The Challenge of Labour in China:
Strikes and the Changing Labour Regime in Global Factories

By

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Chapter Six

Workplace Conflict, Legal Institution, and Labour Regime

Introduction

*Historical institutionalism and historical materialism can cross-fertilize. The former approach provided an analytic framework for the repertoires of action between collective actors... while the latter laid the foundations for an analysis of power and conflict. Both work fruitfully in tandem, and analysis would be incomplete in the absence of either perspective.*

Steinberg (2003: 487- 488)

In Chapter Three and Chapter Five, we saw that the wage was always one of the main concerns during workers’ strikes, but workers’ wage demands were within the limit of their legal rights (Lee, 2007a). In July 2005 and 2006, the Shen Zhen government significantly increased the minimum wage rate. As workers did not ask for an increase in the minimum wage during the strike, it might be reasonably assumed that the local state’s increases in the minimum wage were an extrinsic factor responding more to the shortage of labour than to workers’ struggle. In July 2007, however, against the workers’ expectation, the municipal authorities did not increase the minimum wage as they had done in the past two years. Touched off by this, a new round of strikes took place in the region. These forced the factories to raise the wage higher than the minimum wage and the city government to increase the minimum wage from October 2007. This development well confirmed the
significance of state regulation and legality in the ‘politics of production’ in China (Burawoy, 1985; Lee, 2007a), but disconfirmed Lee’s (2007a) theorization that migrant workers’ actions were based on legal rights as citizens (2007a). As an extension to Burawoy’s theory of the ‘politics of production’ or ‘labour regime’, Steinberg (2003) pointed out that the labour regime is in fact embedded in legal institutions. According to him, ‘free labour’ which Burawoy took for granted from Marx’s analysis of the capitalist labour process, is not an inherent feature of capitalist production. In fact, it was a result of class conflict that was reflected in the historical development of legal institutions. Building on Chapter Five, where I suggested bringing the role of ‘unorganized’ workers as a collective into the analysis of industrial relations, this chapter continues to explore the dialectic and dynamic relationship between legal institutions and workplace relations. While Steinberg (2003) brought in the legal institutional context for the labour regime, taking the example of the rise of ‘free labour’, I attempt to provide a material account of the transformation of the legal context, referring to the minimum wage rate, one of the most significant contests for the local state, management, and workers in China. On the one hand, legal institutions frame the workplace relation; one the other hand, workplace struggle reconstructs the legal framework. Workers’ struggle and legal institutions worked together to reshape China’s changing labour regime (Lee, 1999), which I refer to as ‘contested despotism’ in this stage.

Legal Institution of the Minimum Wage in Shen Zhen

As the first SEZ, the municipality of Shen Zhen is a pioneer of labour legislation reform. A legal minimum wage was introduced by the city government as early as
1993 and extended nationwide in the 1994 Labour Law. The power to set the minimum standard is delegated to local authorities according to the living cost and economic development conditions. According to a State Council regulation, the minimum wage can be adjusted on a biennial basis. In Guang Dong province, it is the provincial government that decides the rates for its subordinate municipalities. However, as a SEZ, Shen Zhen enjoyed a certain level of legislative autonomy and its minimum wage policy was ruled by the Shen Zhen Employees Wage Payment Ordinance. Under this Ordinance, the minimum rate was decided by the SZMLSSB after consultation with the municipal State Property Management Committee (Guo Zi Wei), the SZMFTU, and the city general chamber of commerce and reported to the city government for final approval\(^5\). Until 2005, the city government announced a new minimum rate for inside the SEZ and another for outside the SEZ in April every year which was effective from May Day.

Before 1 May 2004, the minimum wage of Shen Zhen was always the top one in the country (600 yuan for inside the SEZ and 465 yuan outside in 2003 to 2004). However, from 1 May 2004, the 'difficulty of worker recruitment' (Zhaogong Nan) or 'shortage of peasant workers' (Mingong Huan) became more serious throughout the country. The minimum wages were then generally increased to a high rate, especially in the YRD. The rate in Shanghai reached 635 yuan along with Nan Jing, Su Zhou, Hang Zhou, and Ning Bo (all in the YRD) at 620 yuan. In late 2004, Guang Dong province categorized its affiliate cities, except for Shen Zhen, into seven grades and announced a new minimum rate for each grade. The rate for the

\(^5\) The Committee was run as a shareholding institution for SOEs, including those that were privatised but in which the city authority still holds part of its shares.
first grade, referring only to its provincial city Guang Zhou, was 684 yuan, while the second grade, including Fo Shan, Dong Guan, Zhu Hai, and Zhong Shan, was 574 yuan, and the third grade, including Shen Zhen’s eastern neighbour Hui Zhou, was 494 yuan. All of Shen Zhen’s main competitors in both the YRD and the PRD had a higher minimum wage than the outside SEZ rate of Shen Zhen. This exerted big pressure on the city authorities to increase the legal minimum in 2005 (Southern Metropolitan Daily, 3 March 2005).

Huang Zhao Ji, the Vice-Head of the SZMLSSB spoke at a press conference: ‘The difficulty of hiring labour (Yonggong Jin) has become an important factor to constrain the economic development of Shen Zhen… we believe adjustment of the minimum wage can play a role in easing the problem of labour shortage’ (Southern Metropolitan Daily, 3 March 2005). As a result, according to the media report, for the first time in its history, the SZMLSSB held a large-scale conference to debate the issue (Lunzheng Hui) with the participation of representatives from the SZMFTU, the chamber of commerce, enterprises, workers, government departments, and academic experts as well as distributing 10,000 questionnaires to both workers and enterprise owners to collect their opinions. Because of the wide consultation exercise, the effective date of the new minimum wage was delayed until 1 July 2005.

The following table shows the minimum wage rate in Shen Zhen from 2000.
Table VII The Level of the Legal Minimum Wage Rate in Shen Zhen

<table>
<thead>
<tr>
<th>Year</th>
<th>Inside SEZ (yuan)</th>
<th>Outside SEZ (yuan)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Monthly Rate</td>
<td>Hourly Rate</td>
</tr>
<tr>
<td>2000-2001</td>
<td>547</td>
<td>3.14</td>
</tr>
<tr>
<td>2001-2002</td>
<td>574</td>
<td>3.30</td>
</tr>
<tr>
<td>2002-2003</td>
<td>594</td>
<td>3.41</td>
</tr>
<tr>
<td>2003-2004</td>
<td>600</td>
<td>3.45</td>
</tr>
<tr>
<td>2004-2005</td>
<td>610</td>
<td>3.51</td>
</tr>
<tr>
<td>2005-2006</td>
<td>690</td>
<td>3.97</td>
</tr>
<tr>
<td>2006 until 30 September 2007</td>
<td>810</td>
<td>4.66</td>
</tr>
</tbody>
</table>

(Source: Shen Zhen Municipal Statistics Bureau, various years)

As can be seen, the rate was increased at a very modest rate until 1 July 2005 when the inside rate increased from 610 to 690 yuan while the outside rate increased from 480 to 580. Although Guang Dong province did not change the minimum wage until September 2006, the Shen Zhen government launched an even larger-scale consultation in 2006. The policy-making process reflected the difficulty for the local state of balancing the interests of labour and capital, or in the terminology of Lee (2007a), legitimacy and accumulation. The official press statement which announced the new rate in 2006 stated:

In order to set up the 2006 minimum wage reasonably, we did our job in two aspects: first, to understand the people's opinions comprehensively by collecting suggestions widely, including a questionnaire survey, listening to people's suggestions through the media, and holding twelve seminars and a large-scale conference to debate minimum wage adjustment proposals;
second... to consider the scenario that Guang Dong province and some main cities in the country had planned to increase the minimum wage remarkably, guarantee a balance of supply and demand of the labour market, and facilitate a harmonious and stable development of labour relations in our city.

SZMLSSB (2006)

According to Huang Zhao Ji at the press conference held on 30 May 2006 to announce the new rates, in the composition of the GDP in Shen Zhen, the share of enterprises was slightly more than fifty per cent, the labourers slightly more than thirty per cent, and the state about fifteen percent. The gap between enterprises and labourers was the biggest in the country (Xinhua Net, 31 May 2006). Of note, 'a harmonious and stable labour relation' and labour-capital interest imbalance were highlighted in the press conference. It was a hint that the significant adjustment of the minimum wage responded to both a 'labour shortage' and the unstable workplace relations which we saw in the previous chapters.

On 17 April 2006, the SZMLSSB invited the members of the municipal People’s Congress and Political Consultative Conference, delegates from industrial associations, and representatives from both the workers and enterprises to attend a consultation conference (Ting Zheng Hui) where two proposals for the minimum wage were presented. One was 800 yuan for inside the SEZ and 700 yuan for outside; the other was 850 yuan for inside and 750 yuan for outside. These two packages were proposed after wide consultation with the workers and enterprises before this meeting. For the workers’ side, the Bureau conducted a survey with 20,000 questionnaires. Most of those attending the meeting supported the lower package
(Xinkuai Bao, 18 April 2006). Interestingly, most of the workers' representatives, who were middle level managers or personnel officers, also supported the lower rate package while the enterprise representatives generally insisted on no more than 800 yuan (inside the SEZ). Some People’ Congress members and scholars suggested a middle way between the two packages (Nanfang Ribao, 18 April 2006). The SZMFTU was not reported to be present at the meeting, and the city Party was not supposed to participate in such a consultation. Workers’ interests were not reflected in the conference. Although it was an informal consultation, and the final power rested with the city government, the opinions expressed did have an impact on the final policy. The government finally tended to choose the lower package, except that the inside rate was slightly increased from 800 to 810 yuan. Nonetheless, the scale of the increase was the highest since the legal rate was introduced in 1993 in terms of the absolute amount and second only to 1999 in terms of the percentage increase. However, for both 2005 and 2006, the inside SEZ rate was lower than Shanghai.

The case hinted that the trade unions did not actively represent the interests of workers, and the workers’ representatives who showed up at the conference were in fact manipulated by the management. As a result, the ‘middle-way’ proposal suggested by People’ Congress members and academics, which more reflected the interests of workers, could not get enough support to be passed.

From Minimum Wage to Reasonable Wage

Minimum Wage and Strike

On 30 May 2006, the Shen Zhen municipal government announced an increase in the legal minimum wage from 580 to 700 yuan beginning from July, a remarkable
20.7 per cent rise. In July, one of my informants, Xiao Lin, asked me to stay in Shen Zhen for a longer time, as he said: 'If (factories) do not increase the wage, (workers) will certainly strike.' Workers well knew the new rate and its effective date from the media and each other. Some medium- and small-size factories in the city charged or raised workers' fees for accommodation and food as a compensation for the wage rise. Workers informed me that workers accepted this initiative as it was 'legal'. But all the factories with over 1,000 workers in the militant community increased workers' wages according to the new legal rate without deducting any charges. No significant strike occurred in the community and surrounding towns, against Xiao Lin's expectation.

Interestingly, the private landlords also increased their rent after the workers' pay was raised. A worker complained in August 2006:

Today my landlord came to see me. He said that the rent is to increase from 200 to 250 yuan and added: 'Your pay has risen, how come we don't raise the rent?' Ten years ago, when my older brother worked in Dong Guan, 300 yuan could rent a big flat with three bedrooms. Today we can only rent a small room. Living in Shen Zhen is more and more expensive now. The wage rise doesn't mean the Dagong people will be much better off.

Although there are no reliable statistics of the strike rate in the city, I observed that workplaces throughout 2006 were relatively peaceful compared with the previous two years. My revisit to the field site in December 2006 did not find
significant strike activities. In March 2007, the Guang Dong provincial government announced that the minimum wages in the province would not be increased in 2007. On 27 June, the spokesperson for the SZMLSSB said: ‘Shen Zhen will continue to adjust the minimum wage, but adjustment doesn’t necessarily mean rise, remaining unchanged or reduced are also kinds of adjustment’ (Shen Zhen News, 28 June 2007). Finally, the city government did not announce any minimum wage raise from July 2007 as they had in the past two years. Then, when I paid another visit to the field in August 2007, a new round of strikes took place to demand a reasonable wage that was much higher than the legal minimum. The new development put pressure on the city government to increase the minimum wage from October 2007. In the following section, I will elaborate one of these strikes in a German-invested factory that I call the Moon factory to explore the changing relations between local state legal institutions and workplace conflict on the issue of wages.

Factory Background and Working Conditions
Like the Sun factory, the Moon factory also ran two production sites in the Bao An district of Shen Zhen, but unlike Sun, whose two plants were within the same community with just a five-minute walk from each other, under the same management team, and whose workers lived in the same blocks of dormitories, the two Moon plants were situated in different towns with a one-hour bus journey between and under different management teams, although supervisory staff were despatched to each other if needed. The main plant of the Moon factory, where the strike was first organized, was in the same town as and just twenty minutes on foot from the Sun factory. In fact, one of the locations at which workers in the Sun
factory had physical conflicts with the police during the strike in 2004 was at a junction of the highway towards the Moon factory grounds. Also, Moon was one of the many factories in the town whose workers had followed Sun to strike for the enforcement of the legal wage in 2004.

The German-owned business produces mobile phone chargers and other components for the global market. Since it was set up in 1993, it had expanded into two large plants in Shen Zhen and another in Beijing. Each of the Shen Zhen branches employed about 8,000 workers with almost the same working conditions and management strategy. Similar to the Sun factory, the wage level was comparatively higher than some smaller factories in the area. The factory had contributed social insurance for all of the workers from the beginning of their employment. A contract was kept by each worker. The minimum hourly wage rate was basically observed, although workers' working hours were longer than the legal maximum. The factories operated in two shifts. The day shift was from 7.00 a.m. to 7.00 p.m. with a one-hour lunch break from 11.30 a.m. to 12.30 p.m., while the night shift was from 7.00 a.m. to 6.45 a.m. with a forty-five-minute break from 11.00 p.m. to 11.45 p.m. Ordinary workers usually worked six days per week and their monthly income was from 1,000 to 1,400 yuan. But, unlike the Sun factory, ninety per cent of the ordinary workers were women, aged between eighteen and thirty, due to fairly light menial and skilled positions. Most of the production workers were from provinces of He Nan and Guang Xi while the skilled workers were generally from Guang Dong.
In both plants of this factory, the segregation of skill and gender was very apparent. Ordinary manual workers were called *Yuangong* (employees), while others, including managers, supervisors, engineers, technicians, and office clerks were called *Zhiyuan* (staff). Most of the ordinary workers or ‘*Yuangong*’ lived in the eight blocks of factory-provided dormitories. Eight or twelve workers shared a room. Inside each room, two electric fans, a bathroom, toilet and hot water heater were provided. Thirty yuan was deducted monthly from wages as rent. Until 2006, the factory subsidized by fifty yuan those production workers living outside. Skilled workers, supervisors, and managers received higher subsidies. The subsidy for line supervisors for example was 200 yuan. As a result, most of the skilled workers and supervisors lived outside the factory. Unfamiliar people not wearing factory uniforms were asked to show a factory ID card by the security guard to enter the factory or dormitories. Similar to the militant community, there were lots of small restaurants and corner shops that supplied food and goods at affordable prices. But unlike the militant community, the factory was situated within a better planned and developed industrial zone where local peasant-owned private houses were absent. Those living outside had to walk around fifteen minutes back to their homes in a nearby area. Even so, workers claimed: ‘It is more convenient to live outside, especially when friends come.’

Workers could choose to eat meals in the factory canteen or eat out. The factory ID cards had a digital function to record the number of meals workers took. Breakfast was one yuan while lunch and dinner were both two yuan. During hot days, workers would prefer to eat out. Some of them just stood beside the food stalls
to eat traditional bread and dessert while others sat in fast food restaurants to eat a three yuan dish. Many women workers did not have much appetite and preferred to eat a snack during lunch. However, the factory prohibited the workers from bringing snacks into the factory. Workers had no choice but to stand outside the factory entrance to finish eating things such as cake, plums, and tofu before they went back to work. Some brave women concealed their snacks in their umbrellas in order to bring them into the factory. One of them told me: ‘I did not want to eat lunch, but I will be hungry in the afternoon. I prefer a snack, although indeed I am also very worried about being found out by the supervisor.’

In July 2005, when the minimum wage rate in Shen Zhen was raised to 580 yuan, the factory adjusted the salary accordingly. Yet the Zhiyuan, whose salary was much more than the legal minimum, did not receive a wage increase. A department-based one-day strike by the machinery repair technicians then occurred in the engineering department and forced the factory to enhance their salary by 100 yuan. Very similar to the Sun factory, most of the technicians were middle-aged men who enjoyed lots of privileges that ordinary workers did not.

