Behind the strikes and suicides in China: Workers are changing China’s labour dynamics

Women at the forefront: Mexico labour activist Blanca Velasquez speaks about the need for women’s leadership

Bangladesh erupts: Under normal circumstances, nearly doubling the official minimum wage for apparel workers would be cause for celebration

Bucking the sweatshop trend, sportswear manufacturer Knights Apparel is paying workers at its Dominican Republic factory a living wage

Nike agrees to compensate workers abandoned in Honduran factory closures

NIKE AND THE GENERAL Workers’ Central of Honduras (CGT), which represents workers at two former Nike supplier factories that were closed over one year ago, have reached an historic agreement in which the company will contribute US$1.5 million to a workers relief fund and cover the cost of enrolling the workers and their families in Honduras’ health insurance program for one year. The funds have since been dispersed to the approximately 1,500 affected workers.

Nike has also agreed to ask five of its contract suppliers in Honduras to reserve future job openings for former workers from the two factories, and to fund a paid skills training program for the workers.

When CGT organizer Evangelina Argueta and Hugger workers’ representative Gina Cano flew to Los Angeles on June 24 for a meeting with

• see ‘watershed moment’ p.8
What’s behind the strikes and suicides in China?

By Manfred Elfstrom

A series of suicides at facilities of the world’s largest electronics manufacturer and well-organized strikes at auto parts plants have placed the struggles and demands of Chinese workers at the centre of the world’s attention.

This spring, employees of Foxconn, a Taiwanese-owned high-tech assembly company, began jumping to their deaths from the firm’s sprawling, dull, gray and blue dormitories. The thirteenth Foxconn suicide victim, a young woman, jumped on August 6th. A net put up by the factory owners as a supposed solution to the problem failed to break her fall.

While each of the thirteen workers doubtless had their own reasons for ending their lives, Foxconn employees said in interviews that their dehumanizing work environment was at the heart of the tragedies. Military-style discipline, long work hours, and management’s strategy of isolating workers socially (for example, by not bunking workers from the same shift or hometown together) had created a toxic environment. An underreported pattern of violence by factory guards made things worse.

As the Foxconn suicides reached their peak in May, workers at the Nanhai Honda auto parts plant in Foshan responded to their exploitation in a very different way: they went on strike for higher pay and better working conditions.

News of the Nanhai strike sparked other strikes in Foshan, as well as in nearby Zhongshan and Guangzhou and at a Toyota facility in Tianjin, in China’s northeast. Striking workers consistently won wage increases, though the percentages varied. At the plant that started the wave, workers’ earnings rose by 35 to 70 percent.

While the level of media coverage of these events both inside and outside China was unusual, neither suicides nor strikes are new to Chinese labour relations.
Foxconn has admitted that some of its workers, in smaller numbers, kill themselves every year. Chinese workers have long used threats to jump from bridges or from buildings on construction sites as a desperate means of pressuring their bosses into paying money owed them.

Chinese workers have engaged in strikes since the early twentieth century. In the early 2000s, thousands of workers at state-owned enterprises protested layoffs and corruption associated with privatization. Today, strikes occur daily in export processing zones along China's southeastern coast, where the vast majority of employees are migrant workers.

But something has changed.

The Foxconn suicides were on a scale that could not be ignored. They struck a strong chord in Chinese society, both at home (where bloggers rallied for citizen-investigations and at least one news magazine devoted its cover to the tragedies) and beyond the mainland. Vigils were held in San Francisco and demonstrations staged in Hong Kong, Taiwan and Guadalajara, Mexico. Foxconn ultimately promised to raise wages several times.

Many strikes in China burn out after a day or two, ending with some compromise brokered by the local government, but the workers at the Honda plant held the line for about two weeks, establishing a representative negotiating team and working with prominent outside observers. The workers did not limit their demands to observance of their "legal rights," as many Chinese protesters have, but focused instead on livelihood issues. They dealt with tricky topics, such as graduated wage scales, the factory's use of student interns, and the struggles of dispatched (outsourced) workers. The strikers drafted powerful statements of their intentions and, at the end, thanked domestic and international supporters.

