

THE LOT OF CHINESE WORKERS: DO CHINA'S LABOR LAWS WORK?

ROUNDTABLE BEFORE THE CONGRESSIONAL-EXECUTIVE COMMISSION ON CHINA ONE HUNDRED NINTH CONGRESS SECOND SESSION

APRIL 11, 2006

Printed for the use of the Congressional-Executive Commission on China



Available via the World Wide Web: <http://www.cecc.gov>

U.S. GOVERNMENT PRINTING OFFICE

27-931 PDF

WASHINGTON : 2006

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512-1800; DC area (202) 512-1800
Fax: (202) 512-2250 Mail: Stop SSOP, Washington, DC 20402-0001

CONGRESSIONAL-EXECUTIVE COMMISSION ON CHINA

LEGISLATIVE BRANCH COMMISSIONERS

Senate

CHUCK HAGEL, Nebraska, *Chairman*
SAM BROWNBACK, Kansas
GORDON SMITH, Oregon
JIM DEMINT, South Carolina
MEL MARTINEZ, Florida
MAX BAUCUS, Montana
CARL LEVIN, Michigan
DIANNE FEINSTEIN, California
BYRON DORGAN, North Dakota

House

JAMES A. LEACH, Iowa, *Co-Chairman*
DAVID DREIER, California
FRANK R. WOLF, Virginia
JOSEPH R. PITTS, Pennsylvania
ROBERT B. ADERHOLT, Alabama
SANDER LEVIN, Michigan
MARCY KAPTUR, Ohio
SHERROD BROWN, Ohio
MICHAEL M. HONDA, California

EXECUTIVE BRANCH COMMISSIONERS

STEVEN J. LAW, Department of Labor
PAULA DOBRIANSKY, Department of State

DAVID DORMAN, *Staff Director (Chairman)*
JOHN FOARDE, *Staff Director (Co-Chairman)*

CONTENTS

	Page
STATEMENTS	
Han, Dongfang, Director, China Labour Bulletin, Hong Kong Special Administrative Region, China	2
Munro, Robin, Director of Research, China Labour Bulletin, Hong Kong Special Administrative Region, China	5

THE LOT OF CHINESE WORKERS: DO CHINA'S LABOR LAWS WORK?

TUESDAY, APRIL 11, 2006

CONGRESSIONAL-EXECUTIVE
COMMISSION ON CHINA,
Washington, DC.

The Roundtable was convened, pursuant to notice, at 10 a.m., in room 2255, Rayburn House Office Building, John Foarde (House Staff Director) presiding.

Also present: Celeste Helm, Director, Bureau of International Labor Affairs, U.S. Department of Labor; Chris Mitchell, Office of Representative Michael M. Honda; William A. Farris, Senior Counsel; Patricia Dyson, Senior Counsel for Labor Affairs; Kara Abramson, Counsel; and Diana Wang, Research Associate.

Mr. FOARDE. Good morning, everyone. Let us get started. Welcome, on behalf of Chairman Senator Chuck Hagel and Co-Chairman Congressman Jim Leach, and the Members of the Congressional-Executive Commission on China, to this staff-led issues roundtable.

This is approximately the 55th such roundtable that we have done since February 2002. Our Commission members and the CECC staff find them extremely useful in getting into very great detail on the issues involved in human rights and the development of the rule of law in China that are part of our statutory mandate.

Our theme this morning is Chinese labor laws. We are particularly pleased to have two very distinguished and very knowledgeable panelists to help us get into these issues. They may hold the record for coming the longest way to appear and to share their expertise and knowledge with us. They both come from Hong Kong. I will introduce each of them in a moment.

Our procedure is, as we have done for the last four and a half years or so, that we will invite each of our panelists to make an opening presentation of about 10 minutes, and when both of them have spoken, then we will go to a question and answer session in which the staff panel up here will pose a question and listen to an answer for roughly about five minutes each. We will do continuing rounds of questions until we exhaust the topic, or reach 11:30 a.m., whichever comes first. Our experience has been that we never exhaust the topic, so we will have some mercy on our panelists and let them go after about 90 minutes.

After a few weeks, the complete transcript of this morning's roundtable will be available on the CECC Web site. That's at www.cecc.gov.

The National People's Congress [NPC] enacted labor laws in 1994 and in 2001 that many people in China and many observers abroad saw as positive steps for Chinese workers. In practice, however, both sets of laws have been implemented inconsistently across China, resulting in a legal regime for labor in China that does not protect workers against exploitation and abuse. Such abusive practices are particularly common against rural workers when they migrate into areas in China in which industrial development has been rapid and demand for labor is great. These migrant workers frequently find it difficult to protect themselves against health problems, long working hours, wage arrearages, and other forms of exploitation.

Chinese workers are making their discontent known by holding large public protests in many places in China. Public demonstrations are one of the few methods open to exploited workers to bring their grievances to the attention of government authorities. Most protests are peaceful, but during 2005, at least one incident involved workers battling security officers.

Our panelists this morning will discuss these and other issues and developments, as well as offer comments on new labor legislation under consideration in China, so is with great pleasure that I introduce our first speaker this morning.

Han Dongfang is the Director of the China Labour Bulletin [CLB], resident in Hong Kong. Han founded the CLB in Hong Kong in 1994 to promote democratic unions and the protection of labor rights and labor standards in mainland China. A railway worker, Han joined the Workers' Autonomous Federation during the pro-democracy movement in Beijing during 1989 and was detained without trial for 22 months after the June 4, 1989, Tiananmen crackdown. Han maintains contact with Chinese workers through, among other means, his three weekly radio call-in shows and news programs broadcast over Radio Free Asia.

Welcome, Han Dongfang. Over to you for 10 minutes or so for an opening statement.

STATEMENT OF HAN DONGFANG, DIRECTOR, CHINA LABOUR BULLETIN, HONG KONG SPECIAL ADMINISTRATIVE REGION, CHINA

Mr. HAN. Thank you, John. It is my pleasure to be here to share my experience with our daily work on labor issues in China. This reminds me. We did, once in Hong Kong, a roundtable about coal mine safety with you. At that time, the coal mine safety issue was not as terrible as today. We really hoped that that roundtable could make a greater impact.

I do remember that we proposed an idea, that a Coal Miners' Health and Safety Committee should be organized, otherwise the disaster will get bigger and bigger. So now there is no committee being founded and the problem is getting bigger and bigger. We are in trouble in the coal mine area.

This time, we are talking about the rule of law and civil society and how, from our work experience, we can contribute ideas from our daily work. I just want to mention a case first that I would share with everybody here.