**Labour Intensification, Rationalization, and Grievance**

After two years of pay rises, the factory attempted to lower production costs by increasing the work intensity of Yuangong, and containing the overtime pay of Zhiyuan from late 2006. First of all, the work quotas assigned for each production line were increased steadily. Time is a key aspect of discipline control in industrial capitalism (Thompson, 1967). As usual, this control is parallel with a coercive time-piece in the Moon factory. If workers in the line could not finish the quota, their
lunch time the following day was shortened to do the unfinished tasks. The practice also created conflict between experienced workers with a higher efficiency and the inexperienced, as well as between the front-line supervisors, who announced the new quota and forced their subordinates to work faster, and the ordinary workers. None of the interviewed workers viewed the policy as violating the law. Staff from the engineering department came to record the speed of different lines or units and suggest new quotas. Some workers in positions not on a conveyor belt reported that they would co-operate with other workmates to lower their work pace collectively, but the assembly line workers always tried their best to speed up their work to avoid unpaid work the next day. As a result, ‘too exhausted’ rather than low pay became the most common cause for discontent in the factory. Many workers quit the factory after a few months or a year. ‘The wage is fine,’ nonetheless accounted for many other workers staying on. To tackle the problem of the high turnover rate, the factory restricts the right of workers to resign. According to the law, workers can resign from a job with one month’s advance notice. The management, nonetheless, gave only two ‘permissions’ for resignation in one production line per month. That meant workers had to queue up to quit. For those without proper ‘permission’, which workers called ‘leave by oneself’ (Zi Li) and ‘immediate leave’ (Ji Li), the factory kept part of their last wages and they were prohibited from re-entry to the factory within half a year. Concerning the resign restriction abuse, some wrote letters of complaint to the LSSB, but the LSSB officials just went to the factory office to talk with the management without any contact with workers. There was not any improvement.
One of the workers who was forced to Zi Li said: ‘In this factory those on-work cannot eat, those off-work cannot sleep, only drink water and cannot eat food, fifty-five kilos [of body weight] when entering the factory is now reduced to forty-five, it is really exhausting, especially on the night shift.’ While many others like her were forced to Zi Li as they could not bear the working conditions physically, there was also an exception. Xiao Lan, a twenty-three year-old woman from Guang Xi who quit from the factory in late 2006 told me of her boldness and smartness:

I had a row with our shop floor supervisors first. Then I walked to the administration department directly to see the director. I asked him on what ground the factory did not allow me to resign. The Labour Law well protects the right of workers to leave a job. The director said... ‘You can resign... every one can resign... who said you cannot resign?... You go back to work first. I will see.’ I then went back to work for several days. But there was still no news on my resignation. Then I left the workshops after the normal working time. The supervisor asked me to stay on... I objected... I said that the Labour Law said that overtime work is voluntary. My workmates all looked at me very surprised... He then let me go... The next day I went to see the director again... and finally they let me go without deducting any money.

But workers like Xiao Lan were really rare. Most of the workers did not know at all that the policy of restricting their right to resign was illegal. Some did know but were not yet brave enough to speak out like Xiao Lan.
A second strategy for lowering costs targeted the Zhiyuan. In late 2006, the factory announced a policy to restrict the overtime working hours of the Zhiyuan. The policy was not implemented until March 2007. From July 2007, the maximum overtime hours of Zhiyuan were set at seventy-two per month. They did not receive extra pay even if they had worked more than that level. The impact for front line supervisors was that they had to take care of more lines when other supervisors were on leave. For the technicians, a smaller number was on duty in each shift. As in the Sun factory, as repair technicians only needed to work when a machine was reported out of order, some of them just left the factory after punching in their time cards and asked others to punch out for them. To constrain the abuse, a new punching machine was installed in the main entrance of the factory in August 2007 especially for Zhiyuan, with a CCTV monitor and security guards on duty.

While a high production target and difficulty to resign were the two major grievances of Yuangong, and new restrictions on overtime work and attendance were main concerns of Zhiyuan, the problem of working in high temperatures applied to both parties. The electricity supply was often suspended in the city. When there was no electricity supply, the factory operated its own power generators but only for the basic functions of the machinery. Workers had to work in extremely high temperatures and, in some positions, among toxic smoke as ventilation facilities were not operated either. Some workers quit from the factory just because they could not bear the hot working environment. In the summer of 2006, a signature petition to the top management was initiated by some workers to ask for ‘comfortable working conditions’. The content of the letter was:
A Signature Petition Letter to the Top Management in the Moon Factory.

Dear factory leaders,

Hello. We are staff of your company. Now we feel that we should reflect some conditions in our factory to company leaders.

We have to work three to four days every week in a workshop without air-conditioning. As many staff work in a workshop and the machines in operation emit a great deal of heat, the workshop becomes very hot when we are working, but we have to work as usual. Such a production environment is extremely detrimental to our health. So we hope that the factory can provide us with a better working environment.

The thing is that the supply shortage of the electricity company in XX causes a rotational power cut to industrial zones. Our factory is one of those subjected to a rotational power cut. A power cut would influence production to some extent. In order not to halt production, the factory uses a power generator. As the resource and capacity of the generator is not sufficient, the factory does not turn on the air-conditioning during the power cut. Also, no fans are installed in the workshops with lots of workers and high temperature machinery, such as tin soldering and bearing machines.

We work in such an environment, and the factory does not reduce the production output and provide any facility to reduce the workshop temperature for workers. Many workmates resigned or even left the factory themselves because they could not bear such an environment. Staying in such a tedious and stuffy environment is very detrimental to us. The consequences can be imagined...

Moreover, the leaving of workers would affect the factory production. Therefore, for the sake of our company, us, and our common interests, we hope the factory can provide us the workers with a comfortable working environment and satisfy our small request without affecting production efficiency.

Signatures
Yet no significant improvement was achieved after this campaign. The long-term discontent of work intensification, difficulty of resigning, high temperature and so on mounted up to an across-factories strike in August 2007. Yet, the immediate causes of the strike related to the minimum wage policy of the city government. As mentioned, the city had significantly raised the minimum wage rate in July 2005 and 2006, workers generally expected a similar pay rise in July 2007, but the government finally decided not to raise the minimum from that month. A strike was immediately sparked off the second day after the workers received their July pay slip.

Organizing and Development of the Strike

In-depth and follow-up interviews with workers showed that the strike was well planned at least from June by machinery repair workers with the assistance of supervisory staff. In order to maximize the chance of getting approval for their resignations, workers often stated something like ‘mother is sick at home’ to rationalize their application. But from June 2007, all of these applications were returned from line supervisors, who told workers that their shop supervisors asked them to write down reasons like ‘there is no air conditioning in the workshop’, ‘working conditions are too harsh’, or ‘work is too hard, and the wage is too low’ on the application forms. Workers believed that it was a signal from the middle level supervisory staff to pressure the top management to improve conditions.

Workers received pay slips for July on a Thursday in August. Workers’ salary was not raised. Furthermore, technicians and supervisors found their income was severely reduced due to the overtime restriction. For example, one of the technicians, whose salary was always well over 2,000 yuan, only received 1,400 yuan. On the
evening of the Friday, when the managers who only work during the day had left the factory, a public letter was posted on the notice boards of all of the workshops.

The letter was issued in the name of all of the Moon factory workers and entitled ‘Voices from the staff and employees’ (Zhiyuangong Xinsheng). It began by pointing out that the management had attempted to lower their salary from the end of 2006, and now their income had been reduced by fifty per cent from the same period the previous year, while the work quota and living cost had doubled. ‘We have reasonable demands’, the letter stated:

A Public Letter Posted out in the Workshops before a Strike in the Moon Factory (Extract).

1. To adjust our current wage standard. We... well know the market wage standard now, and thus demand our wage to be adjusted to.... Yuanpeng, [employees] 1,500 yuan or more; second level Zhiyuan,[staff] 2,000 yuan or more; third level Zhiyuan, 2,500 yuan or more; fourth level Zhiyuan, 3,000 yuan or more; the above figures should exclude any subsidy.35

2. To raise the accommodation and food subsidy for those living outside. (Now rent and prices have risen to more than double last year, but our subsidy is still the standard of the end of the last century.)

3. To improve the welfare conditions, provide reasonable allowances for posts that are prone to high temperatures, toxic substances, outdoor work, and occupational diseases as well as providing regular occupational disease and body checks.

35 The demanded wage standard was an expectation from workers on their monthly income, including overtime payment but not extra subsidies such as for accommodation and night shift work.
4. To provide night shift subsidy and snack allowance for those working on the night shift.

5. The company should buy unemployment, maternity, hospital, and all of the other insurances requested by the labour law.

6. To solve the hygiene problem of drinking water.

7. To improve the fairness of the overtime work (... when normal working time has been exhausted, not only is the work target not reduced during overtime work, but also adds up to two persons' work to be performed by one person, in the name of controlling overtime).

8. The trade union should function appropriately and its core members should include participation of grass-roots staff and employees (Zhiyuangong).

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The public letter ended by stating that the workers requested the company to answer these points in writing and they would not accept an oral reply from anybody, including the company CEO. No single word about a strike was written in this letter, but news began to circulate among the ordinary workers that the technicians would stage a strike soon. The letter was then torn down by somebody. Nothing special had happened over the weekend until the night shift technicians stopped work on the Sunday night. However, up to this moment, ordinary workers could not imagine what part they could play in this dispute between the Zhiyuan and the company.

On Monday morning, soon after the first group of ordinary workers as usual walked to their workshops at 7.45 a.m. and prepared to begin work, the electricity
was suddenly turned off. There was one electricity control room in each building. Somebody had run into the control rooms and switched it off. Supervisors then told workers that there was a strike ongoing and asked them to leave the workshop. In a workshop of the wire department (workers called it the wire factory or Xian Chang) where the strike first began, the gate was locked from outside before the workers walked out. Workers shouted from inside and somebody broke the lock from outside. When the other group of workers arrived at 8.00 a.m., workers in this workshop had run down to the ground floor. The newly installed punch clocks for Zhiyuan were found to be broken. Thousands of workers stood around the main entrance of the factory. The factory had a small branch located out of its main complex. The main gate of the branch was locked. Some of the workers attempted to climb up the iron gate to escape but were unsuccessful. The mass of thousands from the main factory then rallied to the scene shouting ‘Open the door!’ The security guards then opened the gate and the hundreds of workers inside joined in the march. From the very beginning, the male technicians in the engineering department were directing the thousands of workers. ‘A technician waved his work uniform [to attract attention] and several other technicians around him shouted: “Go! Go!” The workers then followed them in the direction they walked,’ workers recalled.

After workers from the small branch joined in, the technicians then led the crowd onto a local crossroad by the same way, and ordinary workers just followed the direction led by the technicians and did not know where they were going until they arrived. The crossroad was not a busy location that many cars passed through. Several policemen just stood by peacefully with the workers. Some also talked with
workers in a friendly way. ‘One policeman even told us that it was useless to stay there and we should go to the national highway (Guodao),’ a worker said. Half an hour later, the group walked to the national highway and occupied one half of the main road. Hundreds of official forces appeared soon, including patrol police, military police, transport police, and local government security guards, followed by LSSB officers, the residential district government (Jiedao Ban), Party Secretary-General, and the factory managers. The Party Secretary-General, a LSSB representative, and a top manager, speaking through loudspeakers, tried to persuade strikers to go back to the factory for negotiation. Government officials told them that it was illegal to stand there and anything could be discussed in the factory, while the manager asked the workers to elect representatives for negotiation. Some workers responded: ‘We are all representatives,’ and ‘We have no representative!’ A manager then asked several young men standing in the front of the march to be representatives, but he was mostly rejected. Some of them were too shy to reject directly and so followed the manager for a while, but then also turned back to the crowd. The technicians who had led the workers to the scene kept silent. Workers discussed with each other that in a strike some years ago, the negotiation delegates from the workers’ side were all sacked after the strike. It was very clear that no one was willing to be a representative. After the failure of the ‘persuasion’ and more police arrived, the police began to drive off the workers. Some young workers in the front, most of them female, resisted and had some physical conflict with the police. I talked with Ling Ling, one of the young women workers from Guang Xi who were
in the front. Ling Ling was a nineteen year-old woman who looked very small but who had a strong sense of justice.

Author: Were you scared when you were in conflict with the military police?
Ling: Not at all. It was their mistake not ours! You know it was very peaceful at the beginning. Some of them [police] also joked with us. But suddenly they pushed us forward robustly.

Author: Some workers were arrested. Did you think you might be arrested as well?
Ling: I did not think of such a thing at that time. I was just angry. I could not think of anything ... I would not regret it even if I were arrested.

The police arrested several of them. Workers then retreated to the pedestrian way and shouted: 'Release the people! Release the people! (Fangren!)' Some of them were released on the scene while others were detained for around one week. As police had taken control of the place, the workers just gathered around a petrol station and then dispersed peacefully.

In the afternoon, the management called up all of the Zhiyuan to have a meeting. Most of the technicians and supervisors went to the meeting. However, as the factory requested those who attended to sign their names, almost all of the technicians and some supervisors left. Therefore, the meeting was basically held among department heads and managers. There was no formal notice but news was circulated that the meeting had decided to increase basic salary of Zhiyuan by 300 to 500 yuan depending on position, and Yuangong by only thirty yuan. The supervisory staff were mostly satisfied with this offer and went back to work from the Monday
night. But no single worker followed. Workers punched their time cards in and out as usual and then left the factory immediately.

On Tuesday, the strike continued. A notice was posted by the factory to formally announce the above salary package and some other concessions. A fifty yuan subsidy was granted to those living outside, including all workers. Night shift workers could have one yuan allowance per day. The managers and supervisors tried their best to persuade workers to go back to work. Some of them went to the dormitories. Many workers also had calls from their supervisors to ask them to return to work or provide information like who had returned to work. But ordinary workers began to recognize that the management had 'betrayed' them. Some of them pasted up slogans on the wall of the dormitory: 'Strike to the last moment!' Some others passed handwritten flyers to express their insistence on a strike and encouraging others to do so. Electronic messages by mobile phone were also circulated among the workers calling for the continuation of the strike. One of the workers, who was forced to go back to work in the evening, recalled her story. When she punched her time card out, her shop supervisor and department head stood by the machine.

They asked me to work. I refused. They said that I could just sign my name. I thought that it was no problem if I only signed a name. I went into the workshop to sign my name. But afterwards, they did not allow me to leave and soon the gate closed. There were not enough workers to run a single line. Around ten workers just sat there for several hours with the lights on. After
several hours, we were allowed to leave and we got pay for the full day of eleven hours. I felt very upset. I thought I had destroyed the solidarity of my workmates. So I did not go back to work on Wednesday. I just slept in bed unhappily.

In the evening, while the managers had ‘successfully’ persuaded workers like this one back to work, a well-typed pamphlet was circulated among the ordinary workers. Some of them were thrown down to the ground from the dormitory buildings; some were distributed by workers outside the factory.

The pamphlet began by denouncing the Zhiyuan and calling for unification of Yuangong:
A Pamphlet Circulated during a Strike in the Moon Factory.

All Yuan'gong brothers and sisters,

We must be united. We don't need to care about those shameful Zhiyuan and don't believe their lies. They have achieved their own goals. We don't want to waste the time of both sides as well. We have very clear demands: if any of the following items cannot be accepted by the factory, we will definitely not walk half a step into the workshop. Our demands are:

1. Basic salary 810 yuan. Pay during holidays should also not be lower than the basic salary.
2. No deduction of fees for living in dormitories; living outside should gain the appropriate subsidy.
3. Night shift should have a night snack allowance of 150 yuan paid on a monthly basis.
4. Give those workers in toxic and detrimental conditions an appropriate subsidy and subsidize the staff who work outdoors according to the Labour Law (150 yuan).
5. The drinking water of Yuan'gong should reach hygiene standards.

If you want to be a piece of meat on a cutting board or a shameful Han traitor, then you can sell your body before we receive our wage demand! We believe absolutely none of us is this kind of person. Fellow Countrymen, it is our most fragile moment as those Zhiyuan have achieved their aims, and forgotten the interests of us Yuan'gong. Yuan'gong brothers and sisters from the whole factory, for the sake of our own interests, let's unite together. Chairman Mao said: 'Our revolution has not been successful yet, struggle should continue, [we] should wait, insist! Insist... and insist.

From all Yuan'gong

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54 Here only the wage demand of ordinary manual workers was listed and the basic salary referred to the monthly wage for eight hours per day and five days per week. Their overtime pay would be calculated based on this rate. The basic salary of ordinary workers in most of the factories was not more than the legal minimum rate which was 710 yuan at the time of strike. It meant that the strikers' demand was 100 yuan above the legal minimum.
Encouraged by all of this, most of the ordinary workers continued to strike on the third day, although the management continued to persuade or deceive workers back to work. A significant moment happened at noon of the fourth day. The company posted a new statement to announce that those who resigned in three days could get back all of the compensation and wages immediately, others should go back to work. Workers who returned to work in three days could get an extra allowance: fifty yuan first day; thirty yuan second day; ten yuan third day. Otherwise, they would be seen as ‘absent’ and ‘leave by themselves’, implying workers could not get back their wage as usual.