Importantly, Foshan workers also demanded greater accountability from their enterprise's union. Their call for real representation led to a commitment by the Vice-Chair of the Guangdong Provincial Federation of Trade Unions to making the Foshan plant a starting point for experiments in direct elections of union chairs. Elections are something provided for by China's Trade Union Law, but rarely put into practice.

The All China Federation of Trade Unions (ACFTU), the umbrella labour organization to which all unions must belong, is more like a government ministry than a grassroots organization. It is staffed at higher levels by political appointees and often co-opted locally by management (who routinely appoint mid-level managers as union officers). There are, however, some progressive leaders within the ACFTU, and the union has lobbied for tougher labour regulations.

In addition to the promised elections, Guangdong Province, home to some of the country's more forward-looking municipal labour federations, has accelerated the drafting of new legislation that would mandate collective bargaining if one fifth of a company's employees demand it. There is also talk of enshrining the right to strike in law.

Where workers' desperation (as expressed at Foxconn) and determination (as expressed in Foshan) will go from here, however, is still an open question.

Manfred Elfstrom has long been involved in supporting labour rights activism in China and is currently a doctoral student at the School of Industrial and Labor Relations at Cornell University.
How did you become involved in the labour rights movement?

In 1999, I started working at Siemens, a German auto-parts manufacturer and a supplier to Volkswagen, which has a plant in Puebla. I was involved in a struggle in which we were able to get our independent union recognized. That set an important precedent because it was the first independent union in the auto-parts industry in the country, and I was its first woman leader. That experience defined me as a labour leader. I knew I had to go on with this work.

And how did the CAT come to be?

A short time later, I was invited by the AFL-CIO Solidarity Center to do part-time research into the garment maquilas in the area. A Solidarity Center organizer and I became involved in what later became known as the Kukdong campaign, which was women-led. After an eight month struggle, the Kukdong workers were able to win an independent union at the factory, an important milestone for the maquila garment sector.

The Kukdong victory allowed us to dream. We wanted a space where workers could come together to receive support and share their struggles. On May 9, 2001, the Worker Assistance Centre was formed. In 2011 we'll be celebrating our tenth anniversary.

What work is CAT currently involved in?

Just this May, we had an important victory for labour rights in Puebla at the Johnson Controls Interiores plant. Workers went on strike for three days and won a signed agreement in which management recognized their right to
be represented by the union of their choice. The agreement also provided workers a substantial profit-sharing increase, and committed management to hire workers directly that had been contracted through a third-party employment agency.

But the struggle is not over. A new collective bargaining agreement still needs to be negotiated, which will — hopefully — include a clause guaranteeing fair representation of women on the executive committee, given that the majority of employees are women.

Positions. For me personally it’s been hard, because I try to bring about changes that will benefit everyone, and though I’m strong, I’ve had to face many difficult times.

One thing I’m sure about: it’s no longer sufficient to just ask for training for women. Women must occupy the leadership positions which have been traditionally held by men.

We’ve seen that despite their double and triple work days, women have been at the forefront of many labour struggles and have shown great courage. But we need more.

Part of the work of the CAT focuses on women’s empowerment. I find that even when women want to participate, it’s difficult if not impossible for them to do so, given their heavy workloads and pressure they face in the home and with their children. They also often have psychological issues that impede their participation, such as low self esteem.

That is why women’s empowerment is so important. For women to become effective organizers, they need to go through a learning process in order to realize that they are capable of much more than just cooking and taking care of their kids. That’s when they can then lead and motivate other women to become organizers.

Success and retaliation at Johnson Controls

It took two strikes and an aggressive international solidarity campaign, but workers at the Johnson Controls Interiors (JCI) auto parts plant in Puebla, Mexico have won the right to be represented by a union of their free choice.

