘box-sealing is what happens after products are stuffed into boxes; the box is sealed. This is one operation on the production line. The competition is to see who can seal the boxes fastest.’ The thinly disguised productivity-raising game is framed as a team-building activity. He added, ‘I’d say the union doesn’t act according to workers’ needs; rather the activities are based on company needs.’

At Foxconn, workers can call 78585 — the hotline’s phonetic equivalent in Mandarin is ‘please help me, help me’. When some workers lodged complaints, however, their caller identities were reported to management. Since learning of this breach of privacy, workers have hesitated to use the hotline or counselling services. They mock the company care centre, dubbing it the ‘supervision centre’, while the internal hotline is the ‘management hotline’. If the hotline was of little use to workers seeking
help, it did help Foxconn create an impression that it cares, while tightening the grip of management over workers.

5. **A mass suicide threat**

Corporate management has prioritized labour controls with an emphasis on profit, organizational flexibility and production efficiency. In recent years labour disputes have grown in number as Foxconn accelerated its move to lower-wage interior regions, engendering new sources of grievances and open conflicts (Chan, Pun and Selden 2013, 2015, 2016). In early 2012, soon after the Chinese New Year holiday, thousands of workers were transferred from Shenzhen to central China’s Wuhan city. Workers could accept the transfer or lose their jobs. Not only were their wages cut, but the move resulted in a loss of welfare benefits. Su Hualing (a pseudonym), 19, explained her anger: ‘My health insurance plan cannot be transferred from Shenzhen to Wuhan. Are my employer’s contributions to the Shenzhen social security scheme over the past two years all gone? I am told that I can only claim my own premiums, but not those of the employer’. This is despite the fact that she and many other transferees remain Foxconn employees.

The Shenzhen government department kept the 10 per cent monthly contributions made by Foxconn based on Hualing’s basic pay. The inability of rural migrant workers to carry their health insurance benefits and pensions to new localities when they change jobs, due to the lack of coordination between government administrative institutions, has been a chronic problem throughout China (Frazier 2011, 2014). Foxconn did not compensate its workers for their loss of entitlements. Instead, it stated that the Shenzhen government had not permitted the company to carry forward the insurance premiums for its transferred employees, thus pinning blame for the problem on the local government.

Nor did the Foxconn union act on workers’ behalf in safeguarding their legal rights. The subordination of the union to enterprise management is a major obstacle to the protection of workers’ rights and interests in grievance resolution. As a result, Hualing and her co-workers had no choice but withdraw their own individual payments from the insurance account from the Shenzhen Human Resources and Labour Security Bureau. They were unable, however, to recoup the payments that the employer had made in their names.
The loss, due to Foxconn’s forced transfer policy, was not limited to health insurance and pensions. The basic monthly pay at the new plant Foxconn Wuhan (1,350 yuan) was 13 per cent lower than in Shenzhen (1,550 yuan). Worse still, during February and March 2012, managers cancelled workers’ weekend overtime pay (which should be double hourly wage rates), replacing it with compensatory time off.

In April, nearly 200 workers in a mould-stamping workshop took the lead in walking off the factory floor. On the roof of the three-story building, they chanted slogans to boost their morale. The spectre of suicides quickly drew public attention. Local government officials were forced to step in to the worker-management negotiations. After a standoff of more than 10 hours, the protesting workers did not manage to have the business group chief removed from his position, but they won hard-earned weekend overtime wages.

6. Labour dispute mediation and settlement

Time and again, settlement of high-profile worker protests through government mediation is undertaken to restore ‘social harmony’. Local officials have skilfully developed ‘protest absorption’ techniques to settle labour disputes on the ground, with the primary goal of maintaining socio-political stability (Su and He 2010; Lee and Zhang 2013). In many labour confrontations, either employer or government officials require workers to elect representatives, generally limited to five, to engage in talks. With the small number of worker representatives elected, matters are brought under control – this strategic intervention marks the formal beginning of fragmentation and co-optation of worker power. While state intervention with the backing of the police can demobilize and defuse workers’ action, this ‘reflects a low degree of institutionalization of industrial relations in China’ (Chen 2010: 122).

With workers’ growing awareness of the opportunities presented by the fact that giant corporations such as Foxconn face pressures to meet quotas for new models and holiday season purchases, they have come together at the dormitory, workshop or factory level to voice demands or to stage protests. Access to the internet and social networking technology also enables workers to disseminate open letters and to ‘tweet’ urgent appeals for support. They present the plight of their working lives to media agencies and credible labour support groups, hoping to ‘create a
sense of moral accountability’ to urge the target corporations to live up to their professed global corporate citizenship ideals (Seidman 2007: 32). Some have joined with cross-border campaigning groups, such as the Hong Kong-based Students and Scholars Against Corporate Misbehavior (SACOM), to pressure companies to respond to their demands. This alliance of workers and non-governmental labour organizations in organizing, in our view, is a response to limitations of workplace-based dispute resolution institutions and constraints in union organizations.