It was good news for many workers who were in the long waiting list to quit or preparing to resign. The strike bolstered some others’ determination to leave. Three thousand were said to have queued up in the administrative department to apply to leave the factory. The divisive strategy fatally shook the confidence of the workers who still wanted to stay on the job, in particular, those with family economic pressure. When the supervisors phoned to ask workers to work again, they did not resist any more. Instead, workers had the impression from the new development that resignation or return to work was the only choice they could make. At the same time, the factory provided distilled water in both dormitories and workshops immediately and promised to install air-conditioners in workshops and spare a residential room as a common room with a TV set on each floor of the dormitories. The factory also promised a regular meeting with the supervisors and encouraged more suggestions from the ordinary workers.
Strike in a Sister Factory

One of the significant features of this strike compared with the 2004 strike was that it happened almost simultaneously at the two factories in different towns. Technicians and, to a lesser extent, supervisors of the two plants were dispatched to each other from time to time. Therefore, workers said that the machine repair technicians of these factories knew each other well. The strike in the suburban sister factory was less organized and started later than, but with a similar development to, the main factory as described above. All workers there well understood that the strike had originated from the main factory. While workers in the main factory had more previous experiences, workers in the sister plant told me that there had not been any significant strike experience in their factory. There was no public letter posted on the Friday evening. The strike began on the Monday afternoon. The factory gate was locked up by the security guards after workers stopped work. Workers forced guards to reopen the gate by shouting. Hundreds of workers, who were much fewer compared to the main factory, gathered at a local crossroad and were soon driven off by the police. While workers in the main factory walked to the highway on the first day of the strike without a strong hidden leadership, workers in the subsidiary plant attempted to occupy the same national highway on the fourth day of the strike. ‘They were even more radical but more dispersed and less organized,’ one witness to both sides told me. However, the concessions from the management on wages, subsidy, welfare, working conditions, and the proposed regular meeting with supervisors were exactly the same as at the main factory.
In an internet forum for discussion of labour law and labour rights, a notice was posted dated 13 January 2005 by a worker from this factory. It showed that the struggle of the workers in this factory for the legal wage and social insurance was almost in the same period as the similar struggles in Uniden and the Sun factory.

A Letter Posted on an Internet Forum Expressing Workers’ Grievances.

We are staff of xx factory in XX town, Bao An district. We are extremely discontented with the behaviour of the factory. But as a weak community (Ruo Shi Qumi), unable to antagonize the factory at all, we can only seek your help here.

As a supplier to Nokia, monthly export of Nokia mobile phone chargers from a single factory in XX (with factories in XXX town and Beijing as well) is over four million. However, the Labour Law is not fully enforced in the factory; the factory has never bought pension and medical insurance. Moreover, no wage increase was initiated by the factory although the living cost rose. Two strikes were touched off because of this and finally forced the factory to raise wages. But by another means, the factory increased the basic wage (according to Shen Zhen city minimum wage), but cancelled the seniority allowance (staff who had finished one full year’s work had been entitled to twenty-six yuan monthly subsidy before); bought social insurance for employees (supervisory level or above), but cancelled the original five per cent of monthly provident fund. Furthermore, the organizers of these two strikes were all dismissed with different excuses.

In 2004, the factory established a staff welfare committee under some pressure or for some interest considerations, but even committee members, such a low position, are controlled by the factory. For example, the committee director is a relative of a production department head. Two days ago, several committee members planned to make a complaint to the labour bureau upon the request from the workers, demanding that the factory buy pension and medical insurances. They got signed support from more than 200 workers. However, these sorts of basic demand were still not accepted by the management. Several welfare committee members who were organizers were sacked in the night. Many people were affected. All of the supporters were warned or dismissed.

We beg for help from experienced people. I give you gratitude here first!!!
Here the workers elaborated their struggle in 2004 and 2005. Interviews with workers in August 2007 showed that the factory had bought pension insurance for workers. The question of the workers’ welfare committees will be discussed at length in Chapter Seven, which will confirm the difficulty of committee members in resisting management pressure. This notice told us that a well-organized strike in 2007 in which its leaders were protected was in fact a result of the accumulation of previous experience.

After the Strike

The factory then recruited new workers by extending the maximum age restriction from thirty to forty years old. Hundreds of young workers queued up outside the entrance of the factory in the mornings after the strike to apply for a job. Stress from the work quota remained the main problem for workers. The newly recruited workers were less experienced, so it was more difficult for their lines to finish the assigned work target. Many of the ordinary workers interviewed said that they would quit the factory before the Chinese New Year.

Those who left the factory tried to apply for new jobs. Some other factories set up recruitment booths around the factory and specially pointed out that their conditions were better than those in the Moon factory. Some workers swore not to join a factory any more. Ling Ling and one of her friends, also from Guang Xi, became waitresses in a hotel in the second week of the strike. The monthly salary for the ten-hour working day was 900 yuan, much lower than working in the factory. But the women were happy with their new jobs as they were less stressful. ‘We will never go back to a factory again,’ they told me.
A common discontent remained unchanged after the strike. 'Too exhausting... the work target keeps on rising, if you can finish 1,000, they will increase to 1,200 soon', they said. None of them thought of the possibility of collective bargaining with the management on the quota. Moreover, they thought that the work quota was designed by the supervisors. I reminded them that the supervisors might only be implementing the policy laid down by the top management. But almost all of them insisted that it was the supervisors' responsibility to make them work hard. One of the workers said:

Those line supervisors are all very selfish... only for the sake of their own promotion... they keep on increasing our work tasks. Even slowing down a bit would arouse a serious denouncement from them... they themselves just walked around from here to there... what kind of contribution did they make? It is too unfair to us.

The women production workers' perception of machinery repair workers, who were generally understood as the real leaders of the strike, was much better. The mechanics had nothing to do when the machines were working. As described in Chapter Four, they would go to talk or flirt with the women on the production lines from time to time. When the workers whose machines needed fixing came to the production line, whether to have fun with them or assist their work, the supervisors would condemn neither the repairers nor the women workers. However, production workers had a strong feeling that the machinery repairers looked down on them.
Despite these frustrations and divisions, after Xiao Lan told others her successful story of resignation, a worker from He Nan was inspired to do something more. She said that she would certainly be leaving quite soon, so she might want to do something good for the other workers, for example, to write a letter of complaint on the ‘unbearable’ work quota.

The question of the trade union was repeatedly mentioned by active workers, firstly in an internet letter, then in the August Friday public letter. I asked the production workers if they knew there was a trade union in the factory before the strike. Some said they knew, others said not. Contrary to my expectation, Ling Ling, the woman who had physical conflict with the police told me:

Author: Did you know your factory had a trade union?
Ling: I did not know.
Author: Did you see the notice posted on Friday?
Ling: Yes, I saw it.
Author: Were you aware that the notice talked about a trade union (Gonghui)?
Ling: Yes. But... I was thinking... it meant the workers (Gongren) gather together to have a meeting (Kaihui).

Ling Ling had left home to Dagong for two years. But she did not have any idea of what a trade union was. Apparently, she was not aware that a trade union is an association, institution, or organisation. Rather, she perceived Gonghui (trade union) as just a meeting of workers, due to the lack of associational tradition in rural China.
However, after the strike, all of them developed a better understanding of the trade union, although all of them thought it was beyond their abilities to run a trade union: ‘We are just little Yuangong. We are not powerful enough to do things like that. No one will listen to [us].’

Like the Sun factory strike in 2004, the knock-on effect of this strike was very obvious. Encouraged by their success, workers in many large factories nearby staged strikes or planned to do so. Management made concessions immediately after hours of stoppage or even before a strike formally began.

I went with Xiao Lan to see her old friends in the factory. Although Xiao Lan had left the factory half a year before, she went back to see her friends in the dormitory from time to time. She had to borrow a factory uniform from a friend in order to gain access to the dormitory. But as a male, there was no way for me to do that. While in the Sun factory, it was machinery repair workers who took me into every corner of their factory and workshop, here in the Moon factory all in my networks were production workers, so none of them had the power to let me in. Our friendly talks were conducted in restaurants. I talked with them in groups with Xiao Lan and other friends we had in common. Despite some material gain, ordinary workers’ perception of ‘being betrayed’ by the Zhiyuan was very apparent. Most of them did not think it was a successful strike. They always compared the 300 yuan or more salary rise of the Zhiyuan with their tiny thirty yuan. Some even emotionally said they were not willing to join any strike organized by the technicians any more.

On 1 January 2008, when I revisited the workers, some of those who had quit from the factory during the strike had returned to work there again. One of the
workers told me that she had been hired to work as a warehouse clerk, but she was not confident to do the work. She thought the salary of the Moon factory fine and so came to work again. Another worker, however, enjoyed her job as a clerk with a 1,500 to 1,600 yuan monthly income. But she also explained that not much money could be saved after spending on daily needs, which cost at least 1,000 yuan per month. The rent, for example, had risen to 500 yuan for a two-room flat.

Those staying at the factory had to work even harder as the factory could not employ enough workers after thousands quit during the strike and the work quota kept rising. Workers in a semi-finished product department told me that New Year’s Day was their first rest day after the strike as the factory could not hire enough workers. Their counterparts in the finished product department were luckier, but also could only enjoy a few rest days two months after the strike. The work targets continued to rise. One of the workers told me that when she joined the factory in November 2006, the quota of one of the products was 500 per day. It was increased to 530 before the strike, and 550 in October, which had not been reached so far. Moreover, the workforce was cut and some production lines were combined. For example, in one of the workshops, there were two lines with thirty-nine workers each before the strike. Now eight people were cut from each line and the remaining sixty-two workers joined together to work in the same line. But the previous work targets for the two lines were added together to produce a new quota for the bigger line despite the number of workers having been reduced. The work tasks of machinery repair workers also similarly increased due to the restriction of overtime work. In parallel with work intensification, workers’ salaries were again
considerably increased from October 2007 as a result of the minimum wage rate adjustment. By then, the average monthly income of an ordinary worker was as high as 1,800 to 2,000 yuan.

**Formulation of a New Legal Minimum Wage**

During the strike, there were some rumours among the workers that the LSSB did not want the factory to increase the wage on a large scale as workers in other factories would follow and raise similar demands. There was no evidence to support this claim. It was more likely a strategy from the management to sidetrack the issue. However, another ‘rumour’ among workers was proved true three months later. Many workers told me that the city government would increase the minimum wage soon. From 1 October, the inside SEZ minimum wage was increased to 850 yuan and the outside wage to 750 yuan. Again, the inside rate was more than Shang Hai which was 840 yuan at the time and became top in the country. It was announced that the rates would be effective until 30 June 2008. To formulate this minimum standard, as in the past two years, the government launched a web-based survey of 13,801 people in about 1,000 enterprises and a paper survey of 17,000 persons in 1,100 enterprises. The survey collected 30,974 valid questionnaires. References were also extended to the minimum wages in competitive cites like Bei Jing, Shang Hai, Tian Jin, Jiang Su, Hang Zhou, and Guang Zhou. But unlike the previous two years, alongside the municipal State Property Management Committee, the SZMFTU, and general chamber of commerce, which were stated by the law to have a consultation right in the formulation of the new minimum wage, the LSSB officials from the districts of Bao An and Long Gang were also invited to the seminar to give
opinions on the new wage package (Jing Bao, 8 October 2007). It is to be noted that Bao An and Long Gang were the two most industrially intensive and strike-prone administrative districts in the city.

Concluding Remarks

Inspired by Steinberg's (2003: 486) approach to cross-fertilize 'historical institutionalism and historical materialism' in the study of the 'politics of production', this chapter tried to connect the two social processes of wage politics in Shen Zhen, the formation of a legal minimum wage by the municipal government, and the development of a cross-factory workers' strike for a reasonable wage. Here the politics of wages was an example to explore the changing politics of production in China. The special attention to wages rather than other interest bases was because the wage remained an essential, although not exclusive, focus in workers' struggle. Day to day discontent was embedded in work intensification, discipline, OHS, and the working environment. The articulation of these grievances in collective action, however, always surrounded the issue of the wage. No strike happened only because of air-conditioning or the work quota, for example, although they were long-term complaints of workers that caused many to quit. Moreover, to increase the work target was in fact a response of the management to maintain surplus value in a competitive global market upon the rising local wage standard. We saw that alongside a shortage in the labour market, it was industrial conflicts and state regulations that worked together to push upward the wage rate. The relationship between the labour market, industrial conflict, and legal institution is discussed below.
Based on her fieldwork in the 1990s and early 2000s, Lee (2007a: 24) argued that 'given the large labor supply, the prevalence of unskilled and low-waged jobs, and the non-existence of independent unions, Chinese workers can hardly be described as having much marketplace, workplace, or associational bargaining power'. In this thesis, empirical data from 2004 has repeatedly challenged this notion of Lee's. Skilled workers in particular were not in fact in 'unlimited supply' when the economy was in the process of rapid growth (Lewis, 1954). In this chapter, the rising market bargaining power was again evidenced by workers' confidence to quit, especially after a strike, their capacity to gain new jobs and the local state's pressure to increase the minimum wage for the local economy. Worker's market power also had the potential to strengthen workers' confidence in the exercise of workplace and associational power. Workplace bargaining power was uneven, the supervisors and technicians had more power than the ordinary workers. It was not only because they were more 'scarce' in the labour market, but also their position in production and powerful influence in the workers' community, as shown in Chapter Four, provided them with more organizing resources. On the second day of the strike in the Moon factory, ordinary workers also tried to organize themselves. But their organizing resources were significantly weaker than those of the supervisory and skilled workers. The former could only encourage workmates to continue the strike by distributing pamphlets in dormitories and streets as well as sending mobile phone messages. They did not have leeway on the shop floor, while the supervisors and technicians did. The uneven distribution was also applicable to the associational bargaining power. The workplace trade union did not have any function during the
strike and so not any evidence of associational power. We could conclude that workers' associational power was fundamentally weak due to the management's manipulation of the workplace trade union. However, the hidden organizers of the strike and drafters of the Friday-night public letter, who demanded rank-and-file representatives in the trade union committee, clearly had more consciousness on the question of association than the ordinary workers. Even Ling, the woman who showed a higher extent of justice and courtesy, did not have any idea of what a trade union was before the strike. Moreover, in the case of the Sun factory, I elaborated the role of informal networks in the organization of the strike. In the Moon factory, we could identify an image of a more mature network acting underground to plan and push forward the strike: for example, the perfectly timed and well-presented public letters posted in all departments on the Friday evening, and the almost simultaneous strike in two factories. This was built on previous struggle experience in 2004 and 2005,

Although the factor of the labour market should be highlighted, the wage is yet not only a reflection of the labour market in an orthodox economic sense, but also an effect of class struggle in a political sense (Friedman, 1977). Here I brought out the role of workers' subjectivity and state legal institutions in the politics of wages in particular and the pattern of workplace relations in general.

Reasons for my highlighting workers' collective subjectivity were threefold. First of all, as shown in this chapter, the formulation of a new minimum wage partially took workers' actions into account as well as the shortage of labour. The implication was that legal institutions always constrain but also are actively
reconstructed by the pattern of workplace struggle. The cyclic relationship is:

workplace struggle→legal institution reform→ new pattern of workplace struggle→
a new round of institution reform. Second, as far as the labour shortage was
concerned, the key challenge for the management was the high turnover rate or wave
of quitting. After the strike, for many consecutive days, hundreds of workers queued
up at the factory entrance and waited to join the factory. But this did not mean
workers would work there for long. In the face of a high turnover rate, factories had
to compete with each other to recruit and keep workers and the wage was one of the
essential criteria for workers to choose a job. Quitting was an individual decision
which was constrained by factors such as family economic pressure and the
availability of other job opportunities, but sometimes it was expressed collectively.
Workers’ individually quitting from a factory was already a problem for the
management. It explained the illegal policy of the management to restrict the
workers’ rights to resign and the local state’s ignorance of the behaviour. But the
more problematic challenge for management was that workers resigned from the
factory in a wave of thousands. The factory allowed workers to do so because of fear
of the continuation of the strike. Third, the Moon factory case showed that workers,
especially the supervisory and skilled workers, were able to strive for a wage
standard higher than the legal minimum by their collective actions. This form of
protest might be more common without the prompt response from the state to
enhance the legal standard. Lee concluded that ‘decentralization, cellular activism,
and legalism’ were characteristics of protests of all social groups, including migrant
workers (Lee, 2007a: 236). This conclusion was not confirmed in this study. It
reminded me of the importance of the historical dimension in workers’ struggle. Legalism was just an institutional tool workers used to protest for their interests in a specific historical context. As soon as the law was basically enforced, and their interests could not be reflected within the law, workers might ask for more than the law, as in the 2007 strike. It is unambiguous that their struggle is interest-based, rather than rights-based, as Lee preferred.