About nine months ago, or a little bit longer ago, we were approached by a group of jewelry factory workers. They got silicosis after years working in the jewelry factories cutting stones without proper protection. After a few years working in the factory, they started having breathing problems and they went to the government's special hospital for work-related diseases. The hospital deliberately misdiagnosed their disease as tuberculosis. These workers just felt they had bad luck. They left the factory and got a little compensation. Once they went back home, far away, thousands of miles away from Guangdong, they took the tuberculosis medicine for a year or more. It did not work, and their health problems were getting worse. They went to the local work-related disease hospital to get another check, and they found this silicosis. They decided to go back to Guangdong to ask their boss to pay compensation.

So one extreme case was when a worker walked into his boss's office and asked for compensation, and he said, "You know, I was working here for a few years, I got this disease here, I am dying, so why do you not give us some compensation?" The boss told him, "Yes, I know you are dying, but if you do not walk out of my office now, you are dead now." So this is the way the workers have been treated in the workplace, and this is the way the workers have been treated when they realized they do have this legal right to claim compensation. But they have just been treated that way.

They approached us and we hired a local lawyer from the local city, from Xinjiang, who helped these workers collect evidence and file the lawsuit in the local court. About nine months after—it takes quite a long time, but nine months is not really that long compared with many others—we did manage to get this group of workers compensation. The highest compensation in one single case was 460,000 renminbi, which is about US\$60,000. Obviously, it was a record-breaking compensation case in this area.

From this, we learned several things. At the beginning, we felt it probably would not work. The local court had been co-opted, and the factory owners are so powerful economically, and the workers do not feel they can really make it. But eventually, when we went through the legal procedure, we realized there were possibilities.

It is not the case in today's China that you talk about the court and administrative section and everything as one. We can really separate each part of the government into great detail, and know who is on which side. Today's China is really changing.

In this specific case, we realized that if we handled it well, if we focused very much on the law and the workers' rights and nothing else, just a very detailed focus on the case itself, the chance would get bigger and bigger that we could win the case for the workers. But not only win the case for the workers, for the compensation, but outside of this, really increase the workers' confidence and trust in the legal system and the law.

One of the biggest problems in my country is that people do not trust the law. People think the law is for ruling people, not for protecting their rights. You say, "the law is for protecting you," and they do not believe it. But through this legal process and getting compensation, it made these workers believe more in the legal system. In addition to that, it will encourage other workers from

neighboring factories, not only this factory, to do the same and to have more and more confidence in the legal system and the law.

Also, after this case we won, these workers were willing to do something else, although they are dying. Probably, at the longest, they can live for seven years. They are unable to be cured completely. But they are willing to help other workers. They are writing down their own stories, circulating the stories to the neighborhood factory workers who are working in the same position where they got the disease. They are warning other workers to be careful and ask for X-rays and a health check. This is a positive case.

Of course, we have got a negative case, too. We have the Heilongjiang Coal Mine explosion, with 171 people killed last November. After two months, we approached some of the families. At the beginning, the families we approached wanted to accept our lawyer to file a lawsuit. Once we more or less worked out the lawyers from Beijing, a week after, we called them about the case, and about 80 percent of them dropped. They said, "We do not want to file a lawsuit any more. We are scared of the local government and we are scared the local government is connected to the local mafia." So, no matter how much you explain to them the legal procedures, they just do not want to proceed. So this case really gave us an insight into how difficult it can be. But we do have hope, but we also have difficulties.

From my work experience as a Chinese labor activist, as a Chinese citizen, this is my country, this is my home, no matter how hopeless it can be or how dark it is, we have to find the way out. We do believe it is difficult, but there is hope, which is through the legal system. We must raise public awareness and self-confidence. That will be the way out to create a civil society. That is what we believe the future will be.

I will stop here.

Mr. FOARDE. Great. Han, thank you so much. We will come back to some of those very interesting issues during the question and answer session.

I am now very happy to introduce Robin Munro. Han Dongfang, as he noted, has been a panelist on a CECC roundtable before, one in Hong Kong that we held in October 2002 on coal mining safety. But Robin is our guest for the first time, so we not only want to welcome you, but also want to extend congratulations on behalf of the Commission for having earned your Doctorate of Philosophy. So, Dr. Munro, congratulations!

Robin is director of Research for the China Labour Bulletin in Hong Kong, and also contributes research to the quarterly journal of the U.S. NGO Human Rights in China. A graduate of Edinburgh University and an honorary research associate at the Law Department of the School of Oriental and African Studies at London University, Robin received an award from the American Psychiatric Association for his work on the political abuse of psychiatry in China, and defended his Ph.D. thesis on "Judicial Psychiatry and Human Rights in China."

So, Dr. Robin Munro, welcome to Washington, and thank you for sharing your expertise with us this afternoon.

**STATEMENT OF ROBIN MUNRO, DIRECTOR OF RESEARCH,
CHINA LABOUR BULLETIN, HONG KONG SPECIAL ADMINIS-
TRATIVE REGION, CHINA**

Mr. MUNRO. Thanks very much, John. It is a great pleasure to be here.

When I got my Ph.D. last year, it was in the Law Department at the School of Oriental and African Studies in London. My professor said to me, "You do realize, Robin, that you can now teach law in a university," which I found a very chastening thought. I have no special skills in that area, but it is nice to think I could.

I would like, in my short talk, now, to look at some of the broader issues facing the labor movement in China today and to look at workers' rights more generally and how that is developing.

There has been a lot of attention paid over the last year and more to the issue of worker unrest. The Chinese Minister of Public Security told us, over the last two years on two separate occasions, that the scale of urban protests had been increasingly rapidly over the last 10 years, and the figures were that, 10 years ago, there were only 10,000 collective large-scale protests around China each year. Then two years ago, for the first time, the authorities announced there had been 74,000 that year involving 3.7 million people, mostly workers. Also, this figure includes rural protests, but it certainly seems most of the unrest is in the cities so far.

Then late last year, the police minister announced that this figure had risen to 87,000 for last year, involving well over 4 million workers. Everyone knows that there is large-scale unrest around China's cities.

I think the main reasons are not hard to find. Chinese workers and their families have lost the job security and social welfare that they enjoyed for decades before the Reform Era. It may not have been much, but it was a safety net. That is gone. Since the reforms of the state-owned enterprises [SOEs] from the mid-990s onward, around 50 million Chinese workers have lost their jobs. The latest research shows that only a very small percentage of those laid-off redundant workers have actually found full-time, proper jobs, if we can call them that, since then. The great majority have gone into casual jobs. They become stall-holders, or just hustlers in the cities.

On top of that, government policy, over the last 15 years in particular, has really made the Iron Lady from my country, Great Britain, Mrs. Thatcher, look like a very relaxed liberal in terms of social policy. For example, the health system has been largely privatized.

In fact, hospitals and the medical services in China are now officially categorized as "commercial enterprises," and they act like it as well. They are not getting government funding to anywhere near the degree needed, so hospitals are now selling the most expensive drugs in order to raise revenue to keep running.

