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China Labor Ties Fray as Grievances Rise, Economic Growth Slows

Guangzhou Research Center's Sudden Closure Fuels Concerns About Industrial Relations in China

By **CHUN HAN WONG**

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Workers staged a strike at a garment factory to fight for pension benefits in Shenzhen, Guangdong province. *PHOTO: BILLY H.C.KWOK FOR THE WALL STREET JOURNAL*

GUANGZHOU, China—For four years, a labor-research center here in the heart of China’s southern manufacturing belt helped to drive scholarship and debate on

industrial relations in the world's second-largest economy.

Then late last year, the International Center for Joint Labor Research, the first institute of its kind in China, was shut down, with little warning or explanation, people familiar with the situation said.

Its demise has alarmed labor experts, including some union officials, who see it as a setback for industrial relations just as China is dealing with rising worker grievances and slowing economic growth.

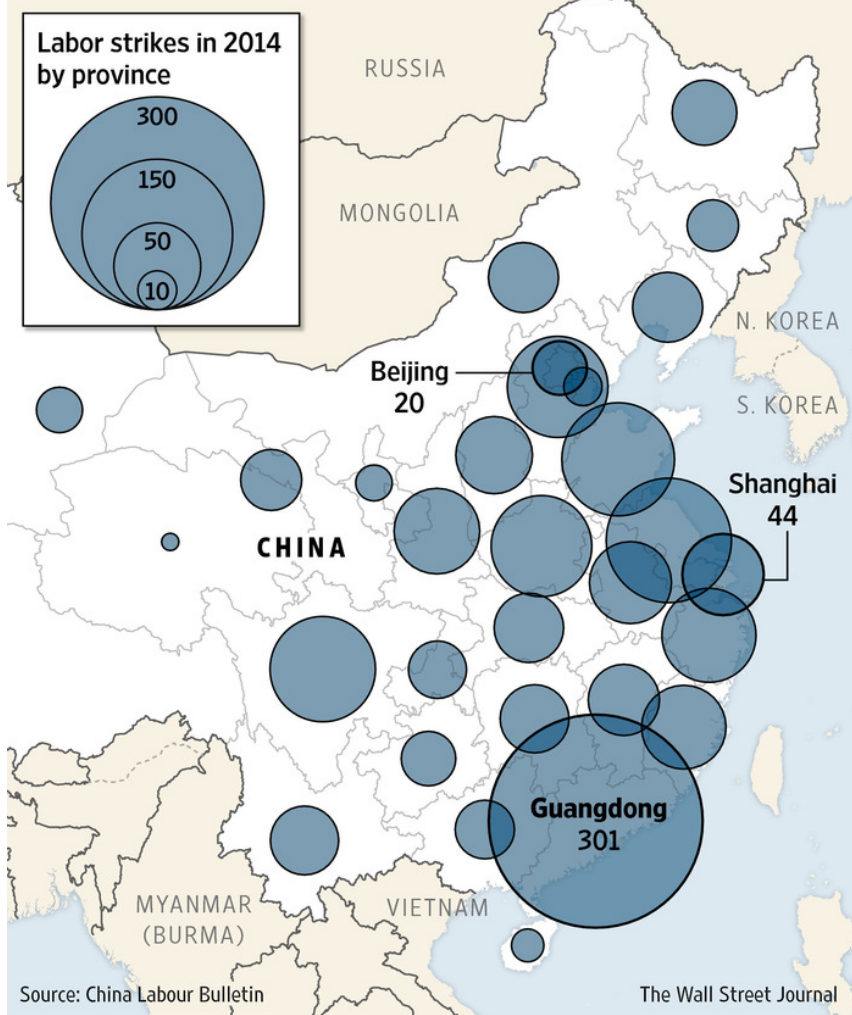
The center—jointly established by the University of California, Berkeley, and Sun Yat-sen University in Guangzhou City—sat on the front lines of labor tensions. Its experts delved into collective bargaining, dispute resolution and union rules. It kept contact with activists, multinationals and with officials in the government-backed trade unions federation—the only unions China allows, though many workers say they don't represent their interests.

Problems have been most pronounced in the Pearl River Delta region around Guangzhou, a sprawling industrial slice of Guangdong province north of Hong Kong, that produces more than a quarter of China's exports. It is also one of the country's most strike-prone regions, where authorities have clamped down on industrial unrest over the past year, labor researchers and activists say.

“The overall situation in Guangdong isn't well. Things are somewhat tense,” said

Growing Grievances

Labor problems have been especially pronounced in Guangdong province, which produces more than a quarter of China's exports.