The plant employs about 450 workers and produces seats and seat parts for major auto companies, including Ford and Mercedes-Benz.

In May, the workers walked off the job to protest lower-than-normal profit-sharing payments and to pressure their employer to accept their decision to be represented by the National Union of Mine and Metal Workers (SNT-MMSSRM or Los Mineros).

The three-day strike succeeded, and representatives of the striking workers and the company signed an agreement that recognized Los Mineros as the workers’ union, provided a profit-sharing payment twenty times higher than the company’s initial offer, and brought workers previously hired through a third-party employment agency into formal employment with the company.

The agreement set an important precedent in Mexico where employers often sign “protection contracts” with corrupt unions in order to prevent their workers from organizing or affiliating with a democratic union. In this case, a “protection union” affiliated with the Confederación de Organizaciones Sindicale (COS) had been imposed on the JCI workers without their consent.

But the workers’ struggle was not over. On August 16, approximately 60 thugs, apparently associated with the COS, entered the factory, assaulting workers with rocks, sticks and chains and leaving many injured. Two of the members of the Executive Committee of the new union, Cándido Barreucos and Vigilio Melendez, were beaten in a company office and forced to sign letters of resignation, reportedly at gunpoint.

Staff from the Worker Assistance Centre (CAT), which has been providing support to workers at this and other Johnson Controls factories in Puebla, have also faced attacks and death threats on several occasions from thugs associated with another protection union.

In response to the attacks, JCI workers once again walked off the job and remained on strike for several days. On August 19, the dispute was resolved when management signed a second agreement recognizing Los Mineros as the workers’ union, severing its ties with the COS, and reinstating the two workers whose resignations were coerced.

MSN is working with the CAT and other labour rights organizations in Mexico and internationally to pressure Johnson Controls to fully implement the new agreement and to respect the right of all its Mexican workers to be represented by a union of their free choice.
director of the associated Bangladesh Garments and Industrial Workers Federation. “Unfortunately rather than seeking solutions, the government seems now to be looking for scapegoats to justify a severe crackdown on labour rights activists,” says Phil Robertson, deputy Asia director at Human Rights Watch.

MSN is working with other international labour and human rights organizations to campaign for the release of BCWS staff and reinstatement of its legal status. The campaign has also engaged major apparel brands sourcing from Bangladesh, who are being asked to put pressure on the government and local manufacturers who have filed trumped-up criminal charges against the BCWS in retaliation for worker organizing efforts at their factories.

“The government should stop the harassment of those defending the fundamental rights to a living wage and to union representation, and help push the multinational companies which control the global garment industry to ensure their workers get a fair deal,” says Burrow.

Under normal circumstances, nearly doubling the official minimum wage for apparel workers would be cause for celebration. Yet when the Bangladesh government announced a proposed 3,000 Taka/month (US$43) minimum wage for garment workers on July 29 (up from 1,662 Taka or US$24/month) workers took to the streets in massive and sometimes violent protests.

While the Bangladesh government is blaming “saboteurs,” “provocateurs,” and “terrorists” for the outpouring of rage that preceded and followed the minimum wage announcement, it’s not hard to understand why workers continue to demand more.

Since the minimum wage was last raised in 2006, the cost of living has skyrocketed. Prices on almost all essential food items have doubled, and in some cases tripled. Inflation in February of this year stood at 9%, largely due to a rise in the cost of rice, a basic staple for Bangladeshi workers.

Garment workers who earn the minimum wage – despite working long hours making clothes for major brand-name companies – have to spend the majority of their income on food, leaving little to pay for other basic necessities for themselves and their children.

Meanwhile, Bangladesh’s garment industry is exporting more than $12.4 billion worth of garments annually, going mostly to the US and Europe and, increasingly, to Canada. That’s nearly double what it exported five years ago. The Bangladesh industry – which suffers from low productivity, frequent power outages, and other problems – owes much of its recent success to the desperately low wages it pays its workers.