The regulatory role of the state in workplace relations was illuminated by Burawoy (1979; 1985) in his prominent concept of the ‘politics of production’ or ‘labour regime’. He categorized two kinds of labour regime in capitalist industry, ‘market despotism’ and ‘hegemony’ depending on the extent of intervention from the state as well as a ‘bureaucratic despotic regime’ in the socialist state. As the ownership and management has restructured to come to terms with global capitalism, the Chinese state’s administrative hierarchy has not been involved in the internal management of enterprises, at least not in the private sector, so the concept of ‘bureaucratic despotism’ is invalid in post-socialist China. Burawoy (1985: 12) refers to ‘market despotism’ as ‘the state is separated from and does not directly shape the form of factory regime’, and ‘hegemony’ as ‘the state shapes the factory apparatuses by stipulating, for example, mechanisms for conduct and resolution of struggle at the point of production’. The Chinese state is now more and more actively intervening in workplace relations. The minimum wage policy is just one of the examples. As Steinberg’s (2003) supplementary to Burawoy revealed, a labour regime is in fact embedded in a changing context of legal institutions. Along with the 1994 Labour Law, which provided significant leeway for workers’ struggle, in
2007, three significant laws were legislated, namely the Employment Promotion Law, the Labour Contract Law, and the Labour Dispute Mediation and Arbitration Law. The second strengthens workers' individual and collective rights, while the last intervenes more actively in the resolution of labour conflicts by either the workplace or judicial mechanisms. Does it mean the labour regime in China is on the way to 'hegemony'? Without an effective workplace trade union and a shop steward culture, however 'effort bargaining', which was defined by Burawoy (1979: 161) as 'the monetary reward for labor expended or the reward for effort', took the form of industrial conflict and through the local state regulation of the minimum wage, while coercion is still dominant in the management of ordinary workers. Therefore, 'despotism' rather than 'hegemony' is appropriate to portray the labour regime in China. To solve this dilemma, Lee (1998) conceptualized the foreign-owned factory as 'localistic despotism'. However, in the case of the Sun factory, I argued that the resource of 'locality' was not always in the hands of the management in a changing context of labour market and workers' struggle. In this chapter, we continued to see that the 'locality' as a base of control in the workplace was not obvious. Women ordinary workers' complaint of being 'betrayed' by the supervisory and skilled workers was based on production position: Zhiyuan, rather than their original place. Therefore, I prefer to portray the workplace relations in post-socialist China's integration into the global economy as a changing labour regime. Because despotism is still prevailing whilst the state's intervention and workers' collective actions are more and more actively pressing the management, I refer to the factory regime at this stage as 'contested despotism' which potentially gives way to a new form of
power balance in the future, developing from R. Edwards' (1980) notion of 'contested terrain'.

Burawoy (1979: 179) suggested two 'motor[s] of change': 'class struggle' and 'capitalist competition' in the transition of a labour regime in advanced capitalism. As I emphasized in the discussion of workers' market bargaining power, the expansion of global capitalism into China, indeed driven by the deepening of advanced capitalist competition since the mid-1970s, is one of the main factors contributing to the transformation of workplace relations in recent years. Both management and the local state competed for workers with their rivalries. Shen Zhen formulated its minimum wage with reference to other industrial cities. Neighbourhood factories set up recruitment booths to promote the claim that their working conditions were better than the Moon factory's shortly after the strike. Therefore, 'capitalist competition' remains a valid factor to explain the transformation of the labour regime in globalising China. However, Burawoy's concept of 'class struggle' is not fully satisfactory to grasp the social and political process of labour regime transition in post-socialist China. By 'class struggle', Burawoy (1979: 179) adopted a narrow definition of 'between the organized representatives of capital and labor - namely management and Union'. In China, the official trade union, especially in the workplace and the local levels, so far has not represented workers in a way its western counterparts did. At the central level, the ACFTU did have a positive role in the formulation of the Labour Contract Law (K. Wang, 2008), and even in Shen Zhen, trade unions were reported to defend workers' rights and interests more actively (CLB, 2008). However, as Clarke and Pringle
(2007) pointed out, these progressions were a result of internal political pressure from the Party-state as a response to the rising form of workers’ activism.

As Burawoy (1979: 178, 179) rightly put it: ‘Struggles on the shop floor are largely shaped by conflicts between different levels, and among different factions, of management... In the normal everyday life of the shop floor, workers are not organized as a class.’ In the Sun factory, we saw locality-based conflict was dominant, and in the Moon factory, divisions were on the base of production positions: Zhiyuan versus Yuangong. However, as far as industrial conflict was concerned, demands were ambiguously targeted on the interest concession from capital. It is arbitrary to argue that all of the workplace conflict had a class nature, but even under Burawoy’s definition, workers’ struggle in China shared a nature of ‘class struggle’. He distinguished three levels of ‘class struggle’: economic, political, and ideological. For him, economic and political struggles are to ‘reshape or maintain the distribution of economic rewards... and the relations in production’ respectively, while ideological struggles ‘take us beyond capitalism’ (Burawoy, 1979: 177, 179). Ideological struggle was not witnessed in this study and political struggle was also not very potent, but Chinese workers’ struggle had exerted a sound impact on the policy of local authorities, the reform of the official trade union, and the labour legislation of the central government and in turn reshaped ‘the distribution of economic rewards’ which was Burawoy’s (1979: 179) perception of ‘economic class struggle’.

To underline the specificity of class struggle in post-socialist China, I call it ‘class struggle without class organization’. The limitation of this form of class
struggle is that it is more effective on the economic aspect of effort bargaining around the issue of the wage, but less effective on the political struggle of 'the relations in production' (Burawoy, 1979: 179). Certainly, there was significant confrontation from the supervisory and technician staff over the rationalization targeted on eroding their autonomy and control power. But it was a defensive resistance which could only slow down but not eventually bring an end to the reform. A proactive strategy of gaining more control or autonomy on production was absent, not to mention an internal labour market and internal state that post-war US workers achieved through the trade union's participation in collective bargaining (Burawoy, 1979). In fact, this end is hardly achievable without effective workplace representation. It accounts for why a 'contested despotic' labour regime was not advanced to 'hegemony', although a legal framework for this transition is available. In the next chapter, I will provide an account for why an effective workplace representation could not be installed in China with a study of international civil society's effort to facilitate workplace democratic organizations.
Chapter Seven

International Civil Society, Chinese Trade Unionism and Workplace Representation

Attention is not only given to formal unionism: labour activism through organisations not usually classified as ‘industrial’ — especially non-governmental organisations (NGOs) — is also examined, as well as the (dis)organised responses of workers outside any formally constituted body.

Hutchison and Brown (2001: 2)

Introduction

Western labour scholars have underlined a significant role of class organization in the formation of class-consciousness and class solidarity (Hobsbawm, 1984; Katzenelson and Zolberg, 1986; Clarke et al, 1995). In China, as we witnessed in the previous chapters, the question of workplace trade unionism has always been a central concern during major workers' strikes. In Chapter Three, we saw that a 'temporary trade union' was formed during the strike by Yong Feng workers in 1994 but declared 'illegal'; workers more ambiguously listed the establishment of a trade union as a key demand in the Uniden strike in 2004. In Chapter Five, like their counterparts in Uniden, some skilled workers in the Sun factory also recognised the significance of a trade union. However, in both the Uniden and Sun factories, the trade union established after the strike remained management-controlled. Worker
activists took part in the union election in Uniden and won, but they could not resist the pressure from the management and soon resigned. In Chapter Six, strikers in the Moon factory asked for rank-and-file representatives to be included in the existing union committee as an effort to reform the trade union. However, the demand was not properly addressed by the management. Management manipulation of the workplace trade union has remained a key barrier to the implementation of collective consultation and has given rise to wildcat strikes as a more prevalent channel to improve workers’ wages and working conditions (Clarke et al., 2004; Clarke and Pringle, 2007), as we have seen in the previous chapters. Turmoil in workplace relations has forced the ACFTU to launch historical unionization campaigns in foreign- and privately-owned enterprises since 2006.

On the other hand, the absence of freedom of association (FOA), one of the three core labour rights in the ILO conventions, is a major drawback of Chinese trade unionism which is criticized by international trade unions and NGOs. The new social movement unionism thesis has suggested that collaboration of different social forces at the global level, in particular trade unions, NGOs and progressive political parties, is essential for social change in the age of globalisation (e.g. Waterman, 1999; 2001; Munck, 2002). Waterman (2001: 153) for instance, called for the trade unions to go ‘beyond internationalism’ to ‘global solidarity’ by integration with new social movements, including the women’s, peace, ethnic, ecological and consumer movements which have emerged in the industrialized countries since the 1960s. He argued forcefully for ‘the necessity for the existing labour organizations, national and international, to convert themselves into a global social movement around work’
Empirical studies of new labour organizing strategies have also reminded us of the specific role of NGOs in Asian NICs (Hutchison and Brown, 2001). Within this trend, CSR rose into the spotlight for academics, policy makers and trade unionists as a new alternative to guarantee the basic rights of workers in the developing world. However, the implementation and monitoring of CSR practice has remained problematic (Pearson and Seyang, 2001; Whitehouse, 2003), especially in China, where FOA is absent (D. O. Chang et al., 2004). This chapter explores the complexity of the implementation of workers' representative mechanisms and their dynamic relationship with the state, trade union and civil society.

**Codes of Conduct and FOA in China**

Pressed by consumer campaigns in the USA and Europe, TNCs in the West introduced corporate codes of conduct for their suppliers in the developing countries from the early 1990s. Some of the social movement organizations have recently adopted a more co-operative way of engaging in CSR campaigns. For example, a number of MSIs have been formed by leading retail corporations, trade unions, campaign groups and NGOs as benchmarks in western countries to promote CSR, such as the Fair Wear Foundation (FWF) in the Netherlands, the Ethical Trading Initiative (ETI) in the UK, the Social Accountability Initiative (SAI) and the Fair Labor Association (FLA) in the US (Pearson and Seyang, 2001). The practice of CSR was launched in China in the mid-1990s (Pun, 2005b). As Pearson and Seyang’s (2001) study showed, sixteen of the main twenty codes of conduct in the world include a clause for FOA. As a result, in order to demonstrate their
compliance with the code, some suppliers set up trade unions in their factories. However, as Pun's (2005b; 2005c) study revealed, the trade unions specially set up for CSR social audits in the PRD barely functioned at all, while those in the YRD did have some useful functions. The director of a factory commented on their trade union, in which all committee members were management staff and the chair was a representative from the city level industry trade union federation and a Party member, in this way:

We see many good sides to having a trade union. We won't worry about letting workers be organized. If the workers have their own organization, they could organize leisure and welfare activities according to their liking. It is good for boosting productivity if the workers are happy working in my company. They can work faster, you know.

(Pun, 2005c: 28)

As we can see, the best practice of the trade unions that were formed to satisfy CSR social audits were typical state socialist trade unions whose main activities in the workplace were to encourage labour discipline and productivity by organizing production campaigns and social events (Clarke, 2005a), while many others did not have any function at all. This kind of trade union is not a 'real' trade union in the western sense, so international trade unions and labour rights organizations could not be satisfied that FOA had been implemented in this way. To push the implementation of FOA forward, some TNCs and MSIs initiated pilot projects in
China, as well as in other developing countries, to look for sustainable models of democratic workers' representative mechanisms in the workplace.

In one of the ground-breaking pilot projects beginning from 2000, Hong Kong-based independent organizations were invited to provide training for workers in two shoe factories supplying a leading sportswear company, one in Shen Zhen, followed by another in Fu Jian province. In both factories, a democratic election was held to produce the union committee. However, the pro-labour Hong Kong NGO staff's involvement in the training of the ACFTU rank-and-file aroused attention from both the official trade union and the management. In the Fu Jian case, the local ACFTU branch ruled out the participation of the Hong Kong trainers from the very beginning, while in the Shen Zhen factory, the project was stopped by new factory management in 2002, implying that the Hong Kong trainers were not allowed to work with the trade unions. Trade union committees existed in both the factories.\(^55\) My fieldwork in late August 2007 in the region encountered a strike by workers in the Shen Zhen factory to protest against the intention of the factory to relocate production to another city and downsize the workforce without proper compensation. Some activist workers came to seek help from an independent NGO in the district and complained that their trade union was 'pro-management'.

The ACFTU's stance made TNCs, MSIs, and their NGO working partners change their strategies in 'implementing' FOA in China. A Hong Kong labour NGO trainer in the shoe factory pilot project shared with me his experience:\(^{56}\)

\(^{55}\) Anita Chan conducted deep evaluation into this case, see A. Chan (2007). The above information was also drawn from interviews with trainers of Hong Kong-based NGOs and reference to their training reports.

\(^{56}\) Interview, 11 March 2006.
Our first experience [in the pilot project of trade union training] was very successful, we spent many resources. You know, we even rented a flat near a factory so that the trainers could have good contacts with the trade union officers. The factory is big, there are 4,000 workers, and all of the trade union officers, except the president who was appointed by the management, were elected in a well-planned election under our monitoring. Members were very enthusiastic, especially the vice-president. Unfortunately, the success story was discovered by the international media, then the ACFTU was aware of that, and we were forced to terminate the project. In one of the factories, soon after we [the trainers] withdrew, the vice-president quit from the job to join a social audit company... She used what she had learnt from our training to pursue her own career interests... To avoid political trouble, we began to think that the alternative committee model was more sustainable and practical.

As the trainer said, after the intervention of the ACFTU in the project, practitioners compromised with a new strategy to address the issue of FOA in China by facilitating the establishment of a workers’ committee, welfare committee, or OHS committee. This new model was being applied generally when I first began my fieldwork in 2005. Many TNC brands and almost all of the main MSIs in the West were proposing committee pilot projects in China.

The next section aims to provide an examination of this new development through the case of the Star factory, where I had participated as an NGO trainer. On the one hand, I will see if there is any significant difference of the new model from a
workplace trade union. On the other hand, by removing the factor of inhibition from
the higher level trade union, I will try to look into more structural barriers and
possibilities embedded in the dynamic social relations of the production regime,
labour market, society and the state.

Background of the Factory and Welfare Committee

The Star factory in Shen Zhen was owned by a Taiwanese person. The factory was
established in the early 1990s, and settled within a tiny walled industrial estate. The
estate was owned by a collectively-owned local villagers’ company under the
community government. As a common practice, to monitor the factory, the
community government sent in a local Party Committee member to be a so-called
‘Chinese side’ director. In reality, the ‘director’ did not have any specific duty in the
factory except communicating between the factory management and the local
government.

The only member of staff from Taiwan was the factory GM, while the factory
owner also came to visit the factory from time to time. The management of the
factory was highly paternalistic. The GM intervened in every detail of the
administration and management, although a director was assigned to be in charge of
the routine production. The basic unit in the structure of the factory was a division.

57 The peasants with Hukou in rural villages were all allocated a piece of farming land after the
reform in 1978. Rapid industrialization from the early 1990s dramatically transformed the farms into
industrial land. The industrial zones were all developed by village governments and rented out to
FIEs and POEs until the mid-1990s, when larger factories were allowed to ‘rent’ a piece land for
thirty years with a lump sum price to develop in their own capacity. The urbanization policy granted
the rural population the status of citizenship, and the villages were then renamed as communities. The
communities also settled some migrants who gained the status of permanent citizenship by
purchasing a house or getting a proper job within their territories under a quota system run by the
state. However, the new citizens were not entitled to the rental income of the land and industrial
estates. Share companies were set up to collect the rents and other incomes and distribute them to
previous villagers.
Within a division, its head co-ordinated a number of group leaders who supervised the work of ordinary workers.

Inside the factory grounds, there were three production and two dormitory buildings. Until 2001, each of the production buildings was called 'one plant' in workers' daily life, and the working conditions in the three plants were exactly the same. From 2001 onwards, the three plants were combined into plants A and B, and the employment conditions of the two plants varied from each other. The wage standard in plant A was enhanced for the sake of the social audit from the buyer TNCs, while plant B was left as a factory hidden from audit and the wage remained unchanged. As the nature of work in the two plants was basically the same, workers in plant B felt a sense of unfairness and staged a short strike to protest against the unequal treatment. The strike was unsuccessful, but the issue of equality between the two plants remained as a base of solidarity among workers in plant B and a source of conflict between workers in the two plants.

The factory was persuaded by one of its buyers to participate in a pilot project of management and workers' training intended to result in the establishment of an elected workers' welfare committee. A Hong Kong-based pro-labour NGO was invited to provide training for workers and management by a western MSI, but the buyer who brought the factory into the project did not actively participate in the training process.

