

What Future for Chinese Labour and Transnational Solidarity?

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ABSTRACT *In this Conclusion we argue that class struggle is central to the future of Chinese workers and the improvement of their situation. Technological upgrading in itself will not automatically result in better working conditions. Moreover, we point out that Chinese workers have a number of old and new sources of power to draw on. What is, however, most problematic in this respect is the role of the ACFTU, operating as an official mediator rather than an independent trade union, and the resulting lack of associational power. Hence, informal labour NGOs have an important role to play in supporting social justice for China's workers.*

Keywords: ACFTU, Chinese workers, class struggle, informal labour NGOs, sources of power.

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This volume is based on the workshop *Chinese Labour in the Global Economy*, held at the University of Nottingham, UK on 11 and 12 September 2014. It concluded our ESRC research project ‘Globalisation, national transformation and workers’ rights: an analysis of Chinese labour within the global economy’ (£275k, RES-062-23-2777). In the period from when our project was first conceived in 2009 and the final workshop in 2014 the question of labour supply became increasingly important. The initially abundant cheap labour, so essential to the Chinese development model, was increasingly in doubt. Since 2003 comments and reports about labour shortages have emerged especially in coastal areas such as Guangdong and Shenzhen (Huang, 2004). From 2004 onwards, many factories in coastal areas could not find sufficient or suitable workers (Knight *et al.*, 2011, pp. 585–8). Cai argued that China has indeed faced labour shortages due to demographic change and declining fertility as well as because the official minimum wage had not kept pace with fast-increasing living costs in coastal cities (Cai, 2008, pp. 7–10). Others, however, maintained that China still has abundant unskilled low-wage labour in rural areas as a resource to draw on (Golley and Meng, 2011).

The debate on a potential labour shortage echoes, in fact, what we are partially concerned with in this volume: the changing nature of migrant workers in China, the so-called second- or third-generation migrant workers, who entered the labour market in the mid-2000s, and their role in industrial disputes. This generation of migrant workers is different from their parents: most of them grew up under the ‘one-child policy’ and reform era; they care more about a decent working environment, not just a bowl of rice (Pun and Lu, 2010, p. 495; see also Chan and Selden in this volume). The changed perspective of second-generation migrant workers was certainly influenced by the grand societal changes in China brought about through economic reform, and

the strength of migrant workers was arguably reinforced by the implementation of the labour contract law in 2008 (Wang *et al.*, 2009, pp. 497–8). The fast increasing number of industrial disputes after the late 2000s was not only because of the promulgation of the labour contract law, however, but also because, following the financial crisis in 2008, many export-oriented factories in the coastal areas, facing a sharp drop in international orders, were forced to close down (Schmalz and Ebenau, 2012, pp. 496–7).

As Jane Hardy mentions in her article in this volume, the Chinese development model is based on significant contradictions. Most importantly, the drive to raise domestic consumption at the same time as maintaining comparative advantages based on low wages undermines current attempts at finding ways out of the crisis. Capitalist development is characterised by processes of uneven and combined development and China is no exception in this respect. Unsurprisingly, the rising inequality in China along the rapid relocation of capital under the state-led Go West developmental initiatives has resulted in widespread industrial unrest. The main focus of this volume has been on how to understand the dynamics underlying the Chinese model based on super-exploitation of workers and their resistance to it. In this Conclusion, we will first highlight the centrality of class struggle in obtaining gains for workers, before we examine the various power resources available to Chinese labour.

Chinese workers and the centrality of class struggle

Tim Pringle (2013) argues that migrant workers have emerged as the main agent of class struggle in China. This observation is confirmed by the contributions to this volume. Especially the article by Chan and Selden focuses on the role of second

generation migrant workers and their emphasis on improving their lives in the cities of their workplace rather than returning home. The decline in available cheap labour, they argue, has increased the bargaining power of these migrant workers. As companies struggle to find replacement, they have to improve wages and working conditions to entice workers to stay. In fact, the Chinese government has taken this demographic change into account. The ‘second child’ policy announced in October 2015 is proof that the need for a young workforce is of pressing concern to the nation (BBC News, 29 October 2015).

Nevertheless, it is not only the young generation of migrant workers, which has been involved in strike action. As the article by Schmalz, Sommer and Xu in this volume makes clear, older migrant workers are prepared to take action, if their retirement payments are endangered. 40,000 workers went on all-out strike at the Yue Yuen shoe factory in Dongguan in 2014, when it had become apparent that their employer had not kept up with paying the legally required social insurance contributions.