Most urban residents do not have medical insurance, which they need. So a serious illness in family can effectively bankrupt a working class family within weeks. This is one of the root causes of the kind of protests we are seeing, extreme social insecurity.

On top of that, you have the education system, which also seems to be run on basically a commercial basis these days. School fees impose a very heavy burden on most ordinary families. In the coun-

tryside, fees are often prohibitive. Many rural children cannot now go to school, at least beyond the first few years of primary school.

So we can see that there is great social injustice in China and it is getting worse. The government has said, over the last couple of years, that it wants to bring in policies aimed at restoring what the leadership calls a harmonious, stable society. This is the rubric of government policy now. But so far, we have not seen the meat in the sandwich there.

The scale of social unrest in the cities has prompted many observers to question whether China's development model is, in fact, stable. Can it continue? Is there a major social crisis looming?

But among this discussion of China's long-term stability, there is not a lot of analysis, I do not think, of what the actual nature of this protest is. I would like to just emphasize here that it is mainly protests from workers across a range of issues.

So whereas 10 years ago I think you could have said China did not have a labor movement, that is no longer really the case. As we know, freedom of association for workers is legally prohibited. They can join any union they like, as long as it is the official All China Federation of Trade Unions, which does not act like a union, it acts effectively as a labor discipline enforcement arm of the government and the Communist Party.

So there is no freedom of association for workers. But hitherto, people have tended to think that, therefore, there is no Chinese labor movement. I think the scale of worker unrest nowadays is so great, you can go to almost any city in the country now and there will be several major collective worker protests going on at the same time.

So China now has a labor movement. This is an important point to just put there on the table and recognize. It is not organized. It is spontaneous, it is relatively inchoate. But then so were labor movements in most Western countries before trade unions were permitted.

We have basically a pre-union phase of labor movement development in China today. It also has great potential, I think, for becoming a proper labor movement. One of the things that China Labour Bulletin and other groups like us are trying to do our best to ensure is that, as this movement emerges, it develops along healthy, law-abiding lines. That, in China, means, above all, that China's new labor movement needs to be non-political in outlook. It needs to focus on livelihood issues, bread-and-butter issues for working people and their families, and avoid the temptation or the potentiality which is always there in Chinese society, because Chinese society is so heavily politicized, the potentiality to begin making political demands at an early stage. That would be fatal, I think, for the fledgling Chinese labor movement.

Therefore, in our work we emphasize that workers should stay away from politics, concentrate on developing healthy labor relations in China. China is now a capitalist society. China's labor movement does not need to be like Polish Solidarity, for example. Why? Because in Poland, before 1989, everything was state-owned. Therefore, whenever you had worker unrest, it was automatically directed at the government. It became political very quickly.

In China, you have capitalism. You have private entrepreneurs. Worker protests and dissatisfaction are directed at factory owners, essentially. The state-owned sector is virtually gone. So that is the future. Labor relations in that kind of economy do not need to have a political aim, and this is a very important point that we need to bear in mind.

Now I would also like to point out that another issue that is attracting a lot of attention outside China now is the emerging rights defense movement, the so-called Wei Quan movement—in Chinese it means “Defending Rights.” Now I have been following human rights in China for about 25 years, and to my mind, this is the most significant development that has yet happened on the Chinese human rights scene.

It is significant because, for the first time, through this rights defense movement, we are seeing local communities—it is a very grassroots-based movement—organizing protests against local injustices, appealing to rule of law principles, often taking their case to court. They are protesting about things like forced evictions from urban properties for urban redevelopment, illegal land seizures in the countryside, the locating of heavily polluting factories on communal land where rural children come down with horrible illnesses.

For the first time, we are seeing a grassroots-based rights movement in China, and it is getting more and more widespread. The reason, again, is not so difficult to see. It is because the level of social injustice in China today is very high. People are fighting back, but they are doing so through appeal to the rule of law in pursuit of legally specified rights that now, after many years of propaganda and education about the legal system, they actually think they should have and they are entitled to. “Why are we not getting these rights?” they ask.

Now I think we should be calling this rights defense movement, the Wei Quan movement, “China’s emerging civil rights movement.” That is what it is, it is a civil rights movement at an early stage.

I use that term because I think there are comparisons with the civil rights movement in places like the United States in the 1960s. What we are finding in China is that you are having civil rights lawyers from the cities going down to the countryside, hooking up with local protestors, telling them how to achieve their aims legally. You are getting academics coming in from the universities, going down to where the protests are and offering their advice and help. Also, you are getting investigative journalists reporting these cases and getting the word out, increasingly opening up a new space within the news media. Also, the government is fighting back and trying to restrict those media freedoms, but, still, the momentum is very great in this area. So we are getting a new synergy between key elements in society who are working together, so this is all new.

I want to emphasize that, really, it is the workers’ movement that I referred to a moment ago, consisting of these 87,000 mass protests, countless wildcat strikes that are never reported, all these kinds of things over the last 10 years, it is that movement which has really created this space, this emerging civil society space,

which the country's emerging civil rights movement, involving many other types of social actors, is now beginning to occupy and use.

It is the sheer weight of numbers of worker activity and protest over the last 10 years which has one very important consequence: 10 years ago, any worker protest would immediately be categorized by the local government as a political challenge. Very likely, the organizers would be arrested, possibly charged with counter-revolution or endangering state security. Now, because of the sheer quantity of these protests and their diffuse spreading around society, it has no longer become tenable for the government to categorize each and every incident of worker protest as some kind of political threat. They have been forced to acknowledge that these are not political threats, these are, in fact, protests against local injustice. That is all they are. There has become, therefore, almost willy nilly, a level of greater tolerance within local governments for these kinds of protests, and hence for the emerging civil rights movement.

So I think there is a very important synergy and symbiosis developing in China between the workers' movement and this very significant, broader, emerging civil rights movement.

I think I have many other things to say, but I will stop there.

Mr. FOARDE. And we can pick up some of your other thoughts during the question and answer session. Thank you very much, Robin, for that really good presentation, and to Han Dongfang, for his opening remarks.

The complete transcripts of today's roundtable, as I mentioned earlier, will be available in a few weeks on the CECC Web site. If you are not already signed up on our mailing list for future roundtables, hearings, and activities of this sort, please visit the Web site and sign yourself up.

I would like to proceed now to the question and answer session. We will give everyone on the panel here about five minutes to ask questions. You may direct your questions either to Han or to Robin, or to both. We will go around until we reach 11:30.

I would exercise the prerogative of the Chair to begin by picking up on a thought that Han Dongfang had. You mentioned, in the case of the jewelry workers with the silicosis, that after they won their case, they were helping by spreading the word around about their case to their fellow workers and advising their fellow workers to seek compensation. Are they doing that in writing by putting out publications or letters? Or is CLB, for example, helping to publicize this type of case, or other cases like it, by circulating information about it in Chinese into China?

