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Rupture and Representation:  
Migrant Workers, Unions and the State in China

By

Eli David Friedman

A dissertation submitted in partial satisfaction of the

requirements of the degree of

Doctor of Philosophy

in

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of the

University of California, Berkeley

Committee in Charge:

Professor Peter Evans, Chair

Professor Kim Voss

Professor Ching Kwan Lee

Professor Kevin O'Brien

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## Abstract

### Rupture and Representation: Migrant Workers, Unions and the State in China

By

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Doctor of Philosophy in Sociology

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This project begins with a simple observation: during the first decade of the 21<sup>st</sup> century, worker resistance in China continued to increase rapidly despite the fact that certain segments of the state began moving in a pro-labor direction. This poses a problem for the Polanyian theory of the countermovement, which conflates social resistance to the market with actual decommodification and incorporation of labor. I then pose the question, why is labor strong enough to win major legislative and policy concessions from the state, but not strong enough to significantly benefit from these policies? The “partial” nature of the countermovement can be explained with reference to the dynamics of labor politics in China, and specifically the relationship between migrant workers, unions, and the state, or what I refer to as “appropriated representation.” Because unions in China are an invention of the state, they have good access to policy makers but are highly illegitimate amongst their own membership, i.e. strong at the top, weak at the bottom. Labor’s impotence within enterprises means that pro-labor laws and collective agreements frequently go un-enforced. As a result, workers are forced to take radical autonomous action in order to have their grievances addressed. Expanding worker insurgency strengthens the hand of unions at the national (and potentially provincial and even municipal) level, but fails to produce a durable re-alignment of power at the point of production that is capable of enforcing laws. Thus, the central state’s initiatives to advance the interests of migrant workers is simultaneously undermined by their categorical ban on independent worker organization, a dilemma I refer to as *insurgency trap*. Through an analysis of several most-likely cases, I empirically demonstrate the problems generated by appropriated representation and attempt to discern under what conditions insurgency trap can be undone. By reconfiguring the theory of the countermovement, I gain conceptual clarity on the relationship between spontaneous resistance to the market and institutionalization of class compromise.

## Acknowledgements

Throughout this project and indeed my entire graduate student career I have had the exceptional privilege of having Peter Evans serve as my advisor. At every step of the way, Peter has been an exemplary mentor, alternatively advising, instructing, cajoling, and simply leading by example. I have learned a tremendous amount from him, not just about sociology and doing good scholarship, but also about how to act in the world. It goes without saying that this dissertation would not have been possible without his support and guidance.

Ching Kwan Lee has selflessly advised me for a number of years, despite the fact that she has in this time never held a position at Berkeley. My intellectual debt to her is apparent enough in the following pages, and if I can count any scholarly or professional achievements they owe in large part to her ongoing support. Kim Voss has helped me think deeply about union organization, and always provides timely reminders that Chinese labor politics may not be as unique as I think. Kevin O'Brien has consistently provided me with some of the best feedback and suggestions on my work and how to make it comprehensible to others, as well as invaluable knowledge on conducting research in China. His course on contentious politics in China changed the way I think about social movements and continues to be one of the best experiences I had in grad school. Although Dylan Riley was not on my dissertation committee I would like to acknowledge his contribution to my intellectual growth. He provided me with a rigorous training in social theory that helped me to see the world in a radically new light.

The intellectual environment at Berkeley is unparalleled, and I have learned from an incredible group of fellow students. Many of the following people have read and commented on parts of this dissertation; others have contributed to my development in a less direct but equally important manner: Abigail Andrews, Dan Buch, Ryan Calder, Jia Ching Chen, Zongshi Chen, Julia Chuang, Barry Eidlin, Jonathan Hassid, Paul Hathazy, Daniel Immerwahr, Zach Levenson, Mike Levien, Kate Maich, Simon Morfit, Marcel Paret, Tianna Paschel, Alina Polyakova, Jeff Sallaz, Aaron Shaw, and Rachel Stern.

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While conducting fieldwork I received generous support from the University of California's Pacific Rim Research Program as well as the Labor and Employment Research Fund. My time at Chinese University of Hong Kong was supported by the Global Scholarship Programme for Research Excellence – CNOOC Grant.

My wife Julia Chang not only gave me unconditional love and support throughout the challenge of having to spend more than a year apart, but quite literally came up with the title of this project. The acknowledgement section of a dissertation is an awkward place to formally recognize the profundity of a spousal relationship. Nonetheless, I love her deeply and have counted on her for emotional and intellectual inspiration time and time again.

Finally, there are my parents Ellen and Stuart, who have probably set some sort of record for direct contribution to a child's dissertation. For the first several months of my fieldwork (undoubtedly the most personally challenging part of the project) I lived in an apartment with them on the campus of Sun Yat-sen University in Guangzhou. They of course fed me, listened to me gripe about the challenges of studying labor politics in China, but also engaged in substantive daily conversations about the research which profoundly shaped the development of the project. Additionally, they have read nearly every word of this dissertation, sometimes reading it aloud to each other on long car trips. While it is perhaps customary to dedicate a first major project to one's parents, mine have actually earned it in spades. I love them very much and dedicate this work to them.

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## Chapter 1

### Introduction – Labor Politics and Capitalist Industrialization

Shortly after assuming leadership of the Chinese Communist Party in late 2002, Hu Jintao embarked on a significant rhetorical departure from his predecessors. Deng Xiaoping had famously argued that it was acceptable for “some to get rich first,” and that “it doesn’t matter if the cat is black or white as long as it catches mice,” both indications that economic growth was the unquestioned and ultimate end of action. Jiang Zemin’s “Three Represents” affirmed the Party’s support for private capital and reinforced the primacy of developing the productive forces. But Hu quickly – if subtly – moved to re-orient the state away from such a single-minded pursuit of growth. Over the course of his first year and a half in office, he unveiled the key slogans that would be associated with his tenure: “scientific development view,” “putting people first,” (*yirenweiben*) and most famously, “harmonious society.” Though imbued with slightly different shades of meaning, in sum these slogans were meant to indicate that the state would no longer be *exclusively* concerned with GDP growth as an end in itself. Under this new approach to development, the state was to pay greater attention to environmental protection, reducing inequality, expanding the social welfare system, and enhancing rule of law. In short, Hu wanted to take steps to soften the edges of the bare-knuckle laissez-faire capitalism that, while leading to many consecutive years of high growth, had resulted in stark class polarization, ecological destruction, and rapidly expanding social conflict.

And indeed, over the next several years there were strong indications that the central government was backing away from full-throttle marketization and re-orienting their growth strategy away from one highly dependent on wage repression and export-oriented manufacturing. Although calls for a shift away from exports grew significantly following the global economic crisis of 2008, the government had been advocating an increase of domestic consumption since at least 2004.<sup>1</sup> In part responding to massive protests among laid-off workers in the late 1990s and early 2000s, the high wave of privatization of state-owned enterprises (SOE) subsided. It became clear that the public sector was going to continue to play a large role in the economy, particularly in key industries such as energy, arms, transportation, finance, and education. Scholars and media commentators began to refer to the phenomenon of “advance of the state, private retreat” (*guo jin min tui*) to refer to the process of re-nationalization happening in several sectors. A series of pro-labor policies and laws were implemented, culminating in the landmark Labor Contract Law approved in 2007. Additionally, the government took a number of steps to reform the discriminatory *hukou* household registration system (Wang 2010), increase social insurance coverage of migrant workers, and raised minimum wages. Most significantly for this study, the All China Federation of Trade Unions (ACFTU) appeared to be more aggressive in pushing for collective bargaining and unionizing private employers, as most clearly represented by the high profile Wal-Mart campaign in 2006. Unions around the country began to talk more assertively about

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<sup>1</sup> See the white paper “China’s Employment Situation and Policies” from the State Council’s Information office: [www.chinadaily.com.cn/english/doc/2004-04/26/content\\_326356.htm](http://www.chinadaily.com.cn/english/doc/2004-04/26/content_326356.htm) (accessed February 12, 2011)

organizing migrant workers and negotiating better contracts for their members to promote “harmonious labor relations.”

It appeared as if years of high levels of social unrest – chief amongst which was labor conflict – had taken a toll on the state, and the central government was ready for compromise. For some scholars, it seemed that the state had embraced decommodification and a re-embedding of the economy in response to the chaos of the market, just as theorized by Karl Polanyi in *The Great Transformation* (1944). Indeed, Wang Shaoguang argued that by the late 1990s,

... the golden tablet (jinzi zhaopan) of market reform toppled, shattering the seeming consensus on the efficacy of market forces... [Those hurt by marketization] felt that Chinese economic reform had gone astray, and they longed for harmony between the economy and society. This initiated the protective countermovement to re-embed the economy into the society. (2008:21)

In Wang’s view, by 2008 the central government’s change in direction was already successful: “By using state power, the [sic] redistribution breaks the market chain and reconnects everyone. These are the changes China has been experiencing recently.” (2008:22) But is “longing for harmony” enough? Was in fact the market chain broken, with everyone being reconnected?

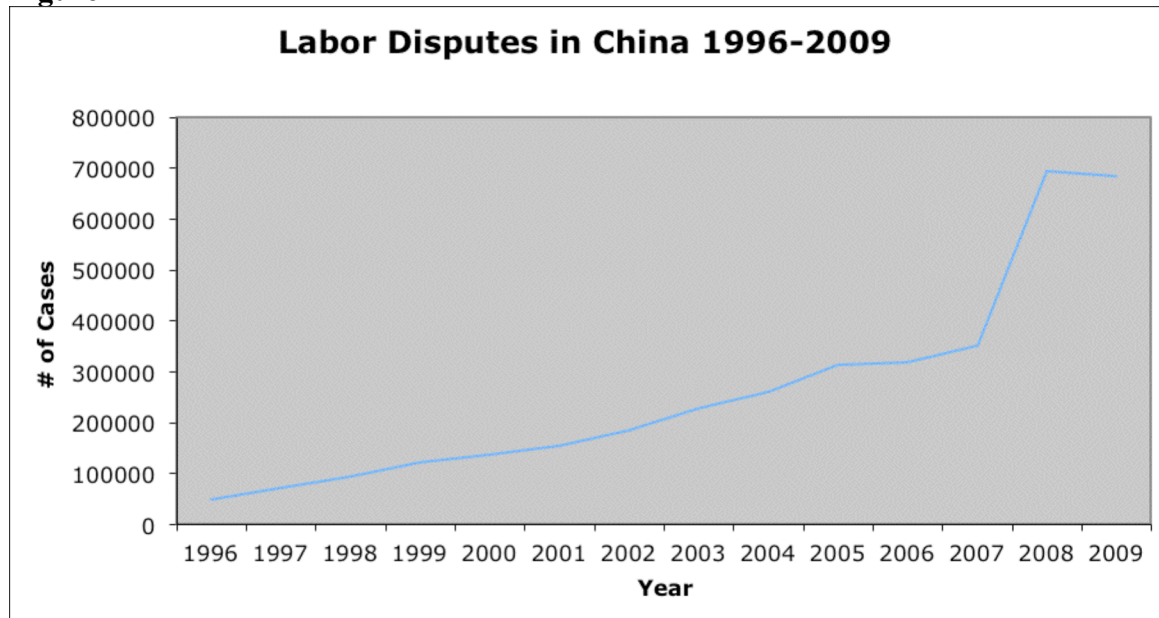
From the perspective of 2011, we can surely say that Wang’s optimistic prognosis was pre-mature. Particularly for migrant workers – the focus of this study – needs are still by and large mediated by the market nexus. Managerial autonomy remains essentially uncompromised, and workplaces are subject to endemic legal violations. And workers are not satisfied. Indeed, from the beginning of the Hu administration in late 2002 up until the conclusion of this study in 2010, the volume, and seemingly the intensity, of labor conflict increased without pause. Officially mediated disputes increased rapidly (see figure 1), while autonomously organized strikes, road blockades, riots, and worker suicides continue to upend social order. In at least two high profile cases, workers that murdered their boss were widely hailed as heroes on the internet.<sup>2</sup> By 2010, the government was spending RMB 514 billion (US \$78 billion) on internal security, nearly matching its national defense budget of RMB 518.6 billion.<sup>3</sup> Clearly, all was not peaceful in the People’s Republic.

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<sup>2</sup> I’m referring here to the Tonggang steel incident and the Liu Hanhuang case.

<sup>3</sup> Sun, Wukong. April 28, 2010. “Beijing Hears Dissenting Voice on Unrest.” *Asia Times*. (USD conversion is based on exchange rates in February, 2011)

**Figure 1**



Source: *zhongguo laodong tongji nianjian 2010*. [China Labor Statistical Yearbook 2010]  
Beijing: zhongguo tongji chubanshe.

This project then seeks to address a problem of the political economy of early 21<sup>st</sup> century China: why is it that in the decade since the central government began to shift away from full-fledged marketization, worker unrest has continued to grow apace?<sup>4</sup> Perhaps one might assume that the answer is simply that unions are weak, and therefore worker interests continue to be violated. But if this is the case a second question immediately arises: why is it that labor is strong enough to win major concessions at the national and sometimes provincial and municipal level, but not strong enough to allow workers to significantly benefit from these victories? In order to answer these questions, I focus on the state-controlled unions under the umbrella of the ACFTU, and their relationship to workers, capital, and other state agencies. Before outlining the argument, it will first be necessary to establish a basic conceptual framework.

### **Countermovements, The Institutional Moment, and Appropriated Representation**

Just as Polanyi studied the “Great Transformation” of 19<sup>th</sup> and early 20<sup>th</sup> century Britain (1944), I am concerned here with similar tectonic social and political shifts that derive from capitalist industrialization in contemporary China. Polanyi’s theory of the “double movement” held that the commodification of land, labor, and money would, if

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<sup>4</sup> A separate but related question is, why in this period has inequality also continued to grow rapidly? Although I do not aim to explain inequality here, the inability to enforce pro-labor legislation is certainly a primary factor.

left unchecked, result in the destruction of society and the ecosystem. However, Polanyi argued that commodification generated a countermovement for social protection from various classes in society which would result in decommodification of labor (as well as land and money, but labor is most relevant for this study) and a re-embedding of markets. One of his key examples of a successful countermovement was the American New Deal. But for Polanyi, as well as several contemporary scholars, social resistance to commodification is conflated with actual institutionalized class compromise, such as that which characterized the post-war political economy of North America, Western Europe, and Japan.<sup>5</sup>

I make several adjustments to the Polanyian theory of countermovements to account for this difficulty. As discussed above, the seeming inclination of the Chinese central government towards class compromise has not resulted in a reduction in migrant worker insurgency, as labor remains highly commodified and labor conflicts often cannot be resolved by unions or through other legal means. Theoretically, this allows us to see that countermovements against commodification must be broken down into two distinct, if dialectically intertwined, moments: the *insurgent* moment in which social groups marginalized in the process of capitalist development engage in relatively dis-organized and spontaneous resistance to commodification; and the *institutional* moment, when class compromise is established in the political and economic spheres. I take decommodification of labor as an indicator of the emergence of the institutional moment in the economic sphere; decommodification is defined as *social action that lessens the extent to which workers are immediately compelled to submit the satisfaction of their needs to the logic of the market*. Things such as guaranteed health care, pensions, job security, increased wages, and having a say in how the labor process is organized all contribute to decommodification (see chapter 2 for an expanded and more highly specified definition). The political aspect of the institutional moment is represented by *incorporation* of the working class. This means that workers have substantive representation both on the shopfloor (relationship to capital) and in giving the working class a voice in government (relationship to the state). If workers are able to resolve collective problems and contend with capital within rationalized, legal channels (especially collective bargaining) and if they recognize the legitimacy of their legal union representatives, this serves as evidence of incorporation.

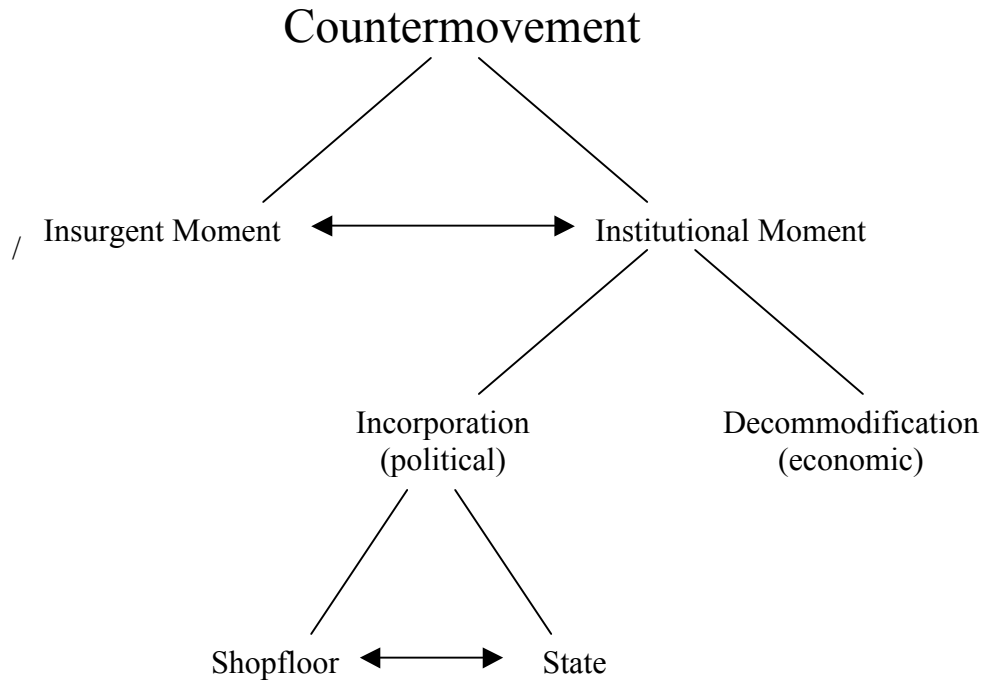
Decommodification and political incorporation are mutually reinforcing trends: to the extent that workers have greater collective voice in the state and workplace, their economic standing is likely to improve; and improvements in economic standing are likely to increase the legitimacy of union representatives and collective bargaining mechanisms. In China, the state and union were for a long time largely unconcerned with the economic problem as evidenced by their presiding over a program of radical labor commodification since the late 1970s. But over the course of the Hu administration,

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<sup>5</sup> For an analysis of the passage of the National Labor Relations Act in the U.S. that does *not* fit this description, but rather delves into the nuanced relationship between worker insurgency and decommodification, see: Goldfield, Michael. 1989. "Worker Insurgency, Radical Organization, and New Deal Labor Legislation." *The American Political Science Review* 83:1257-1282.

certain segments of the state (notably the central government and certain provincial and even municipal governments) became increasingly interested in expanding workers' ability to consume. And the state has long been concerned with the political problem of incorporation, as they fear instability that may result from expanding labor unrest. But since the political and economic are intimately linked, some degree of decommodification will likely be necessary in order to attain incorporation. Additionally, strengthened representation in the workplace – especially mobilizational capacity – could increase the power of union representatives within the state.