Experienced officials, including government trade union leaders, aim to prevent labour conflicts from escalating and to discourage workers from taking grievances with bosses and/or local governments to court. Outside the legal institutions and formal labour dispute mediation procedure, as Mary Gallagher (2014: 87) observes, ‘the state has struggled to maintain its labour system through more direct management of labour disputes’. She characterizes this as ‘the activist state’, in which Chinese officials make extensive use of discretionary power to intervene in labour disputes. One frequently used strategy, analysed in-depth by Xi Chen (2012, 2013), is to ‘buy stability’ by brokering cash settlements to resolve immediate grievances, with funds directly paid by the company or by local government. Protests, if handled properly, can provide a safety valve that preserves the legitimacy of the state, even when the state is increasingly burdened by a ballooning stability maintenance fund. In 2013, China spent as much as 769.1 billion yuan on ‘stability maintenance’, which exceeded the total annual military budget (Reuters, 4 March 2014), rather than enabling workers to exercise their fundamental rights to freedom of association. It is unclear how long this government interventionist strategy will remain viable, particularly when workers’ basic rights and interests are routinely violated.

Labour relations are contentious. A 21-year-old high-school graduate, who had worked at Foxconn for two years, wrote an open letter to Foxconn’s founder and CEO Terry Gou. The opening passage reads:

**A Letter to Foxconn CEO, Terry Gou**
If you don’t want to be loudly awakened at night from deep sleep,
If you don’t want to constantly rush about again by airplane,
If you don’t want to be investigated again by the Fair Labor Association,
If you don’t want your company to be called a sweatshop,
Please treat us with a little humanity.
Please allow us a little human self-esteem. 
Don’t let your hired ruffians rifle through our bodies and belongings. 
Don’t let your hired ruffians harass female workers. 
Don’t let your lackeys treat every worker like the enemy. 
Don’t arbitrarily berate or, worse, beat workers for the slightest mistake.

You should understand that working in your factories:
Workers live at the lowest level, 
Tolerating the most intense work, 
Earning the lowest pay, 
Accepting the strictest regulation, 
And enduring discrimination everywhere.

Even though you are my boss, and I am a worker: 
I have the right to speak to you on an equal footing.

The sense in which ‘right’ is used is not narrowly confined to the realm of legal rights. On behalf of the shared interests of workers living ‘at the lowest level’ in society, the worker leader called for a public talk with CEO Terry Gou ‘on an equal footing’. He also demanded that senior management and the company union act responsibly toward workers. His open letter ends with three reminders:

1. Please remember, from now on, to treat your subordinates as humans, and require that they treat their subordinates, and their subordinates, and their subordinates, as humans.

2. Please remember, from now on, those of you who are riding a rocket of fast promotions and earning wages as high as heaven compared to those on earth, to change your attitude that Taiwanese are superior.

3. Please remember, from now on, to reassess the responsibilities of the company union so that genuine trade unions can play an appropriate role.

Free election of union leadership is crucial to win legitimacy and popular support. Chinese workers are accumulating organizing skills and demanding with greater persistence their rights to decent wages, safe and healthy working conditions, and responsive union representation. In
response, Foxconn has proclaimed that workers would hold genuine elections for union representation. A December 2013 Foxconn statement reiterated that ‘we have worked hard to enhance employee representation in the [union] leadership’ and to raise employee awareness of the union’s role in ‘promoting worker rights’. More than one year and a half had passed. As of summer 2015, however, Foxconn had neither disclosed the specifics of a plan for democratic union elections nor clarified the rights and responsibilities of workers’ representatives.

7. Conclusion

China’s emergence as a global economic power could not have occurred without the painstaking efforts and hard labour of rural migrant workers. Given China’s pre-eminence as the twenty-first century’s largest economy and its continued integration into, and transformation of, the global capitalist system, victories by and defeats of working people in China will be of world historical significance. Our analysis reveals how dependence on management severely undermines the capacity of unions to represent workers, resulting in a distancing of workers from the union, one that is particularly evident in moments of crisis. Deepening conflicts at the point of global production, however, are fuelling labour insurgency. The ‘race to the bottom’ has rarely proceeded without labour, social and environmental challenges at sites of new investment.

With Foxconn and other large companies building subsidiaries and relocating workers from coastal to interior regions, workers’ protests are spreading throughout China. A young generation of workers, whose parents were the pioneers of internal migrant labour in the initial period of market reform, is now filling China’s workplaces. As the backbone of the nation’s industrial development, these younger, better-educated workers have considerably higher expectations than the first wave of rural to urban migrants. Aspiring to earn living wages, develop technical skills, enjoy comprehensive welfare and organize democratic trade unions, they face immense obstacles in the prevailing order at Foxconn and other corporations. Critically, as long as the government does not rigorously enforce laws and regulations protecting workers, employers like Foxconn feel free to ignore state restrictions on overtime and health and safety in

2. Foxconn Technology Group’s seven-page statement to the authors, dated 31 December 2013, pp. 4–5.
order to meet global manufacturing and logistical imperatives. But if fair elections and collective bargaining were guaranteed, beginning with Foxconn’s 30 or so factories, this would be a landmark event for workers across China.

References