Before the training began, the only grievance channel was a suggestion box. The GM responded to some of the complaints in his regular meetings with the director, division heads and group leaders, but replies to workers who filed the
complaints were not guaranteed. Some workers made complaints to the LSSB from time to time. The LSSB officials came to the factory to investigate. The owner of the factory told me of one of the cases in September 2005:

They came after a worker phoned them to complain that we did not abide by the law. I told the investigators: 'Of course there are some factories better than our factory, but at the same time there are also many factories worse than us. If you can point out one factory that fully obeys the law, we will follow [it]. Please go back to tell your head [that] if the labour law is strictly enforced, all of the factories in the region will shut down.

The training project lasted from 2004 to 2006. At the beginning of the project, there were 700 workers in the factory. The number was reduced to 500 at the end of 2004 as the factory relocated part of its production to an inland province. The first year of the project was to facilitate the formation of a welfare committee, while the second year was for training the committee members.

During the year, a series of talks and workshops were held for all of the workers as well as the management staff, covering the themes of globalisation, ILO fundamental labour standards, consumer movement and CSR, labour laws, OHS, management-worker communication skills and so on. A survey on workers' generic concerns and grievances was conducted and found that the wage was the first priority of workers. Afterwards, an organizing group for the welfare committee was formed by members from both the management and the workers. The workers in the
group were recommended by other workers or themselves during a group discussion in the training session with facilitation from NGO trainers. The organizing group was assigned to discuss the form, composition and function of a workers' representative body and facilitate its birth. In the name of the organizing group, a factory-wide direct election of the welfare committee members was held. The group agreed that management staff, including group leaders and division heads, would be excluded from candidacy as committee members. In China, the Trade Union Law stipulates that all wage bearers are members of trade unions, and this in practice has led to the management staff's dominance of trade union committee positions, especially the union chair (Clarke et al., 2004; Cooke, 2005; A. Chan, 2006a). The exclusion clause was suggested by the trainers to eliminate this abuse and made the committee more like a 'real' workplace representative body in the West. Workers were divided into twelve constituencies according to work groups and divisions. All ordinary workers were allowed to nominate themselves or other colleagues as candidates. One representative was elected from each constituency by secret ballot with the facilitation of the trainers.

The second year involved consciousness building, skill training and personal follow-up of the committee members. The trainers provided twelve sessions of training on topics such as minute-taking skills, team work and internal communication, internal division of work, complaint handling procedures and collective bargaining skills. After the formal training ended, the committee was supposed to function as a representative mechanism to channel workers' grievances to the management, and trainers continued to provide advice and support for the
work of the new committee. The discussion in this chapter is mainly on the operation of the committee, which my fieldwork was based on, more than the preceding training process. During the seven months, the training team, of which I was a member, paid ten visits to the factory and maintained close informal contacts with workers. The following section outlines how the committee operated and what were the impediments in the way of its functioning role of channelling workers’ grievances, as we observed them.

**Operation of the Welfare Committee**

After the training session, the trainers and core committee members held a working meeting with the manager. In the meeting, the GM permitted the committee members’ request to allow trainers to continually support them. He promised a monthly regular meeting with the committee members and a regular time slot for the members to hold their own meetings. But he insisted that working proposals of the committee should have approval from him or the director. Hong, the Chair, Deng, the Vice-Chair, and Ma, a committee member, were the most active and outspoken members in the meeting.

Two weeks after the end of the training programme, the committee held its first meeting, and the trainers were invited to attend. In the meeting, the members reflected that some workers showed intolerance to the committee as the committee members enjoyed much paid time off work for training and meetings but had not so far actually addressed workers’ concerns, especially the problem of low wages. As soon as the question of wages was raised, a prolonged conflict between workers in plant A and B was manifested. A member from plant A mentioned that the better
working conditions in their plant was reasonable as the ‘quality’ of workers was higher than in B. Her opinion sparked off fury from workers in plant B. One of them said: ‘Let’s race with each other, to see whose skill is better.’

To consolidate support from rank-and-file workers, and co-ordinate opinion conflict between workers in the two plants, members agreed to conduct a factory-wide survey on workers’ opinions about wages. Three days after the questionnaire was finalized, Hong, the Chair, presented the questionnaire master copy to the GM, who then took it away and never returned it to her. Hong and another member, who were assigned by the committee to make copies of the questionnaire, then felt pressure from both sides: the GM and other committee members. They told the trainers that they wanted to resign. The trainers suggested solving the issue at the next meeting. However, during the whole of the next month, workers, including the committee members, were required to work overtime in the timeslots scheduled for meetings with the explanation that there was a rush for a deadline. One month later, the GM told Hong that the questionnaire was problematic and could not be distributed.

The operation of the committee was at a dead end until the trainers had an informal meeting with the members. Many members criticized the Chair for allowing the GM to read the questionnaire. They also expressed a constraint in running the committee: ‘Without you [trainers], they [the factory] would ignore us. Mr. XX [the GM] would not keep his promises at all.’ When the members discussed the workers’ main grievances in different divisions, conflict took place again. Hong, who worked in plant A, said that the GM had promised to pay a transportation
subsidy for workers in her division but never fulfilled his promise. Deng argued with her that working conditions in Hong’s division had been very good, so there was no point in demanding that the factory pay for their transport fees.

The trainers urged the manager to convene a meeting with the members. The members were then cheered up again. One week before the scheduled meeting, the members held a pre-meeting to consolidate a consensus and agenda with the GM. It was the first time members had a meeting without the trainers’ presence. As the GM was not in the factory, members then obtained consent from their group leaders to hold the meeting within working time. The meeting seemed to be very effective. Members were advised by trainers to collect grievances of workers in their division and report back to the meeting. They did a very competent job, listing concrete points that generally concerned workers. For instance, the workers living outside the factory hoped they could take drinking water in the factory back home. Workers also expressed their aspiration to improve the food quality and did not want to clean the floors of their workshops after overtime work, and most importantly, demanded a shortening of the working hours. One of the members prepared good minutes on all these points and planned to raise the issues at the meeting with the GM.

However, the GM came back to the factory and denounced the members, especially the Chair, for failing to get his approval in advance. Moreover, the GM met personally with the Chair and rejected most of the points in the minutes. The morale of the members then fell again. Some even suggested dissolving the committee. In the face of the crisis, the trainers intervened and mediated between the two parties in their scheduled meeting with the GM: on the one hand, to advise the
committee members to try to arrange meetings on Sundays and inform the GM in advance; on the other hand, to encourage the GM to fix a time slot for committee members’ meetings. The GM only stayed in the meeting for half an hour. After he left, many members were outraged: ‘We did not want to be window dressing [of the factory] and get nothing from taking part in the game.’ Workers understood that it was a game because the factory needed the committee to convince their buyers that their practice was good.

One month later, representatives from one of the factory’s main buyers came to visit the factory and meet with the committee members. One week before the meeting, the GM called up the members and warned them not to reveal the reality in the factory. As an exchange, he made a promise that the factory would offer a special bonus for those who had worked for more than half a year. In the meeting, Deng and Ma were the two most outspoken and rebellious members.

In the morning of the next day, one of his colleagues and good friends told Ma that their division head said that the factory would sack him. He had learned the skill of making models from a craftsman who had been a designer in the factory for one year. It was this teacher who introduced him directly to plant A of the factory. In the afternoon, he received a phone message from his mentor: ‘You should do better; don’t make so much trouble; don’t let me down!’ Ma, then, went to talk with his division head. The head clearly told him that he had better not speak so much, otherwise the factory would dismiss him. At midnight, he went to the home of his mentor, and promised him that he would not make trouble again.
A similar message was also delivered to Deng. However, Deng still thought that he would not stop voicing concerns about the wages to the buyer's representatives, and criticized the setback of Ma one day before their meeting with the buyer's representatives.

On the day, one hour before the scheduled meeting time, Deng and Ma were sent by the factory's Chinese-side director to the office of the local government joint-stock company that owned the industrial estates, where the two members were asked questions about their work in the committee. Meanwhile, the GM specially called a member who had been promoted to be a group leader and not attended committee meetings for a period of time to join the meeting with the TNC's buyers, at which it was agreed that factory management would not be present. First of all, this previous member told the buyers that their salaries were all paid in accordance with the law. Members were more passive than at any other previous meetings. Deng and Ma, who had just returned from the community government director and arrived at the meeting late, presented some positive achievement of the committee, followed by many other members.

One month after this meeting, it was the Chinese New Year festival. The GM convened a meeting with the committee members to present a small gift to each of them and promised to raise wages in some divisions in which wage rates were the lowest. However, the overall standard of wages, especially in plant B, was still lower than the minimum legal rate.

After the New Year, it was estimated that about 150 workers quit their jobs soon after resuming work. Ma found a job in another factory where the wage was
even lower but he thought he had better prospects to learn skills. Deng also planned to resign and go to another city to work with his younger brother. But the factory suddenly transferred Deng from plant B to A, so that his salary was increased from 16.5 yuan to more than twenty yuan per day. He was criticized by other members as ‘self interested’, as he was either absent or kept a low profile in the meetings in the aftermath of his promotion.

Actually, it was uncertain whether the wage adjustment after the New Year was an indirect concession to the committee or a strategy to keep workers in the face of the high turnover rate in the factory. The trainers did not intervene in the operation of the committee any more, after the project ended two months after the New Year. The committee, although being called for meetings by the managers from time to time, seemed to be more passive or, in the words of workers, ‘a flower vase’ (meaning a mere decoration).

Limitations of the Welfare Committee

As can be seen, the achievement of the committee was very limited. After the withdrawal of the training team, quitting of its most active member and promotion of some others, it was in fact dysfunctional. In terms of its functions in the workplace, it was not much different from many other trade unions and workers’ committees in China’s private sector (Pun, 2005b; Sum and Pun, 2005; A. Chan, 2006a). It is to be noted that, unlike the trade union project mentioned above, the ACFTU local branches did not intervene in the welfare committee, but the fates of the workplace democratic representative bodies seemed to be very similar. My experience in other
projects and wide discussion with trainers in other organizations confirmed that the sustainability of the committee or trade union is always a problematic issue.

To be sure, some models and projects were more successful than others, in terms of the impact of training and election on the immediate enhancement of wages and working conditions. For example, in one of the projects, the factory management urged the trainers to delay the schedule of a lecture on labour law and labour rights, so that they could increase wages to the level of the minimum wage rate beforehand. The factory was worried about the immediate outrage of workers once they understood their legal rights from experienced trainers, especially when the TNC buyers were present. However, it was generally hard to sustain the committee upon the withdrawal of the external support from the labour NGO and the pressure from management on its active members.

Factors Handicapping the Capacity of the Welfare Committee

First, the patron-client relations between the local state (and local villagers) and the business, which is structurally embedded in the legacy of the socialist state, hinders workers' activism. This was especially apparent considering the special meeting arranged for Deng and Ma on the date they met the TNC buyers. Local villagers, especially the cadres and Party members who act as managers or directors in the villagers' joint-stock company, benefited from the rental income from the factories. Some of the cadres or their relatives also gained extra salaries for being appointed as directors in one of the factories. For grass-roots state departments, including the Labour Station at the residential district (Jiedao, equal to town) level, and the LSSB at district (Qu, equal to county) level, their incomes are dependent on the local state
budget. Before 1995, a single tax system was adopted in China, and all of the tax income would be sent to the central state and then be redistributed to the local state from the top down. Under this system, the taxes collected by the local state revenue department did not contribute directly to the local budget. As a result, the local state officials were hesitant to collect the tax and rendered losses of national revenue. The central government then introduced a dual tax system by separating national tax and local tax. The national tax is dependent on the value-added in the production chain, while the local tax is dependant on gross profit. The system encouraged provinces and cities to compete for foreign or domestic private investment at the cost of lower environmental and labour standards. The tax reform in 1995 can be seen as a symptom of the internal contradiction of the state. In other words, as socialist ideology was eroded, the capacity of the upper level government to control its subordinates was also weakened. It can also explain why the rule of law is hard to realize in China (Lee, 2007a); the difficulty of implementing the labour law and trade union law in the private sector is just one example. The scenario was even worse considering many hidden interest-exchange or corruption cases that were prevalent in the country.

Second, as global capitalism is in rapid expansion in China, the workers, especially those who are young or with more skill, find that quitting is a better way to secure their own interest. For example, as Ma could get a better job in the other factory, he would not stay in the factory and seek a collective way to improve his own situation. Although the manager did not really punish or dismiss him, he felt pressure to stay in the factory. The extent and nature of the shortage of labour has
been discussed in previous chapters, and was further witnessed in this case. In the Star factory, hundreds of workers quit during two periods of time, namely Chinese New Year and the peak season of the industry. As at the Uniden, Sun and Moon factories, responding to shortage of labour and rising labour cost, the factory set up two branch plants in the provinces of Jiang Xi and Jiang Su. The expansion of capitalism is a double-edged sword for workers’ activism. Although it might encourage the confidence of some workers such as Ma, it also made quitting a common strategy, which is detrimental to sustainable organization in the workplace. Others with a weak market position, for example Hong and Deng, were too vulnerable to resist threats or co-option from the management. Hong was a woman in her late thirties and the main breadwinner of a family with two sons at school. Her husband, whose wage was one-third lower than hers, worked at a garment factory as a general auxiliary worker. Deng was a slightly disabled man with low skill. It was too costly for both of them to lose their jobs. Chinese workers are in the struggle of voice, exit and loyalty, in the terms of Hirschman (1970). Labour market and family status were two considerable factors influencing workers’ choice of strategies. After voice, Ma chose to exit while Hong and Ma stayed back out of loyalty. In any case, voice has become a more common strategy for migrant workers than before.

Third, the personal network is prevalent and exploited by the factory as a control strategy. According to State Council research (SCRO project team, 2006), 60.37 per cent of the migrant workers in the country acquire their jobs through personal networks of kinship and locality. They are very often introduced into the factories by senior staff. Ma, for instance, was introduced by his mentor, a craftsman
in the factory, and benefited from the mentor's personal relations so that he could work in plant A. His mentor was a key person used by the manager to put pressure on Ma. After the New Year, the GM manipulated a by-election of three committee members because of the promotion and resignation of previous members. I had a deep discussion with one of the new members who had been very outspoken and active in the meeting, and found that both of his parents had worked in the factory for a long time. Hong, who had been working in the factory for more than ten years, wanted to bring her husband into the factory, but he was rejected by the GM as he was too old and less skilled. Deng was introduced to the factory by his aunt-in-law who still worked in the factory. Walder (1986) saw the institutionalization of an interpersonal dependent culture as a way of control in the workplace in communist China with his powerful concept of 'communist neo-traditionalism'. Although the mode of production and personal relationships in the workplace are totally different in FIEs compared to SOEs, the personal network of patron-client relations was in fact embedded in both pre-capitalist culture and state-socialist traditions and so is still prevalent in contemporary global factories. The culture could be eroded and phased out by reform of recruitment practice and rationalization of management, as we saw in the case of the Sun and Moon factories. Similarly, in the Star factory, personal introduction alone was insufficient to provide a labour supply. The factory hung out a banner on the wall of its grounds to advertise job vacancies through the year.

Fourth, workers' solidarity is dislocated by the management strategy of 'divide and rule' to control workers. Wage scales differed from plant to plant, division to
division, and even from one worker to another. There were lots of interest
differences in the workplace between workers in plants A and B, between
experienced workers and new workers on the production line, and between
supervisors and committee members. The group leaders hated the activities of the
committee as, when the members left the workshops to attend meetings, they had to
replace the positions of the members in the production line. The trainers suggested
that the factory employ 'substitute workers' to resolve the conflict, but it was
rejected by the GM, although both the committee members and group leaders were
excited by the suggestion. As will be elaborated below, the effect of a signature
campaign in the handmade division for higher wages was weakened by the failure of
workers from other divisions to join in. A base of solidarity was hard to identify and
articulate in the day-to-day experience of workers. Workers will only act together
when they perceive that their own interest is in line with others (Fantasia, 1998). To
most of the workers, the primary reason for them to stay in work was to earn a living
and escape hardship in rural villages. In the case of Deng, although he was a person
with a strong sense of justice, he was pacified after he was transferred to plant A. As
human beings, workers always struggle between the material factor of self interest
and the moral factor of social justice (Kelly, 2002). But to be sure, a stratum of
workers who were able to commit to class interest still needs time and struggle
experience to forge itself.

Fifth, the external support for workers is weak. While the committee was
reliant on the support and advice of the trainers, the trainers' role was restricted. On
the one hand, the NGO only worked in the factory on a project basis. Without
external funding and permission from the factory, trainers could not provide long-term support. Moreover, if the trainers firmly stood up for the interests of workers, then the factory would not allow long-running involvement of the NGO. More structurally, NGOs in China do not have a legal position to represent workers and facilitate the establishment of workplace organization independently from their employers. TNCs are even in a paradoxical position to support workers (Pun, 2005b) because of the fundamental conflict of interest over price. In an informal dinner after an MSI conference on 13 November 2005, a supplier manager complained that full compliance with the code would increase cost: ‘The market is highly competitive. A little rise in price would make us lose the order.’ As a response, an ethical trade manager of a TNC stressed price pressure in their merchandizing practice: ‘Price is powerful! We should take a balance between quality, price and ethics.’ According to the Trade Union Law and the newly implemented Labour Contract Law, the role should only be played by the higher level ACFTU branches.