Mr. HAN. The workers themselves are doing it on their own. They are writing up their own stories, their experiences, and warning other workers to be careful, and one, two, three. The law says you should have the right to ask for a medical check if you suspect you are having this situation.

But CLB is also doing our part separately from the workers. Through helping this group of workers, we put together this report. We realized, through this legal process, that several things were absolutely wrong.

One is that the law makes it really complicated for the workers to even obtain the medical check. For example, the law says you

have to have an approval letter from your employer to say you are working in the suspect working place, and then the hospital will receive you. Otherwise, you cannot do that. So, I do not know many employers who are really willing to do that in China.

Second, of course, you have this hidden corruption between the hospital and factory bosses. So we go through the legal procedure and we realize there is something wrong, including the role of the union that is missing, and we put out a report. Also, with some concrete policy suggestions. We decided to go that way. So that is a side kind of result.

CLB put the report out through our legal help work. So, hopefully we will be able to use these cases, very concrete cases, and it might remind policymakers, lawmakers, to keep their eyes open on this, and hopefully they can change the law or enforce the legal procedure.

Mr. FOARDE. Very useful. Thank you.

Let me take the rest of my time to ask Robin Munro. During your presentation, you stressed that the social unrest that we have seen in China, particularly recently, was really led by workers. It was really worker protests. Just to clarify, are we talking about workers in manufacturing sectors, in extractive industries, or in agriculture? What, if any, role have workers in service industries had in organizing or being part of these protests?

Mr. MUNRO. Well, I think the first thing is, we do not know a heck of a lot about how these protests break down. It was very much a first when the Ministry of Public Security announced these very high aggregate figures two years ago, and then again last year, with 87,000 protests. What we have is really anecdotal evidence and a number of reports of individual protests. A lot of reports. But we do not really know specifically how those numbers break down between sectors.

What we do know, though, is that in the late 1990s, most of the urban protests by workers involved state-owned enterprises—workers who had been laid off, or “xiagang” as the Chinese say—and the protestors were finding that instead of getting proper redundancy money, pensions as applicable, and medical insurance as they had been promised, they were getting virtually nothing. They were being put on the minimum monthly living allowance by the government and had no job prospects whatsoever. So a lot of the protests in the late 1990s were either laid-off state-owned enterprise workers or retirees from these enterprises whose pensions had disappeared, for example.

That changed after about 1999 or 2000. I think most of the urban protests now come from the manufacturing sector, mostly from rural migrant workers, of whom there are now reckoned to be anywhere between 100 and 140 million, who have come to Chinese cities from the countryside to seek work.

We have seen a lot of protests in these very large shoe factories, for example, where you have got tens of thousands of workers. Electronics factories, also. That is another place where there have been a lot of protests, usually because overseas investors from places such as Hong Kong and South Korea are paying wages below the local legal minimum wage, and they are not paying over-

time rates as they are required to do by law, all these kinds of things.

There was a big protest, I think it is worth singling out, up in the city of Xianyang, which is a kind of twin city of Xi'an in central China. It is where the Xi'an Airport is located. The tourists never go there; you do not want to go there. It is a very gritty industrial city, very depressed economically.

In late 2004, there was a massive strike by almost 6,000 female workers. This was a state-owned textile factory. About three days into the strike, I flew up there to check it out. I managed to get myself detained briefly, but extracted myself without major incident.

But what was really interesting there, talking to the workers, is that it was a community-based protest. And, yes, it was about the fact that the factory had been privatized, a lot of the workers had lost their jobs. Those that remained were put on short-term contracts at a lower rate than they had before. Also, workers who had been there for 20, 30 years were being told that they would have to do a six-month probation period to see if they were "up to the job." This was insulting to them.

But what struck me is that the main reason for that protest was a sense of community outrage at what was being done to their factory that they had built up over the last 40 years. So it was less about economic things and more about a sense of protecting their community.

In the service sector, not so much is known about that. You do hear reports of protests from office workers. One very important area where there is a lot of unrest is in the teaching profession in China, especially amongst rural teachers. You have two grades of teachers in China. One is the state teachers, mostly in the cities, and then you have the so-called community teachers, who are mostly in the countryside. Community teachers receive a third or a quarter of the wages that urban teachers get. What is much worse, though, is they are often simply not paid. It is quite astonishing. One wonders how these people manage to survive.

But over the last couple of years there has been a series of large-scale, protracted protests by rural teachers, often involving hundreds at a time, going on for months, because they have not been paid for a year, sometimes two years. They basically live by borrowing money from friends and relatives. So there is one example, I think, of how extraordinarily unjust the new system is in many respects.

Mr. FOARDE. Thank you very much. Thanks to you both. I would now like to recognize Celeste Helm, who is Director of the Office of Foreign Relations in the Bureau of International Labor Affairs at the U.S. Department of Labor. Celeste is here this morning representing Steven J. Law, the Deputy Secretary of Labor, who is one of our CECC Members.

Celeste, over to you.

Ms. HELM. Thank you. This is my first visit to the Commission, and I appreciate the opportunity to be here today. I thank both of you for your presentations. They were both very interesting.

I was interested in your point about capitalism versus communism, that it is now recognized that China is a capitalist economy. As you point out, the protestors are mainly focused on issues

of social injustice; however, in the drive to capitalism it seems that the government, like it or not, is going to be pushed into making decisions that liberalize trade policies, and in so doing, encourage the private sector. In the process, it seems the government will have to come to the conclusion that worker rights are an important component of that philosophy. How do you see the tension between Communism and capitalism playing out in terms of worker rights over the next five years?

Mr. MUNRO. I think the first thing to add there is the government itself does not acknowledge that they now have capitalism in China. The continuing ideology, despite all the evidence in everyone's eyes and pockets, is that you have a "socialist market economy" in China, but it is not capitalism. But of course it is. It, in many ways, is even a more unrestrained form of capitalism than we have had in the harshest periods in the West, I would say, in the early phases of capitalism here.

I think there is a shift in government perception that is beginning to catch up with the realities, the ideology and the government's emphasis nowadays since Wen Jiabao and Hu Jintao took over on developing a harmonious, stable society notwithstanding, is very much a reflection of that. When Wen Jiabao says "we must build a harmonious, stable society," the message he is sending is, "my God, we have an extremely unharmonious and unstable society right now." That is the subtext. So there is recognition there that something has to be done. They are beginning to grapple with this issue.

I think the fact that they have made so little progress on improving coal mine safety is just a very vivid example of how difficult they are finding it. They are coming up against huge vested interests in the economy in the case of the private coal mine owners, state mine managers, and so forth.

In fact, of course, as capitalism develops, these vested interests get stronger and stronger. Also, it is leading to greater and greater decentralization and local power. As provinces become wealthier, they have their own priorities. They are less amenable and less obedient to central government dictates. So this complicates the issue and makes the task of trying to build this harmonious society even more daunting.