A schematic of my reformulation of countermovements appears below:



In these terms, then, my question is: why is it that the countermovement in China has stalled at the insurgent moment? Why have high levels of resistance among migrant workers resulted in legislative, regulatory, and symbolic<sup>6</sup> victories but have not been translated into incorporation and decommodification? My claim is that the transition from insurgency to the institutionalization of the countermovement (i.e. class compromise) that we would expect based on Polanyian theory has been short-circuited because the new class of migrant workers in China have emerged under conditions of *appropriated representation*. “Appropriated representation” is a term originally used by Weber (1978:292) which he juxtaposed to the radically democratic “instructed representation,” (*ibid*:293) but which he did not develop at any length. I have adopted and reconfigured the term to refer to a situation in which the state unilaterally grants exclusive rights of political representation of an entire class to a particular organization in the absence of substantive or formalistic delegation from membership. Historically, unions in many other countries undergoing capitalist industrialization have played a crucial role in channeling insurgent worker energy into the construction of collective power capable of

<sup>6</sup> i.e. increased rhetorical support from the state for worker grievances.

winning compromise from the state and capital. But, in the case at hand, the ACFTU did not mobilize or actively involve itself in the lives of migrant workers as they emerged as a new class,<sup>7</sup> as it maintains the state's obsession with reducing labor unrest. Under conditions of appropriated representation, dispersed worker insurgency strengthens the hand of union representatives at the national level (since the state fears instability and may be willing to promote legislative reform), but simultaneously results in weak, illegitimate unions on the shopfloor which are generally incapable of enforcing laws and collective agreements.

Such a scenario recalls the problem of union oligarchy, a line of inquiry first established by Robert Michels (1962). I do not conceive of oligarchy<sup>8</sup> primarily as a union that fails to pursue the interests of membership (since the content of "interests" are always the object of symbolic struggle), but rather in process-based terms. Unions are democratic rather than oligarchic to the extent that membership is actively engaged and mobilized in the determination of organizational ends of action and the pursuit of those ends. In other words, do workers have a say in what the union will do? And, once organizational goals have been established, are workers involved in pursuing these goals? ACFTU unions are highly oligarchic, as they are subject to heteronymous control of the Party from the national to the district level<sup>9</sup> (formalized in the organization's constitution), while remaining highly subordinate to capital at the firm level. And yet, the relationship between the ACFTU and migrant workers is quite distinct from earlier instances of oligarchic unions. In the West (and in many other countries) the general tendency was for unions to begin quite democratic and to ossify over time into increasing oligarchy. However, the ACFTU has been re-created *in toto* by the state once in 1948 and again in 1978. It is this specific historical trajectory in the relationship between union, state, and working class which I refer to as appropriated representation, and which puts the ACFTU in a different category than previous cases. In my conceptualization, unions can be expected to behave "oligarchically" under conditions of appropriated representation (i.e. they will respond to the wishes of state and capital and members will be excluded from practical activities). Whereas appropriated representation refers to the general political context of the state-union-worker relationship, oligarchy (as juxtaposed to democracy) refers specifically to union organization and can be empirically observed in specific cases.

The tension between the insurgent and institutional moments of the countermovement can be best analyzed at the point where the state is now attempting to incorporate rebellious workers: the trade union structure. *Rupture and Representation*, the title of this project, refers to the relationship of appropriated representation between migrant workers and their union representatives in the process of capitalist

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<sup>7</sup> I do not mean to suggest that migrant workers have become constituted as a class in the fullest sense of the term. If class formation is a multi-layered process, migrant workers certainly do not engage in collective action as a class (Katznelson 1986), and thus cannot really be considered a "class in reality." (Bourdieu 1985:725)

<sup>8</sup> It is important to note that "oligarchy" is used throughout as an analytical and not a normative term. For a precise definition of oligarchy, see chapter 2.

<sup>9</sup> Or to the township level in non-urban areas.

industrialization. Here, “rupture” refers in fact to a *double* rupture: first, the rupture between union and working class, which although subject to evolving dynamics was institutionalized shortly after the founding of the People’s Republic; and second, the rupture between migrant workers and capital which has been intensifying since the early 1990s in the process of capitalist industrialization. At the most abstract level then, I ask the question, what are the dynamics of representation within the context of the double rupture? To put things a bit more concretely, I am interested in how the state, through the auspices of highly oligarchic unions, deals with the problem of labor conflict in the early stages of capitalist industrialization and attempts to integrate workers into legalized channels of contention. This analysis requires an investigation not just into the relationship between workers and union (although this is the primary focus), but also these two groups’ respective relationship to state and capital. Although the China case is in many ways unique, it is of incredible importance for understanding the future dynamics of global capitalism.

### **Why China is Different and Why it Matters**

The study of labor politics during the process of capitalist industrialization has long interested scholars in various disciplines. Early radical theorists such as Marx and Lenin believed that the state could not resolve the contradictions inherent in capitalist development. As a result, their question was one of revolutionary strategy rather than institutionalization of a countermovement (since they saw the capitalist state as unable to effectively compromise). But for a group of mid-century neo-Durkheimian scholars, the examples of the United States and Western European in the 1940s and 1950s caused them to argue that advanced capitalist states *were* fully able to reduce labor conflict and accommodate the material interests of the working class.<sup>10</sup> Key to this process was the construction of civil society populated by representative organizations that could express the interests of their membership – chief amongst which were trade unions. Unions in the West forsook a revolutionary agenda in exchange for access to the state. But armed with official recognition as well as mobilizational and political power, labor movements in various countries played a central role in advancing the decommodifying policies embodied in the construction of the welfare state.

Without discounting great variation in political and economic outcomes of labor struggles within the West (Rueschemeyer, Stephens, and Stephens 1992), labor politics in the initial stage of capitalist development looked quite different in the late developers of Latin America and the “late-late” developers of East Asia. At the risk of dramatic oversimplification, Latin American governments in the early 20<sup>th</sup> century used a combination of coercion and concessions to tame labor insurgency in attempting to establish institutionalized, regularized, and co-optable official labor movements. Success in advancing the political and economic interests of the working class was uneven,

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<sup>10</sup> e.g. Kornhauser, William. 1959. "The Structure of Mass Society." in *The Politics of Mass Society*. New York: Free Press.; Parsons, Talcott. 1964. "Evolutionary Universals in Society." *American Sociological Review* 29:339-357.

though proletarian revolution was averted. The “Asian Tigers” of Taiwan, Korea, Singapore, and Hong Kong, on the other hand, maintained much greater political exclusion of labor (Deyo 1987; 1989). With the possible exception of Korea (Koo 2001), workers were much less militant than their counter-parts in the West or Latin America had been at a similar stage of industrialization.

Although labor politics during capitalist industrialization in China has many points of similarity with earlier cases, there are some very important differences as well. The two features of the institutional moment that I am interested in – decommodification and incorporation – are based on existing concepts, both of which require modification for the Chinese context. For Polanyi, “decommodification” remains vague and hardly an analytical term at all. But theorists of the welfare state, most notably Esping-Andersen (1990) have refined the concept in focusing on national policies which remove the provision of basic human needs (e.g. health care, pensions, education, housing, etc.) from the market. The key difference between my conception of decommodification and that of Esping-Andersen is that he analyzes national-level policies while I insist on determining if potentially decommodifying policies/collective bargaining agreements are implemented on the ground. This is because one of the primary obstacles to decommodification in China is the strong alliance between the lowest levels of the state (the district level in particular) and capital. Potentially pro-labor legislation and collective contracts often go un-enforced with the implicit or explicit approval of precisely those officials that are supposed to enforce them. Thus it is necessary to enter the workplace to study decommodification in China.

As for incorporation, China once again calls for a re-configuration of the concept as it has traditionally been used. Collier and Collier’s (1991) influential work conceives of incorporation as follows: “State control of the working class ceased to be principally the responsibility of the police or the army but rather was achieved at least in part through the legalization and institutionalization of a labor movement sanctioned and regulated by the state.” (1991:3) In both this work and other studies of Europe and Latin America, the question is how states deal with incorporating unions which developed independently (and which often had highly developed political agendas). Chief amongst these unions’ political demands were official recognition and collective bargaining rights.

But Chinese migrant workers are not demanding legal reforms. Indeed, on a strictly formal level, Chinese workers are already guaranteed freedom of association, collective bargaining rights, freedom of speech, etc., as well as relatively strong job protections. And they are not fighting for union recognition: the existing union structure is so deeply integrated into state as to render it thoroughly illegitimate amongst its supposed constituency, and attempts to build organizations outside of the ACFTU are immediately crushed. Part of the difficulty the state in China faces is that it is categorically opposed to workers engaging in collective activity such as formulating demands, and yet it must respond to the eminently collective problem of generalized resistance. Without legitimate representation – a means for co-optation – such a procedure is incredibly difficult. Thus, while in earlier cases, states had to decide whether/how to integrate worker representatives into the structures of the state, in China *incorporation* is the state’s struggle to integrate atomized workers *into the union*, thereby rendering their struggles “intelligible” and potentially co-optable. If in an earlier era, the key site of analysis was between unions (as relatively unproblematized representatives of



workers) and the state, in China the problem of oligarchy means that the focus must shift to the relationship between dispersed insurgent workers and unions. Certainly a political crisis or democratization could very quickly change these dynamics (as it did in Korea and Taiwan), but such a consideration cannot be further explored until something of a viable opposition exists within China.

If other East Asian countries maintained similar levels of repression against independent union organizing during capitalist industrialization, why then is China different? First of all Chinese workers are much more rebellious than their counter-parts in Taiwan, Hong Kong, Singapore or post-war Japan (again, Korea is somewhat different). While there are many factors behind this, greater resistance may be due in part to the wildly unequal distribution of wealth in the reform era, something which distinguishes it sharply from other countries in East Asia. Additionally, migrant workers have not benefited significantly from recent increases in social spending, most of which has been directed toward urban or rural residents while bypassing the in-betweens. In any event, corralling the huge number of strikes and other autonomous forms of action will likely prove much more difficult a task in China than it was in other East Asian countries.

An even more fundamental difference owes to the differing effects of the spatial and social dynamics of capitalist expansion in China as compared to other smaller countries. While the Asian Tigers were able to shift relatively quickly away from economic dependence on light manufacturing, no such rapid re-alignments will be possible at the national level in China given its vast size. If in smaller late-industrializers, the “spatial fix” was able to relocate the contradictions of capitalist development abroad (Silver 2003), in China such a process will look quite different. That is not to say that capital cannot use spatial mobility as a method for undercutting labor militancy; indeed, there is currently a massive shift afoot in labor-intensive industries from the coastal regions to the interior. But given China’s enormous population and land area and still quite low GDP per capita (just over US\$4,200 in 2010),<sup>11</sup> capital will continue to penetrate new geographic and social spheres of accumulation within the nation’s borders for quite some time. Since the nation-state continues to exert incredible influence on the dynamics of labor politics, there are significant implications when the social and spatial relocations of capital occur within a given state rather than between them. To be more specific, China will likely not be able to “wait it out” to move up the value chain (as happened to the most extreme degree in Singapore and Hong Kong), especially given its already significantly higher levels of worker resistance. With a doubt, labor politics will look different in various regions of the country (see chapter five), but any fundamental changes in worker-union-state relations (e.g. right to strike, recognition of independent unions, etc.) will be difficult to contain in neatly delineated geographic regions.

Finally, it is worth noting that labor politics in China hold profound consequences for the future of global capitalism. China occupies an increasingly central position in the global economy (Arrighi 2007; Hung 2009; Li 2009), and the nation’s political leaders have lofty geopolitical ambitions. China’s transition to capitalism has already fundamentally reconfigured the structures of the global economy. It is the world’s largest

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<sup>11</sup> <http://www.imf.org/external/pubs/ft/weo/2010/02/weodata/index.aspx>

exporter,<sup>12</sup> one of the top recipients of FDI,<sup>13</sup> the second largest national economy, and increasingly dominates the production of all sorts of goods, from the very low-end and labor intensive to high-end and capital intensive. Given the high degree of concentration of the globe's manufacturing, a shift in the country's mode of accumulation will reverberate internationally. Additionally, although China is of course "dependent" on the markets of wealthy nations, it is not politically or militarily subordinate to the United States in the way that Japan, Korea, Taiwan, and any number of Latin American countries were and are. China will increasingly be in a position where it is less bound by external constraints than has been the case for many newly industrialized countries. The consequence is that, if pushed in a pro-labor direction by worker insurgency, China may be in a position to lead a decommodyfing restructuring of global capitalism (Arrighi 2007). As unlikely as such a scenario seems at present, it is important to note this significant difference in comparison with other late developers.

### **Existing Literature on Labor in China**

At present, there is significant literature on workers and worker protest in China, but as yet no comprehensive studies on how the state and union are responding. The destruction of the *danwei* system that had previously integrated urban workers into state structures during state socialism (Walder 1983; 1984) resulted in a loss of direct control over urban workers (Lau 2001; Solinger 1995) and there were massive revolts in the late 1990s and early 2000s (Cai 2002; Hurst 2009). Although many of these laid-off workers have suffered immensely in the reform era and have had little success finding re-employment in the private sector, municipal governments have greatly expanded social insurance coverage for them (Frazier 2010). But migrant workers, from the very beginning existing in a precarious economic position and with ambiguous legal status once in the city, have emerged as a new social class without an institutionalized channel for integration of collective demands into legalized state mechanisms. The first wave of scholarship on migrants identified their legal and economic precarity (Solinger 1999) and the frequently brutal employment conditions they have been subjected to (Chan 2001; Choi 2003). Subsequent studies have focused on the volume and character of worker resistance. It is certain that Seidman's findings on worker movements in Brazil and South Africa are quite different from contemporary China, as she argued, "state-led, authoritarian industrialization strategies in late industrializers may tend to produce militant working-class movement whose demands go well beyond the factory gates." (1994:12) But if migrant workers are not explicitly political in their demands, there is an important debate in the field focused on the question of class formation and subjectivity. Lee has a relatively pessimistic perspective, arguing that legal reforms have given rise to a highly legalistic mode of resistance (Lee 2007), and that the state's project of individualizing labor conflict has been actively supported by unions and NGOs alike (Friedman and Lee 2010). She argues that worker resistance in China is characterized by "cellular activism," in which insurgents are unable to construct durable organization or

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<sup>12</sup> <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2078rank.html>  
April 18, 2011)

<sup>13</sup> <http://data.worldbank.org/indicator/BX.KLT.DINV.CD.WD> (accessed April 18, 2011)

articulate political demands. On the other hand, Pun Ngai maintains that the category of *dagongmei/zai* (working girl/boy) represents a potentially subversive discursive formation, one which could serve as the symbolic foundation for more broad-based mobilization. And indeed, she has found evidence of strikes spreading beyond single factories, a phenomenon they take as indication of heightened worker consciousness (Chan and Pun 2009; Leung and Pun 2009). Despite his relative optimism about class formation in China, Chris Chan's key phrase of "class struggle without class organization" (2010:16) is an implicit recognition of current limits. Regardless of such different interpretations of working class subjectivity, there is consensus that capitalist development generated resistance that has been rapidly expanding in scope since the early 1990s, and that this represents a major political challenge for the regime.

My primary aim, however, is not to describe the dynamics of worker resistance, but rather to provide an analysis of how the state, through the auspices of the unions, is responding to this conflict. Ching Kwan Lee captures one aspect of the state's response, namely the expansion in legal rights for workers (2007).<sup>14</sup> As has been noted, this response – which culminated in the 2007 passage of the Labor Contract Law – is an attempt to integrate workers into the structure of the state *as atomized individuals*. In this sense we can see strong parallels with Koo's characterization of the relationship between state and worker in other export-oriented economies in East Asia.<sup>15</sup> But as argued by Feng Chen (2007), the extension of individual rights in the absence of collective rights has failed to reduce labor conflict. The focus of this study is then how the union responds to generalized worker insurgency by attempting – within given political parameters – to incorporate workers and potentially advance decommodification.

## Methods

Gaining access to Chinese unions is a significant challenge, and studying how unions respond to the crisis of worker resistance only compounds the problem. However, I had the good fortune to serve as an interpreter for prominent American labor leaders on several exchanges held with national leaders from the ACFTU as well as the Shanghai Federation of Trade Unions. Given this friendly introduction, I was able to meet people, conduct interviews, and gain access to information that I would not have otherwise. Additionally, while serving as a lecturer at Sun Yat-sen University in Guangzhou, my mother developed a close working relationship with the chairman of the Guangzhou Federation of Trade Unions, Chen Weiguang. Although certain activities of the unions remained highly opaque, the access I did secure would not have been possible without these personal connections.

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<sup>14</sup> Lee is not the only one to have written about "rule of law" and labor politics in China, however she has produced the most important analysis in terms of the consequences for collective action. For other works on labor law see (Chan 2009; Chen 2004; Chen 2009; 2006; Cooney, Biddulph, Li, and Zhu 2007; Keith 1991; 1994; Wang, Appelbaum, Degiuli, and Lichtenstein 2009)

<sup>15</sup> Caraway argues that individual labor rights are a strong suit of East Asian countries, and that protection of such rights in the region is somewhat stronger than the world average (2009:156).