How then can the situation of Chinese workers be improved? At the end of the 2000s, the Chinese government started to emphasise industrial upgrading, as was reflected in the slogan of Guangdong’s then-party secretary Wang Yang: ‘empty the cage to exchange the birds’ (Miller, 2009). The government’s strategy of industrial upgrading followed the arguments of scholars of supply chain studies (Gereffi, 2009, pp. 46–8). China should gradually develop her own capacity for research and design (R&D) into different supply chain clusters, led by foreign and domestic Chinese capital. In other words, technological upgrading has to be made towards production in higher-value added industrial sectors for social upgrading to occur. And indeed, as Bieler and Lee demonstrate in their comparative assessment of the electronics sector

and the higher value-added IT sector, working conditions and pay are better and the relations between employer and employees more consensual in the latter, as stability and skills are necessary in this particular sector to ensure competitiveness. There has also been some technological upgrading in the electronics sector in the Pearl River Delta, as Butollo and Lüthje outline in their contribution to this volume. Low value-added electronics manufacturing did not simply engage in a ‘race to the bottom’ or move to cheaper production sites. Rather, in conjunction with finding cheaper production sites further in-land in China or drawing on ‘student interns’ as a new source of cheap labour – Foxconn, for example, employs as many as 150,000 ‘student interns’ on the assembly lines to undermine labour solidarity and to cut costs during the peak production months in the summer (Chan, Pun and Selden 2015) – factory owners also made efforts at upgrading production facilities. However, as these authors argue, the upgrading of production sites has done little to improve workers’ situation. Technological upgrading does not automatically lead to social upgrading (Butollo, 2014).

Instead, as several of the contributions to this volume make clear, it is class struggle by workers, which may ultimately lead to an improvement in their conditions. As Chan and Hui indicate, when the economy started to recover from 2010 onwards, workers re-asserted their demands. The main class struggle in China takes place between internal migrant workers and global capital around the issues of wage levels, pensions and other labour regulations. In the end, after industrial action had spread widely, the Chinese state, understood as a field and condensation of class struggle, endowed with relative autonomy, had to step in supporting some of the workers’ demands to ensure stability and, thus, to secure the general viability of capitalist accumulation in China. Tim Pringle in his analysis of class struggle in China

reaches a similar conclusion. Migrant workers, he argues, have emerged as a class against capital in Guangdong changing the balance of class forces. Hence, they succeeded in pushing capital and state into forms of collective bargaining, which resulted in gains for striking workers. Xuebing Cao and Quan Meng's analysis of the Yantian International Containers Terminal (YICT) strike also confirms that only taking strike action forced management to the negotiations table and secured gains for workers.

Nevertheless, these successes and gains of workers should not be regarded as automatic, nor should they be taken for granted. As Ngai-Ling Sum's article in this volume indicates, capital attempts to co-opt dissatisfied, highly exploited workers, the so-called *Diaosi*, into capitalism by developing new forms of consumption patterns to which this group of workers has specific access. Class struggle is always open-ended and can go either way, working class gains or a re-assertion of capital's power. In relation to the latter, as Sum also indicates, the state often plays a crucial role in supporting capital. This is reflected in recent events in China. From October 2015, several labour activities, including the actions of labour lawyers, had been closely monitored by the government. Eventually, the government tightened its net and arrested six labour NGO activists in the Guangdong area on 3 December 2015 (Friedman *et al*, 2015). International scholars launched a petition campaign to ask the government to release the detainees in mid-December 2015, but at this moment in time, those activists are still in detention.

When assessing the possibilities of workers to resist conditions of super-exploitation, it is important to reflect on their potential sources of power. We will look at this issue in relation to Chinese workers in more detail in the next section.

Chinese workers and sources of power

Beverly Silver, drawing on the work of Erik Olin Wright, identified two main sources of workers' power: (1) associational power depending on collective organisations such as trade unions and political parties; and (2) structural power sub-divided into two subtypes. 'The first subtype of structural power (which we shall call marketplace bargaining power) is the power that results directly from tight labor markets. The second subtype of structural power (which we shall call workplace bargaining power) is the power that results from the strategic location of a particular group of workers within a key industrial sector' (Silver, 2003, p. 13). And these sources of power are also visible in the case studies investigated in this volume. As Chan and Selden point out, the declining birth rate has increased the marketplace bargaining power of Chinese workers. As there are fewer young workers entering the workforce, the cheap labour development model is under pressure and workers are in a stronger position, when they demand wage increases, better working conditions and social benefits.

