



## Union man Andy Stern loves China (Chinese workers, not so much) - CBSnews

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By Alain Sherter

### COMMENTARY

Andy Stern knows how to solve America's economic woes: [Be more like China](#). In a recent op-ed in the WSJ, the former Service Employees International Union chief celebrates the People's Republic as the kind of economic system the U.S. should emulate.

Stern, recently back from a visit to China, takes us on the customary, admiring tour through the country's economic miracle. He gawks at the "skyline of cranes" busily erecting factories and housing. He marvels at the massive investment in cloud computers, clean energy and other modern economic necessities. The usual stats are trotted out to underline China's staggering growth.

More broadly, Stern contrasts the myopic "free-market extremism" that has laid the U.S. economy low with the kind of focused, systematic development mapped out in China's periodic "five-year plans." Plans he contends are balanced between encouraging growth and "promoting social equity." Stern writes:

*The conservative-preferred, free-market fundamentalist, shareholder-only model -- so successful in the 20th century -- is being thrown onto the trash heap of history in the 21st century. In an era when countries need to become economic teams, Team USA's results -- a jobless decade, 30 years of flat median wages, a trade deficit, a shrinking middle class and phenomenal gains in wealth but only for the top 1 percent -- are pathetic... While we debate, Team China rolls on.*

Stern is of course correct to finger theological conceits like the "efficient market hypothesis" and rational expectations theory -- call it the faith-based economy -- as one source of America's problems. These ideas have proved dubious at best, and downright dangerous when invoked as gospel. He is also right to decry the growing concentration of wealth and declining income equality in the U.S. Yet Stern, a card-carrying friend of the American worker, makes a curious omission in his determination to exalt the Chinese economy: the rights of Chinese workers.

### Excusing multinationals

Perhaps that's because, even measured by the eroding labor standards we have in the U.S., Chinese workers have no rights. They can't form unions, while the unions that do exist are government-controlled. There is no collective bargaining. Under the law, workers are forbidden to strike. As Qiang Li, executive director of China Labor Watch, a New York advocacy group that champions worker rights on the mainland, told me, labor policy in the PRC is set exclusively by the government. Workers effectively have no say on their pay, workplace conditions and terms of employment.

As a result, the hundreds of millions of workers powering China's growth must get by on subsistence-level wages. Survival is especially hard in Guangzhou, Shenzhen and other major commercial centers where rural migrants have flocked in recent years and where the cost of living has soared.

"Economic growth in China happens through the sacrifice of workers' lives," Li said (through a translator). "The workers don't get what they deserve. Growth can only be achieved through an authoritarian political system. It can't be achieved in a democracy. The few people in China who benefit the most from Chinese economic growth may agree it's a great system, but not for migrant workers in factories."

China Labor Watch has documented the sweatshop conditions in factories where workers toil on behalf of U.S. and other global electronics companies. In a recent report, the group details "multiple violations" of [China's cursory labor laws](#) -- and international human rights law -- in 10 plants it investigated in the country's Guangdong and Jiangsu provinces. For instance:

*The minimum wage in nine factories does not meet the living costs of its workers. Workers cannot earn a living wage from normal working hours alone, and must work excessive overtime hours in order to earn enough money to survive....*

*In all ten factories, the labor intensity is extremely high. For example, workers in an HP production line must complete an action every three seconds, standing for ten consecutive hours each day. In many of these factories, there is only a 10*

*minute break in the middle of the day, during which workers can drink water and use the restroom. However, there are many people and few toilets, so some workers have no opportunity to use the bathroom during this time.*

Yet Stern, who is surely aware of the punishing work environment common in Chinese factories, says not a word about the role of multinational corporations or of the global supply-chain in fostering such conditions. Technology giants like Apple, Dell and Hewlett-Packard offshore their manufacturing to China and other developing countries not only to capitalize on the low wages, but also because of the weak labor standards and general paucity of regulation. That helps keep production costs low, which translates into higher profits for MNCs, at workers' expense.

In other words, Stern is happy to slam free-market fundamentalism for the harm it has caused to the U.S. economy. But he gives a free pass to the companies that propagate the faith overseas in collusion with repressive foreign governments. Not surprising, then, that Stern also glosses over the connection between U.S. trade policy toward emerging markets like China and the decline of American manufacturing. Simply, this policy rewards American corporations for exporting jobs overseas. As a concept of the economic good, it is rooted in the same neoliberal scripture -- free trade lifts all boats -- that Stern rejects as mindless hoodoo.

His economic remedy for the U.S.: a "streamlined government as a partner with the private sector." Presumably, it is the U.S. government that needs streamlining in this formulation. As far as Stern seems to be concerned, China's Communist rulers can remain as fat and sassy as they like in partnering with Western industry.

## Occupy Beijing

The view that the 99.9 percent in China aren't benefiting in equal measure from growth is evinced by the country's increasing concentration of wealth. China's so-called Gini coefficient -- a standard measure of national income distribution -- has soared over the last three decades even as the Chinese economy grew into the second-largest in the world. As one Chinese economics researcher was quoted as saying last year (in a government-run economics journal, no less), "The gap between the rich and poor has become unreasonable."

That gap is unlikely to shrink simply because of the shift toward high-tech industries that Stern holds up as a sign of China's progress. Take FoxConn, the world's biggest maker of electronic components. The company, which is based in Taiwan but which does most of its production in China, in August announced just the kind of innovative strategy that he calls for in the U.S. FoxConn's plan? Replace workers with robots. One advantage of robots -- they don't commit suicide, unlike the more than a dozen FoxConn employees in China who killed themselves last year, apparently in part because of their harsh working conditions.

## Dictators Inc.

Stern, who now butters his bread as a senior fellow at Columbia University's Richman Center for business, law and public policy, makes another fundamental error in glorifying China's ascent. He assumes that the country's economic policies are for the benefit of all Chinese, touting the "government-led, growth-oriented reforms" initiated in the late 1970s under Deng Xiaoping. Which government is that? In essence, the same one that has ruled since 1949. As noted Chinese dissident Fang Lizhi recently wrote in a superb examination of Deng's legacy:

*[T]he claim that Deng "lifted" millions from poverty confuses the doer and the receiver of action. To the extent that economic "lifting" has happened in post-Mao times, it has been the menial labor of hundreds of millions of people -- working without labor unions, or a free press, or a neutral judiciary, or protections like OSHA rules -- that has done the heavy lifting. This workforce has improved not just the lives of the millions themselves but, even more, of the Communist elite, who in many cases have soared to stratospheric heights of opulence.*

Is this model -- a dictatorship that perpetuates its power by exploiting workers -- what Stern has in mind when he exhorts the U.S. to "study the ingredients of its competitors' success"? Let's hope not. Yet in omitting any mention of labor conditions in China, Stern sounds uncannily like the profit-crazed CEOs he once routinely attacked for their indifference to labor. Economic theories may change, but a buck is a buck.

Worse, Stern implicitly endorses the underlying political principle that has long guided the Chinese economy -- that fast growth justifies everything. Under this philosophy, which is enshrined in the technocratic blueprints Stern thinks so highly of, China has for years justified denying workers the basic rights and protections that he espoused as head of the SEIU.

Whether he recognizes it or not, Stern is instructing us to reject one "extremism" and embrace another. But instead of evangelizing the free market, this one comes cloaked in turgid homilies about the inherent virtues of planned economies. Team China rolls on. Why can't we? Growth is good. And nothing must stand in its way.

Source: <http://www.cbsnews.com/news/union-man-andy-stern-loves-china-chinese-workers-not-so-much/>