To conclude, the limitation of the welfare committee was because of the power imbalance between workers and management. Workers were divided and inexperienced and lacked external support, and so preferred individual ways of living and struggle. These characteristics made them too vulnerable to resist the management’s pressure and co-option. The management, by contrast, could exploit the locality interest networks in the community and the factory to pressure the workers, as we saw in the Sun factory before 2004.
Impacts of the Welfare Committee

Despite their fundamental weakness, the training project and welfare committee had some positive impacts on the workers’ experience.

First of all, the announcement that wages were to be raised in the manager’s meeting with committee members before the New Year, although they did not yet fully satisfy workers as well as the law and CSR code. The factory kept a certain amount of wages during the New Year holidays to prevent workers from leaving the factory without notice, seven days for plant A and twenty-five days for plant B. The GM, in this meeting, also announced that plant B would be reduced to ten days. Fifty to 200 yuan of bonus was promised earlier to workers who had served half a year or more.

Second, the food was improved slightly as a result of the demand and participation of the committee. The manager requested the members to monitor and participate in the food purchase in the mornings. The factory paid five yuan per day to the member on duty. However, some of the members were reluctant to join in. After the New Year, the canteen provided three kinds of food instead of two as before, although my observation found that the food was mostly vegetables.

Third, the most successful achievement which was appreciated by both the manager and the workers was a National Day cultural party. The event was proposed by the committee members and supported by the management. 5,000 yuan was spent on the party joined by a total of 300 workers. My observation and interview during the party found that ordinary workers enjoyed and truly appreciated the work of the welfare committee.
As the ‘concessions’ from the management were quite insignificant, the achievements of the committee should not be overestimated. Apart from the concerns raised by the committee members, other factors, like a shortage in the labour market, some extent of external resources from the TNC, and the management’s aim to drive up productivity, also contributed to these ‘achievements’. However, during the training, workers staged at least three collective protests, which were very effective in pressing the management and so were positive in workers’ experience.

A strike was staged soon after a talk on Labour Law had been delivered by NGO trainers. A routine factory abuse was delayed payments, from twenty to forty-five days, depending on plants and divisions. Workers were told by the trainers that it was not lawful for the factory to delay payment for more than seven days. It was the first time that workers had heard this information. Discussion of the issue arose among workers. The factory financial officer was forced to announce that the factory would improve the policy and as a first step the electronics and the handmade divisions (originally forty-five days overdue) would be paid on the same day as the sewing division (thirty days overdue). However, the promise was not kept; workers in the electronics and handmade divisions were not paid on the same day as the sewing division the following month. The workers in the former two divisions were frustrated and agitated. On the date when the sewing division was paid, they stopped working but stayed in the workshops after a period of chaos. The GM went to the workshops and asked all of the 150 strikers to go down to the ground floor and queue up. ‘He reprimanded us and asked if we wanted to work or not. No one
answered. But then some of us began to move [back to the workshop]. A short strike was ended so’, one of the committee members recalled. The problem did not change until the factory reduced the overdue days from forty-five to twenty for all of the divisions in plant B fifteen months later.

During the committee member training, a number of anonymous workers filed a complaint to the district LSSB about the factory’s infringement of the Labour Law on delayed wage payment and long working hours. The GM then called a meeting with the committee to discuss the issue. He invited members to express workers’ grievances. Members voiced four areas of discontent. First, workers had to attend a morning assembly every day. The time spent in the assembly was not counted as working hours, while workers were subjected to a penalty if they were late for the assembly. Second, there was little choice of food and the hygiene was bad. Third, if workers could not finish their work target during normal working hours, they had to work overtime without payment. Fourth, penalties in the factory were generally heavy. The result of the meeting was encouraging. The GM promised to change the regular morning assembly from a daily basis to a weekly basis and provide more options of food.

At the end of the formal training programme for the committee members, Deng and another member from the handmade division of plant B, where the wage rate was the lowest in the factory, organized a signature campaign in their division asking for a wage rise. More than thirty workers signed the letter. They handed the letter to the GM at the concluding training session when he was present. The move forced the manager to make a promise on wages in the meeting so that most workers
in this division gained a wage rise from the next month. Those who earned ten yuan per day were promoted to thirteen yuan and similar rises from twelve yuan to 13.5 or fourteen yuan, thirteen yuan to fourteen or 14.5 yuan, fourteen yuan to fifteen yuan, fifteen yuan to sixteen yuan, sixteen yuan to 16.5 yuan, but those with a higher daily wage from seventeen to twenty yuan remained unchanged. This victory encouraged the committee members’ decision to hold a factory-wide survey to further voice workers’ wage concerns. The survey was obstructed by pressure from the GM on the Chair.

From these experiences, we could see that the welfare committee did have some long-term impacts. For the workers’ side, through training, meeting and activities of the committee, they learned their legal rights and organizing skills and gradually enhanced their organizing capacity. From an unorganized strike without immediate success, to a collective complaint from which a non-wage concession was gained, to a well-organized and tactical signature campaign by which wage rises were achieved. When this step-by-step process of organizing advanced toward the factory-wide wage survey in the name of the committee, it was halted by pressure from the manager. Afterwards, internal conflict arose and workers’ confidence collapsed. For the side of management, they joined the voluntary project of establishing a committee for a number of reasons. First, the presence of a committee could show their buyers that ‘good practice’ had been performed, as told by workers, the pictures of committee events were always shown in the factory audit from the customers. Second, the committee organized social activities to improve workers’ sense of belonging, productivity and length of stay in the factory. This point was
repeatedly expressed by the GM in his meetings with buyers, trainers and committee members. Third, the committee could express ordinary workers’ concerns that otherwise would go to the LSSB or give rise to a strike. However, the management’s aspiration was to make the committee entirely under management control, rather than function as a ‘real representative body’ of workers capable of challenging management, which was the aim of the external trainers.

In the light of these changes, the welfare committee model was not much different from traditional state-socialist workplace trade unionism. What made the externally imposed committee different from a traditional trade union was the knowledge and expectation of workers. As we saw in the cases of the Uniden, Sun and Moon factories, even though there was a trade union committee in the factory, most of the ordinary workers did not know it existed nor had little expectation from it. In the words of a female worker in the Moon factory, her understanding of a labour union (Gonghui) was ‘labourers gathered together in a meeting’. In the Star factory, however, the labour laws, ordinances, CSR codes and other labour rights, along with the organizing skill to achieve these rights, were delivered to workers in classroom-based lectures and small-group workshops as well as informal contact between trainers and workers. With all of these expectations and knowledge in mind, as soon as ordinary workers thought that the committee was not able to protect their rights and interests, they would lose trust in the committee; as soon as the committee members’ attempt to voice the workers’ rights and interests was hindered, they also felt frustrated, lost confidence and then retreated to the individual strategy of quitting.
State, Trade Union, and NGOs

As Chang and Wong (2005) suggested, the meaning of the western-based consumer movement and its attached CSR projects was to create opportunities for workers’ organizing on the ground. In this sense, international civil society did have a role in linking up workers’ struggle in their workplace and community and the moral movement in the west. However, in China, official trade unions continued to act as a Party-state apparatus and were reluctant to work with international organizations in workplace organizing, while the independent NGOs which worked closely with international civil society also could not be eventually immune from the leverage of the Party-state. The social and political development after the rise of the labour shortage and strike wave since 2004 imposed new challenges on both the official trade union and independent NGOs.

Pun (2007) suggested three kinds of legal status of labour NGOs in the PRD. Some survived under a ‘patronized’ partner such as the ACFTU or a university institution; some were registered as a business unit; while the others operated without any registration. The example of the Chinese Working Women Network (CWWN), which was set up as early as 1996 as the first labour rights NGO in the PRD by a group of scholars, students, social workers and feminists in Hong Kong, shows that there is not any legal channel for the group to achieve registration in the mainland. CWWN sought different state departments at provincial and municipal levels to affiliate under their umbrella. Finally, a joint project in the name of ‘Nan Shan Women Worker Service Center’ was launched by CWWN and the district trade union federation. CWWN’s early work focused on empowering women
workers in their service centres or workers' dormitories by providing legal and gender education. CWWN paid the trade union a service fee in exchange for the trade union officials being on-duty in the centre. The rise of the anti-sweatshop movement and CSR in the West as well as the general concern over development and poverty in China created more opportunities for NGO activism in the PRD from the late 1990s. In 2003, a newspaper reported that ten labour NGOs\textsuperscript{58} had emerged in the PRD within one year and most of them were funded by foreign foundations (\textit{Zhongguo Jingyingbao}, 5 December 2003). Like the CWWN service centre, some of the labour NGOs were initiated by Hong Kong-based NGOs, while the others were set up by mainland intellectual activists or workers that built up connections with the foreign foundations at a later stage. Sponsored by TNCs, MSIs, charities and international trade unions, labour NGOs extended their activities from community-based service centres to factories by trade unions' or workers' committee training and social audit projects, public spaces in industrial zones (e.g. a mobile van project) and hospitals (e.g. an industrially injured workers' network). In 2004, CWWN co-operated with a local branch of the Chinese Communist Youth League to set up a new service centre and its projects were expanded to include a women workers' co-operative shop, a 'women's health express' mobile van, an OHS community education centre, an industrial injured workers' network, a factory workers' committee training programme and a legal advice hotline.

2005 was however a turning point for the optimistic expansion of the foreign-funded labour NGOs in the PRD. From that year, the government had strengthened

\textsuperscript{58} It was estimated that the number of labour NGOs in Guang Dong province was over sixty in 2007.
monitoring and constraint on the work of NGOs. The NGO’s semi-official working partners, the ACFTU district branch and the Youth League in the case of CWWN, withdrew their partnership after being subject to pressure from the state. Those which registered as a business unit were also challenged on the grounds that the non-commercial nature of their activities did not comply with the terms stipulated in their registration. Some were forced to close while others continue to run under stricter monitoring from the local state. The survival difficulties of labour NGOs had further undermined the possibility of continued support for workers’ committees under the CSR project.

On the other hand, the state intervened more actively in both CSR practices and workplace organizations. In 2005 China announced its own CSR standard CSC9000T, initially only for the textile industry, which is similar to the internationally accepted SA8000 standard (A. Chan, 2006a). Since 2006, the ACFTU, supported by the state authorities, launched a historic unionization campaign, beginning with giant TNCs like Wal-Mart (A. Chan, 2006b; 2007). Usually it is the local town-level Party-state officers who go to factories to request the management to set up trade unions. It is not legally compulsory, but the factory managers are vulnerable to resisting state pressure for interest considerations. In my interview with a factory owner in Long Gang district of Shen Zhen, where the Star factory is situated, he complained of pressure from the residential district (Jiedao) government pressing the factory to form a trade union and Party Committee. From the middle of 2006, officials from the residential district government went to the

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59 One of the explanations for this policy change was the rumour that the ‘Colour Revolutions’ in the former Soviet Republics had given rise to worries in the Chinese government that the foreign-funded NGOs would be pushed by anti-communist forces to stir up social unrest (K. M. Chan et al 2005).
factory to talk with its executive manager. The response from the factory was to set up a Party Committee in late 2006 but it resisted establishing a trade union. However, by the middle of 2007, the pressure from the state for unionization was increasing.

The factory owner said in December, 2007:

They [the residential district government officers] come to visit us many times. They said that it was the government’s policy to request enterprises like yours, with more than 1,000 workers, to set up a trade union. The [residential district] secretary-general also phoned our managing director to talk on the issue. We are within their sphere (Zai Tamende Dipan), it was very hard [to refuse]...

Now the government does not fear rich people, they fear poor people. China is different from other countries. In the West, it is the rich people who influence politics and the government fears the rich. Now in China, it is the rich who fear the government and the government fears the poor. The poor have a high potential to threaten social stability and social order. The government now is mostly afraid of losing control. But they do not fear the boss. Some years ago, the government tried its best to attract foreign capital. Now it gets lots of money. Tax revenue has been quite sufficient... The country itself has too much capital and savings. They do not care if foreign capital moves out.

The government officers told him that relatives of the boss cannot be the trade union chair. Even so, in the factory, a factory director was assigned to be the trade union chair, which in the understanding of the factory owner did not violate the state
policy. The policy of the local ACFTU is ‘have [a trade union] first’, and ‘be like [a trade union] later’. The strategy can certainly achieve the unionization rate target set by the higher level of the trade union, but provides few cases of successful trade union representation. Alongside forcefully pushing workplace unionization, the SZMFTU also became more active in the community. In October 2007, the SZMFTU held a meeting with sixteen labour ‘civil agents’ (Gongmin Daili\textsuperscript{60}) and NGO activists to show appreciation for their work and discuss the possibility of integrating their work into community-based trade union legal rights centres. However, one of the conditions that some of the activists could not accept was that they could not contact overseas media or receive foreign funding.

**Concluding Remarks**

As we have repeatedly seen in the cases presented in this thesis, unstable labour relations in China today make a stable representative mechanism in the workplace very essential. The high rate of turnover, wildcat strikes and administrative complaints as well as the escalating number of labour dispute cases bring a ‘problem’ to the state and a ‘trouble’ for the employer. The state needs a trade union to mediate labour-management disputes, the employers need a trade union to improve productivity and stabilize the high labour turnover rate and stoppages, while the workers need a trade union to express their grievances. The traditional socialist trade unions cannot perform these functions as the workers do not trust a union in

\textsuperscript{60} According to the law, workers can be represented in court by a trade union or their relatives under the system of ‘civil agent’ (Gongmin Daili). Some workers with legal experience and practical knowledge chose to earn a living by helping other workers in legal cases against the employers. They helped prepare documents and even represented claimants in court and charged a service fee. As a service fee is widely regarded as improper, they are sometimes hailed as ‘black lawyers’.
the arms of the management. Therefore, democratization of workplace organization is necessary.

However, as the Star factory case and other similar projects revealed,\(^{61}\) democratization is by no means sufficient to make a workplace organization effective. The management-labour relationship is highly imbalanced. While workers are extremely divided and inexperienced, the management exploit personal interest networks inside and outside the production regime to divide and control workers. For the sake of effective workers' organization, external support is essential. Support from NGO trainers, MSIs and TNCs were insufficient as all of the CSR projects were short-term and both NGOs and MSIs do not have solid legal and ultimate political ground in the authoritarian regime of China, not to mention the business interests of TNCs, which are contradictory to workers' organizing power. A. Chan (2007: 15) put it this way:

Even in societies that have well-established trade unions and trade union cultures, much time and efforts are needed to set up workplace trade unions and after that to ensure they have the competency to bargain with management. Moral and practical support and prolonged training by higher-level trade union organs are normally needed.

Accordingly, A. Chan (2007: 15) argued for 'the necessity for trade union involvement' in the CSR projects. However, the ACFTU is still resistant to working with overseas-sponsored NGOs to prevent independent labour organizing and there

\(^{61}\) Including the TNC facilitated trade union election project, which A.Chan (2007) has presented.
is no sign of successful workplace organizing, as we saw in Shen Zhen. The barriers to workplace organization were indeed beyond the factory and embedded in the development of state, economy and society.

China is experiencing dramatic social and economic change today. Workers’ wildcat forms of struggle and unstable labour relations in the workplace seem to exert an impact on both state policy and ACFTU strategy (Clarke and Pringle, 2007). A campaign is ongoing from the ACFTU with strong state support to set up workplace trade unions in FIEs. As A. Chan (2006b; 2007) pointed out, the active strategy and way of organizing trade unions in Wal-Mart superstores was unprecedented. The new Labour Contract Law, effective in 2008, is also expected to enhance both workers’ individual rights and powers of workplace trade unions. All of these reforms provide a new context for workers’ activism and organizing capacity.