The second noticeable source of power is workplace bargaining power. In tightly integrated global commodity chains, the disruption in one segment of such a chain can result in huge losses for capital. Again, as Chan and Selden indicate, even cheap labour workers in Foxconn production sites potentially enjoy this type of power, as their stoppage disrupts the complete production process of the highly coveted Apple products. The workplace bargaining power is even more visible in the case of the YICT strike. Dockworkers enjoy a unique location in global production. The moment they are on strike, whole global commodity chains (GCC) break down as parts and finished products are no longer moved along. Equally, it is very difficult for capital to replace one port with another. Spatial fixes of this type are not really feasible in transport. Additionally, dockworkers had workplace bargaining power due

to the introduction of modern technology in ports. Dockworkers are highly skilled and cannot be replaced easily.

Furthermore, there are also new sources of power, logistical and symbolic/societal, available to workers (Webster, 2015). Societal power involves ‘the struggle of “right” against “wrong”, providing a basis for an appeal both to the public and politicians, as well as to allies in civil society’ (Webster, Lambert and Bezuidenhout, 2008, p. 12). Cao and Meng in their analysis of the YICT strike identify this type of power in the discourse about endangered health as a result of the way work in ports is organised. Logistical power, finally, was available to the dockworkers in the form of social media, allowing them to organise collectively even though the workplace trade union was not the initiator of strike action. At the Yue Yuen strike too, social media played a crucial role in the collective organisation of large-scale industrial action (Mason, 2014). In short, both old and new forms of power resources have proved vital in the case of Chinese workers’ struggle for better working conditions and social justice.

At the same time, capital has also responded flexibly to this pressure, partly by moving production to other countries with available cheap labour such as Vietnam (see Schmalz, Sommer and Xu on the employer’s response to the Yue Yuen shoe factory strike), and partly by introducing new technology to automate the production process needing fewer workers (see Butollo and Lüthje in this volume). Capital, moreover, attempts to integrate disadvantaged workers through specifically devised consumption strategies – see the assessment by Sum in this volume on attempts of co-opting the Diaosi. Equally important is the general state of the economy. As Chan and Hui assert in their contribution, only once the economy started to recover in China from 2010 onwards, did the state feel pushed to intervene on behalf of striking

workers. During the economic crisis in 2008 and 2009, fewer workers were needed anyway and marketplace bargaining power evaporated. Finally, while the state at times intervenes on behalf of workers to ensure stability, it has increasingly also clamped down on striking workers and informal labour NGOs, which had supported them in their struggles.

This issue of state repression turns our attention to the issue of associational power and the potential role of trade unions and here in particular the ACFTU. As the various contributions have made clear, the ACFTU has played at best a mediating role between workers and the government, but it has not functioned as an independent organisation representing the interests of workers. On the one hand, it speaks for the state to mobilise workers for more production; on the other, it collects workers' views to report back to the state. These two functions are contradictory in themselves and, unsurprisingly, the latter function is rather superficial and less developed (Chan, 1993, pp. 36–37). From an international trade union perspective, Lambert and Webster argue in their contribution to this special issue that the ACFTU has several contradictions as a 'functional' trade union. To date, the ACFTU has refused to accept the ILO international labour standards. Thus, it serves more as a 'transmission belt' for state policies. It is still institutionally affiliated to the CCP, the union's leaders are not elected by shop floor workers, and, more importantly, the ACFTU does not have workers' support and hence does not and cannot represent the workforce in China. At times, often in response to labour militancy, the ACFTU mediates conflict on behalf of the state and protects workers' legal rights, but it is not an independent workers organisation. Informal labour NGOs, on the other hand, either focus on supporting workers through after work, cultural programmes as, for example, several NGOs in the Yangtse River Delta or they are increasingly repressed as the informal labour

NGOs in the Pearl River Delta, which had represented directly the individual and collective interests of workers (see Bieler and Lee in this volume). In short, associational power on a more permanent institutional basis is extremely little developed in China. At times, workers creatively overcome these limits through logistical power as represented in the possibilities of social media (see above), but overall there is the danger that Chinese workers cannot fully use their structural power, as long as they are institutionally so weakly organised. This also provides a challenge to the global labour movement, which may need to engage more with non-conventional institutions relevant to Chinese workers' struggles against globalised capital. As Lambert and Webster suggest in their article, rather than engaging with the ACFTU and being blended by its large membership, the focus should be on strengthening Chinese civil society and the support for those informal labour NGOs, which have been attacked in the past as well as in the present.

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