I think my guess over the next five years—and this is an optimistic guess, what we hope will happen—is that the government will recognize that it has capitalism. Capitalism involves tensions between workers and employers which have to be addressed through constructive negotiating and arbitration mechanisms. Those mechanisms do not exist right now. Workers are not being represented in the marketplace. They have no union that speaks out for them.

The government is terrified at the thought of allowing genuine functioning unions in China, and it is very easy to see why. They take one look at what happened in Poland and Eastern Europe and said, "over our dead bodies will we allow this course of evolution to begin." So they are very vigilant about allowing any kind of worker self-organization.

But I think we are hearing messages from policymakers and academics in China who are very aware of all these issues and they

are saying that there is beginning to be some kind of acknowledgement officially that you must allow workers some degree of genuine representation in order for the system to work. Economically, it is not a Communist system, and different rules are needed to make the system work properly.

The experience of Western countries shows that unions can contribute to social stability. That is their role in the social democracy. It has been shown very clearly. We hope China's leadership will get that message and act on it.

Mr. FOARDE. Han, did you have a comment on that question?

Mr. HAN. Yes, I have a short one. Now we are talking about how economic development will make the government go that way, or increasing social unrest will make the government have to go that way.

But there are differences between the government being pushed by the trouble they created, and there is a way we can prevent most of the trouble by rebuilding some system, which is not existing. Like in Chinese we say "mie huo fang huo," which is putting down a fire to prevent a fire. These are totally different things.

What we are talking about is that we suggest to the government that they should change their mentality, which is putting down a fire, one after another, to try to create a system that prevents a fire. So at the same time we cannot really put a hold on the government so they will put some new elements on to prevent the fire. So from the citizens' point of view, the workers and farmers, how can we lead the workers and farmers that way to push the government in that way to rebuild the system?

Mr. FOARDE. Thank you very much. I would like, now, to recognize Chris Mitchell. Chris represents Congressman Michael Honda of California, who is one of our CECC Members.

Over to you, Chris, for five minutes.

Mr. MITCHELL. I arrived a bit late, so I apologize if I ask questions that you discussed prior to my arrival.

I am wondering how much media coverage there is on these protests that are taking place.

Mr. MUNRO. You are monitoring the media more than I am.

Mr. HAN. All right. The media can be separated into two areas. One, is traditional, like the TV and printing media, and newspaper and magazines. The other one is also based on this traditional media, but they also have their Web sites. On their Web site, there is much more—10 times, 50 times, 100 times—information than in the printed versions.

For example, actually in most of the cases, we are helping the workers and farmers from the Internet. There are, for example, many Web sites. Every morning, I go there, sometimes twice. You find people are posting their stories, or just one or two sentences about where something happened. We will just grab it and go for the investigation and see whether we have a chance at helping them.

The other thing is that this kind of Web site posting also helps the local news media, the reporters. Today, we can really see both the Internet sector, printed, or even TV and radio go really far. For example, take the reporting on the coal mine accidents. Five years ago, you would not imagine how they would do the coal mine acci-

dents. Five years ago, they only listed figures: which month, which day, how many people killed, and the value of the damage. Today, these journalists go to the families, they interview the wives and daughters, their parents, about their miserable lives and why their husband would go as a coal miner, and how much you owe, and the stories behind the accidents, behind the figures. Even the China Central Television [CCTV] has done several very serious reports on coal mine accidents. It is really improving.

Mr. MUNRO. I would just add one point.

I think, when it comes to actual worker protests or unrest, there is still pretty much a taboo, I think, Dongfang, would you agree, on reporting these in the local news media? Print media or television. They just maintain radio silence. Even when there is a massive protest going on in the center of the city, it will not appear in the local newspaper.

But as Dongfang was saying, on a whole range of somewhat less sensitive worker rights' related issues, especially in individual cases, there is now this new generation of investigative journalists in China who are eager to go out, get the story, and see it in their newspaper.

So a lot of individual cases, like the silicosis cases we worked on, for example, were reported quite extensively in the Guangdong print media. In fact, there was even a national magazine article talking about the cases. There is much wider coverage, but still this taboo on directly reporting on actual protests.

Mr. FOARDE. Next, I would like to recognize Pat Dyson, who is our Senior Counsel for Labor Affairs. Any time we put one of these roundtables together it takes a lot of heavy lifting, both conceptual as well as administrative, and we always turn to our staff experts in the first instance for thinking about how to put these together. So Pat has done that for us again successfully.

Over to you for five minutes.

Ms. DYSON. First, I would like to thank you both for coming. I know you have a very heavy schedule while you are in the United States, and we really appreciate it.

There has been much talk in the press that I have seen about labor contracts recently. I want to know how extensive you think they might be and whether these will actually protect workers, and how the system works. Will there be any input from the workers' side, the workers' congresses, or even the ACFTU in drawing up these contracts and how they will protect workers? Robin? Or both.

Mr. MUNRO. Well, yes. In fact, they are now revising the labor contract law in the People's Republic of China. There is a lot of debate. It is before the NPC at the moment. At CLB, all our staff is currently compiling views and opinions so we can send a formal set of recommendations to the NPC on this new legislation, because we think it is very important.

I think, of course, there are two types of labor contracts. One is the individual labor contract, which has been going on in China since about 1984. This was when they began to smash the iron rice bowl, a shift to a system of fixed-term contracts, with limited duration, set levels of pay and conditions, and so forth. Most workers in China now have that individual labor contract. They are all supposed to, by law. There are still some private factories that are sort

of cowboy operations employing mostly employing migrant workers, that do not give them labor contracts. But by law, they are supposed to have them.

The other type of contract is the collective labor contract. This began to be introduced by the government about 10 years ago. They had a major campaign in the mid- to late 1990s to propagate the collective labor contract within the state-owned enterprise sector, and there were something like 180,000 of these collective contracts negotiated and signed in the SOEs.

I put “negotiated” in inverted commas because the mechanism for negotiation is that, where there is an official union present, the union has to negotiate the terms of the collective contract with management. But the official union rarely actually did this.

Of course, the collective contract applies equally to all the workforce. That is the point about it. It sets down a single, unified set of standards of treatment for all workers in a given enterprise. Workers also, at the same time, have their individual contract, but the collective one takes precedence.

What we know from this SOE collective contract campaign is that academics in China, including ACFTU academics that studied it, have said that actually it was a bit of a farce. The local Bureau of Labor would draw up the model collective contract, a meeting would be called in the factory between the trade union chairman and the manager, they would have the model contract there on the table, and they would say, “Do you want to change anything?” They would say, “No, let’s just sign it.” That is the extent of the negotiation. In many cases, the workers themselves did not even know they had a collective contract.