Meng Quan, a labor scholar at the Capital University of Economics and Business in Beijing.

In Guangdong, instances of strikes rose by nearly a quarter to 301 last year compared with the preceding year, according to data collated by China Labour Bulletin, a Hong Kong-based watchdog. Strike occurrences across China, meanwhile, more than doubled in 2014 to 1,378, the data showed.

During a recent strike at Shenzhen Artigas Clothing & Leatherware Co., a garment factory that supplies Japanese casual-wear brand Uniqlo and others, police entered the plant to force more than 100 workers to return to their jobs, breaking from past police practice of staying outside the premises, according to activists involved in that strike.

Phone calls to Shenzhen Artigas went unanswered, while Fast Retailing Co., owner of the Uniqlo chain, said it is urging the factory to

conclude talks with workers as soon as possible. Guangdong police didn't respond to a request to comment.

Reports of such intrusive police tactics have grown more common as authorities try to head off labor unrest as the economy slows. "Police suppression of labor protests have become more frequent,

'Authorities appear to taking their knives to everything when dealing with perceived sources of trouble'

—Retired trade union official

and their tactics more aggressive," said a retired trade union official in Guangzhou. "They are worried about rising industrial unrest, particularly in the context of slowing economic growth."

Beyond concerns about industrial tensions, the closing of the labor-research center comes as Chinese leaders are trying to limit foreign funding of public-interest and other activist groups. The aim, some analysts say, is to prevent the type of social ferment that led to revolutions against authoritarian governments in Eastern Europe and Central Asia.

"There has also been a tightening in the political environment, which has manifested in growing wariness against foreign influences in Chinese academia and civil society," said Mr. Meng, the Beijing academic.

In closing down the center, officials at Sun Yat-sen University took a series of steps

starting in October that effectively killed it off, according to people familiar with the situation. This included barring it from organizing events, making it relinquish its office, withholding its funding and putting its library into storage, they said. The center's website has been taken down, while its account on Chinese social-media giant Weibo has been inactive since Oct. 12.

Neither Sun Yat-sen University nor Berkeley have offered public explanation for the center's closure.

"Industrial relations is by nature a sensitive subject," said the retired trade union official, who is familiar with the center's work. "Although the center hadn't gotten involved in industrial disputes or organized labor, the authorities appear to taking their knives to everything when dealing with perceived sources of trouble."

The effect, labor experts said, is to send a chilling signal to reform-minded researchers and officials, narrowing the room for academic and practical debate on sources and solutions for worker unrest.

"It's precisely at moments like this when you want something like this center, where people were trying to figure out why these things are happening and debate these issues—discussions that are useful for formulating policy," said Eli Friedman, an assistant professor at Cornell University who has done research with the center.

Opened in late 2010, the center hosted dozens of local and foreign researchers studying industrial relations in China, and held regular discussions between scholars, unionists and business leaders.

Senior executives from German auto maker Volkswagen AG visited regularly and spoke at seminars about industrial relations and human-resources management. Kong Xianghong, an inspector and former vice chairman of the Guangdong Federation of Trade Unions, contributed an article to the center's journal discussing collective wage negotiations during a 2010 auto-factory strike.

Collective bargaining—the process of negotiating terms of employment between employers and organized groups of workers—is an issue the center gave much attention to. The practice is touchy in China, where state-controlled unions are the only legal form of organized labor and are supposed to negotiate on behalf of workers.

Collective negotiations have increasingly featured in industrial disputes in Guangdong, where authorities recently rolled out a law that gives workers the right to collectively demand talks with employers over wages and benefits. The labor-research center helped, organizing academic discussions during the drafting of the law to gather opinions and translating drafts into English for the benefit of foreign scholars.

It isn't clear how the closure would affect labor-related research at Sun Yat-sen University, which in December 2013 committed to hiring a new professor of industrial relations and social development with donations from Volkswagen. The hiring process hasn't been concluded, a Volkswagen spokeswoman said.

Other U.S.-China university partnerships on labor studies—such as that between Cornell University and Renmin University in Beijing—haven't been affected, though they primarily involve academic and student exchanges, according to researchers familiar with those programs.

Mr. Meng, the Beijing scholar who contributed a paper on collective bargaining to the center's journal, said that being located in the manufacturing belt of Guangdong gave the Sun Yat-sen center an impact that labor-research programs at other institutes don't have. "In Guangdong, academics have greater influence on students and the broader labor community, which may have worried authorities on a political level," he said.

—Olivia Geng contributed to this article.

Write to Chun Han Wong at chunhan.wong@wsj.com

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