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China labor unrest linked to global economic slowdown, Europe debt crisis - Washington Post

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BEIJING — In another sign of the impact on [China's economy](#) of [Europe's debt crisis](#) and the U.S. economic slowdown, factories in southern Guangdong province, the country's manufacturing heartland, have been the target of a recent wave of labor strikes.

Thousands of workers clashed with police Thursday at a footwear factory in the city of Dongguan after 18 workers were reportedly laid off and overtime was cut. A thousand workers went on strike Tuesday at the Shenzhen factory of a Taiwanese electronics company. A day earlier, hundreds reportedly struck at a Shenzhen company that makes underwear and lingerie.

On Oct. 28, hundreds of employees of a Dongguan furniture company protested in the streets after the factory boss disappeared without paying them three months' salary.

Many of the incidents were first reported on the Web site of the U.S.-based advocacy group China Labor Watch.

The wave of strikes recalls an [outbreak of labor unrest](#) in the spring and summer of 2010. But [last year's unrest](#) was widely attributed to China's growing wealth gap and to the [frustrations of young, urbanized and more digitally wired workers](#) — many of them migrants from the countryside — who have become more conscious of their rights and less willing to tolerate the old "sweatshop" conditions their parents endured.

While every strike addresses specific grievances, the broad unrest this time is thought to be directly linked to the sluggish state of the global economy, particularly the [ongoing crisis in Europe](#), which accounts for just over one-fifth of all Chinese exports. Analysts have reported that the euro zone's debt crisis has already taken a toll on China's exports, with year-on-year export growth to the European Union down to single digits for the past two months — a sharp falloff from August.

As orders have dropped, factories have started to lay off workers, cut overtime hours and in some cases withhold pay. In Dongguan, scene of the most violent of last week's strikes, some 450 small and medium-size factories have closed in the past 10 months as the overseas market has shrunk.

"The euro debt crisis and the slow recovery of the U.S. economy caused the strikes this time," said Lin Yanling, a specialist in labor relations at the [China Institute of Industrial Relations](#). "For the factories, the easiest way to deal with the problem of reduced orders is to lay off workers or cut their wages."

"Right now, this is just the beginning," she said. "More labor unrest and bankruptcies of small factories in coastal areas of China are inevitable if the world economic crisis doesn't end soon."

The central government in Beijing responded to last year's labor unrest by ordering minimum-wage increases. Guangdong boosted wages by about 20 percent. But with inflation now running around 6 percent, many workers complain that their still-modest wages are being wiped out by higher costs. And factory bosses say the higher wages have virtually wiped out their profit margins when coupled with the appreciation of the Chinese currency — about 10 percent since mid-2010 — and the collapse of orders from Europe.

The gloomy global economic outlook prompted the [World Bank in a report this month](#) to cut its outlook for China's growth to 9.1 percent for this year and 8.4 percent for 2012.

Researcher Zhang Jie in Beijing contributed to this report.

Source: [Dead link] http://www.washingtonpost.com/world/asia_pacific/china-labor-unrest-linked-to-global-slowdown/2011/11/26/gIQAIDPwyN_story.html

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