So that kind of spoils the whole point, because the collective contract is a very good vehicle for labor rights, if it is well negotiated, involving real worker participation. That has been missing.

Actually, at CLB we have a new program which we started several months ago, which we are calling CC-2005, a slightly cheeky designation, thinking in terms of SA-8000 and these other CSR standards. But it stands for Collective Contract 2005. We are urging multinationals that operate in China to pressure their supplier factories into allowing the workers to negotiate a proper collective contract in the workplace.

I should point out that in most of the private sector in China where we are interested in doing this, there is no official union presence. The ACFTU has only penetrated less than 30 percent of the private enterprises. Now, this gives a very good opportunity because, under the collective contract regulations in China, where there is no union presence, the workers are allowed to elect their own representatives for the purposes of negotiating and signing this collective contract. So we see this as providing an opportunity to create a basic organizing space, legally protected in the private sector.

Mr. FOARDE. Han? Please, if you have a comment.

Mr. HAN. Yes; just briefly. Robin just mentioned the multinationals. So collective contracts, as part of the collective contract regulations, as part of the labor law system, can be very useful. As we keep mentioning, the labor rights protections should be as concrete as possible, as detailed as possible.

This collective contract regulation really can bring several things for workers. The key thing is workers' participation. According to the collective contract regulations, the negotiation process can be done by either an ACFTU representative, or if there is no ACFTU, it can be done by elected workers' representatives. So that is very clear.

What we want to do is get this collective contract regulation connected, with a code of conduct, a corporate social responsibility kind of thing, which they have been trying to work out for more than 10 years but have never worked out. Now we try to put it together as a new program. We make the corporate social responsibility, the Code of Conduct document, which has no teeth, and make them, together with Chinese law, have teeth, in particular with the workers' participation, workers' representation.

So together with international or multinational companies' pressure, and the workers' pressure on the Chinese legal system, that will make a target of the factory owners and their illegal behavior.

Mr. FOARDE. Very useful. Thank you.

I would now like to recognize William Farris, who is a Senior Counsel on the Commission staff.

William, over to you.

Mr. FARRIS. Thank you.

My question is about detentions in China. We have seen an apparent increase in the number of worker-related protests, but it does not seem as though we are seeing a similar increase in the reports of people who are engaged in these protests being detained, at least not for extensive periods of time.

I am wondering if that is a change in the tactics of the government in handling these protests, or if these detentions are occurring but they are just not being reported, that the information is not getting out. I would just like your thoughts on that.

Mr. MUNRO. Just a quick response. I think, again, we have to go back to the fact that we have this figure from the authorities of 87,000 last year, I think, for protests. That is a huge number. We only have details on a very small percentage of that number. So basically we do not know what is happening to the workers involved in those protests and who is leading them in most parts of the country.

I think that with China's extraordinary degree of openness these days, compared with 25 years ago, it is easy to forget that there is still a huge information deficit in most parts of the country. For every city in which there are a lot of foreigners, there are 10 times more cities in which there are hardly any, not to mention foreign journalists being there, of whom there are none.

So, again, we just do not know what is happening to most of the people organizing these protests. I think, in general, as I mentioned earlier, there is a greater degree of tolerance by local governments for such phenomena these days, and it is driven by the sheer weight of numbers. The authorities have to live with it, to some extent. They cannot be arresting everybody involved in all these protests. It is just not doable. Also, they recognize that it would just exacerbate what are mass protests. So I think the tac-

tics of local authorities now is to try to defuse these protests. Often, you do see concessions made.

One of the ironies, in fact, is that the government wants a stable society and that people should follow the law and use legal channels to resolve their problems, but the fact is that the legal channels usually do not work, and that is what drives workers to take to the streets.

Once they take to the streets, they are actually more likely to prompt the government to intervene to solve the problem, which, of course, leads to a situation where workers think they get more by publicly protesting. So it is somewhat ironic. But in any case, it is enlarging the social space, I think, for this kind of thing, which is welcome.

Mr. HAN. I just want to add something. These massive worker protests without proper organizing are basically based on anger, not based on well-organized activities. Except in some cases that involve teachers, most of them are based on anger. What we found is they are based on anger.

Although, as Robin says, the local government is having more tolerance than before, based on the numbers. But quite often, these activities are based on anger and it is easy to go too far across the legal lines, and that gives the local governments the excuse to arrest workers.

Now we are not only watching them, but we also try to involve these cases, not only the labor disputes and these disease cases. For example, in 2004, we hired a lawyer to help the Stella shoe factory workers, which is Taiwan's big shoe factory chain. There were about 30 workers detained, and finally 9 of them were charged and sentenced. We hired a lawyer to help them eventually appeal. We managed to get a compromise sentence. The Appeals Court changed the verdict from a nine months sentence and a three and a half years sentence, to sentence them until the day of the Appeals Court decision. So that is a compromise.

So it is also important, we realized, to get these workers' leaders out of prison by helping them, and also give them two different ideas, different feelings. One is we had better do it legally and not go too far. Second, to tell these workers that even if you are in prison, you are not going to be left behind and somebody will help you. So that makes it into a constructive way, not leave the initiative in the field to die, but rather to grow.

Mr. FOARDE. Please go ahead.

Mr. MUNRO. I just had one thought. Yes. We do not know how many workers are detained in China for protests. I think it is largely because we just do not have the information, as I said. It varies a lot from province to province, city to city. There tends to be, in the inland provinces, a repressive police response. Those are also the places we have less access to and information about.

But one thing I want to mention is that there is a very worrying trend in China, and this is happening against the civil rights movement, as well as workers. That is for local authorities to act with local criminal gangs, triads, thugs, to mobilize those sorts of elements to go in and suppress protests. We have seen a worrying spate of reports about this over the last year. It is very disturbing because it indicates a drift toward official lawlessness. People have

been beaten to death by these thugs over the last year, and very few of them are ever being caught and punished because they are acting, obviously, on the go-ahead of local authorities who do not want to be seen to be mobilizing police. They would rather take a short cut and send in a bunch of thugs to beat the hell out of the protestors.

Mr. FOARDE. Thank you both again.

I would like, now, to recognize Kara Abramson, who is a Counsel on the Commission staff.

Kara, over to you.

Ms. ABRAMSON. Thank you. Dr. Munro, you made reference to a strike in 2004 by 6,000 women workers. This case draws attention to the gender composition in certain sectors of industry. Do you think there are adequate protections in both the law and practice for women workers?

Mr. MUNRO. No, not at all. Let us just look at the migrant women workers, for example. In many industries in south China along the eastern coast that are in the private sector, the workforce is made up of 80 to 90 percent women.