This project depends on ethnographic data collected during one and a half years of fieldwork in China. I spent approximately ten months in Guangzhou, with the remaining time divided up between Zhejiang province, Shanghai, Hong Kong, and Beijing (in descending order). My respondents include union and government officials, workers, and enterprise managers. As anyone who has conducted qualitative research on sensitive topics in China will attest, such work requires a high degree of flexibility in approaches to data collection. Sometimes I was able to conduct formal semi-structured interviews; other times, I would not be afforded an interview, but would be allowed to “chat.” I attended numerous formal meetings between foreign and Chinese union officials, and an equal number of formal meals. These meetings mostly took place during four separate multi-day trips by Chinese and American delegations in 2007 and 2008, two each in the U.S. and China. As I befriended some of the younger staff of various unions, I would sometimes meet up with them for lunch or tea. With workers and managers, my methods were similarly diverse. Sometimes I would have several hours to conduct a formal interview, or perhaps I would chat with a worker while playing a game of pool. Additionally, much of the data in chapter six comes from supervised interviews conducted by research assistants.

In addition to interview data, I rely on media reports and historical documents. Although the media’s ability to report on labor issues in China is constrained, it is not uncommon for strikes or other labor conflicts to be reported. In several instances, I found out about some incident in the media and then would conduct follow up interviews with workers to gain a greater depth of understanding about the case. The historical data in Chapter three come largely from collections of official documents stored at the Universities Service Centre at the Chinese University of Hong Kong.

Since the working hypothesis is that conditions of appropriated representation serve as a significant impediment to decommodification and incorporation, the study focuses on several “most-likely” cases. By analyzing the most progressive attempts of Chinese unions to advance the interests of their membership, I aim to identify the conditions under which the countermovement can be institutionalized. These cases, exceptional though they may be, reveal underlying dynamics which hold implications for the entirety of the trade union system in China. I look at how three general factors impact possibilities for institutionalization of the countermovement: 1) internal organizational factors (pro-labor leadership); 2) external economic factors (model of development and shifts in global economic conditions); 3) external political factors (center-local relations and specific incidents of worker insurgency).

Finally, I would like to note how important data triangulation was in this project. I decided on studying the ACFTU at a time when many in the West were under the impression that Chinese unions were in a period of significant reform. Based on what I had heard from many Chinese union officials during exchanges in 2007, I began my research expecting to find unions that were playing a key role in advancing decommodification. However, I found time and time again that union officials’ claims about what was happening in the workplace were not verified by interviews with workers and managers. Thus, I frequently employ a method of contrasting union officials’ representation of a particular reality with the lived experience of workers and managers. This is not intended as vindictive attempt to reveal the deceitfulness and/or simple ignorance of union officials; rather, it allows us to understand what sort of a model of

labor relations the unions *want*, and how structural and organizational impediments frequently prevent them from realizing such ideals.

## The Argument

I began this chapter noting that over the first eight years of the Hu-Wen administration, at precisely the time that the central government appeared to be moving in the direction of class compromise, worker insurgency continued to rapidly expand. In very broad terms, my argument is that the 2000s were characterized by the state becoming hemmed in by an “insurgency trap,” a condition that persists up until the present. As marketization generated an insurgent response from the new working class, certain segments of the state became interested in institutionalizing the countermovement. They sought to incorporate workers as atomized individuals through legal reforms, a project that failed to reduce labor conflict. There was a real increase in social spending, but most programs were directed either at urban or rural residents, while excluding migrant workers. Despite conditions of appropriated representation, union activities hinted at a collective response, but such efforts have encountered difficulty because of ongoing oligarchy. This combined with a categorical ban on the development of alternative autonomous organizations and collective power for the working class means there is little capacity to coerce capital into abiding by legal and contractual obligations. This difficulty is compounded by the strong alliance between capital and the lowest levels of the state, those responsible for legal enforcement. The one method likely to reduce conflict – a countervailing force at the point of production – remains off the table as far as the central state is concerned; hence the *insurgency trap*. In light of this, I argue that we need to distinguish between the institutional and insurgent moments of countermovements against commodification. Merely analyzing potentially decommodifying legislation is insufficient in cases where non-enforcement of laws is an integral and necessary feature of the model of development (as is the case in China). Despite indications of an institutional response to insurgency in China, the state and union’s attempts to improve conditions for workers without allowing them to gain a degree of organized and autonomous power have by and large failed up to the present. To put it somewhat provocatively, it is precisely the state’s obsession with stability and harmony that is ensuring continual unrest and discord. Thus, despite the legislative efforts of certain segments of the state and top-down administered collective bargaining, China remains stalled at the insurgent moment of the countermovement.

I argue that institutionalization of the countermovement requires both economic and political change. In the economic sphere, I look for decommodification of labor, while in the political it is incorporation of the working class as a collectivity. In a striking confirmation of Polanyian theory, we see that even the ACFTU, despite being an exemplar of rigid oligarchy, *is* attempting to promote decommodification and gain recognition from its constituency in response to worker insurgency. I analyze how the union negotiates the tension between the impetus to respond to intensifying worker resistance, on the one hand, and profound structural oligarchy and heteronomy on the other. How then is the union attempting to ameliorate labor conflict given existing institutional parameters? Under what conditions is the union relatively successful? What sorts of internal organizational changes are taking place? Given the failure of legal

reforms to effectively incorporate workers into the state as individuals, can the union effectively guide rebellious workers into rationalized legal channels? And can such legalized mechanisms resolve conflict? Although in general Chinese unions have not figured out a way to decommodify and incorporate labor, there are some cases where they have been relatively successful – particularly in establishing the formal parameters for collective bargaining which hold *potential* for advancing these goals. Even if such cases remain exceptional, the processes that produced a degree of institutionalization are worthy of investigation.

Before moving to an analysis of contemporary labor politics, it is important to understand the historical evolution of the ACFTU in order to grasp how appropriated representation was established in China. The basic argument (spelled out in chapter three) is that the ACFTU is not simply a union that is deeply integrated into state structures and severed from its membership (like many other unions around the world). In fact, given that the union was founded in the context of semi-colonialism, it has *always* maintained the inter-related goals of realizing ethno-national autonomy and increasing productive capacity. What's more, the union completely collapsed and then was resurrected by the Party (on the Party's terms) on two separate occasions, once in 1948 and once in 1978. These two incidents in which the Party unilaterally arrogated exclusive rights of representation to an organization of its own creation are the key events in establishing conditions of appropriated representation. Although there have been a number of attempts from ACFTU leadership for slightly greater operational autonomy – if not outright independence – each of these efforts has failed. When the state was committed to a program of labor decommodification during the era of state socialism, active worker representation such as exists in liberal capitalist democracies was arguably not as crucial. And indeed, conflict between workers and managers during the Mao era was relatively low.<sup>16</sup> However, with marketization and the transition to capitalism accelerating throughout the 1980s and 1990s, interests between state and working class have continued to diverge (albeit not in a neat or linear manner). Thus, the union's profound dis-embedding from its constituency has become a pressing political problem for the state.

When we move to the contemporary era, I have analyzed the manner in which three different factors influence the capacity for the union to play a role in institutionalizing the countermovement: 1) pro-labor leadership at the municipal level; 2) regional model of development; and 3) center-local relations and the evolving dynamics of worker resistance. Respectively these represent internal organizational, external economic, and external political factors. There are reasons to believe that under particular conditions, even highly oligarchic ACFTU-subordinate unions could play a role in decommodification which would likely lead to increased recognition from membership. Determining the conditions under which such an event is possible will be crucial in analyzing the emergence of the institutional moment of the countermovement.

### *Union Leadership*

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<sup>16</sup> There was of course significant worker mobilization during the Cultural Revolution. However, given the unique character of this protest, I consider it qualitatively different from more typical conflicts between workers and managers.

The question with regards to union leadership is this: can progressive leadership at the municipal level advance decommodification and incorporation of labor? The debate over the efficacy of union leadership parallels the interminable structure-agency debate, i.e. can the action of one actor, or one small group of actors, overcome structural constraints in realizing desired outcomes? It is frequently suggested by union practitioners (and some scholars) in China that leadership can make a very large difference in outcomes, since laws and regulations are often fuzzy and hence subject to interpretation in implementation. Since the working hypothesis has been that ACFTU-subordinate unions have *not* played a decisive role in actively bringing about decommodification and incorporation, I began the study by investigating the places *most* likely to provide some counter-evidence. Thus, we begin with the Guangzhou Federation of Trade Unions (GZFTU), chaired by Chen Weiguang – the man widely considered by scholars and practitioners alike to be the most progressive and consistently pro-labor union leader in China.

The findings on the effects of leadership are inconclusive, though there is significant evidence that progressive leadership is in general not able to overcome structural oligarchy. In the “model trade union” enterprises, regular workers do in fact enjoy relatively good pay and benefits, and have comparatively good job security. But even such enterprises are characterized by a dual labor market, with a significant percentage of the workforce composed of flexible “intern” labor, something the union has done nothing to address. What’s more, it appears as if the relatively good conditions for workers in model enterprises come about as a result of state power, not from the activity of the union *qua* worker representative. The result is that the union has done nothing to increase its legitimacy among rank and file, one consequence of which is ongoing wildcat strikes.

Based on research in Guangzhou, I additionally argue that a “passive repressive” position is a key strategy of Chinese unions – even those with seemingly sympathetic leadership such as the GZFTU – in quashing bottom-up activism. By passive repression I mean to indicate instances in which union leadership refuses to intervene on behalf of aggrieved workers; simply by “doing nothing” (acting passively) at decisive moments, the inherent repressive capacity of capital to hire and fire is unleashed. This strategy frees union higher ups from having to actively repress workers, thereby allowing them to stay relatively above the fray (although we will see that union officialdom sometimes does end up getting their hands dirty). In the case of the Guangdong Union Hotel we see strong structural constraints on leadership supporting bottom-up initiatives, and the surprising (particularly in this case) retreat to passive repression.

In sum, while union leadership at the municipal level is able to pass pro-worker legislation and to establish a relatively favorable discursive environment, structural oligarchy has prevented them from constructing durable worker power on the shopfloor. The consequence is that decommodifying activities continue to be highly circumscribed and tenuous, and unions remain illegitimate in the eyes of membership.

### *Regional Model of Development*

In the course of my research, I continually heard from union leadership in Guangdong as well as in Beijing that some of the most successful unions in the country were located in Zhejiang province, just to the south of Shanghai. They tended to attribute this success to the leadership qualities of local union officialdom, as well as support from the government. But based on a comparison of sectoral unions in southeast Zhejiang and Guangzhou, I argue that regional models of economic development are crucial in determining varying capacity for organizational innovation within the structure of the ACFTU. Additionally, I present evidence that the union federation's attempt to administrate improved conditions while keeping workers atomized will encounter severe obstacles.

The ACFTU has in recent years been heavily promoting the development of sectoral unions – organizations which attempt to establish common standards for all employers in a particular industry within a given municipality – as a primary strategy for reducing unrest. National leadership is particularly keen to establish such organizations and engage in collective bargaining at the sectoral level because they believe that it is a way to improve things for workers without serious reform of union structures or giving the rank and file any power, what I term “oligarchic decommodification.” Municipalities in southeast Zhejiang have been relatively successful in establishing such unions, which is in large part due to the fact that there is a high degree of concentration of a particular industry in single townships, employers are overwhelmingly local, firms size is small, and capital is organized into legitimate employers associations. But such conditions are quite unique in China, as is evident when we look at another center of capitalist development, Guangzhou. In Guangzhou, GZFTU leadership has also been intent on establishing sectoral unions, but thus far has had very little successes. In strong contrast to Zhejiang, Guangzhou's model of development is characterized by high levels of mobile foreign investment, highly diverse manufacturing and services, large firms, and an absence of legitimate employer associations. The consequence has been that in Guangzhou there has been no attempt to establish sectoral unions in manufacturing while experiments in the construction industry and the service sector have proven largely ineffective.

Based on studies of the wool knitwear and eyeglass industry, we see that the particular model of development in Zhejiang has allowed unions there to engage in sectoral-level collective bargaining, something that has not been possible in most places in China. This is an excellent example of highly oligarchic unions attempting to institutionalize decommodification within given parameters – most significantly, by adhering to the categorical ban on developing grassroots collective power. And yet, a deeper investigation reveals that the breakthrough of sectoral level collective bargaining is only a partial success. Because of the crisis of legitimacy within the union, workers were completely unaware of the contract supposedly regulating their employment relationship, the consequence of which is that the contract is not being implemented, and unrest continues unabated. Thus it is possible to see that possible decommodification is undermined by lack of incorporation within the Chinese political context.

*Political Economy and the Dynamics of Worker Resistance*



Resistance among Chinese migrant workers has by and large not become explicitly political, with demands generally related only to immediate economic issues. And yet, the accumulation of seemingly particular and unrelated incidents of insurgency are, at the *aggregate level*, deeply political. While in general, this study treats labor conflict as an ever-present but relatively abstract threat to capital accumulation, here I analyze two specific strikes in similar industries and in the same region, but separated by two and a half years. These strikes serve as prisms through which to analyze the rapidly changing political and economic conditions in the process of capitalist industrialization, touching on the multi-layered and dynamic relationships between workers, capital, unions, and the state from the enterprise level all the way up to Beijing.

Between the first strike at Otis Elevator which occurred in late 2007, and the strike wave of spring-summer 2010 sparked by workers at Nanhai Honda, major political and economic events had taken place. In particular, high-level officials in Beijing and in the Guangdong provincial government began to talk more forcefully about moving up the value chain and expanding domestic consumption (in no small part due to continual economic stagnation in the West). Of course this shift in strategy was in part due to the high levels of labor conflict the country had been experiencing for years, and which had intensified remarkably in 2008-9. Regardless, when the strike initially broke out at Nanhai Honda, it had implicit support from the central government, as evidenced by the ongoing and widespread media coverage. This opened up the space to allow workers to increase their organizational strength, formulate a range of demands (including some related to union organization), and construct internal unity. As a result, the strike gained in strength and began to exact a severe economic toll on the company, something which was not possible to the same extent at Otis. The greater organization and militancy of the Honda strikers allowed them to make gains that never materialized in the earlier strike. One can make a superficial assessment of this comparison and simply argue that strikes that are more militant and disruptive are more likely to succeed.<sup>17</sup> I do not doubt that this is the case. However, in order to understand *why* workers are sometimes in a position to expand organizational capacity, it is important to grasp changes in underlying political and economic conditions, particularly as relates to tensions between the various layers of the state (and union).

The fallout from the 2010 strike wave caused serious reflection among union officials in China. Most significantly, some leaders began to make public calls for legalization of strikes, particularly in Guangdong, but in other regions of China as well.<sup>18</sup> Continual disruption had pushed the state further in the direction of accepting some legal and organized power for workers, even if in the specific case of Nanhai Honda management and higher levels of the union continued to collude to rig elections. Certainly, the movement towards legalizing certain types of strikes is also an attempt to formally delegitimize other strikes, and in this sense the laws under consideration are not

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<sup>17</sup> Cai Yongshun has argued that incidents of collective action which the government cannot pretend to be ignorant of hold a higher likelihood of success (2010:15)

<sup>18</sup> For instance, in Dalian where a massive strike wave involving 70,000 workers swept through a development zone: September 20, 2010. “*dalian tinggong chao 7 wan ren canyu boji 73 jia qiye, yi gongzi zhang 34.5% gaozhong*” [Dalian strike wave of 70k workers affects 73 enterprises, results in 34.5% wage increases] *Caixin*.

necessarily a victory for workers. But it is also a clear example of the insurgent-institutional dialectic at work. Even if unions continued to fail at incorporating workers in the aftermath of the strike wave, we can see the pressure generated by worker resistance is forcing continual adjustments, fixes, and occasional compromises. Such a dynamic will continue to be an ongoing feature of China's process of capitalist industrialization.

Finally, given that the withering of civil society is a global phenomenon (Hardt 1995), the study of how insurgent workers relate to oligarchic unions is of broader relevance. In countries around the world, from authoritarian states like China and Vietnam, to liberal democracies such as the U.S. and U.K., union federations that were integrated into the state during the 20<sup>th</sup> century have been unable to effectively respond to the challenge of neoliberal capitalism. Although the specific dynamics are of course quite different in each national setting, there are some common general characteristics. Unions have by and large exchanged their capacity to mobilize and disrupt capital accumulation for access to state power. However, when states around the globe abandoned nationally-oriented growth patterns based on a broad-based increase in wages and social welfare, unions were largely unable to resist. At the same time, neoliberal globalization has undercut their base of support, either through privatization of state firms or outsourcing of unionized private-sector industries (or both). Capital has successfully introduced much high levels of precarity and flexibility into labor markets, with migrant/immigrant and female labor increasingly replacing the regularized employment in the male-dominated unionized sector. Given high levels of institutional inertia and oligarchy within traditional unions, it is likely that struggles for decommodification will continue to be organized autonomously around the globe, and frequently in opposition to established union bureaucracies. Nowhere was such a dynamic clearer than in the autonomously organized strikes during the Egyptian revolution, where a new independent labor federation was established as the Mubarak regime crumbled. Shortly thereafter, demonstrations at the state-run Egyptian Trade Union Federation headquarters demanded the dissolution of the old union and that its leaders be put on trial, as their obsequiousness to the regime had prevented them from attempting to protect the working class from privatization and stagnant wages.<sup>19</sup> It is not difficult to imagine such a sequence of events playing out elsewhere, particularly in non-democratic regimes.