Thus, the transition of China into global capitalism is very different from the West. The legacy of socialism guaranteed a strong state-manipulated trade union and weak civil society, resembling the older generation of East Asian NICs in the 1970s, especially South Korea and Taiwan. Thus, the potentials and limits of workplace organizing capacity followed the unique path of social and economic development in the later capitalist countries. The attempt of international civil society to reshape workplace relationships in China cannot be successful easily without a strong national and local foundation. The complexity of state-trade union-NGO relationships in contemporary China defies the optimistic elaboration of the new social movement unionism thesis on a ‘global solidarity’ in the new millennium.
(Waterman, 1999; 2001). To be sure, independent labour NGOs can play a supportive and stimulating role in workers' activism. However, more attention should be paid to the development of the state development strategy, which is in turn shaped by labour-management conflict and the power balance in the workplace and the community.
Chapter Eight

Conclusion: Workers’ Struggle and the Changing Labour Regime in China

Introduction

*The new international labour studies was different from and could not be reduced to industrial relations, trade union studies, labour history or the sort of technical studies carried out by bodies like the ILO... Within peripheral capitalist countries scholars were concerned with the process of proletarianisation, the nature of workers’ struggles.*

Cohen (1991: 10)

This study has examined the formation and transformation of migrant workers’ struggles and industrial conflicts in China, situated in its first SEZ, Shen Zhen. In Chapter One, I laid down my research puzzle on the potentials and limitations of the new working class during China’s integration into global capitalism in the past three decades. In Chapter Two, I drew fruitful insights from a wide range of labour studies traditions before resting on the nature of migrant workers’ struggles and the historical process of class formation, inspired by the paradigm of ‘new international labour studies’ (Cohen, 1991). By reviewing the previous literatures on China labour studies, a key contest was generated: what is the specificity of labour politics in China? Post-structuralist, culturalist, and political economy-orientated
institutionalism provided competitive answers. I tried to break through the limits of orthodox disciplines and undertake a coherent scholarship by connecting local politics with global force (Burawoy, 2000) and micro-empirical reality with grand theories (Strangleman, 2005). Inspired by the labour history tradition, Chapter Three provided a review of labour conflicts in Shen Zhen from 1979 to 2004 as a background to my ethnographic engagement from 2005 to 2008. In Chapter Four, I drew insights from gender, culture, and community studies to explore the social process of a migrant workers’ settlement community, Militant village, in Shen Zhen and its impact on the labour process and power relations on the shop floor. Apart from the extensive scope of social relations: gender, place and its attached gangster, age, and skill, special consideration was paid to the formation of industrial masculinity as a prelude to the investigation of the role of male skilled workers in workers’ strikes. In Chapter Five, a strike case in the Sun factory, a Taiwanese-invested enterprise in Militant village, and its influence on its sister factory in the neighbouring city of Hui Zhou was studied at length. My discussion started from the workplace industrial relations tradition with its insight into industrial conflict, but ended up with a critique of the limit of the application of the tripartite institutional analysis: trade union, management, and the state in China’s global factories. Alternatively, I suggested that ‘unorganised’ workers in the industrial conflicts should be regarded as a ‘collective’ player in the analysis of the development of workplace industrial relations in China. To bring in the role of workers was not to downplay the function of institutions. Instead, in Chapter Six, I brought a perspective of legal institutionalism to the study of the labour regime with the cases
of the Moon factory and its sister factory, also in Shen Zhen, concentrating on the issue of the wage. I suggested that wage politics is a contested terrain for workers, management, and the state, and so an essential topic to explore. There I argued that workers' struggle had pressed the state to provide a new legal context which, in turn, imposed limits on management. However, the incapacity of the workplace trade union or alternative organization to play its primary role of representation impeded the transition of the labour regime, which I called 'contested despotism', into 'hegemony' along with the wider context of political economy (Burawoy, 1979). The question of workplace representation was studied in Chapter Seven through the case of the Star factory, where international civil society attempted to experiment with a model for democratic workplace representation in China. In this concluding chapter, the puzzles laid out in Chapters One and Two will be linked with the findings and discussions from Chapters Three to Seven.

Emerging Patterns of Workers' Protests

As shown in Chapters Three to Seven, one of the most significant developments of labour relations has been taking place since 2004. This view is shared by the research findings of CLB, an independent labour NGO based in Hong Kong (CLB, 2005b; 2007). CLB published two ‘China Labour Movement Observation Reports’ with a 2005 version covering 2000 to 2004 and a 2007 one for 2005 and 2006. The reports were based on a nationwide macro-analysis of official statistics, official and academic documents, media-reported cases, and journalists' articles. The 2005 report highlighted the labour surplus and employment pressure in the country:
The sources from the CCP Propaganda Department and the MOLSS showed that... from 2001-2005... the city and town population which was seeking employment reached as high as 22 to 23 million each year, but the new jobs created each year only accounted for 7 to 8 million. Meanwhile, 150 million of surplus labour power was waiting to be transferred.

CLB (2005b: 4)

But the 2007 report highlighted a labour shortage and the changing form of labour protests in 2005 and 2006:

From 2003, a phenomenon of labour shortage emerged in the eastern coastal region... the SOE reform which culminated in privatization had basically finished... in the post-reform enterprises, the wages, welfare and working conditions had lost any significant difference with the FIEs and POEs... the previous SOE employees (urban employees) in the post-reformed enterprises also started to strive for their own rights and interests by strikes. And also, the basic demands of the urban employees and peasant workers were towards convergence as most of them involved directly [demanding] a wage rise and working conditions improvement. This is because there is no significant difference between the post-reformed previous SOE and FIE and POE in terms of their management strategies and employment conditions, with the employment conditions in some [former SOEs] being even worse than the latter.

CLB (2007: 4, 9)
These reports confirmed my analysis in Chapter One, that the protests of laid-off SOE workers and pensioners would lose their significance as a sustainable actor for social transformation in China and this agency would potentially be replaced by the new working class.\textsuperscript{62}

With a concentration on local cases, ethnographic study may fail to grasp a general national picture, which orthodox industrial relations and labour movement studies may prefer. It was not my intention to provide a national account of patterns of workers’ strikes. Rather, I saw Shen Zhen as a pioneer in workers’ struggle. This city is most prone to labour conflicts, as the number of cases handled by its labour dispute arbitration committees was reported to be as high as one tenth of the total national figure (\textit{Nanfang Ribao}, 28 October 2004). But the CLB 2007 report complementarily affirmed that the characteristics of the migrant workers’ struggles in Shen Zhen to some extent were also shared by protests in the factories of other ownerships and in other geographic areas.\textsuperscript{63}

As far as the city of Shen Zhen was concerned, I adopted a multi-case method (Elger and Smith, 2005) to explore the similarities and differences of labour relations over time. My selection of cases before 2004 was based on the availability of resources and informants, the cases after 2004, namely the Uniden, Sun, and Moon factories, however, were selected from among a dozen strike cases I first exposed. My decision to explore these cases in-depth was because of their level of

\textsuperscript{62} By a new working class here, I mean not only migrant workers in FIEs which this study focused on, but also urban and migrant workers who are working in enterprises of other ownership forms.

\textsuperscript{63} For instance, the CLB report quoted a journalist’s article on a strike wave of migrant workers in Da Lian, a coastal metropolitan city in northeastern China. The strike was led by workers in a Japanese factory in July 2005 and strikers successfully achieved a wage rise after the intervention of the trade union and the government. The strike then extended to more than ten other Japanese factories in the city (Zhan, 2005).
militancy and influence among the workers' community. All of these three cases happened in large FIEs and were well-known among workers in Shen Zhen, or at least in the district of Bao An. Rather than being typical cases, they were among the vanguard form of labour protests, which is ideal to explain and predict the scope and limits of industrial conflicts and organizations in China.

In order to make comparison possible and highlight the significance of the impact of the labour market and economic expansion on workplace struggles (Franzosi, 1995), I borrowed the phrase ‘wave of strikes’ from Taylor et al. (2003: 175), who described strikes in the FIEs of South China in the early 1990s as ‘the third wave of strikes’ in the history of the People's Republic. By this concept, the strikes of the Uniden, Sun, and Moon factories were well within a new wave of strikes from 2004 to 2005 due to the further expansion of global production into China after the country's WTO entry in 2001. Characteristics of strikes in this wave were around the enforcement of the minimum wage and social insurance. In August 2007, the Moon factory was only an example of a similar wave of strikes that forced the city government to raise the minimum wage in October that year, although its duration and scale was shorter and smaller compared to the 2004 to 2005 round due to the prompt response from the state. The strikes in Uniden, Sun, and Moon were organised by different groups of workers, but workers learned from each other and accumulated experience as a collective. In fact, a cross-factory informal network was well developed among workers, especially those from the same province and in the skilled and supervisory range. In the light of this, I attempted to track a historical trend from the strike cases presented in this thesis.
Although cases of strikes were reported in the region as early as the 1980s, their impact and scale were considerably smaller compared with the waves of strikes since 1993. A series of commonalities was evidenced across the pattern of strikes from 1993 to 2007. First, the occurrence of strike waves had a direct relation with the expansion of global capitalism and state intervention in production and reproduction of the labour force. Second, there were issues of discontent deeply embedded in the labour process which were hard to resolve through existing formal channels. Third, there was an immediate cause negatively affecting workers' interests as a touch off point of the strike. Fourth, some hidden leaders, who were usually supervisory and skilled workers, acting underground to lead the strikers were important components of a strike. Fifth, violence or gangster activism was usually used to force others to strike or show discontent towards the top factory management. Sixth, a strike exerted a knock-on effect in other factories.

However, detailed analysis also shows evidence of significant developments:

1. The workers' demands were more and more radical, from within the limit of the law to beyond the law. In 1993 and 1994, when management responded to the workers' wage rise demands by charging or increasing food, accommodation, or other fees, workers failed to resist the acts as they were legal (AMRC, 1995). In 2004 and 2005, however, workers demanded real implementation of the minimum wage without any deductions. In 2007, strikers asked for a reasonable and decent wage as well as a proper working and living environment.

2. They learned from past experience and from each other, so their struggle became strategically more sophisticated over time. From 1993 to 1994, the strikers contained
themselves within the complex of the factory (AMRC, 1995). In 2004 and 2007, workers began to walk onto the highway to attract public attention and state intervention. In the Sun factory case in 2004, workers transferred struggle experiences to the new factory in another city. In the Moon factory in 2007, two factories within the same company co-ordinated with each other to stage a joint strike.

3. The 'shortage of labour' had increased the confidence of the workers (Franzosi, 1995). Despite the fact that the supply of migrant workers seemed to be unlimited in the early 1990s (Lee, 1998), the further expansion of global capitalism into China promptly pushed up the demand for labour (Lewis, 1954). One of the key characteristics of the 2004 and 2007 strikes was the large scale of quitting following the strike. Workers could easily get a job soon after the strike. Edwards and Scullion's (1982) study suggested that quitting itself is a form of industrial conflict. This study showed quitting, as an individual form, increased in parallel with the strike as a collective form of struggle. Although workers' wages were mostly raised after the strikes, their discontent with the management could not be removed. Skilled workers in particular were not in fact in 'unlimited supply' when the economy was in the process of rapid growth (Lewis, 1954).

4. The high turnover rate aggravated the effect of the 'shortage of labour' and lowered productivity. The strike further strengthened rank-and-file workers' confidence and increased the conflict between workers and management. 'Voice' and then 'quit' or 'voice' again became a common way to express their discontent, borrowing the terms from Hirschman (1970). This new pattern of workplace conflict
brought a big challenge to the management, whose first concern is productivity, and the state, which was keen to maintain social order and a favourable investment environment. The emerging patterns of workers' protest had forced the state to improve labour protections (e.g. new labour legislation and higher minimum wage rate) and the management to adopt new business strategies (e.g. production relocation to other parts of China and outsourcing). But workers' struggle strategy also changed over time due to the changing legal, social, economic, and political contexts.

5. The skilled and supervisory staff played a significant leading role in workers' struggle. In Uniden, the role of the engineers in the R&D department was pinpointed. In the Sun and Moon factories, the leading and organising role rested on skilled and supervisory staff, some of whom were attached to original-place-based community gangsters. Their privileged status in the labour market, production, and community had provided them with much more workplace, market, and to a lesser extent associational powers than ordinary workers (Wright, 2000). This provided them many organising resources which the ordinary workers lacked, as we saw in the Moon factory case.

6. The challenge from workers' protest forced the government to improve workers' legal protection. In light of the 1993 to 1994 strikes, the speech of the labour minister Li Bo Yong, which I quoted in Chapter Three, was clear evidence. For 2004 to 2005, a Labour Contract Law was legislated in 2007 to strengthen workers' individual and collective rights, alongside a Dispute Mediation and Arbitration Law and an Employment Promotion Law. At the local level, the legal minimum wage
rate was dramatically increased after the wave of strikes in 2004 and 2005. The capacity of the workers' strike to push forward the legal minimum wage was more precisely demonstrated by the Moon factory case in 2007.

7. While workers and intellectuals in the early 1990s tried to organise independent trade unions, which continued to be strictly prohibited by the party state, both the strikers and civil society had adopted a more pragmatic way to address the issue of FOA. In the Uniden case, a trade union, under the umbrella of the ACFTU, was one of the key demands of the workers in the strike. In fact, they sought advice from the higher level trade union and received a positive response that they had the right to establish a trade union in their factory. And to a lesser extent, workers in the Sun and Moon factories also demanded the establishment of a trade union. However, the trade union established after strikes in these factories remained highly manipulated by the management. Workers in the Moon factory demanded the inclusion of rank-and-file representatives in the union committee, but they were not successful. By contrast, the factory responded by promising a regular meeting with front-line supervisors.

Dynamics and Limitations of Workers' Protests

Lee argued that 'Chinese workers can hardly be described as having much marketplace, workplace, or associational bargaining power' (Lee, 2007a: 24). Alternatively, I have argued that Chinese migrant workers have significantly enhanced their 'marketplace bargaining power' and 'workplace bargaining power' with the further development of capitalism. Their wage standard, for example, was significantly increased. This can be accounted for by two reasons: first, the shortage
of labour or workers' 'marketplace bargaining power'; second, the wave of strikes or
workers' 'workplace bargaining power'. The high turnover rate and the consistence
of resistance in the workplace are new forms of workers' struggle which reshape the
class power balance. By highlighting the rising capacity of workers, this research
contests the simple pessimistic thesis of 'working class crisis' under globalisation.

However, workers' associational power, and so a labour movement, is still
fundamentally weak. The workplace trade unions did not play their primary role.
Without a representative body in the workplace to channel the interests of workers,
workers understandably staged other forms of protests, from quitting and complaints
to stoppages, strikes, and demonstrations, to express their grievances. This has made
workplace relationships highly unstable. From the wide ranging discussions in this
thesis, especially in Chapter Seven, a series of factors can be identified as
obstructions to effective workplace organisations.

First, as the economy was still in rapid expansion, 'voice' and then 'exit' was
more common than 'voice' and 'stay' as workers found it easy to get another job
with similar or sometimes better pay. Here the labour market exerted a dual effect on
workers' activism. It encouraged protest, but not necessarily organisation. Capital's
capacity to relocate and outsource production also weakened workers' market,
workplace, and associational power. In all of the main cases in this thesis, from
Uniden, to the Sun, Moon, and Star factories, the management had relocated part of
their production out of Shen Zhen.

Second, the Hukou system, which had an effect of separating the production
and reproduction of labour, also made stable workers' community and workplace
organisation hard to achieve. Chinese New Year festivals were still a high tide for workers to quit from their jobs, go back home, and then look for a new job after holidays with no pay, although in Chapter Four, I illustrated that workers had tended to stay a long period in both the Sun factory and Militant village. These characteristics had made the factory and the village a pioneer in terms of the militancy and duration of workers' struggle. In Chapter Three, I also indicated that a certain number of older migrant workers returned to their villages under the state initiative to cancel the agriculture tax, implying the availability of collective land in the villages, an effect of the socialist Hukou system, which still provides a means of living for at least some of the migrant workers. More significantly, the reproduction of the new generation of labour was finished in the rural villages, rather than the urban areas. Xiao Ying and Xiao Lin, for example, had to leave their child at home with their parents. Within the factory, the personal network rooted in the traditional society is prevalent and exploited by the factory as a control strategy, in some cases with an interaction between gender, locality, and the attached gangsterism.

Third, there were no powerful external institutions ready to provide support to workplace organisations and their activists. Although the awareness of the ordinary workers about the trade union was feeble, a certain element of the skilled and supervisory staff has much more consciousness on the question of association. In fact, strikers, or more precisely, the leaders of the strikes, tried to form or reform a workplace trade union throughout the strike cases from 1994 to 2007 presented in this thesis. International civil society also put much effort into facilitating effective workplace organisations, either a trade union or an alternative committee from 2000,
while the ACFTU itself also pushed some of its workplace affiliates to experiment with direct elections (A. Chan, 2006a; Howell, 2006). However, there was no single successful workplace organisation which was able to take workers' interests seriously in a sustainable way. The fundamental issue was the manipulation of the management over the workplace organisations (Clarke et al., 2004; CLB, 2008). In this study, from Uniden and the Moon to the Star factories, active and independent union and welfare committee members were all under pressure from management. A legal framework for negotiation was available, but the right to strike was not recognised after it was omitted from the revised 1982 version of the constitution. Even in the new wave of the unionisation campaign since 2006, as I discussed in Chapter Seven, the SZMFTU and local state's interests were more in the establishment of workplace trade unions to fulfil political and administrative targets, rather than activating workplace representation. The Trade Union Law reform in 2001 had enhanced the trade union's representative and mediating role, while at the same time tightening up the control of higher level trade unions over their affiliates to pre-empt independent trade unionism (F. Chen, 2003b). However, the reality is that while the workplace trade union was manipulated by management, the higher level of the trade unions as a part of the party state did not have much leverage over workplace organisation without support from the state and the co-operation of management. Its function as a class organisation to represent and be monitored by the workers is empty. The role of the local state was even more ambiguous, considering its patron-client relations with business. Labour NGOs might play a role, but their weak political and legal foundation undermined their leeway in China.
Their existence was under state monitoring. The party state was especially sensitive to intervention from international civil society in the country’s labour politics. Grassroots labour NGOs, however, mostly depended on overseas funding to survive.