But there are very specific guidelines amongst the factory owners about who they want to employ, and for how long. What we find is that, for example, by the time a female migrant worker has reached the ripe old age of 25 or so, she is regarded as “over the hill,” too old to employ. It becomes more and more difficult for her to get a job anywhere. By that time, they have been working 12, sometimes 14-, 15-hour days, 30 days a month. They will have one day off a month, if they are lucky, in often unsafe, hazardous working environments. A lot of them have occupational illnesses, problems, or injuries. Their health is often very poor by the time they are in their mid-20s. There is nothing left for them but to go back to the countryside. If they are lucky, they have some hard-earned savings, but often, increasingly nowadays, they do not.

Take Guangdong, for example. Over the last 15 years, the cost of living has increased 300 percent, approximately, whereas, according to official surveys, the average migrant worker’s wage has gone up about 15 percent, in many cases. So, clearly, a lot of these migrant workers have little or nothing left at the end of the month to send home, which defeats the whole point of going to the cities in the first place.

But what we find, the funny thing is, take the Xianyang factory strike. Nearly all the workers were women. But what struck me, when I went up there and managed to make contact with some of the strike leaders, is that they were all men.

CLB did a field-based survey last year of about 40 women workers, some in China. We went and interviewed them, and we have written a report on this which is on our Chinese Web site, and we are currently producing an English version of that report which will be available soon.

But one of the findings is that women workers do tend to be more fearful of retaliation by their factory bosses. They are less willing to stand up for their rights in general, but by no means always, I might add. But this is a problem. I think it is partly a facet of the traditional Chinese social values and system, where women are expected to be less assertive. But certainly women are facing

the major brunt of a lot of the problems facing the workforce in general.

Mr. HAN. Gender discrimination, definitely, is a problem in China, because it will have the cultural background probably that is worse in many places. Even after Mao made women as . . . half . . . How do you explain that?

Mr. FOARDE. "Holding up half the sky."

Mr. HAN. Yes. Thank you. Make sure that is on the record. But the way we see it, is, yes, it is there. How bad it is, to us, is not that important. But it is important. How to find a way out is worth thinking about every day. For example, we have a case that we have been trying for about a year and still have not finished the process yet. There were many retired women workers from two sectors. One is the oil sector, the other is the coal mining sector. They are called "dependent workers." They were hired in the 1950s and 1960s when China just began developing the oil sector. They went with their husbands and do work like cooking or cleaning up work, or like teaching the children in kindergarten. Then they were asked in the late 1980s to retire. They got a small amount of money per year, like 700 or 800 yuan, which is US\$100. The luckier ones received 50 yuan a month, and the lowest I know of from the Shanxi Province, the Tungtuan coal mine, they receive 10 yuan a month as their retirement benefits.

So we are trying to help them file a lawsuit based on labor law, and to compute how much they deserve, based on how many years they served the company, where they really could find the record to claim their retirement benefit.

Through this, we hopefully can raise awareness, that even these people are being treated as dependent workers, and they also deserve a retirement benefit. So that is one way to go through, again, the legal system, using the current law to raise awareness about the gender discrimination issue.

Mr. FOARDE. Thank you very much.

I would like, now, to recognize the other half of the dynamic duo that helped put together this morning's roundtable. Diana Wang is the most recent addition to our CECC staff, and is our Research Associate. Diana.

Ms. WANG. Thanks, John.

Robin, you talked about how expensive education and health care can be. We know that migrant workers are especially vulnerable to financial bankruptcy because they are often denied social services in urban areas based on their rural household registration, or hukou, status. My question to both of you is: will hukou reform help migrant workers?

Mr. MUNRO. Well, I think it depends on how far the reform goes. Certainly it is urgently needed, the reform of the household registration system. Some commentators and academics on the subject have described it as China's equivalent of a kind of apartheid system, in which there was this total separation between the rural population and the urban population in previous decades. It was a criminal offense for rural dwellers to move into cities without going through the formal change of hukou status required, which most of them were not eligible for and did not get. It was a lifetime tag that restricted a person's life opportunities radically.

With the development of the private economy, the market economy, since the early 1990s, in particular, there has become a de facto erosion of that social wall between town and country. As we know, over 100 million migrant workers are now living, mostly legally, in the city, although on a temporary basis.

But as you say, their children are not allowed to go to local schools, so they cannot bring their families legally to the cities. They are not eligible for local health care support, all these things.

And you know what? They are not even recognized as real workers. That is the funny thing. They are not regarded as real “gongren,” the Chinese word for worker. They are “mingong,” which means “people workers,” or migrant workers. So in the public perception, they do not really belong long-term in the cities.

That is beginning to change. One example of that, one sign of that, was a couple of years ago, when the All China Federation of Trade Unions, for the first time, announced that it would begin allowing migrant workers from the countryside to join the union. That kind of conferred on them at least a partial recognition that they were real workers. So that is an important thing.

I think, however, there has been very little response from the migrant workers themselves. They are not beating a path to the door of the ACFTU. This points to another interesting issue that is perhaps worth mentioning. When I said earlier that there is now a labor movement in China that actually exists, that also means that it is good that we can stop thinking of Chinese workers just as these passive victims, as they are so often depicted in scholarly studies and news reports, you know: “poor Chinese workers.” Increasingly, they are beginning to stand up for their rights and demand what the law says they should have.

I think that is particularly conspicuous amongst migrant workers, oddly enough. With the traditional urban workers, there is a different mentality, because for decades they had a strong dependence on the state. The state looked after them, gave them the social welfare, educated their children more or less for free, gave them very cheap housing, and so forth. When they were all laid off in the late 1990s, urban workers’ protests were directed at the government, saying, “Come in and fix our problems. Help us. Do not abandon us.”

The migrant workers have a very different mind-set. No one, no official, in their years back home in the countryside, in 99.9 percent of the cases, has ever done anything for them. They are very much more independent minded. They are more assertive, in fact, I would say.

In CLB, we were thinking in terms that China’s migrant workforce is, in fact, China’s future working class. The urban workers are finding their living standards dragged down radically, both by a combination of government policy and by the competitive forces of the migrant workers who are now present in huge numbers in the cities. So there is a leveling happening, or a joining together. We really have to keep a close eye on migrant workers, because I think they are where the labor movement will be in a few years’ time.

Dongfang, do you have something to add?

Mr. HAN. Yes. Actually, the hukou system and the reeducation through labor system, to me, are the most two evil things in this system. They can do, really, a lot of evil things. The hukou system, in particular, can be compared to the apartheid system in South Africa. That is about the human race, and this is about human class, among the very well-born.

Based on the hukou system, you can really see why the migrant workers in Guangdong Province, for example, can never settle down in that place where they have been working for more than 10 years. They always have to think about going back home, and they do not belong to this place. That is why, in Guangdong Province, if you go driving or walking in these industrial towns, and the factories, one after another, you see, especially at lunch time or before dinner time, between 5:30 to 6 in the afternoon, you see these young workers, mostly women, walking in front of factories on the roads, talking to their friends. It looks like blind souls. They have no roots. They are not allowed to put down roots there to build their community.