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<sup>19</sup> <http://www.almasryalyoum.com/en/news/workers-demand-dissolution-state-run-trade-union-federation> (accessed February 22, 2011)

## Chapter 2 Theory

In this chapter I develop in greater detail the conceptual tools that will be deployed in the subsequent empirical sections. I aim to establish a framework for understanding the dynamics of labor politics in an authoritarian country undergoing capitalist industrialization. This framework is then be deployed in demonstrating how the institutionalization of a Polanyian countermovement has encountered severe obstacles due to conditions of appropriated representation for the new migrant working class in China. In particular, this requires specifications of the countermovement, oligarchy, insurgency, and the structure of the state. Through the development of the concept of an “insurgency trap,” I will show that the state’s faltering attempts at reaching class compromise have engendered an increasingly “unstable equilibrium.”

### Reformulating the Countermovement

In *The Great Transformation* (1944), Polanyi provides a sweeping historical narrative of the construction of market society in England in the 18<sup>th</sup> and 19<sup>th</sup> centuries. With the rise of exchange during the industrial revolution, the form of commercial exchange and its attendant institution of the market began displacing the socially embedded economy. Polanyi sees a tension between the socially embedded economy over which human agents have voice and control, and the self-regulating market which is something alien and indifferent to human and ecological needs. The ideological victory of market liberalism resulted in a *disembedding* of the economy, a process which left society at the whim of the market, that unpredictable beast that answers only to the call profit.

Key to this process was the emergence of the three fictitious commodities, land, labor, and money. What about these things is fictitious? Fundamental to the functioning of a market economy is the production of things *as commodities*, that is to say, for sale on the market. Despite the self-regulating market’s insistence on treating land, labor, and money as commodities, they are not produced as such, so they are therefore *fictitious* commodities. However, these three elements are all essential to the functioning of industry, and therefore *had* to be for sale. The commodification of labor and land was realized in England through the enclosures which privatized land and displaced peasants, and the subsequent abolishment of the Poor Laws, which forced this same class to secure wages or starve. The implementation of the gold standard ensured that governments would not interfere with the money supply, thereby allowing for commodification of money.

As is vividly portrayed in his depiction of the industrial revolution in England, the commodification of these three things caused great damage to society. However, Polanyi sees in society an inherent drive for self-protection, which is distilled in the countermovement against the rise of the self-regulating market. Thus, we see the central concept of the Polanyian paradigm: the double movement. On the one hand, liberals fought for the violent expansion of the self-regulating market throughout Europe and beyond (movement 1); on the other, a wide array of sectors in society rose up to resist the destructive impulses of this market (movement 2). To skip ahead slightly, the outcome of this painful process of industrialization and the rise of capitalism has been the discovery of “society.” Knowledge of “society” follows the other two constitutive features of the Western consciousness, namely knowledge of death, and knowledge of freedom. Once the knowledge of society has been attained, the choice is between fascism and socialism: “While the fascist resigns himself to relinquishing freedom and glorifies power which is the reality of society, the socialist resigns himself to that reality and upholds the claim to freedom, in spite of it.” (1944:268)

Unfortunately, Polanyi’s delineation of the double movement suffers from vagueness and a mechanistic logic. In Polanyi’s conceptualization of the problem, society’s revolt against the self-regulating market is born of necessity, since otherwise the world would be destroyed. Aside from its thinly veiled functionalism, this theory fails to explain in sufficient detail the process by which a revolt of society leads to a “re-embedding” of the market and subsequent decommodification of the three fictitious commodities. Additionally, he fails to adequately specify a theory of the capitalist state or “society.” To put it another way, Polanyi has a weak theory of politics.

In order to get past these difficulties in Polanyian theory, a few conceptual adaptations are in order. First, the concept of “embeddedness,” so central in *The Great Transformation*, needs to be clarified. I support Block’s argument that Polanyi in fact discovered the concept of the “always-embedded market” without being able to name it (2003). Block emphasizes Polanyi’s argument about how “laissez faire” was planned, and that politics are always crucial in determining economic arrangements. This always-embedded perspective is crucial because it directs our attention towards struggles over the manner in which markets are embedded (since they cannot be dis-embedded). This of course causes politics to take center stage. Rather than a Marxist-influenced inevitable pendular swing from dis-embedding back towards embedding (Silver and Arrighi 2003), we have a much messier, much more contingent view of the countermovement.

### *The insurgent and institutional moments of the countermovement*

The reading of Polanyi that I have argued for views the countermovement not as a movement for “re-embedding,” since the market cannot ever be dis-embedded, but rather as a movement for political incorporation and resisting the commodification of land, labor, and money. Of course, such a movement implies that there will be a shift in the *types* and *degrees* of social embedding of the market, but the distinctive feature of such movements is not that they seek to embed the market, but rather that they oppose commodification. The point that I would really like to emphasize in this section is that resistance to the incursion of the market does not, in any straightforward or necessary way, result in decommodified labor. In doing so I will specify distinct moments of the

double movement: movement 1 (commodification), and the “insurgent” and “institutional” moments of movement 2 (the countermovement).

Movement 1 is rather straightforward and does not in my view require reformulation. Polanyi predicted that increased commodification of land, labor, and money would lead to social and ecological chaos. The extreme commodification of labor in post-Mao China (less true for land and money) and the severe social disruptions it has incurred are testaments to the veracity of this first step in the Polanyian theory. However, things become a bit murkier when we turn to movement 2. I would like to argue that the insurgent moment is the relatively disorganized, cellular movement of individuals and collectivities in reaction to the social dislocation brought about by market incursions. But this sort of activity is, in and of itself, far from a guarantee of controlling the market. It is not until the institutional moment that society subverts the naturalist logic of the free market to conscious human control that labor can come to be decommodified. The relationship between the insurgent and institutional moments then is the relationship between the moments of disruption and the rationalized and organized responses of the state.<sup>20</sup> The emergence (or not) of the institutional moment is a political question, as certain groups will seek to maintain existing levels of commodification.

It should be emphasized that there is not a linear or teleological relationship between the insurgent and institutional moments. While it is almost certain that institutionalized decommodification will not precede the initial outbreak of insurgency, I do not see a *neat* causal link between the two. This results in part from the fact that insurgency tends to be characterized by immediate economic demands and a politics of negation (i.e. protestors frequently do not have a fully-articulated positive vision of the society they want) which more conservative elements such as unions and states may then attempt to co-opt through ameliorative measures. But since insurgency is not organized in a way such that coherent demands are made in the language and logic of the state, there cannot be – almost by definition – a mechanistic relationship between the two. Rather it is likely to appear as an iterative process between insurgents exacting certain symbolic and material costs and the imposition of institutionalized decommodification.

The focus of this study is the institutional moment of the countermovement in China. The successful institutionalization of the countermovement appears in both the political and the economic fields, in the political as *incorporation* of labor, and in the economic as *decommodification* of labor. As with the insurgent and institutional moments, incorporation and decommodification are dialectically related.

### **The commodity character of labor**

In many ways, Polanyi’s work draws on Marx’s theory of primitive accumulation (1977:873-940). Polanyi’s description of the formation of the labor market in nineteenth century England follows Marx’s theory that the process of primitive accumulation was directed toward the production of “doubly free” labor: free from the means of production,

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<sup>20</sup> Of course, the possibility of revolutionary outcomes should not be fully discounted. Here I generally assume that social revolution is not on the immediate horizon in China and that an expansion of the social welfare state is a more likely outcome. But social revolution could obviously also imply a more thorough decommodification of labor.

and juridically free to be bought and sold on the market. The old system of agricultural production which was constrained by social norms had been destroyed; in its place was erected a new system in which workers were compelled to sell their labor power on the market in order to meet their needs. Polanyi believed that labor is not actually a commodity, since it is not produced as such. The attempt to treat this “fictitious commodity” as if it were a commodity leads to social dislocation and a reactive counter movement from society.

I would like to approach the question of the commodity character of labor in a somewhat more systematic manner than Polanyi manages. Within the broad context of a capitalist society, labor cannot be seen as commodified or not (it always is to some degree), but there are rather degrees of commodification along a spectrum. The simplest way to define my conceptualization of the commodity character of labor is *the degree to which a worker is immediately compelled to subject the satisfaction of their needs to the logic of the market*. Special attention should be paid to the phrase “satisfaction of their needs.” I specifically chose this formulation over “in order to survive,” in order to emphasize the social rather than biological determination of needs. Finally, degree of commodification can be measured on three axes: 1) Social protection; 2) Workplace security; and 3) Participation in production.

By “social protection” I mean to indicate provision of things such as health care, pensions, education, and housing, which do not relate in an immediate way to the exchange of labor power for wages. By taking concerns for health, housing, retirement, in short, general welfare, “out of the market,” workers’ basic livelihood is better ensured. The social protection measurement is particularly important, because it allows for the commodity character of labor to serve as a sort of index for overall commodification of human needs. Social protection is enhanced as the spatial and social scope of public good provision expands (i.e. national provision of public goods is superior to sectoral-based provision, which in turn is superior to workplace based provision, etc.). “Workplace security” refers to things that impinge directly upon the content of the employment relationship. Things such as base wages, wage increases and seniority, hourly as opposed to piece rates, tenure, etc., can enhance the employment and overall financial security of workers, and therefore reduce the ability of market forces to utterly subjugate wage earners. Finally, there is “participation in production,”<sup>21</sup> perhaps the most significant (and unlikely to occur) method for advancing decommodification of labor. Participation in production indicates the ability of workers to be active participants in the determination of the structure of the labor process. This means that workers would have greater involvement in decision making processes related to the organization of production, sales, work schedules, workplace rules, managerial compensation, etc. Depending on the degree to which participation in production is realized, this can result in the most fundamental decommodification of labor because it holds the potential of eliminating the wage relationship altogether.

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<sup>21</sup> Joel Andreas has argued that increases in what I would call “workplace security” ends up reinforcing the capacity of workers to participate in production, since the fear of losing one’s subsistence is lessened. See: <http://chinastudygroup.net/2009/10/the-erosion-of-paternalistic-democracy-in-chinese-factories/>

With this conceptualization we can jettison the vague and mechanistic vision of society moving to re-embed the market, and instead empirically study specific struggles over the commodity character of labor. While I do not attempt to quantify levels of commodification,<sup>22</sup> this framework allows for us to see which direction things are moving in (i.e. in particular enterprises, sectors, regions, etc., is labor becoming more commodified, less commodified, or staying the same?). We now turn to a discussion of the institutional moment of the countermovement in the political field.

### *Incorporation*

The political problem of incorporating labor has been faced by every state undergoing the process of capitalist industrialization, although it has been dealt with in remarkably different ways. At the most general level, incorporation implies that labor conflicts are dealt with primarily through rationalized and legal means, which are carried out by officially sanctioned representatives (unions). This of course implies a degree of compromise on the part of capital, but one which may become necessary to avoid ongoing strikes and other forms of social upheaval. Incorporation is manifested at two levels: 1) On the shopfloor, through the construction of (relatively) legitimate representative organizations that can exercise collective power on the part of workers; 2) Within the state, where worker representative organizations can push for pro-labor legislation. Indicators of incorporation include: worker recognition of the legitimacy of unions; the ability to resolve grievances through collective bargaining, legal strikes, and other rationalized modes of contention rather than through spontaneous disruption such as wildcat strikes and riots; unions actively contending with capital within the state for pro-labor legislation and social programs. Shopfloor representation and representation within the state are inter-related phenomena. To the extent that unions are able to win recognition from workers, their political power within the state may advance. And to the extent that unions can win pro-labor legislation (and reasonably claim responsibility for the victory), it may enhance their legitimacy among workers.

As has been mentioned, the problem of incorporation in China is quite different than in earlier industrializing countries in the West and Latin America. Whereas in earlier cases, the problem faced by industrializing states was whether/how to integrate worker organizations that had developed autonomously (and which were relatively legitimate amongst workers), in China unions are entirely a state creation, and are in this sense already formally incorporated. The problem in China is that these unions did not resist, and indeed frequently *encouraged*, a radical program of commodification for most of the reform era. As a result, they are thoroughly illegitimate amongst workers. Thus, in China incorporation does not mean bringing independent unions into the auspices of the state, but corralling cellularized but increasingly rebellious workers into the union. Both incorporation and decommodification have faced acute challenges because of the

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<sup>22</sup> Attempting to establish a relatively objective quantitative measure for levels of commodification of labor may be a worthwhile endeavor. However, it is not necessary for my research since I am simply concerned with whether labor is becoming less commodified or not.

problem of conditions of appropriated representation and the resultant high levels of union oligarchy.

### **Labor, Appropriated Representation and Union Oligarchy**

The term "appropriated representation" was first used by Max Weber, although in a wholly unsatisfactory manner, as he defined it thus: "In [the case of appropriate representation] the chief or a member of the administrative staff hold appropriated rights of representation." (Weber, 1978:291) Since the phrase "appropriation" captures something basic about the representative relationship between migrant workers, unions, and the state in China, I have adopted and reconfigured it. In this work it refers to a situation in which the state unilaterally grants exclusive rights of political representation of an entire class to a particular organization in the absence of substantive or formalistic delegation from membership. Such a form of representation has a number of distinctive characteristics: 1) If representative rights to an entire class are going to be arrogated to an organizational body, this body must have already been constituted prior to the emergence of the class; 2) The claim to representation is not dependent on formal membership but rather is encompassing of the class (even if the category of "member" exists); 3) Since the representative claim is encompassing of the class, the repressive capacity of the state must be sufficiently developed to ensure that competitors do not emerge.

Appropriated representation may recall earlier definitions of corporatism, or more specifically "state corporatism." (Schmitter, 1974:103) Indeed, the corporatist framework has been popular in describing labor politics in China (Unger and Chan 1995; Chan 1993) with some even arguing that China has shifted towards "social representation" (Zhang 1997) – an argument that has been marginalized by the empirical fact of continual political exclusion of workers. But why is "appropriated representation" a more appropriate concept for China's contemporary labor politics than corporatism (or one of its many variants)? The first reason is quite simply that corporatism implies that the group in question has been more or less *incorporated* into state structures. But as has been mentioned, the state's attempts to incorporate workers have been failing, hence the expanding insurgency. A primary purpose of this study is to determine if and under what particular conditions it may be possible to incorporate workers, but this has certainly not yet happened at the class level. Second, and relatedly, corporatism (for labor) refers to an historically specific arrangement in which the working class was forced to abandon political goals in exchange for economic benefits. Whether in the fascist, state socialist, or Fordist welfare state variant, corporatism implied that the state would preside over a regime of relatively de commodified labor (as well as frequently providing representatives with material and symbolic benefits) in exchange for acquiescence to national interests.<sup>23</sup> The Chinese Communist Party has not been nearly so benevolent towards migrant workers, which means that the new working class is not dependent on the state in the way that workers in many Latin American countries were (Cohen 1982). Finally, corporatism

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<sup>23</sup> States demanded the submission of the immediate needs of the working class to national interests particularly in state socialist (see chapter three) and fascist regimes (see Sarti 1971; 1974).



frequently implied that independent, mobilized, and perhaps militant trade unions were to be tamed, co-opted, and integrated into the state, a situation clearly at odds with contemporary China. Even in previous instances in which the state created new labor organizations to serve corporatist goals, few if any states have been able to police their labor monopoly as tightly as in China. In other words, much as corporatism is a historically specific political arrangement, appropriated representation can only emerge with a relatively highly developed and diversified state apparatus.

If appropriated representation refers to the general conditions of labor politics, the oligarchy-democracy axis is useful in describing the organizational practices of the union. Robert Michels' classic *Political Parties* (1962) is a study of socialist parties in early 20<sup>th</sup> century Germany. Methodologically, Michels chooses for his study the organization where one would be *least* likely to witness the development of organizational oligarchy, namely socialist parties which proclaimed fidelity to the practice of radical democracy. The unfortunate conclusion of the research is that even parties which claim to adhere to radical democracy are – as a result of the technical requirements of instrumentally rational decision-making – inevitably doomed to abandon their radical origins and ossify into oligarchy. This is what is meant by the term the “iron rule of oligarchy.” From this perspective, processes of delegation and representation are inimical to the full flowering of democracy, since professional officers become oriented to goals and principles of action that may differ markedly from that of their constituents.

The study identifies a key paradox of modern society: on the one hand, democracy requires organization, while on the other, organization necessarily undermines democracy. But why is this? Michels argues that in a (formally) democratic polity, it is necessary for different social groups to be able to formulate demands, a fact owing to the structure of the state. This requirement to formulate collective demands is particularly pressing for dominated classes, as their only advantage is one of numbers. Elites can act more efficaciously as individuals, and so the problem of organization is less crucial for them. The working class, however, cannot hope to exercise any power if it is divided, and so parties and unions become a key tool for them in advancing their interests.

This line of argumentation has been developed by a wide array of theorists working not on political parties but rather on trade unions. Lipset et al. (1956) set the tone for much of the literature on unions in the U.S. as they expressed skepticism about the capacity for unions to function democratically over time. Their argument is that something approaching substantive democracy is only possible in small unions that represent relatively affluent and well-educated workers such as the International Typographers Union (ITU). Subsequent scholarship has focused on the de-radicalizing effect of union centralization (Roomkin 1976), the frequent suppression of internal dissent (Jacobs 1963), and the “futility” of attempting to attain union democracy (Magrath 1958), among other topics. Kay Stratton (1989) conducted a study of the ITU, the one organization which Lipset had identified as an exception to the iron rule of oligarchy thirty years earlier. She found that even this glowing example of union democracy eventually resorted to greater authoritarianism in an attempt to deal with the external shocks it encountered in the 1980s.

While the general consensus is certainly that large unions exhibit tendencies towards oligarchy, there has been quite a bit of pushback against the notion that there is no variation. This has resulted in a number of studies that demonstrate that not *all* unions are anti-democratic. Some scholars have pointed to relatively open union structures (Edelstein 1967; Edelstein and Warner 1976), assuming that they are indicators of strong internal democracy. Additional factors which may increase the democratic functioning of unions include strong internal opposition groups (Stepan-Norris 1997) and grassroots worker insurgency (Stepan-Norris and Zeitlin 1996), while more recently some scholars have argued that internet-based communication technologies may enhance the voice of rank and file (Greene, Hogan, and Grieco 2003). Though more concerned with union revitalization rather than expressly with democracy, Voss and Sherman (2000) show that even seemingly deeply oligarchic unions can be energized if there is support from the international leadership, conflicts among local leadership, and experienced activists in the local to help propel organizational change. Similarly, Stepan-Norris and Zeitlin (1991) suggest that radical ideology among union leadership can have a significant effect for the outcome of contract negotiations. Thus, we can see that there is a rough consensus among U.S.-focused labor scholars that while oligarchy may be a prevalent trend among unions, it is not as inevitable as Michels would have us believe.