“The new minimum wage of 21 US cents per hour is not enough to live on.... It is an absolute disgrace that this industry, worth $12bn a year, treats its workforce with such contempt,” says International Trade Union Confederation (ITUC) General Secretary Sharan Burrow.

While acknowledging that the wage increase is not sufficient to meet workers’ basic needs, many garment workers unions in Bangladesh have agreed to the proposal for most pay grades. They are now calling for further increases in some pay grades and measures to supplement the minimum wage, including the provision of rations of staple foods, housing, childcare and healthcare, as well as immediate implementation of the new wage levels.

Crackdown on critics

The Bangladesh government’s response to worker protests has been to issue arrest warrants for hundreds of garment workers, union leaders and labour rights advocates, including the Bangladesh Center for Worker Solidarity (BCWS), a widely-respected NGO that conducts worker rights training and legal advocacy.

On June 3, the government cancelled BCWS’ legal registration and ordered that its property be confiscated and its bank accounts frozen. Less than two weeks later, staff member Aminul Islam was detained by security forces and severely beaten before managing to escape. BCWS Executive Director Kalpona Akter was arrested on August 14 along with Babul Akhter, the executive director of the associated Bangladesh Garments and Industrial Workers Federation.

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“The government should stop the harassment of those defending the fundamental rights to a living wage and to union representation, and help push the multinational companies which control the global garment industry to ensure their workers get a fair deal,” says Burrow.
Bucking the trend of poverty wages and sweatshop conditions all too common in the apparel sector, American sportswear manufacturer Knights Apparel is paying workers at its Villa Altagracia garment factory a living wage.

The Altagracia Project, hailed as a breakthrough by labour rights groups, was initiated by Knights Apparel founder Joseph Bozich, who says he is hoping to prove that “doing good can be good business.” Mr. Bozich told the New York Times in July that a health scare a decade ago made him reconsider his priorities, and focus less on market share and more on using his considerable resources to help others.

The factory, located in the Dominican Republic’s Villa Altagracia Free Trade Zone, employs 130 workers producing t-shirts and hooded sweatshirts and is fully owned by Knights Apparel. At the suggestion of the Worker Rights Consortium (WRC), the company is using the same facility where workers lost their jobs five years ago, when a Nike supplier closed a unionized workplace.

The Altagracia project is being implemented under terms agreed to by Knights Apparel, the FEDOTRAZONAS union federation (which represents workers at the factory) and the WRC. The US-based Maquiladora Health & Safety Support Network is also providing guidance to ensure the factory is designed to minimize repetitive strain injuries commonly suffered by apparel factory workers.

Pablo Tolentino, a member of the Altagracia factory union, says, “When I tell people about the factory no one believes it.

“From the moment they are hired, workers are told what their rights are. If they ever have a problem they can speak to the union, the WRC representative at the factory, or even management which is very respectful,” he explains.

Workers are also given workshops on everything from how to do their jobs safely and comfortably, to a course on financial planning so that they can take advantage of their higher salaries.

Tolentino says that his new salary has allowed him to send his son to a better school this fall and purchase books and materials, which he wasn’t able to do last year.

“Even though we are only 130 workers,” he adds, “with the salary being paid here the impact on our community is much larger”.

Most companies in the apparel sector argue that a living wage is difficult if not impossible to calculate, and only require their suppliers to pay the minimum wage, which in most countries condemns workers to poverty.

The WRC determined the living wage to be 18,153 pesos per month (approximately US$500) in the Dominican Republic, more than three times the minimum wage in the DR’s free trade zones. The WRC confirmed in July that the factory was indeed paying a living wage as well as all legal overtime premiums.

According to Knights Apparel, a t-shirt from the factory costs only 80 cents more to produce than if it were paying workers the minimum wage. The company claims it will absorb this extra cost by lowering its profit margin. Students at universities selling Knights Apparel products will pay approximately US$18 for a t-shirt, a price comparable to similar quality shirts produced in the region.

