

CASE 7.2: Unions Begin to Develop in China (China)

Rising labor activism is starting to become evident in China. In mid-2010 activism asserted itself at the factories of Foxconn (see Case 5.2) and Honda Motor, and for the first time included more than workers, such as groups like New Labor Art Troup (a performance group with a cast of immigrant laborers), legal aid and other support networks at scores of universities, law firms focused on promoting workers' rights, and countless migrant worker aid associations. The question is whether these groups can spawn a workers' movement that has the organization and mass to challenge factory owners across the country. Until a few years ago the Chinese authorities broke up sporadic workers' protests with relative ease. Primarily, the Chinese security apparatus made sure that the leaders of labor protests in Shenzhen, Harbin, and elsewhere didn't connect with each other to form a national movement.

However, today's young workers may be harder to corral. China now (2010) has 787 million mobile-phone users and 348 million Internet users—and migrant workers in their twenties (those who fill many of the factory positions in the major industrial cities) are far more aware of world developments than their parents. The younger generation follows labor actions as they unfold, whether in China's north-eastern Rust Belt or southern Pearl River Delta.

The more assertive workers have also benefited from a huge push by China's state-run media to popularize knowledge about the tough labor contract law passed in 2008. As a result, young workers know what's owed them, whether it is guarantees of double pay for overtime or safer working conditions. They are starting to ask for more so that the days of cheap labor and easy abuse are gone.

These self-educated workers now have new allies. A decade-long effort by Beijing to expand the number of students in China's universities has brought more and more of the rural population—and those with relatives and friends who still work in the factories—onto Chinese campuses. That has driven a wave of support at colleges for migrant workers. Students studying law, political science, and social science are forming support groups and even provide legal aid for workers, to a degree not seen before. In the case of the strike at the Honda plant, the workers declared: "We are not simply struggling for the rights of 1,800 workers, but for the rights of workers across the whole country." A week later, another Honda plant in China went on strike.

The demand for factory workers for the export markets and for the growing internal consumer markets continues to grow while the numbers of available, cheap workers from the rural inland of China diminish, giving the labor force in China new power to seek higher wages and better working conditions. One route to these rights is through joint actions such as strikes and the formation of unions. This has not been done before and poses new challenges for not only the Chinese political authorities but also the strategic leadership of the thousands of foreign firms who up until now did not have to be concerned with such labor issues in their subsidiaries and sub-contractors in China.

Discussion Questions

- 1 Why are unions making their presence felt in China's factories? In your opinion, is this good or bad for China? Is it good or bad for foreign MNEs that sub-contract to these factories?
- 2 Will this change China's reputation as a low-cost, accommodating location for outsourcing?
- 3 What difference does this make to IHR in the firms involved?