So that is the most important thing, which is that you have tens of millions of people working in this place, but none of them think they belong to this place. None of them will have the chance, the thought to plant their family in this local place. Even if they work for 15 years, they cannot plan for their children to grow up here. There is no kind of generation-after-generation plan. Let us think about this compared to something similar in this country, like the Irish, who moved from their country to this continent. They could settle down. But those people from Sichuan Province, from Shaanxi Province, they moved to Xinjiang so they could make quick money. Even after 15 years of making money, they call it "quick money." They can never settle down to create their society. That gives them no chance to build up their self-confidence as a proper person, as a worker, as Robin has said, to plan the family future. That is the most evil thing, to make people rootless wherever they are working.

Mr. MUNRO. Just one very quick thought also. This rootlessness also means that Chinese migrant workers have no sense of loyalty to the place where they are working, and that is becoming a major problem for factory owners inside China. Migrant workers are networking like crazy all over the country. If a migrant worker they know from their village who is in another province calls and says, "get up here, there is a new factory offering better conditions," they will be off tomorrow. So there is massive turnover in the workforces in factories in places like Guangdong, and there is even a labor shortage now. This is not functional for the system. This is another reason why I think, for economic reasons, if nothing else, the government needs to seriously address these hukou restrictions.

Mr. FOARDE. Thank you.

I would like to recognize, again, Celeste Helm from the Department of Labor. Please?

Ms. HELM. I would like to follow with a question about whether there is any new information on prison labor in terms of how many prisoners might be engaged in making products for export.

Mr. HAN. Well, I am afraid at the China Labour Bulletin we focus on non-prison labor. We are short on energy and short on resources, and we are not very focused in that area. Right, Robin?

Mr. MUNRO. Yes. I mean, I have studied this in my previous jobs with Human Rights Watch and Amnesty International. This issue got a lot of attention internationally in the early 1990s when there were a lot of exposés, when a lot of companies importing prison-labor and prison-made goods from China into the United States, Britain, and other countries were caught out by journalists, and human rights reports, and so forth. A lot of publicity was given to this issue at the time.

This led the authorities in China to clamp down tightly on any information about these kinds of practices. I believe they are still going on very widely. It is getting a lot harder to get the information because the Chinese Government is now heavily sensitized to this issue and is restricting information.

Mr. FOARDE. Chris Mitchell, do you want to take another question?

Mr. MITCHELL. Do you see significant differences in working conditions between Chinese-owned factories and American and other foreign factories?

Mr. HAN. Yes, there are differences. Now it is changing. First of all, there are no longer state-owned enterprises. I am not saying there are zero, but basically, the biggest enterprises, like the oil fields, are on the stock market. They are not state-owned any more. Basically they are running, if we can put it that way, closer and closer to the market management way. But, of course, you have no organized labor to balance this.

The condition, for example, about one or two months ago, we reported one case from Shandong Province, from the Heze Cotton Textile Factory. It was a very big state-owned textile factory. There were about 50,000 workers before. Now they have only 5,000 or 6,000 people working there occasionally, not really long term. They subcontract these different work sectors to individuals, and these individuals become the boss of this sector. They produce different things using the existing machines. It is very funny. They call themselves boss, the workers call them "boss," but they do not own these machines. The machines belong to the factories, but they subcontract everything and they pay a management fee to the local government, and then they just take all the profits.

It is a very strange system. But they force the workers to work 12 hours a day, where before it was 8 hours a day, three shifts. Now it is two shifts every day. These workers worked 12 hours a day, but they earned only 300 yuan to 350 yuan maximum. So after about a half of year of this new system being introduced, the workers were exhausted and they went on strike. We reported on this but we were not able to follow this case. So that is one case that reflects how the former state-owned enterprises are being privatized. They are treating the workers in a similar way as the factories in Xinjiang, where the bosses are from Taiwan and Hong Kong. But one difference is that these Hong Kong and Taiwan factories do have pressure from outside, which is the corporate social responsibility pressure, and you also have, although it is not effective, some people flying in, checking it out. But from these privatized, state-owned enterprises, nobody cares and there is no pressure at all. They are completely Chinese owned and managed factories.

Mr. MUNRO. Yes. I think that is right. In general, I think the effect of the market in China and the pressures of globalization where Western consumers are expecting their China-made shoes, clothes, and toys to be cheaper every year nowadays, this is really exerting a downward leveling effect on working conditions in China across the board.

So, as Dongfang said, the trend in both the former state-owned enterprises and the private sector factories has been toward worse working conditions, lower wages, less job security. Across the board this is happening, and it is very hard to see how it can be resisted, other than by allowing workers freedom of association, so they can begin to negotiate their terms of employment and not just have them imposed by the market.

To answer your question more specifically, I think, in general, we find the Western-invested factories in China, because of their codes of conduct, because of the pressure from the consumer movements in the West, they do tend to have better working conditions. That is not always the case, but conditions are better than in domestic or Asian-invested factories, let us say, in general. But that is not always the case. There is an example we studied a year or so ago, a factory called AXT, which was actually based in California, that made very advanced printed circuit boards using, not silicone, but gallium arsenide—I think I got the name right—which produces as a by-product polychlorinated biphenyls [PCBs].

And, what do you know? This factory from California was mostly hiring immigrant Chinese workers, and many of these workers came down with various cancers and there was a big investigation by the California Department of Health Services. Massive fines were slapped on this company because they were found to have very unsafe working conditions, and workers were absorbing this arsenic, basically, and other toxic compounds.

How did the factory owner react? Well, it paid the fines, then closed down the factory and relocated to Beijing. They did not improve their working conditions. They did not make a constructive response. We have tried to find out what is happening in this American-owned factory in Beijing, but we have been unable to get that information. But we are very worried that they have just exported the health and safety problem to China, where they can get away with it.

Mr. FOARDE. Well, thank you for those answers.

Our 90 minutes this morning have gone very quickly, as we expected they might. We could continue for a much longer time, if the time were available. But I think, in fairness to our panelists and our audience, we should probably bring things to a close.

The reason that we have gone so quickly is due to the erudition and the deep knowledge and understanding of these issues by our two panelists. So on behalf of Chairman Chuck Hagel and Co-Chairman Jim Leach, and the Members of the Congressional-Executive Commission on China, our thanks to Han Dongfang and Robin Munro for coming all this way to share their expertise with us.

Thanks as well to all of you in the audience who came to hear Han and Robin this morning, and to Celeste Helm and Chris

Mitchell from the personal staffs of our Commissioners, and to my colleagues on the Commission staff.

Please check our Web site for upcoming hearings and roundtables. For this morning, we will bring this roundtable to a close. Thank you all very much.

[Whereupon, at 11:30 a.m. the roundtable was concluded.]