In short, the economic conditions and the legacy of state socialism (by Hukou and socialist trade unionism) have resulted in the separation of production from reproduction of labour and the ACFTU from its rank-and-file members. Going back to the grand theory competition on the uniqueness of labour politics in China that I reviewed in Chapter Two, here I prefer a political economy and institutional account, while paying full attention to the cultural factors, as I will discuss in the following section.

Class Relations, Class Identity, and Class Struggle

Scholars who have studied migrant workers’ protest in modern China from a culturalist perspective have tended to downplay the existence of class-consciousness by emphasizing non-class identities like place, gender, and skill (Honig, 1986; Hershatter, 1986; Perry, 1993). Their approach has continued to influence ethnographic studies in contemporary China (Yu, 2006; Lee, 2007a).

In her recent book, Lee (2007a) privileged ‘citizenship’ over ‘class’ identity for migrant workers and implied that laid-off state workers were more class-conscious, although the former was within and the latter was outside a capitalist class relation. In Chapter Two, I commented that she abstracted ‘class’ from its historical context and material base. The abstraction made her put ‘class’ as one of the discourses among workers in protests: ‘the discourse of class, Maoism, citizenship, and legality as the repertoire of standards of justice and insurgent
identity claims' (Lee, 2007a: 29). But as this study showed, the language of class is not a reliable basis on which to make a judgement of class-consciousness and class behaviour. For example, in the Sun factory, workers in day-to-day life distinguished each other by their provincial identities: Si Chuan Ren (Sichuan people); Waishengren (people from other province/s), and called their boss Taiwan Lao (Taiwanese guy), implying themselves as mainland Chinese; in the Moon factory workers called themselves Tongbao (fellow countrymen) as opposed to a German manager. But after supervisory and skilled workers returned to work on the second day of the strike, production position identities, Zhiyuan and Yuangong, were employed to denounce the ‘betrayal’ by Zhiyuan and consolidate solidarity among Yuangong. No single mention of Gongren (worker) or Gongren Jieji (working class) was used. But workers who worked for factories in the community sourced by other capital, including those owned by local mainland Chinese bosses, also followed their example of striking with similar demands. Obviously workers would not perceive that the strike was against the Taiwanese or Germans, but the boss. While class as a discourse or language cannot explain this spreading of the strike in the community, class as social relations can. The purpose of studying the usage in discourses of terms such as Si Chuan people, mainland people, Tongbao, Yuangong (employee), Zhiyuan (staff) and Zhiyuangong (staff and employees) in the protest is to explore how a basis of solidarity is constructed or deconstructed in a specific context. However, as an analytical tool, the ‘subjective’ basis of solidarity in term of workers’ self-identification is by no means able to transcend or replace ‘objective’ class interests rooted in class relations. As Clarke (1978) illuminated, class relations
and their political and ideological forms cannot be separated from each other in class analysis, but the concept of class as a social relation should be analytically prior to the latter.

The significance of the 'subjective' base of solidarity was evidenced by the development of strikes in 2007 from those in 2004 and 2005. In strikes from 2004 to 2005, in which workers' demands were basically for enforcement of their legal rights, the language of legality provided a bottom line and a base of solidarity for the supervisory, skilled, semi-skilled, and ordinary workers: "The Sun factory violates the Labour Law and does not raise wages!" the banner proclaimed. However, in the 2007 strike, workers' demands had gone beyond the law and asked for a 'reasonable', rather than a legal wage. This base of solidarity was lost. Workers then were divided by the management with its strategy to give supervisory and skilled staff more concessions. Some supervisors then turned to persuade ordinary workers back to work, while ordinary workers had a strong sense of being 'betrayed'. From then on, a base of solidarity was based on production position: Yuangong, emerged to consolidate solidarity in the strike. It does not suggest that workers in the Sun factory had more a citizenship identity, while their counterparts in the Moon factory had an ordinary worker (Yuangong) identity. In fact, they were under the same class relations as their boss from either Germany or Taiwan but developed a different base of solidarity in different contexts.

One may contest that the 'betrayal' of Zhiyuan provided a hint at the ambiguous role of the middle range staff, which did not necessarily support the 'class interest', and so the strike was not a class action. The question of class action
will be discussed below, but for this case, I understood this phenomenon in a specific local context.

Firstly, leaders in the strike were all victims of revenge and victimization by the management during or after the strike. There were not any legal and institutional supports for this range of activists. In the Uniden case, there were some engineers who stood firmly for the interests of ordinary workers or class interests. But their leaders were victimized and finally dismissed. In this sense, after some of the supervisory and skilled workers went back to work, it was understandable that the hidden leaders of the strike, who were machinery repairers, did not stand up to push forward the strike.

Second, the management’s divisive strategy was not successful. The strike in fact continued. The more significant moment for the collapse of the strike was when the factory announced that workers could resign from their work immediately and those who came back to work would get extra payment. It was a concession from the management and so a material gain for workers as many of them were in the queue for an ‘approval’ to resign or planning to resign. In fact, allowing so many workers to leave immediately was also a big cost for the factory.

Even during a strike organised by a trade union in the West, some workers go back to work earlier than the others. But as a strike is not legally recognised in China, a picket line is impossible. The weakness of wildcat strikes in China is more an organisational and institutional drawback, of course also with an experience constraint, rather than a consciousness issue.
Considering the possible positive insights from the cultural and identity studies on the exploration of how solidarity was created or collapsed (Fantasia, 1998), in this study, full attention was paid to these aspects of 'identities': home place, gangster, gender, skill, and age. Although the traditional boundaries of these 'intra-class divisions' are usually exploited by management to divide and pacify workers, they can function in the interests of workers when their structural power was increased, as we saw in the case of the Sun factory. These traditional values also helped to articulate justice behind workers' collective action (McAdam, 1988). The sense of 'injustice' and confidence that had developed from industrial masculinity was one of the prominent factors accounting for workers' enthusiasm in the protests. Moreover, as time goes on, with common experience of social life, workers' traditional attachment is a potential to be transformed into a more open cross-provincial class-based network in the community (Sargeson, 2001).

After connecting the class relations in China's global factory with workers' identity and intra-class division, a dilemma remained on the relationship between class organizations and class struggle. In the West, the Marxist tradition of labour studies generally linked class organisations with class struggle or class action, while the industrial relations studies also took for granted a tripartite institutional analysis: union, management, and the state. Katznelson (1986) defined 'class action' as actions 'that are organized and through movements and organisations to affect society and the position of class within it'. Similarly, Burawoy (1979: 179) referred to 'class struggle' as the struggle between union and management. Under these definitions, there is no class action or class struggle in China. However, experiences
in NICs, such as South Korea (Koo, 2001), showed that a workers' independent trade union was a result rather than a precondition of workers' collective mobilization. In China, the workers' struggle has brought considerable challenges to both management and the state. As shown in this study, their collective actions were able to improve wage, welfare, and working conditions by directly gaining concessions from the management, and indirectly pressing the central state, local authority, and the ACFTU to improve their regulations and policies. Therefore, I suggested that 'unorganised workers' in industrial conflicts as a collective should be regarded as an independent party in the analysis of the transformation of industrial relations in China, crediting its capacity to press concessions from state legislation, legal enforcement, and management. As far as class action or class struggle is concerned, we should distinguish between different levels of class or struggles for clarification.

As reviewed in Chapter Two, Katzenelson (1986) offered a four-layered framework: class structure, class organisation, class disposition, and class action. Katzenelson (1986: 20) defined 'class action' as 'classes that are organized and that act through movements and organizations to affect society and the position of class within it'. Under his framework, as class organization is ineffective in contemporary China, workers' collective actions that by-pass the ACFTU are not class actions. However, within a capitalist class structure, workers in China have shown some extent of class disposition or class-consciousness. For example, strikers in the Sun factory raised the slogan in their demonstration: 'for our common interests'. This is not to suggest that the class-consciousness of migrant workers had been mature.
Instead, I put it into a historical context to see how it changed over time, inspired by Thompson's (1963) historical approach. If we compare the worst case of a strike in the 1980s in which only twenty-one workers stopped work without any voice with the well-planned 2007 strike in a similar geographic area, a historical advance was very apparent. As a development and critique of Thompson's (1963) England-centred approach, Katznelson indicated that a better framework of class formation was a historically and internationally comparative one. However, his notion of class action was still western-centred and less useful to study class formation in countries like China. The reason is that the condition of class organization is too complicated in the non-western world to bind class action with class organization.\textsuperscript{64}

Burawoy (1979: 179) also provided a categorization for workplace class struggle: economic, political, and ideological. For him, 'economic class struggle' is to reshape 'the distribution of economic rewards'. Under this definition, workers' workplace struggle in China today should be well within the sphere of 'economic class struggle' by considering its capacity to obtain class-based material interests and reshape economic distribution in society by their collective actions. However, ideological struggle, or struggle over relations of production, is basically non-existent, while political struggle or the struggle over relations in production is defensive and passive rather than proactive and persistent in China.

\textsuperscript{64} In many developing countries, there are multiple trade union syndicates with different political orientations. In South Korea, for example, the Federation of Korean Trade Unions now competes with the newly rising Korean Confederation of Trade Unions. Both camps declare themselves as representing working class interests although their strategies towards the state and capital are often oppositional to each other. Then action from which camp can be hailed as 'class action'? If we identity that both of the trade union organized actions are class actions, then there might be two kinds of class action oppositional to each other. This phenomenon also exists in other eastern Asian NICs like Taiwan and Hong Kong.
As the class organization-centred approach showed its limitations and contradictions in grasping the development of class relations in China, I referred to workplace struggle in China as ‘class struggle without class organization’. To underpin the positive dynamics of the economic class struggle is not to suggest a labour movement or ‘class-for-itself’ had emerged in China. On the contrary, the limitation of the class struggle in China is exactly due to its concentration on the economic aspect and the existence of traditional and structural obstacles that prevented it from giving rise to political and ideological struggles. I have identified the barriers to the rise of the political struggle in the workplace in my discussion of weak workers’ associational power. Here I would add one point for the difficulty of ideological struggle. Ideological struggle needs an imagination of social relations beyond capitalism. This imagination was especially feeble among migrant workers due to the history of Chinese ‘socialism’. Migrant workers’ memory of Maoism and ‘socialism’ were not the same as the urban workers under the urban-rural separation policy of Hukou. The resources of the rural regions were mobilized to support urban construction in Mao’s era. The poverty and backwardness of the rural villages is still a memory for many migrant workers. It was a dream for many migrant workers to stay in a city, such as the first generation of migrant workers like Lian, whose story was presented in Chapter Three, and the new generation of working couples, Xiao Lin and Xiao Ying, whose struggles I illustrated in Chapter Four. When Dagong was not a good choice, the only way out was to run a small business, rather than imagining other more progressive ideas. An ideological struggle has a much longer way to go for Chinese workers behind the changing economic, social, legal, and
political contexts that may create opportunities for the exercise of a political struggle in the workplace, as I will discuss in the final section.

**Labour Challenge and the Changing Labour Regime**

A main theme of this thesis is that workers’ workplace struggle has exerted significant challenges to central and local state authorities as well as global capital in the context of an expanding economy. Capital responded to these challenges by work intensification, production rationalization and expansion, relocation, and outsourcing. The local state reacted by better enforcement of the labour regulations and steady enhancement of the minimum wage rate, while the central state initiated a new round of labour legislation to better protect workers’ rights and interests. The ACFTU was under strong pressure from the Party-state to reform itself by extending its coverage in the workplace, although there have been very few successful cases of effective workplace trade unionism so far. The new labour NGOs also arose since the 1990s to provide workers with legal education and assistance, although they did not have a sound legal ground to survive in the country.

In this scenario, the main barrier to a ‘class-for-itself’ in China was the state manipulation of the ACFTU and the management’s manipulation of its workplace organizations, while the effective strategy to relocate and expand production and separation of production and reproduction by the *Hukou* system also played some role.

However, there were also some positive developments for a more stable workers’ community and organization. Both the factors of *Hukou* and production relocations had dual effects on the forms of workers’ activism. On the one hand,
availability of job opportunities in other cities or factories, and other survival means in workers' home villages would encourage workers' struggle by 'voice' and 'exit' or just 'exit'. On the other hand, they would make a stable labour force, urban community, and ultimately workers' organization more difficult to achieve. However, although the turnover rate was very high, many workers in fact returned to the factories some months later, while management had to abandon or loosen their policy of restricting those leaving the factory without proper approval from coming back to the factory because of the difficulty of hiring workers. Workers found that the pay and working conditions were more or less similar in different factories. One of the explanations for the rise of the labour shortage in the PRD was that workers had flowed to the YRD. However, as we saw in Chapter Six, the minimum wage rate had been formulated with reference to other cities with a similar economic development level. Militant village also demonstrated the possibility of a more stable worker community and network. Like Xiao Ying and Xiao Lin, many workers left the community, but came back after a period of time. Their return to the village was just because a familiar social network and lifestyle was available there. Like many others, Xiao Ying's dream to run a business was broken while her working life in the factory next to the Sun factory continued after a short disruption. For millions of young migrants, Dagong is the only possibility of making a living. More significantly, skilled workers were more stable staying in a factory with more market and workplace bargaining power, while their associational power was dislocated in the form of informal networks or sometimes gangsterism.
This thesis is being finished on the eve of the thirtieth anniversary of the initiation by Deng Xiao Ping of 'reform and open door' policy in 1978. No momentous celebration was planned by the Party-state. Alternatively, along with the Beijing Olympics, the Si Chuan earthquake, and the unrest in Tibet, the Chinese state is facing the challenge of rising domestic inflation and a declining global economy. On 2 June 2008, the Shen Zhen government held a joint press conference with its subordinate SZMLSSB to announce the new minimum wage for the year from 1 July 2008: 1,000 yuan for inside the SEZ and 900 yuan for outside. Apart from the rising wages in competitive cities, attention was also paid to the escalating inflation rate of the Consumer Price Index (Nanfang Ribao, 3 June 2008). The new rate in Shen Zhen keeps its main competitor, Shang Hai, whose minimum wage is 960 yuan, in second place nationally. Along with a mounting wage standard, three labour ordinances, namely the Labour Contract Law, the Employment Promotion Law, and the Labour Dispute Mediation and Arbitration Law, which were legislated in 2007, provide a new legal framework for workers' rights and interests.

Nevertheless, without considerably more associational power, I would not put workers' struggle under a framework of a labour movement, considering its weakness to exercise a political and ideological challenge to the state and capital. Instead, I apply the notion of 'a changing labour regime', which was also used by Lee (1999) referring to the SOE reform, to sketch the changing power relations in the global factories and beyond. As despotism is still prevailing and the state's intervention and workers' collective actions are more and more potent, I refer to it as 'contested despotism', which has the potential to give way to a new form of factory
regime. The underlying drives of the factory regime transition are from two fronts, capitalist competition and class struggle (Burawoy, 1979). Here I reconstruct Burawoy’s concept to bring in Chinese workers’ collective actions that by-pass the official trade union as the economic class struggle. To what extent can workers’ activism continue to reshape the labour regime under changing economic, legal, and political contexts? It depends on the dynamic relationship between state regulation, management strategy, and workers’ collective struggle, while the possibility of effective workplace trade unionism remains a central issue.

Stories of the Chinese migrant workers’ struggles reveal that work, factory, and working class are far from ‘ended’ (Gorz, 1980; Rifkin, 1995). Instead, they are reconstructed in different spaces in different forms. In fact, the public concern in the West with Chinese labour conditions has recently changed from the ‘race to the bottom’ effect on both wages and consumer prices (e.g. The Economist, 30 September 2004), to the implication of rising wages in China for the stagnation of the western economy (Financial Times, 12 June 2008). Although the locations of production and forms of employment have dramatically changed since the 1970s, the basic logic of the accumulation of global capitalism remains unchanged (Harvey, 1990; Cohen, 1991; Wood et al., 1998). A new agenda for social scientists is to understand how class struggle is unfolded in different local contexts, and how the pattern of the struggle changes over time.
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