Despite the relatively large literature on union oligarchy, some problems still exist. The existing literature has failed to critically engage questions of how oligarchy relates to interests, representation, and outcomes of union activity. Additionally, these studies have tended to focus on internal organizational factors in assessing the dynamics of oligarchy, but have not studied the impacts of worker insurgency and broader conditions of the political economy. These issues require additional attention before it will be possible to effectively deploy the concept of “oligarchy” in my own research.

### **Problematizing Oligarchy and Interests**

Michels poses an important problem which he himself fails to satisfactorily answer, namely, to what extent do oligarchic organizations produce oligarchic policy (1962:334)? To put it another way, do oligarchic means necessarily produce oligarchic ends (of action)? While Michels is deeply pessimistic on the possibilities for human freedom in modern society,<sup>24</sup> he wavers on whether or not socialist parties have actually benefited their constituents, the working class:

The importance attributed to the masses increases, even when the leaders are demagogues... This may give rise, in practice, to great inconveniences, such as we recognize in the recent history of all the states under a parliamentary regime; in theory, however, this new order of things signifies an incalculable progress in respect of public rights, which thus come to conform better with the principles of social justice. (1962:333)

This debate about whether or not unions have to be thoroughly democratic in order to pursue their members’ interests has certainly been an ongoing one for practitioners. The debate among scholars has similarly failed to come to consensus on the issue, with some

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<sup>24</sup> e.g. “Thus the majority of human beings, in a condition of eternal tutelage, are predestined by tragic necessity to submit to the domination of a small minority, and must be content to constitute the pedestal of an oligarchy.” (1962: 354)

believing that democracy does not necessarily produce better “results” (Jacobs 1963:146), with others disagreeing sharply (Levi, Olson, Agnone, and Kelly 2009; Stepan-Norris and Zeitlin 1995). This debate mirrors that in political and social movement organizations more broadly about the relative merits/shortcomings of centralization vs. decentralization.

This then brings up some theoretical issues related to interests. In the literature I’ve discussed, working class “interests” tend to be unilaterally assigned by the analyst. This is perhaps a methodologically necessary move, because levels of oligarchy can then be determined through an analysis of the divergence between assigned interests and the interests the representatives pursue. For instance, Michels assumes that socialist revolution is in the interests of the working class, and so failure on the part of labor parties to pursue a revolutionary agenda is clearly an indication of oligarchy. Without “fixing” interests, it would be impossible to come to such conclusions (otherwise the analyst would become mired in an eternal debate about the “true” interests of the group in question). To abstract slightly, what most scholars have done (and what I do in this research) is to make an assumption about what the ends of action *ought* to be, thereby eliminating discussions of substantive rationality. Those who have studied unions have mostly assumed that democracy is a means to an already-determined end, i.e. “working class interests.”

While I have already admitted that I follow just such an approach, it is important to point out that, practically speaking, the determination of working class interests cannot be a unilateral process, accomplished either by a representative or by a disinterested analyst. The collective interests of any social group do not enjoy ontological primacy, but rather can only be “discovered” through a process of dialogue. I do not mean to valorize “empirical interests” (i.e. whatever someone says is in their interest *is* in their interest) over “objective interests.” Rather, the point is that, particularly for dominated classes, the formulation of interests is a social process that demands a dialectic between empirical interests and analytically-determined interests (Offe and Wiesenthal 1980:89-91). This procedure is what Habermas refers to as “communicative action,” (1962:86; 1984) and is fundamental to democracy. In this sense, the “interests” of the working class are dynamic and can only be grasped through democratic organization and dialogue. One implication of this is that class formation and interest formation are necessarily intertwined processes. Thus, oligarchy should be seen as problematic not only because it may inhibit the realization of analytically-determined interests (confounding of instrumental rationality), but at a more fundamental level it prevents class interests from existing as such (confounding of substantive rationality). This formulation puts us in the position to be able to answer Michels’ question about whether oligarchic organization produces oligarchic policy: While oligarchic organizations may be able to win victories which are perceived by some as being in the interests of membership, the policy will *necessarily* be oligarchic if it is not determined in dialogue with membership.

It is now possible to articulate a framework for understanding the operation of oligarchy for my own research. I would like to argue that there are two levels on which we can analyze oligarchy within unions. The first is to determine to what extent membership is actively involved in determining the ends of action for the organization as a whole, something I will call *ends formulation*. Ends formulation is democratic, rather than oligarchic, to the extent that rank and file membership is able to freely vote in and

stand for elections, recall incompetent or corrupt representatives, participate in and oversee budgeting processes, form internal opposition caucuses, openly criticize delegates, and participate in union interactions with representatives of state and capital. Conversely, lack of transparency, unaccountability, restrictions on debate and internal associations, and non-engagement with/disregard for the wishes of membership on the part of union leadership, elected or otherwise, are indications of the existence of oligarchy in ends formulation. I should once again emphasize that I do not believe that workers are infallible in assessing their own interests (i.e. what the union should do for them); intellectuals and analysts have the capacity to make suggestions which can expand the imagination of the possible. It is only through a dialogue between the theoretically possible and the assumed horizon of action that truly democratic ends formulation can occur. Finally, I here make the assumption that the discussion about ends will necessarily entail a conversation about means. It is hard to imagine democratic ends formulation and oligarchic means formulation existing within a single organization.

In the event that democracy in ends formulation is imperfect (as it is in all actually existing organizations), we can add “pursuit of analytically-determined interests” to our understanding of oligarchy. As has already been indicated, by “analytically-determined interests,” I mean the interests of a particular group as determined unilaterally by a disinterested analyst. This has sometimes been referred to as “objective interests,” a term I reject on epistemological grounds,<sup>25</sup> but which implies a similar assigning of interests. Pursuit of analytically-determined interests provides an indication of oligarchy because we can measure the gap between the interests of the membership and the goals that representatives pursue. This is precisely the operation Michels employs in arguing that the failure of socialist parties to pursue a revolutionary agenda is an indication of oligarchy. But why is failure to pursue analytically-determined interests an indication of oligarchy? As argued extensively by Weber and Michels, processes of bureaucratization and delegation entail the creation of a class of political elites, the representatives. Bourdieu (1985; 1989; 2003) has done the most work to demonstrate that Gramsci’s notion of “organic intellectual” (1971:6) cannot be realized in practice; once representatives enter the political field they are subject to different rules, logics, and stakes of struggle than those of their constituents, regardless of their social origins. This does not mean that the activities of representatives are completely severed from the wishes of their constituents, as their position in the political field is to a certain extent dependent on their ability to *convincingly* stand in as the embodiment of the group in question. But it does imply separation. The question then becomes, to what extent are the goals pursued by representatives distinct from the analytically-determined interests of their membership? To the extent that this gap grows, we can say that oligarchy is increasing as it indicates a deepening of the separation between the interests of the representers and the represented. For the purposes of this project, *the analytically-*

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<sup>25</sup> It should be noted that I do not fully reject the possibility of “objective interests,” but rather that I reject the way in which they have tended to be determined. I believe that objective interests can only come into existence with the emergence of a subject capable of action. In this sense, working class formation and determination of the “true” interests of the working class are one and the same process. And this process is predicated on democratic organization.

*determined interests of the working class will be assumed to lie in expanded decommodification.* Finally, it is important to note that this formulation focuses on the active *pursuit*, but not necessarily *realization* of analytically-determined interests. This is because realization of a set of interests is to a certain extent dependent on structural conditions which are beyond the immediate control of representatives. Thus, it is the pursuit of interests rather than a necessary realization that is the appropriate site for analyzing oligarchy.

While we cannot assume that pursuit of a set of interests will necessarily lead to their realization, it should be mentioned that it is not just the ends an organization pursues, but also the means it employs which can serve as an indicator of oligarchy. Means that do not involve broad-based, democratic organizing, but rather depend on the administrative, political, and symbolic capacities of a small group of representatives are oligarchic. The clearest example of such a tactic, and one which is frequently used by nearly all unions, is lobbying of political elites. On the other hand, when membership is mobilized for mass-based activities such as strikes, direct actions, or more mundane tasks such as receiving training in relevant labor laws, bargaining skills, and handling grievance procedures, these constitute democratic means. I do not mean to imply that unions choose one or the other; indeed, regardless of the ends that they are pursuing, most unions will employ a combination of some means that are relatively democratic and broad-based with more oligarchic ones. The significant point is that the relative weighting of such means says a lot about power relations within the organization.

Now that I have provided re-worked definitions of the countermovement and oligarchy, it is time to bring these two theories into confrontation with each other in an attempt to gain greater clarity on the relationship between worker insurgency and union activity in China.

### **The Polanyi-Michels Dilemma**

With this conceptual background in mind, we are now in a position to bring Polanyi and Michels into confrontation with each other in the context of contemporary China. Over the course of China's market reform era, severe commodification of labor (among other things) has led to rapidly increasing social unrest, an occurrence which would lead Polanyi to predict that society would soon move to protect itself. Here I rely on Burawoy's (2003) specification of the Polanyian concept of society as a space between the state and the market where resistance to both is formulated. Rapidly increasing worker insurgency in China is an indication that just such resistance is expanding. But when it comes to *sustained* organizing of workers across time and space, there is no society, only the state<sup>26</sup>. The experience of other industrializing countries indicates that labor cannot be de-commodified without the working class exercising relatively coordinated collective power both at the point of production and in the political sphere. Historically, labor unions have been the organizational form through which such

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<sup>26</sup> All independent worker organizations are either crushed or severely limited in their action. In 2006 local activists near Guangzhou were removed from industrial zones after passing out leaflets which contained nothing other than text from the labor law. This is an indication of the level of repression when it comes to labor in China.

power has been exercised. However, in China the only unions tolerated by the state – those that are subordinate to the ACFTU – are nearly ideal-typical cases of oligarchic organization, and support the state’s agenda of maintaining highly commodified labor. Unless this oligarchy can be broken, it is highly unlikely that decommodification can come to pass. In other words, in China the countermovement has to go through the iron rule of oligarchy. It is this tension between social rejection of commodification and challenges in realizing decommodification and incorporation at the institutional level that is at the core of my investigation. In this sense, one of my primary concerns is about how to analyze the consequences of insurgency.

### **Insurgency and its Consequences**

To start with, it is important to distinguish worker insurgency of the type that exists in China from a social movement as defined by the “political process” theorists. Charles Tilly, one of the key theorists associated with the political process approach, defines a social movement as “*a sustained challenge to power holders in the name of a population living under the jurisdiction of those power holders by means of repeated public displays of that population’s worthiness, unity, numbers, and commitment.*” (1999:257) Classic works from this tradition (Andrews 2004; McAdam 1982; McAdam, McCarthy, and Zald 1996; Tarrow 1998) have not deviated much from the above definition. These studies have focused on movements that tend to display the following characteristics: 1) Relatively coherent political program and well-articulated goals; 2) A preponderance of formal “social movement organizations” which are necessary in articulating said goals; 3) Targeting of the state; 4) Exploitation of political space which is available in liberal democracies (e.g. through public marches, media outreach, political lobbying, etc.) As described by McAdam, one of the major reasons for the emergence of such a perspective was because of a reaction to previous theories which viewed social movements as necessarily “irrational.” (1982:5-20) The consequence was that political processes theorists fought hard to demonstrate that social movements are in fact completely rational responses to deeply-held grievances that cannot be resolved through “politics as usual.”

This conception of social movements as relatively coherent entities with defined goals<sup>27</sup> has resulted in a particular approach to studying the outcomes of protest. Most significantly, an analysis of policy outcomes has been a recurring theme in much of the literature (Giugni 1998; Snow and Cress 2000; Soule, McAdam, McCarthy, and Su 1999; Tilly 1999), likely owing in part to the types of movements that were studied, but also to the methodological coherence it provides. By the late 1990s, this group of scholars had identified the problem of “unintended consequences” as well as more amorphous cultural and political changes that can result from social movement activity. But the following comment from Giugni, McAdam, and Tilly is instructive in terms of how political process theorists think of this question: “While it is certainly true that social movements are rational efforts aiming at social change, their consequences are often unintended and

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<sup>27</sup> I do not mean to caricature these studies, as many have noted that social movements contain a broad array of actors, organizations, and goals, which do not necessarily work in perfect concert with each other.

are not always related to their demands.” (1999:xxi) Here we can see that even if consequences are unintended, the movements these scholars are concerned with are “rational” and have specific political “demands” against which outcomes can be measured.

Unfortunately, the framework developed by political process theorists cannot explain the dynamics or the consequences of labor protest in China, in large part because of the lack of formal organization and the apolitical appearance (if not reality) of contention. I follow Ching Kwan Lee’s (2002) assessment of Chinese worker activism as a form of “insurgency” rather than as a social movement. This concept of insurgency was first fully articulated by Ranajit Guha – one of the primary scholars behind the development of subaltern studies – in *Elementary Aspects of Peasant Insurgency in Colonial India* (1983). Guha admits that the movements he studies are “apparently unstructured” (1983a:5) but takes to task those who believe that politics is only “conscious” when there is, “a ‘conscious leadership’, secondly, some well-defined aim, and thirdly, a programme specifying the components of the latter as particular objectives and the means of achieving them.” (1983a:5) Though he is arguing that activism does not have to display such characteristics in order to be considered conscious, he is also acknowledging that insurgency does *not* display said characteristics. An additional feature of insurgency is that it is generally a politics of *negation*, in the sense that attacks on the, “superordinate elite... carried no elaborate blueprint for its replacement” (1983a:9). Clearly, such features put insurgency in a markedly different category than typical social movements.

And yet, the thrust of Guha’s argument is that insurgency is *not* an irrational, psychologically-motivated outburst of anger at rulers. Rather his point is that despite the appearance of incoherence and the relative lack of a well-defined plan, insurgency is conscious and is also eminently political: “The risk in ‘turning things upside down’ under these [highly oppressive] conditions was indeed so great that [peasants] could hardly afford to engage in such a project in a state of absent-mindedness.” (Guha 1983b:1) The conscious nature of the politics of negation is discernible in two phenomena that can be observed in insurgent actions, namely “discrimination” and “*atidesa*.” Discrimination, or “selective violence” implies that the targets of insurgency are not chosen at random. Rather, certain locations, individuals, buildings, etc., are targeted for their specific economic, political, or symbolic value. The capacity to engage in such discrimination is a strong indication of political consciousness, even if it is not a highly articulated one. The second phenomenon is *atidesa*, or a “logic of extension” by which targets are expanded from the level of the particular to the categorical level. That is to say, it is a politics of analogy whereby it is not just, for instance, “our landlord” that is a target, but landlords *in general*. From this we can see that, for Guha, insurgency denotes a form of activism that despite initially appearing as apolitical and spontaneous, is actually necessarily political and requires the development of a certain level of consciousness.

In general, Guha’s framework is sufficient for conceptualizing worker protest in China, though I would like to make some further specifications. First, it should be noted that *atidesa*-like extension has been relatively rare. Such analogy-based targeting of protest indicates a higher level of political capacity than Chinese workers currently possess. Related to this point, it is incredibly important to note the cellular nature of worker insurgency in China (Lee 2007). What this means is that, with a few notable

exceptions (Chan and Pun 2009), labor protests in China remain workplace based, and are not organized across sectors or across other enterprises within a given sector. There have been many incidents of “copycat” strikes, but the organization of such resistance is still taking place at the workplace level. Worker insurgency has failed to extend across space or, for the most part, time. This is related to a final point I would like to make which is on the relationship between consciousness and politics in insurgency. Guha’s writing is framed as a polemic against those who claim that insurgency is spontaneous and apolitical. I agree with him that insurgency does require planning and that the capacity to discriminate in target selection is an indicator of some sort of consciousness. But, certainly in the case of insurgent Chinese workers, that consciousness exists only in embryonic form. When workers go on strike, block roads, petition government buildings, etc., their demands are not framed as political demands (e.g. allow for freedom of association, legalize strikes, end the discriminatory household registration system), but rather as immediate economic ones. Thus, the “virtual unity” (Hardt and Negri 2000:262) of worker insurgency in China *appears* apolitical when viewed as a series of seemingly unrelated incidents, and workers themselves generally do not claim a specific politics. However, when viewed at the aggregate level, this insurgency has a deeply political character since it implies a rejection of commodification. That insurgent workers themselves do not grasp this as such is an indication of the fact that their political consciousness is in embryonic form; the capacity to comprehend and articulate the political nature of insurgency in *particular* struggles would be an indication of a much higher level of consciousness and the beginning of the passage to political subjectivity. Thus far, workers have not possessed the means for reflecting the aggregate of seemingly apolitical cellular insurgency *back on the cells*, thereby revealing the emerging politics of decommodification. This of course is only possible through organization, an opportunity not currently afforded to workers in China.

The question of the relationship between insurgency and organization requires a bit more attention, and in doing so it will be helpful to draw on Piven and Cloward’s *Poor People’s Movements* (1977). One of their main arguments is that it is through disruptive, un-organized outbursts that social movements secure most of their victories. Squarely placing themselves in the Weberian-Michelsian tradition, they argue that organization is a necessarily conservatizing force, and that movements lose their efficacy once they are integrated into such formal bodies. My perspective is somewhat different, in part because the structuring of political space is quite different in China than it is in the United States (where Piven and Cloward’s study was focused). In China, the insurgent moment of the countermovement has been confounded by the problem of oligarchy. To put it another way, worker disruptions have not been translated into the type of victories Piven and Cloward would expect precisely because of a *lack* of organization. While the organizations they studied may have had a conservatizing effect on their respective movements, the deep oligarchy of ACFTU unions, and non-existence of more autonomous organizations, threatens the possibility of any political victories. Without organizations that maintain any legitimacy among workers, the working class does not exercise coherent collective power either in the political sphere or at the point of production. This second point implies that even pro-labor legislation that is passed in response to insurgency is frequently un-enforced on the shopfloor. The authoritarian nature of China’s polity makes it much more difficult for social insurgency to be



effectively co-opted, one result of which is that the insurgent moment may not translate neatly into an institutional response.