The project has won support from many US universities, as well as from the United Students Against Sweatshops (USAS). According to the New York Times, the factory’s clothing should be available at over 250 campus stores in the US this fall.
continued from page 1

Nike, they had few expecta-
tions of making major head-
way with the company.

Two days later, Evangelina
and Gina flew back to
Honduras with a signed
agreement. “It was an incred-
ible experience and is an
incredible victory for the
workers,” said Cano.

For over a year, Nike had
been delaying negotiations
and denying that it had any
responsibility to take on its
suppliers’ legal obligations to
their workers.

However, pressure on Nike
had been building on cam-
puses across the US where
students were demanding
that Nike comply with univer-
sity codes of conduct that
require remediation of any
labour rights violations or fail-
ure to adhere to local laws by
Nike contrac-
tors, or face
cancellation
of lucrative
licensing
contracts
with their
schools.

The Nike / CGT agree-
ment repre-
sents the first
time that a major internation-
clothing brand has taken
responsibility for the obliga-
tions of a supplier to workers
victimized by an unjust facto-
ry closure. “This may be a
watershed moment,” said
Scott Nova, executive director
of the Worker Rights
Consortium (WRC), which had
been working to find a resolu-
tion to the conflict.

When Evangelina
Argueta and Gina Cano
flew to Los Angeles for a
meeting with Nike, they
had few expectations of
making major headway.
Two days later, they flew
back to Honduras with a
signed agreement.

In January of 2009, both
the Hugger and Vision Tex
factories were closed without
notice to the approximately
1,500 workers. The owners
left without pay-
ing US$2.6 mil-
lion in last
week’s wages
and severance
pay the workers
were entitled to
under Honduran
law.

Adding insult to injury,
many of the
laid-off Hugger workers
learned that housing loan
payments deducted from
their pay had not been remit-
ted to the government. Nor
had the owners made legally-
mandated payments to
Honduras’ national health
insurance system and, as a
result, the workers and their
family members were left
without health care coverage.

Argueta estimates that with
Nike’s initial reaction to the
closures was to announce
plans for a job training pro-
gram for former Hugger and
Vision Tex employees and
unspecified priority hiring
opportunities at other Nike
supplier factories in the area.

In a February 1, 2010 letter,
the workers responded to
Nike’s proposal stating, “We
want to be very clear that
while our stomachs are empty
and we have a lot of debts, we
don’t need training. We are
trained workers with many
years of experience making
high-quality products. What
we need is to receive pay-
ment for the work that we
have done, which is an obliga-
tion established by Nike’s own
code of conduct. We need
jobs, real jobs, which will
allow us to pay our
rent and buy food
for our children. And
we need health care
because many of us
have very serious
health problems.”

United Students
Against Sweatshops
(USAS) led the inter-
national push to get
Nike to take respon-
sibility for the debt
owed to workers
producing its prod-
ucts. Other labour
rights groups,
including the
Maquila Solidarity
Network and the
AFL-CIO Solidarity
Center also provided support.
But it was the workers’ perse-
verance that ultimately pro-
duced the historic agreement.

At an August 12 forum in
Honduras on precarious
employment, Argueta remind-
ed Honduran civil society
organizations that years earli-
er a coalition of unions,
women’s, and other non-gov-
ernmental organizations had
proposed a draft law to the
national government which
would have established a spe-
cial fund to ensure that work-
ers receive their full legal enti-
tlements when they are laid
off due to a factory closure.

“With this historic agree-
ment, we should now be able
to convince companies like
Nike to also support our pro-
posal so that they won’t be
left paying the bill in the
event of irresponsible factory
closures by their Honduran
suppliers,” said Argueta.

This may be a watershed moment’

PHOTO: JEREMY BLASI

Former Hugger and Vision Tex workers protest, June 2010