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## Li Qiang's Speech given at Albert Shanker Institute's China seminar

*On January 16th, 2008, Li Qiang, China Labor Watch's Executive Director was invited by the Albert Shanker Institute to share his thoughts on the China Labor Contract Law.*

### New Labor Law's Effect on Chinese Workers' Rights

First of all, I would like to thank the organizations that granted me the opportunity to share my knowledge and experience in the labor field today. I will analyze the conditions that have contributed to the establishment of Chinese labor laws; how, in turn, labor laws improve working conditions in China; and whether laws can truly improve the power of workers in their relations with management.

On January 1st, 2008, the China's Labor Contract Law became effective and replaced the older version (articles from the Labor Law) from 1994. The new law was pushed by The All-China Federation of Trade Unions (ACFTU) in order to better coordinate labor-management relations, balance the relations between workers and employers, and solve problems such as wages, benefits, discharge, layoff, work hours, etc.—all issues that the ACFTU must confront in its day-to-day work.

But the reasons for the law run deeper than the ACFTU. In my view, the passage of the Labor Contract Law was mainly the result of economic factors and did not have a direct relation to growing demands for granting Chinese workers more rights. In other words, the law improves labor conditions, but does not provide workers with more power.

As many of the audience may already know, in the articles in the 1994 Labor Law (which preceded the Labor Contract Law) may have been among the finest in the world. Unfortunately, implementation was always a problem—and remains so. China's working conditions did not improve, regardless of what was on the books. While China earned its reputation as the world's workshop, the world's greatest supplier of toys and electronic goods and textiles, it also earned another, notorious name: "sweatshop."

Non-implementation was not entirely an accident. By relying on low-waged workers, disregarding environmental issues, and emphasizing GDP growth above all else, China fostered nearly non-stop rapid development for the past two decades. Local governments in particular saw no need to pressure businesses to comply with relevant laws—doing so would hurt investment!

However, as the country's economy grows and workers' rights continue to be ignored, the negative impacts of China's strategy have become obvious. Since 2004, China has experienced labor-shortages even as a large population has remained unemployed. Due to their poor working conditions, factories are often unable to employ a sufficient amount of workers, which has led to a loss of clients in some industries. Some migrants are returning to the land.

In Guangdong Province, migrant workers earn the average salary between \$110 to \$150 USD. This wage is not a living wage and, as they have no pension or unemployment insurance, workers must save as much as they possibly can in order to support themselves when they retire. Under these conditions, workers are unable to become active consumers, thereby posing a hidden threat to China's economic development.

Meanwhile, internationally, the Chinese government faces pressure from major western countries in the form of demands to decrease trade deficits and raise the value of RMB.

Due to these factors, both international and domestic, the Chinese government has begun to focus on adjusting its economy policy. During the 17th National Congress of the Communist Party of China , Hu Jintao, President of the People's Republic of China stated, "In the past our demand towards the economy was rapid development; now, I am changing our economic focus to efficiency and rapid development". Hu also emphasized that China should improve the quality of its economic development.

However, while China has passed the new Labor Contract Law to protect workers, it has also increased its efforts to prevent Chinese non-government organizations (NGOs) from growing. The NGOs I am concerned with are those grassroots labor organizations that are not approved and certified by the government, who have not acquired "industry and commerce registration" or depend on some attorney's offices. These organizations assist workers in legal matters and charge some fees from workers in order to self-sustain; a few of them receive support from some international organizations.

A representative from an organization in China with whom I am in contact was forced to move his office four times in the past two years because his job had a negative effect on local industries. Regardless of whether his organization had Industry and Commerce registration or remained unregistered, he was summoned by the government to be interviewed when times were sensitive.

On January 7 th , an article composed by Radio Free Asia described that in Shenzhen, Chen Lianglin, an activist who promotes citizens' rights, had his office shut down by the government. Local officials also ordered Chen to terminate his work under threat of severe punishment. In order to avoid pressure and risks, Chen was forced to abandon his office in Shenzhen City , Bao'an District. In November 2007, Huang Qingnan and Li Qingxin, two labor activists located in Shenzhen were attacked by local gang members. Huang is currently in the hospital receiving treatments. And it was only last month, in Qingdao City , Shangdong Province , located thousand miles away from Shenzhen, that a labor rights hotline was attacked by local gang members.

With the exception of a very small number of organizations, NGOs in China are operating under very difficult circumstances. They either have difficulties in terms of securing funding, or once they have stabilized their organizations, they are often controlled by the government or face threats from gangs. The Chinese government's restrictions on NGOs are not limited to domestic groups. According to my understanding, in the past two years, a few of the international labor organizations/foundations stationed in China were summoned by the government.

In the past ten years, the number of labor dispute cases and riots due to labor disputes has increased annually. Between the year 1995 to 2006, labor dispute cases increased 13.5 times over the previous number and labor dispute riots have also increased dramatically to 5.4 times between the 12 year timeframe. The statistic clearly shows that the relationship between workers and employers has lost its balance.

It is clear that the Chinese government is attempting to improve workers conditions though its political system that is aiming to limit workers' rights under its control simultaneously restricts Chinese workers' freedom of association and right to collective bargaining.

China still has a long path in terms of protecting workers' rights and the implementation of China 's new labor law will be tested along this path