But how specifically should we analyze the responses of state and union? The first and most important question, of course, is whether or not worker disruption leads to decommodification and incorporation. This can be analyzed both at the micro-level (the enterprise) and at the sectoral, regional, national, and even international level. The second equally important question is to see how the state, through the auspices of the union, responds to the threat (or reality) of continued disruption. Does the union become more responsive to worker needs? Are power relations at the point of production reconfigured such that workers (or their *legitimate* representatives) exercise some authority (i.e. does worker power expand)? Merely analyzing decommodification on a formal level (i.e. if labor appears to be decommodified by a particular piece of legislation or a collective bargaining agreement) is insufficient. Thus, it is not just formal (on paper) but substantive decommodification that I am interested in, and the capacity to enforce formally decommodifying administrative agreements is crucial to this.

Verifying that seemingly decommodifying formal agreements are actually enforced is important in determining whether the insurgent moment has actually precipitated the institutional moment of the countermovement. This is why the micro-level perspective is so important in my study. Because of the model of capital accumulation and the structure of the state in China, many contracts and labor laws frequently go unenforced. Given this, we will need to understand a bit more about the nature of the Chinese state in order to have a more nuanced understanding of the politics of decommodification. We will now turn to an analysis of the complex, often contradictory state structures and how the various levels may respond to worker protest.

## **The State and Labor Politics**

To point out that the Chinese state is a complex, contradictory, and fragmented entity will come as no surprise to any student of politics. The question for anyone studying the state is not *whether* it requires disaggregation, but precisely *how* it ought to be disaggregated. I would like to argue two things: 1) Decentralization of economic decision making in the reform era has created a strong alliance between capital and the local state in China; 2) The “relative autonomy” (Block 1977) of the central state in passing pro-labor legislation is undermined by local political dynamics and the lack of countervailing forces in society. Additionally, the appearance of autonomy on the part of the central state emerges in large part from an ideological operation intended to enhance the stability of domination. As an integral part of the state structure, these dynamics are always present in union actions aimed at reducing worker insurgency.

I follow Nicos Poulantzas’ conception of the state as the “factor of cohesion” between the various classes in capitalist society (1973:44). This of course does not mean that the state is monolithic, with its various levels marching in lockstep: “...we can see an indication of this [cohesive] function of the state in the fact that, although it is a factor of cohesion of a formation’s unity, it is also the structure in which the contradictions of the various levels of a formation are *condensed*.” This evokes Bourdieu’s distinction between the left and right hands of the state (1998), in the sense that conflicts within the state are – to a certain extent – a mimesis of class conflict in society. But this is not to say that state

power is exercised autonomously from existing class relations; in a moment in which the interests of capital are hegemonic (such as is the case in China) cohesion is necessary to maintain a particular political economy the benefits of which – both symbolic and material – are necessarily *classed* in their distribution. Fundamental to the maintenance of cohesion of totality in capitalism is ensuring that class struggle appears as a purely economic, rather than political, conflict. This is achieved through an *effect of isolation*, or “the effect of concealing from these agents in a particular way the fact that their relations are class relations.” (Poulantzas, 1973:130) This effect requires that social conflicts appear as conflicts between individuals rather than classes. The juridico-political superstructure within a given formation is critical in this process as it produces workers as juridical-subjects, endowing them with a set of individual rights according to which conflicts are to be adjudicated. Effects of isolation also operate on the ideological level in the sense that the state attempts to appear as classless, as a, “popular-national-class state, in the truest sense. This state presents itself as the incarnation of the popular will of the people/nation.” (Poulantzas, 1973:133) “Isolation” refers to the effect that these various processes serve to both isolate individuals from dominated classes from other members of their class (i.e. prevent organization) and, as a corollary to this, isolate economic struggles from political ones that inevitably have transformation of the state as a goal.

This effort on the part of the state to maintain the unity of a formation should not be confused with actual unity. As has been mentioned, the state contains a distorted reflection, but a reflection nonetheless, of the various conflicts in society. The divergence between the appearance of unity and empirical existence of deep conflicts within the state is nicely captured by Migdal’s distinction between the *image* and *practices* of a state (2001:15). In China in particular, the state attempts to project an image of unity, coherence, and discipline within its various branches and levels. But this image of unity, as the unmediated expression of the will of the nation, of course is disproved in practice where numerous conflicts, contradictions, and subversions are enacted between various parts of the state (see especially Chapter 6). Such messiness is inevitable if the state is to attempt to provide coherence and unity within a necessarily conflict-laden capitalist mode of economic organization. The acuteness of such conflict, and therefore the divergence between state image and practice, is of course intensified in the process of capitalist industrialization.

These conflicts do not, short of social revolution, spell the end of the state. Echoing Gramsci (1971:219), Poulantzas argues that the primary task of a capitalist state is to maintain an “unstable equilibrium of compromise.” (1973:192) *Unstable* refers to recurrent class conflict in society; *equilibrium* denotes a balance of forces in society such that basic order is maintained, though it does not imply equivalence between the forces; and *compromise* refers to the deal which must be struck between warring classes and which must be realized and enforced through state power. An unstable equilibrium of compromise is the condition under which continual capital accumulation can occur, a scenario impossible without the active intervention of the state. The question now becomes, how effective has the Chinese state been in maintaining such an unstable equilibrium of compromise?

*Insurgency trap and the structure of the Chinese developmental state*

Beginning with the establishment of special economic zones (SEZ) in southern China in the late 1970s, the central government has gone about dismantling the command economy and devolving significant authority over economic policy to lower levels of the state. While the autonomy of SEZs was originally quite exceptional, the subsequent devolution of economic decision making power to lower levels of the state resulted in a “market-preserving federalism,” (Montinola, Qian, and Weingast 1996) meaning that strong incentives were put in place to prevent local governments from overturning marketization. Administrative reform reconfigured the fiscal incentives such that the benefits of rapid economic growth would accrue increasingly to the local state (Jin, Qian, and Weingast 2005). In addition to the formalized incentives for local states to pursue investment and accumulation, lack of transparency and oversight within the bureaucracy gives individual officials great leeway in securing personal benefits (i.e. engaging in corruption) from providing capital with a favorable investment environment. The consequence is that both local governments and local agents of the state have strong incentives to align themselves with the interests of investors.

This has given rise to a political situation Ching Kwan Lee terms *decentralized legal authoritarianism* (2007). Lee argues that marketization and decentralization of economic policy-making has produced massive worker insurgency which is, by and large, directed against the local state. The central state, more concerned with the stability of the economic system as a whole, has passed a series of laws which theoretically increase individual rights for workers. However, the lack of collective rights, i.e. freedom of association, undermine the possibility of strictly enforcing these individual rights (Chen 2007). Additionally, decentralization provides local states with a strong incentive to side with capital in adjudicating labor conflicts. The result is that the legal reforms enacted by the central state have had the effect of individualizing much labor conflict, while many of the laws themselves often gone un-enforced. The central state’s project of rule by law (rather than rule *of* law) has thus greatly influenced dynamics of labor protest, but has not given rise to a transparent, rule-bound, political process, nor has it resolved the underlying source of conflicts.

Despite the strong incentives local governments have to side with capital, one should resist the temptation to caricature these levels of the state as fully subordinate to the demands of investors. Though perhaps less concerned with the long-term capacity for accumulation than the central state, local officials often times take an interest in the overall stability of production. The resolution of labor conflict is of course central to maintaining production, and so various segments of the judiciary, the government, and, most importantly for this project, the trade union, will occasionally side with workers against capital. Since it is these agents of the state who preside over the actual implementation (or not) of potentially decommodifying legislation, their capacity to overcome the strong incentives to side with capital in defense of workers is of utmost concern.

Let us recall for a moment the earlier formulation of political power for the capitalist state being based on an *unstable equilibrium of compromise* (Poulantzas 1973:192). In China we can see that the structure of the state and its model of capital accumulation have produced a severe *disequilibrium* between labor and capital, particularly at the point of production. This disequilibrium paired with deep commodification has produced great conflict, which in turn has engendered an attempt at

“compromise” from various levels of the state. In my terms, this means that China has stalled at the insurgent moment of the countermovement, and it is unclear that a compromise, i.e. *institutionalized decommodification and incorporation*, can be realized in a political context in which the state is constitutionally opposed to the working class developing a (semi-)autonomous base of power. To push this a bit further, the proposition can be made that it is necessary for the capitalist state to allow for a degree of political power for dominated classes (particularly the working class) in order to maintain the equilibrium necessary for continual hegemonic rule of capital and relatively stable accumulation. Without this power for the working class, compromise becomes incredibly difficult to realize in practice.

Thus we can see how crucial an understanding of the ACFTU becomes. This is the arm of the state which is concerned with worker representation, and is therefore necessary for any sustainable compromise to be made. There are intense pressures on the unions to resolve the conflicts generated by commodification, but it is unclear if these pressures will be acute enough to overcome profound oligarchy. This presents us with a fundamental paradox of China’s current political economy: that which is categorically banned by the state, i.e. organized worker power, may be the only means by which the class compromise necessary to overcome worker disruptions and maintain continual accumulation can be realized, a predicament I refer to as an “insurgency trap.”<sup>28</sup> Labor politics in general, and particularly the activities of ACFTU unions, become the ideal site in which to analyze whether this trap can be undone.

Additionally the point must be made that in a country as large as China, variation in regional political economy creates different dynamics of labor politics (Hurst 2009). Although the conditions I have described thus far hold to some extent in different regions, the particulars of the models of development will influence the triangular relationship between workers, state, and capital. In particular, the type of industry, national origin of investment, qualities of social embeddedness, etc, will influence the state of equilibrium and possibilities for reaching compromise. This intra-national variation in class politics will be made apparent in Chapter five.

## **Is China Capitalist and Does it Matter?**

As a final theoretical point, I would like to address the question of whether China is capitalist, and whether it matters. Over the past several years, there has been a large amount of literature which has attempted to come to terms with the contradiction of a formally socialist state presiding over a markedly capitalist approach to development

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<sup>28</sup> While there are some areas of overlap with Minxin Pei’s (2006) “trapped transition,” I should be clear that an insurgency trap is actually quite different. Pei argues that China has failed to transition to a fully marketized and liberal-democratic society, and that this “trap” may inhibit future growth potentials. He believes that this stalled transition is due to the particular, contingent decision making of high-level leaders. An insurgency trap, by contrast, develops because of the structure of the state, model of accumulation, and in particular, modes of class domination. Pei argues that the stalled transition will hold negative effects for Chinese society as a whole, while I draw attention to the classed nature of domination and unequal gains from growth.

(Hart-Landsberg and Burkett 2005; Hung 2009; Weil 1996; Zhang and Ong 2008). Some scholars as well as capitalists and agents of the state will claim that we live in a “post-ideological” era, and so labels such as capitalism and socialism are unimportant.<sup>29</sup> This argument is, however, deeply ideological in the sense that it claims the current socio-economic arrangement as natural and without a specific political content. I argue that one of the most remarkable developments of the past thirty years is that China *has* become capitalist, and that this fact is of the utmost importance in understanding contemporary Chinese politics.

For the purposes of this research, I conceive of China as capitalist for two primary reasons. The first is that the state has taken the interests of capital as hegemonic. Here I do not make a strong distinction between domestic, foreign, and state capital, since state-owned enterprises are to an increasing degree operated according to market principles (Gallagher 2005; Zhang 2008) including hiring and firing policies, managerial compensation, and private appropriation of surplus. The fundamental organizing principle of all such enterprises is the realization of capital valorization, though of course the methods employed toward this end vary widely. That the trade union – perhaps the arm of the state most likely to side with workers – has become subordinated to the hegemonic interests of capital will become increasingly clear as we proceed. For the state more broadly, its function as a factor of cohesion is represented on the discursive level by the concept of “harmonious society,” a framework which is an attempt to win subordination to reconfigured relations of class domination within a marketized context. Workers, among other dominated classes, are asked to unquestioningly submit themselves to high rates of exploitation in the service of maintaining the coherence of the current system of capital accumulation. Such subservience is claimed to be necessary in order to maintain a good investment environment, develop the economy, and most significantly, build the (classless) nation. As for the *effect of isolation* discussed earlier, the project of rule by law (*fazhi*) is a clear case of the state attempting to separate the economic from political struggles. The individualization of employment rights signals surrender to a basic tenant of the logic of capital, namely that success or failure in the market is due to individual capacity rather than class-based power relations. Finally, the state-led destruction of the social contract including the evisceration of comprehensive health, education, and pension systems, has been framed as necessary for development and becoming a “modern” and powerful country. The end of generalized social welfare is of course important in the production of a free labor market.

This then leads to the second reason why China ought to be characterized as a properly capitalist society, namely the high levels of commodification of labor. As has already been discussed, I consider labor to be commodified to the extent that workers must immediately submit the satisfaction of their needs to the logic of the market. Additionally, levels of labor commodification can serve as a sort of index of overall

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<sup>29</sup> For an analysis of this issue in China, see Guo, Yingjie. 2009. "Farewell to Class, except the Middle Class: The Politics of Class Analysis in Contemporary China." *The Asia-Pacific Journal* 26. As well as, Wang, Hui. 2006. "Depoliticized Politics, From East to West." *New Left Review* 41:29-45.

commodification of human needs. Without state-guaranteed access to things they need, e.g. housing, education, health care, etc., workers' labor power has become increasingly commodified over the past thirty years. Some may argue that many migrants' ability to retain land rights has a decommodifying effect; this is surely the case, and if the state were to go through with full privatization of land (as it was considering in 2008), this would make the situation even more dire. Yet with prices of grain falling after WTO entry, the destruction of the rural social welfare system, continual inflation, and with human needs increasing due to cultural work of commodity marketing, migrant workers needs are highly mediated by the market. The situation is perhaps even more severe for laid-off workers from the former state-owned sector who do not even have access to land. This commodification of labor has been institutionalized at the national level through the exercise of state power. It is for these reasons that by the beginning of the second decade of the 21<sup>st</sup> century, China must be considered capitalist.

I should point out that there are many other ways in which China could be counted as capitalist. These include, but are not limited to: 1) A preponderance of the production of goods *as commodities*; 2) Formal protections for the rights of many forms of property (land being an incredibly important exception); 3) The widespread existence of the capitalist *habitus*; 4) Increasing formal representation for capital within the state;<sup>30</sup> 5) The extension of the logic of capital as a basic organizing principle of social relations in a variety of fields; and perhaps most significantly, 6) Deep integration into the capitalist word system. Claims that China is still socialist tend to be based on a few types of arguments. The first is that the percentage of GDP derived from state-owned enterprises is still quite large. I have already addressed the problem of state capital, and why it behaves increasingly like private capital (i.e. it is primarily oriented towards self-valorization rather than socially defined needs). The second is that the state remains actively involved in regulating many markets, including most importantly finance, energy, and transportation. But states in the West have long engaged in active regulation of similar markets, even if the ideological claim contradicts this. The difference can only be a quantitative rather than a qualitative one. Finally, there is the tautological position that China is socialist because the state says it is socialist. I do not think this final argument is worth seriously engaging.

That China has become capitalist is crucial to understanding the operation of the countermovement. If labor were not highly commodified, and if the state had not accepted the interests of capital as hegemonic, the Polanyian framework would be of little value. However, it is precisely because market logic – previously tightly confined in geographically and politically circumscribed SEZs – has seeped into the very DNA of the economic and political structures of Chinese society that we are now facing massive

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<sup>30</sup> In early 2011, it was reported that the richest 70 members of the National People's Congress had a combined wealth of 493.1 billion yuan (US\$75.1 billion), and increasing numbers of private capitalists were being invited to serve on the Chinese People's Political Consultative Congress. See March 4, 2011. "Wen Sees Billionaires in Congress as Gap in Wealth Widens." *Bloomberg News*. And, March 4, 2011. "Business influence grows in China." *Financial Times*.

worker insurgency. Institutionalizing the countermovement will require a rejection of this logic in the economic *and* the political spheres.

## Conclusion

In this chapter I have developed the overall theoretical framework for the entire project. I have attempted to redirect attention in the Polanyian countermovement towards resistance to commodification and its outcomes. This necessitates an understanding of how worker insurgency is or is not translated into institutionalized decommodification and incorporation which has been accomplished by distinguishing the insurgent moment from the institutional moment of countermovements. Given that the emergence of the institutional moment in the process of industrialization has, in the experience of other countries, required the existence of worker-based organizations, conditions of appropriated representation and the union oligarchy it produces become of central importance. I have argued that oligarchy within unions can be measured according to both *ends formulation* and *pursuit of analytically-determined interests*. Because of the lack of space for autonomous worker power, I have argued that deep oligarchy in China's unions may confound the countermovement.

Additionally, I have sought to gain greater clarity with regards to the form and outcomes of worker protest in China. I have argued that seemingly apolitical cellular insurgency has developed among China's working class. This insurgency is organized around immediate economic demands, but has failed to articulate a specific political agenda, and it has in general not extended across time or space. The inability of the working class to develop as a coherent political force is in large part due to the state policy of "rule by law" which is fundamentally opposed to such an outcome. Although the state as a whole has taken the interests of capital as hegemonic, there are divisions between its various levels and arms. In particular, the central state's function as a factor of cohesion has encountered a challenge from local governments' strong alliance with capital and the lack of a countervailing force at the point of production. This contradiction is expressed most clearly by the inability of individualized legal rights to be realized in practice, a state of affairs which leads to increased worker protest. The central state is thus in a bind where the one way to get its laws enforced and to reduce labor conflict is to do the one thing it refuses to do, namely provide the political space for the working class to amass collective power. This *insurgency trap* implies that it will be difficult for the capitalist state to make the compromise necessary to maintain an "unstable equilibrium."

Before seeing how these processes play out in our empirical cases, it will be necessary to understand a bit more about the history and structure of the ACFTU. Through such an analysis we will see how the Party systematically deprived the working class of an autonomous base of power – a process that started long before the economic reforms of the past three decades.

### Chapter 3

#### The History and Structure of the ACFTU

The headquarters of the Guangdong Federation of Trade Unions (GDFTU) – the most important provincial level union organization in China – is situated directly between two buildings, each respectively imbued with profound and seemingly diametrically opposed symbolic values. On the left is the East Garden, the building which housed the *shenggang* (Guangdong-Hong Kong) strike committee during the revolutionary upsurge of 1925-27. Initiated in June of 1925, the *shenggang* strike remains the longest continuous general strike in history and it played a crucial role in the development of the Chinese revolution. Today the site is closed to the public, although there is a small commemorative plaque to the side of the guarded entrance. To the right of the union headquarters (indeed, located within the same building complex) is the Guangdong Union Hotel. This hotel is owned in whole by the union federation, but operates just as a normal hotel would and is used for generating profit. In early 2009, management fired an activist in the hotel after she pushed for expanded health insurance, housing subsidies, and overtime pay for low-paid migrant worker employees. Following this incident of blatant and illegal retaliation, the union federation which owned the hotel did nothing to defend this activist, but stated that they would “not take sides.” Given the prominence this story had received in the media, this sent a strong message to potential activist union members.<sup>31</sup> Thus, we have two materially objectified symbols of radically opposed modes of political action. On the *left* we have the ACFTU’s past: organization, mobilization, and confrontation; and on the *right* we have its present: atomization, acquiescence, and heteronomy.

And yet, as we will see in this chapter, if the methods have changed dramatically, there is a coherent logic that connects the past and present of the ACFTU. Founded in Guangzhou just one month before the initiation of the *shenggang* strike in 1925, the ACFTU actively organized and mobilized the working class to engage in militant actions against capital and foreign imperialism, including strikes, marches, and armed pickets (Kwan 1997; Perry 1993:69-87). However, even at this time, mobilization was primarily directed towards defeating imperialism rather than destroying capital (Smith 2002). Before final military victory in 1949, ACFTU unions began working to maintain

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<sup>31</sup> This case is discussed in greater detail in Chapter 3.



workplace harmony and increase efficiency and output, and any attempts at greater union autonomy were to be crushed. With marketization and the emergence of a new class of migrant workers in the 1980s and 1990s, unions in China found themselves utterly incapable/unwilling to adapt to capitalist labor relations, bound by heteronymous control of capital at the enterprise level and the state at higher levels. It is within the context of such a profound and systemic severing of ties between representer and represented that ironic cases such as a union activist being fired from a union-owned hotel can occur. In this sense, the ACFTU is as close to an *ideal typical* case of oligarchic organization as can be found. But it was the conditions under which the ACFTU was first constituted which defined a persistent internal logic that has demanded the union pursue the inter-related goals of ethno-national autonomy and economic growth. With the destruction and re-creation of the union on two different occasions, conditions of appropriated representation became generalized at the class level.

In this chapter, I aim to accomplish four things. First, an empirical account of the basic historical activities of the ACFTU, from its founding in 1925 until 1989. Second, I will delineate the major changes in trade union structure. Of crucial importance in this regard is the dynamic relationship between union, Party, and working class. Related to this is the third point, which is an analysis of the emergence of appropriated representation that – although continually subject to contention – was solidified in the post-revolutionary period. Finally, I will argue that, in general, working class organization in China has since the 1920s been accepted the goals of promoting ethno-national autonomy and increasing productive forces. Although the *danwei* system effectively incorporated and de-commodified labor during the era of the command economy (Lau 2001; Walder 1983; 1984), the organizational logic of unions became that of the state. As the goals of the Party and those of the working class increasingly diverged throughout the 20<sup>th</sup> century (though certainly not in a linear manner), the union's subordination to the state meant that the representative relationship to the working class was increasingly characterized by practical divergence.

### **The Revolutionary Years - Mobilization**

The emergence of labor activism among the ACFTU and its subordinate trade unions cannot be viewed in isolation from the development of the Chinese Communist Party (CCP) and the struggle against foreign imperialism. Prior to the *Guomindang's* (GMD) purge and massacre of Communists in April of 1927, the CCP had been following Marxist-Leninist orthodoxy by focusing their organizing efforts on the urban working class. While much analysis of the Chinese revolution has focused on the Communists' mobilization of peasants (Bianco and Bell 1971; Hinton 1966; Skocpol 1979), most of their pre-1927 energies were devoted to building industrial unions and a national union federation, the ACFTU. As the revolutionaries became painfully aware of later, the Chinese urban proletariat in the 1920s was still quite small. Although the extractive and transportation industries were somewhat developed in many places in the country, modern industrial manufacturing was concentrated in two places: Shanghai and Guangdong province. In each of these places, the ACFTU and Communist-affiliated unions actively sought to organize and mobilize workers, sometimes in defense of immediate economic rights, and sometimes for broader political struggles.

One of the ACFTU's official histories, *A Concise History of Chinese Trade Unions* (Wang, He, and Cao 2005), provides an account of the heroic activism of Communist-affiliated unions in the 1920s. Even before the official establishment of the Communist Party, prominent Chinese Communist Chen Duxiu argued in August of 1920 that most unions in Shanghai were controlled by bosses and were therefore useless. Chen claimed that "10,000 of these [yellow] unions could be formed and it wouldn't matter," and that workers should, "unite and organize real worker groups!" (*ibid*:9) Shortly after the formation of the CCP and the establishment of the Party's Labor Secretariat, there was a strike wave throughout the country between January 1922 and February 1923. During this time, the Secretariat was actively involved in protesting against the official ban on strikes and organizing strikes in which a total of 300,000 workers participated in nationwide (*ibid*:14). These strident pro-labor activities and proclamations surely helped solidify the position of Communist unions among the working class. However, in response to a strike of workers on the Beijing-Hankou railroad the ruling warlords launched a vicious nationwide crackdown on organized labor. In addition to the dozens of railroad workers killed and imprisoned, Communist labor organizations around the country went underground.

This low tide of revolutionary labor activity did not last long. By 1925 more favorable political conditions prevailed in certain regions, and Communist labor activists began regrouping in Shanghai and Guangzhou. Though the Communists and Nationalists were operating under the "united front" policy, right wing Nationalist labor activists boycotted the second National Labor Conference, which commenced on May 1<sup>st</sup>, 1925. This boycott allowed the Communists to avoid the confrontations and gridlock which had plagued the first national conference and to realize their goal of formally establishing a national labor federation under their control: the ACFTU (Lee 1986:8).

Just weeks after the ACFTU was established, the federation and its subordinate industrial unions were to receive a series of opportunities to mobilize and increase their credibility among Chinese workers. The Communist-controlled Japanese Cotton Mills Union began a series of strikes in 1925. On May 15<sup>th</sup>, union activist Gu Zhenghong was killed by a Japanese manager, stoking both nationalist and class based outrage (Perry 1993:80). Gu instantly became a martyr of the anti-colonial and class struggle, and his memorial service was attended by thousands of workers. Presided over by the Cotton Mills Union chair Liu Hua, a reporter at the event said, "I dare say that this sort of grand proletarian gathering is unprecedented in Shanghai. Nine out of ten participants were workers." (*ibid*:80) On May 30<sup>th</sup>, there was a huge solidarity protest in which workers from a wide variety of industries gathered to express their dismay over the murder of their fellow countryman and worker. But this protest was not to end peacefully: The British authorities opened fire on some of the protesters, eventually killing 13 workers. Then, on May 31<sup>st</sup> the just-established Shanghai Federation of Trade Unions (SHFTU) called for a general strike which was to last several months. This revolutionary event was crucial in establishing the SHFTU as a worker-representative organization, and in giving coherence to the Shanghai working class: "...after the [Shanghai] General Union had gradually been deserted by its allies, it had done a tremendous job of organization during July and August, and had given the working masses of Shanghai a unity and a crusading spirit they had never known before." (Chesneaux, 1968:269) Additionally, the union federation very quickly gained recognition in the political field, as indicated by its

hosting of a delegation of Soviet trade unionists and increased consultation with the Beijing government on pending labor laws. Between the start of the strike in May and September of the same year, SHFTU-subordinate unions increased in number from 20 to 127, and its membership grew from 20,000 to 220,000, a phenomenon which was not limited to Shanghai: “[during the summer of 1925] regional union federations and national industrial unions were set up under the leadership of the ACFTU one after another.” (Wang, et al., 2005:20) The so-called May 30<sup>th</sup> incident became a rallying cry for the emerging *wuzhou* movement, which immediately thereafter burst on the scene not just in Shanghai, but throughout China.

The labor movement in Guangdong was not to be left out. With some political protection coming from the Communist-Nationalist united front policy (Li 2001), a general strike in Guangdong and Hong Kong was initiated in late June of 1925. The ACFTU and Communist activists were able to gain control over the strike committee, though some Nationalist sympathizers were also involved. As was the case with the labor upsurge in Shanghai, the *shenggang* (Guangdong-Hong Kong) strike was propelled by anti-colonialism. After Communist-influenced unions in Hong Kong initiated widespread strikes starting in mid-June of 1925, the ACFTU called for solidarity action among workers in Guangzhou. On June 23<sup>rd</sup> French and British soldiers attacked protesting workers and students just outside of Shamian, a foreign concession in Guangzhou. The “Shaji Incident” left 52 people dead and 117 wounded, and led to great outrage amongst people throughout the province and the country. Approximately 250,000 workers in Hong Kong and Guangdong began a general strike which stretched out over many months (Wang et al. 2005:21).

### **The Primacy of Anti-Imperialism**

As has already been alluded to, both the ACFTU and the Party were primarily concerned with the anti-imperialist struggle during the mid-late 1920s. I follow S.A. Smith’s characterization of labor struggles in this period as “class-inflected anti-imperialist nationalism.” (2002:190) Although anti-imperialism was the dominant discursive frame, Communist unions in particular occasionally weaved class-based analyses into their rhetoric. In a sense, anti-imperialism frequently coincided with class struggle given the large number of foreign-owned enterprises in Shanghai and Guangdong. That the institutional foundations of the Communist union federations were constituted largely in opposition to imperialism rather than in opposition to capital was to hold important consequences for the development of labor politics in China.

Through the revolutionary upsurge of 1925-27, union leadership frequently employed the language of *minzu* when speaking of the need for liberation. The term *minzu* – which can alternately be translated as “nation” or “ethnic group” – was first used by nationalists in the late 19<sup>th</sup> and early 20<sup>th</sup> century in political rhetoric (Wu 1991:161), and was an attempt to sharply differentiate Chinese from foreign. In open letters from ACFTU leadership to workers involved in the *shenggang* general strike, the need for national liberation was always paramount. In one such letter from July 1925, the second month of the strike, union leadership said:

We must safeguard the national [*minzu*] movement and workers’ movement in Guangdong and Hong Kong in order to safeguard China. We should unite with all the

people of Shanghai, and workers, and all oppressed people in the nation in order to resist the imperialist offensive. (*zhongguo gonghui lishi wenxian*, 1958:93)

In a separate letter from the same week, the ACFTU very clearly lays out its argument for the importance of the general strike: “Workers! Why do we strike? We strike to win the freedom of the nation [*minzu*]. Who stole our nation’s freedom? It was stolen by the imperialist.” (*zhongguo gonghui lishi wenxian*, 1958:94)

As revealed in these letters, union and Party leadership primarily viewed the *shenggang* general strike as a means to eliminate foreign aggression in China. When the ACFTU announced the formation of the *shenggang* strike committee in June of 1925, this sentiment is unequivocal: “Compatriots from Guangdong and Hong Kong are implementing an allied strike because of their hatred of British and Japanese imperialist massacres in Shanghai, Hankou, Qingdao, and other places.” (*Shenggang Da Bagong Ziliao*, 1980:149) Deng Zhongxia, an early ACFTU leader and one of the central organizers of the *shenggang* strike, was quite direct in his assessment of the movement’s goals: “This national strike of the working class is originally not an economic struggle to ‘increase wages,’ or ‘reduce hours,’ but rather is a political struggle to ‘oppose imperialism and liberate the nation.’” (*Shenggang Da Bagong Ziliao*, 1980:150) Since foreigners were highly dependent on the labor of Chinese workers, particularly in Shanghai, Hong Kong, and Guangzhou, the strike exacted a high economic toll on their profits.

Despite the refrain from union leadership that “the entire country has a common enemy,”<sup>32</sup> more traditional class-based Marxist language occasionally appeared in official speeches. In particular, the commemoration of the 100<sup>th</sup> meeting of the *shenggang* strike committee in March 1926, nearly one year into the strike, was marked by specifically class-based rhetoric and mention of the liberation of the working class rather than the nation. Deng Zhongxia (who in 1925 said that the goal of the strike was to oppose imperialism) stated the following in his address to the assembly:

If the working class wants to achieve full liberation, it will only come after the working class has seized state power. If the working class tries to implement peaceful and reformist policies before the capitalist system has been eliminated, that is to say under the rule of the capitalist class’ government, then liberation will never be realized. The working class can only rely on its own class organization and exercise continuous and absolute state power to eliminate all previous forms of the state, before full liberation will be possible. The Paris commune represented the first historical step in this direction, and Russia’s Soviet government is the second step. (*Shenggang Da Bagong Ziliao*, 1980:187)

And although “the enemy” remains undefined in this official union statement from April 1926, the implication seems that it is capital in general, rather than specifically foreign capital:

In order for the oppressed working class to liberate itself, it must unite across all boundaries and increase its own strength and defeat the enemy. Workers must manage production by themselves. Policies of compromise or reconciliation either intentionally or unintentionally help the enemy and bring our working class into a realm where they will never be able to achieve liberation. (*Zhongguo gonghui lishi wenxian*, 1958:197)

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<sup>32</sup> e.g. ACFTU letter to all national unions which begins with the phrase *juguo tongchou*, (the entire country has a common enemy). (*Shenggang Da Bagong Ziliao*, 1980:151)

Additionally, many union demands during the *wuzhou* movement and *shenggang* strike focused on bread and butter workplace issues, such as limiting the working day, increasing the minimum wage, and the provision of benefits such as housing and education for workers.

It is unclear why such class-based analysis occasionally appears in the official record of the strike, even if it is certainly less emphasized than ethno-national unity. There likely was intense debate and negotiations among workers and intellectuals as to whether an anti-capitalist or an anti-imperialist frame was most appropriate for the Chinese labor movement. Additionally, changes in rhetoric may be related to ongoing struggle between the Communists and the GMD for control over the movement. In the struggle between the right wing of the GMD and the Communist Party, perhaps the ACFTU was encouraged to play up class struggle as a means of differentiation.

And yet, such strong class-based language was clearly the exception in this period. Deng Zhongxia, in a separate address at the very same conference where he claimed that the working class could never attain liberation without destroying the capitalist state, had this to say while ticking off the victories of the *shenggang* strike:

Another victory has been economic development in Guangdong... Since the *shenggang* strike, the Central Bank has been fortified. Previously, Guangzhou was flooded with Western currency, and even in the villages, Western currency was 'better than gold.' But since the strike, there has been a boycott of Western currency while only using Central Bank currency, so now Central Bank currency is 'better than gold.' The Central Bank has not only been fortified but has expanded, establishing branches in various places. The Central Bank now has more credit than foreign banks. (*Shenggang Da Bagong Ziliao*, 1980:214)

Not only was there economic nationalism, but union leadership directly and explicitly sought assistance from Chinese capital in furthering the anti-imperialist struggle. For example, in March of 1926, the ACFTU wrote a letter to the Shantou Chamber of Commerce explaining their position on a cross-class alliance: "[unions] should call on normal civic organizations to establish a common front to attack the enemy, and should establish a national representative assembly to seize political power." (*Zhongguo gonghui lishi wenxian*, 1958:182) "Normal civic organizations" in this case refers to employer associations.

In Shanghai, the SHFTU also sought cooperation with the local bourgeoisie as well as with organized crime. Following the May 30<sup>th</sup> massacre, the local Chinese Chamber of Commerce was the largest contributor to the union's strike fund (Perry 1993:82). The petit bourgeoisie was organized to participate in the general strike, although union leadership later expressed disappointment at this group's lack of commitment. And SHFTU chair Li Lisan, as well as other union activists, had extensive ties with Shanghai crime syndicates, something deemed necessary in order to mobilize the proletariat. In SHFTU documents from the summer of 1925, aggression is clearly (and justifiably) directed towards Japanese cotton mill owners and the foreign police that committed the massacre of protestors.

But perhaps it is in the closing slogans of union communiqués that the primarily anti-imperialist slant is most evident. Below is a sampling of such slogans from the revolutionary upsurge of 1925-1927:

- From an open letter from the ACFTU to *shenggang* strikers: “Workers! Keep struggling till the end! Eliminate the unequal treaties! Defeat imperialism! Long live the victory of the national revolution!” (*Zhongguo gonghui lishi wenxian*, 1958:95)
- From the closing of the Guangzhou Workers’ Assembly, April 1926: “Our slogans are: Protect the national government! Support the Northern Expedition!<sup>33</sup> Protect the *shenggang* strike! Defeat the imperialists and their running dogs! Long live the victorious national revolution! Long live the world revolution!” (*Zhongguo gonghui lishi wenxian*, 1958:200)
- From ACFTU Secretary Liu Shaoqi’s remarks at the opening ceremony of the Labor Institute in June 1926: “Workers, peasants, business, and students unite! Defeat imperialism! Defeat reactionaries! Establish the revolutionary foundation!” (*Zhongguo gonghui lishi wenxian*, 1958:247)

### Reaction and Retreat

The period of revolutionary activity starting after the May 30<sup>th</sup> massacre witnessed some of the most significant working class mobilization of the 20<sup>th</sup> century. Massive general strikes in Shanghai and in Guangdong-Hong Kong had been organized by newly established union organizations, and had given the working class a coherence that had not existed previously. And yet, the anti-imperialist struggles of the ACFTU and its subordinate unions ended in defeat when the right wing of the GMD undertook a series of attacks on the Communists, thereby decisively ending the fragile united front alliance and driving much labor organization underground.

The beginning of reaction was signaled by Chiang Kai-shek’s (*Jiang Jieshi*) coup in Guangzhou on March 20, 1926. During the initial stage of the *shenggang* strike, GMD leadership had publicly expressed support for the workers, though they were careful to emphasize the national, rather than class-based, character of the movement. Communist leaders had failed to grasp the growing threat from the right wing of the GMD, and so were completely unprepared when Chiang seized power in March (Kwan 1997:164). However, immediately after the coup (which involved confrontation with both Chinese and Soviet Party officials), Chiang quickly engaged in damage control. Rhetorically, at least, he attempted to maintain his favor with the left wing of the GMD, and continued to pledge allegiance to the national revolution. His political maneuvering was at least somewhat successful as he received a warm reception at the ACFTU’s 3<sup>rd</sup> National Congress in May of that year (Wu 1968:592).

If the Communists and Chiang were able to paper over the growing rift revealed after the March 20 coup, no such détente would be possible just 13 months later. After the GMD captured Shanghai in March 1927, Chiang quickly moved to establish an alliance with the city’s powerful organized crime syndicates and leaders of industry (Smith 2000:190). And although the general strike and armed insurrection led by the SHFTU on March 21<sup>st</sup> had played a decisive role in the GMD’s capture of Shanghai, Chiang showed little gratitude towards the Communist activists. Early in the morning of

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<sup>33</sup> The Northern Expedition was a GMD military campaign to defeat warlords that controlled large swaths of China.

April 12<sup>th</sup>, armed groups of thugs began a systematic attack on union offices throughout the city, killing scores and arresting many high-ranking labor leaders. The following day, a group of more than 100,000 workers stopped work and went to protest against the military commander in the northern part of the city. With the full support of the foreign powers, the military opened fire on the protestors, killing one hundred and wounding hundreds more (Chesneaux 1968:3370). Similar attacks against Communist labor organizations took place in many of the other cities under control of the newly-emboldened right wing of the GDM. By the end of April, the strength of these unions had been greatly diminished.

Even if Communist labor activism was not completely eliminated in the cities (Stranahan 1998), space for leftist political activity was extremely limited. With the left wing of the GMD holed up in Wuhan and Chiang's reactionary forces dominating the central and southeastern parts of the country, the Communists had little room for maneuver. Retreating from the city, they reconvened in relatively remote Jiangxi province, where they led a brief takeover of the capital Nanchang in August, 1927. Although they did not hold the city for long, many Communists retreated to the rural areas of the province, and began laying the organizational groundwork for the Jiangxi Soviet. The success with rural organizing in Jiangxi was crucial in the emergence of Mao Zedong's rural strategy (Averill 1987:280). With the initiation of the Long March, Mao's ascendancy in the Party, and the eventual establishment of a base in Yan'an, it was clear that the working class was not going to be the primary revolutionary agent. The ACFTU fell into disuse at this time, and would not be resurrected until military victory neared in 1948.

### **Socialist Trade Unionism – The First Rupture**

Post-revolutionary trade unionism was to be very different from the revolutionary years of the anti-imperialist struggle. As the Communist military victory neared, the ACFTU was rehabilitated, although in remarkably different political conditions than those of the mid-1920s. With the defeat of the Japanese and the turning of the tide in the civil war, large swaths of the country were firmly under control of the Communists. As a result, the role of the union federation was inevitably going to change dramatically from what it had been in the anti-imperialist mobilizations in Shanghai and Guangzhou. Starting in the late 1940s, the ACFTU and its subordinate unions were primarily interested in encouraging workers to increase efficiency and production. Advocating for the particular interests of the working class came to be denounced as economistic, and the Party successfully undermined attempts at greater operational autonomy for the union. This resulted in the "first rupture": that between union and working class. Although the general direction of state policy was for greater de-commodification of labor, the working class was deprived of any independent base of organized collective power.

The key figure in the post-war development of the ACFTU is Li Lisan. Li, who had been one of the leaders of the Shanghai labor movement in the 1920s, remained a powerful figure in the Party until 1930. After the split between the GMD and the CCP, the "Li Lisan Line" which called for armed insurrection in the cities gained prominence in the Party. However, these uprisings were ultimately not successful, most notably in

Nanchang. Li's "extremist" politics fell into disfavor and he was banished to Moscow for fifteen years.

But by 1948, when labor organization was back on top of the Party's agenda, Li had already admitted his past mistakes and had returned to a position of power. In March of 1949, the CCP Central Labor Movement Committee announced a conference to be held in Ha'erbin in June, the goal of which was to establish a "Liberated Areas Worker Association." However, as planning was underway for this conference the GMD held a conference in April that they claimed was organized by the ACFTU (despite the fact that the ACFTU had always been a Communist organization). In order to combat what was seen as an attempt to divide the labor movement, the Communists cancelled the June conference and on May 1<sup>st</sup> announced that they would be convening the 6<sup>th</sup> National Labor Congress at which time they would re-assert *their* rights to the name "ACFTU." The congress attracted representatives from unions with 2.83 million members, and the delegates ratified a new constitution for the union federation and passed resolutions to fight the GMD and American imperialism (Li and Liu, 2005:294). Although Chen Yun was formally the chairman of the revived union federation, Li was elected first vice-chair of the union and assumed effective leadership over day-to-day operations.

Even before the formal re-establishment of the ACFTU, the question emerged as to what precisely unions in areas under Communist control would do. Clearly, their activities would be quite different than they had been during the massive strike mobilization of the 1920s. The general direction was definitively established in a 1948 report by Chen Yun in which he proclaimed a policy of, "developing production, making the economy prosper, caring for both public and private, benefiting labor and capital" for trade unions in liberated areas. Of central importance to the Party was the rehabilitation of production in areas under their control in order to have sufficient supplies for the ongoing civil war against the GMD. In order to do this, union leadership exhorted the working class to distinguish between "short term" and "long term" interests, i.e. to sacrifice immediate economic and political advancement for the good of the nation.

That increasing production was the top priority for the union was made abundantly clear, and cooperation with private capital was to be encouraged. In a trade union handbook from the immediate post-revolutionary period, it was explicitly stated that, "the major criterion of judging a trade union was the production record of its enterprise." (Lee 1984:19) Unions were also exhorted to increase their leadership in promoting "labor competitions," which were seen as a means to increase the productiveness and efficiency of workers (*Jianguo Yilai Zhonggong Zhongyang Guanyu Gongren Yundong Wenjian Xuanbian*, 1988:379; Lee 1984). Li Lisan wrote a very important article published in *People's Daily* on May Day, 1949, in which the union's position on the issue was expounded at length. He started by pointing out that Chairman Mao supported the principle of, "developing production, making the economy prosper, caring for both public and private, benefiting labor and capital," and that there were consequences which followed for the appropriate resolution of labor conflicts in private enterprises: "Hence, 'developing production and benefits for labor and capital' should be



the starting place for the resolution of all problems within private enterprises.”<sup>34</sup> The additional argument was made by union leadership that because China was no longer a capitalist country, the character of labor conflicts had necessarily changed (even if ownership was still private) (*ibid*:407).

When it came to the possibility of worker-controlled production, Li was unequivocally opposed. He argued that while rural land could be expropriated and operated collectively, the same was not true for industrial production:

The property of the capitalist is a factory, and a factory cannot be divided. If it is divided, there can be no production. For instance, if a factory was broken up and given to workers, you would get one wheel, he would get one driving belt, and all of the machinery and the entire factory would be destroyed. Then will there still be production?... So, workers absolutely must not divide capitalists’ factories, but must do precisely the opposite: work hard to protect the factory and increase production, and this is necessary for workers to receive a benefit.<sup>35</sup>

Li went on to address concerns that workers might have, particularly as relates to immediate workplace issues. However he claimed that, “in this historical period, [exploitation] is impossible to eliminate, it will require patience... The working class needs to have the spirit of eating bitterness first and enjoying life later, to labor hard and set an example for the entire nation.”<sup>36</sup> He even went so far as to claim that the interests of labor and capital were, as far as an expansion in production was concerned, identical:

If we took all the money that private enterprises earn and used it to improve workers’ lives, may we ask how we would have capital accumulation to expand production and develop industry?... an appropriate amount will serve as profit for the capitalist, to make the capitalist interested in expanding production. So on this point, the interests of capital and labor can be identical.<sup>37</sup>

The inter-relatedness of the Party’s twin goals of increasing production and ethno-national autonomy were neatly summarized by the following line: “...without great development of industry, not only will socialism be out of the question, the Chinese nation’s economic independence from imperialism will be out of the question.”<sup>38</sup>

The contradictory imperatives to increase production and represent workers tended to be resolved in favor of the former. This was the case not only in state-owned enterprises, but also in private ones as well. As described in the *Workers’ Daily* in early 1951:

In private enterprises, there are a few trade union cadres who not only are not good at giving consideration to the interests of the working masses, but who even take the place of the capitalists in carrying out ‘firing workers and lowering wages’, and who openly speak on the capitalists’ behalf. Because of this, in some trade unions the phenomenon of the

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<sup>34</sup> Li, Lisan. May 1, 1949. “guanyu fazhan shengchan laozi liangli zhengce de ji dian shuoming.” [A few explanations on the policy of developing production and benefits for both labor and capital] *Renmin ribao*.

<sup>35</sup> *ibid*.

<sup>36</sup> *ibid*.

<sup>37</sup> *ibid*.

<sup>38</sup> *ibid*.

masses' [sic] not trusting the trade union and the trade union being divorced from the masses has appeared.<sup>39</sup>

But if union leadership and cadres frequently proclaimed support for the Party-dictated policy of non-confrontation with capital, workers were less accommodating. Bearing an uncanny resemblance to the early 21<sup>st</sup> century, workers in the immediate post-'49 era often criticized union officials for their, "bureaucratism, isolation from rank and file, a preference for coercive or commandist methods, failure to trust in the workers, arrogance and high-handedness, formalism, and a lack of democracy within enterprises and in the trade unions." (Sheehan, 1988:14) As argued by Paul Harper (1969), workers' expectations were raised by the success of the revolution, and were not necessarily willing to accept the wage reductions and increased workload that union leadership frequently encouraged them to accept.

Owing to this increasing pressure from below, national leadership began to shift away from unconditional support for management towards support for worker demands. Starting in late 1950 there was a union rectification campaign that aimed to make union cadres more accountable to their membership. Even in state owned factories, many cadres argued that the interests of the working class and Party were not identical. And Li Lisan attempted to increase centralization of power within the ACFTU, such that lower level trade unions were more vertically integrated and less subject to the power of horizontally connected Party units.

It should be noted that Li Lisan's position on the relationship between the union, Party, and enterprise management is remarkably inconsistent in existing documents, a fact which perhaps is indicative of the rapidly and constantly changing political environment of the time. For instance, in July 1949, at the very same time he was saying that the interests of labor and capital were frequently identical, he also argued for greater union autonomy: "The management committee is an administrative organization, the trade union is a mass organization, the Communist Party is a Party organization. These three organizations are independent and none of them can command any of the others." (Li and Liu 2005:318) This autonomy was necessary precisely because, as argued in June 1949, "This contradiction between public and individual interests must be reflected in the relationship between the administration [of a factory] and the union. The location and environment of the administration will inevitably lead to it representing public interests more, and it is very difficult for them to be concerned with every person's day-to-day interests." (*ibid*:317) And yet, in March 1951 he would directly contradict this earlier statement: "the administration and union are part of an organic whole, and we should be clear that the union is for helping the administration complete tasks... the interests of the administration and the union are basically identical, and there are not any contradictions at all. If there are some contradictions, it is just the result of bad temperaments." (*ibid*:318) The relevant point is that there was a constant back and forth in the early years of the PRC as the ACFTU was frequently tugged in opposite directions by membership and the Party.

Official pronouncements aside, by the end of 1951 the Party had decided that Li had pushed too far with constructing greater union autonomy. In December of that year, the ACFTU's Party organization held a meeting at which they passed a resolution

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<sup>39</sup> January 1, 1951. *Workers' Daily*. (quoted in Sheehan, 1998:29)

condemning him for “errors of principle,” including economism, formalism, and syndicalism. Li was forced to step down from his position in early 1952, and a broad critique of the former chair spread throughout the union structure.

The fear of being singled out for excessive focus on the particular interests of workers once again put union cadres in a position where they were squeezed between workers with increased expectations and the Party which was focused on increasing production. This led to more distrust between workers and their representatives:

From this [critique of Li] union officers were afraid of committing economism or syndicalism and so they dared not speak out on behalf of the interests of workers. This caused the union to become lifeless, and to occupy a non-essential position, leading to the problems of the Party committee handling everything and separation from the masses. (Tang, 1989:191)

This environment led to a situation referred to in official jargon as “separation from the masses,” (*tuoli qunzhong*), which became increasingly apparent with an uptick in strike activity among workers in the first half of 1953. In July of that year, the ACFTU submitted a report to the Party’s Central Committee in which they detailed at length these problems. In particular, the report was concerned that, “These [strikes] reflect that the union cannot connect with the masses, and that union cadres do not have the trust of the masses.” (*Jianguo Yilai Zhonggong Zhongyang Guanyu Gongren Yundong Wenjian Xuanbian*, 1988:174) Just as this worker activism was expanding, the ACFTU’s Seventh Congress in May 1953 was used to firmly re-establish Party control over the union organization (Sheehan, 1989:13).

Despite unequivocal subordination of the union to the Party, from 1953 to 1956 the state seesawed between a focus on trying to increase workers’ participation in factories on the one hand and unremitting pursuit of production on the other. The “three anti and five anti” movements attempted to address problems among the state/union bureaucracies and the capitalist class, respectively. While autonomy from the Party was still forbidden, union cadres were encouraged to mobilize the masses for greater say in the functioning of the enterprises. This was thought to be necessary in private enterprises in order to eventually make the transition to full nationalization. However, by 1955, the state had experienced enough of mass mobilization and once again returned to an exclusive focus on increasing production. This included a strong reassertion of managerial prerogative, particularly in SOEs.

Chinese workers, now deemed the “masters of the enterprise” in the official rhetoric, were not pleased with the new Soviet-inspired centralization of authority within the workplace. This increased focus on worker discipline and efficiency was a major factor in the emergence of a strike wave in the country starting in the latter half of 1956. This series of strikes, though not coordinated by any national-level organization, affected major swaths of Chinese industry. The unrest was particularly acute in Shanghai in early 1957, at which time there was more widespread labor unrest than even in the revolutionary years of the Republican period (Perry 1994). Having coincided with an outbreak of student strikes, the Central Government became quite concerned that an uprising such as had taken place in Hungary that same year could develop in China.

In March 1957, the Party’s Central Committee issued a “Directive on Handling of Student and Worker Strikes.” The document placed blame for the social disturbances squarely on the shoulders of state officials: “These [worker and student strikes] have

occurred primarily because of we have not done our work well, and especially because of bureaucratism by officials.” (*Jianguo Yilai Zhonggong Zhongyang Guanyu Gongren Yundong Wenjian Xuanbian*, 1988:508). If bureaucratism was the cause of the strikes, then more democracy in the workplace (and schools) was seen by the Party as the antidote: “In order to prevent the appearance of student and worker strikes... the most important [method] is to overcome bureaucratism and expand democracy.” (*ibid*:509) While there were certainly no calls for union independence from the Party, once again, the pendulum appeared to be swinging back towards greater accountability for officials.

Not coincidentally, the Party launched the Hundred Flowers Movement in early 1957, at which time various sectors of society were invited to openly criticize the Party and other officials. Certain elements within the ACFTU took quite liberal positions, likely in response to the upsurge in independent worker organizing which had materialized with the strike wave. Chairman Lai Ruoyu, originally brought in during 1952 because of his lack of experience within the trade union (and therefore supposed allegiance to the Party), began arguing that the union should side with workers under all circumstances. This of course was a marked change from the previous rhetoric of unions working hand in glove with factory administration. Gao Yuan, another high level official in the ACFTU went as far as to say that workers should be allowed to set up independent organizations. This was a truly exceptional moment in ACFTU history.

But just as before, this loosening at the top was quickly met with a harsh response from the Party, this time in the form of the Anti-Rightist Movement, launched in the summer of 1957. While much of the literature on the Hundred Flowers Movement and its aftermath has focused on intellectuals (Goldman 1962; MacFarquhar 1960) workers and supportive union officials were also active participants in the outpouring of criticism of the Party that emerged in this period. Chairman Lai Ruoyu was eventually sacked for his syndicalist tendencies, and other union leaders throughout the organization were purged. Once again, insurgent and autonomous worker activity had pushed union leadership towards greater liberalization, only to be ultimately foiled by a nervous Party leadership.

This awkward balancing act between trying to maintain legitimacy with insurgent workers while not disrupting the relationship with the Party has been a defining characteristic of the ACFTU in the People’s Republic. During the course of the Cultural Revolution, the dynamics changed somewhat, as popular mobilization became officially sanctioned from the top, and all sorts of autonomous worker organization became prevalent. Indeed, the ACFTU ceased to function for all intensive purposes during this time period, failing to hold any national congresses. Given the peculiarity of labor organization in the Cultural Revolution, I will not provide details on this time period. However, it will be worth mentioning one last major struggle for greater union independence that was once again crushed: that which took place in the spring of 1989.

### **The ACFTU in 1989**

At the ACFTU Congress in 1978, the first one held since the 1960s, Deng Xiaoping blamed Lin Biao and the Gang of Four for the “paralysis” suffered by the union federation during the Cultural Revolution (Wang, 1990:3)(Wang 1990). Furthermore, class struggle was off the table, and the union’s role was to encourage market-oriented reforms:

The Center believes that various union federations will deeply enter the masses to do propaganda work so that enterprises can smoothly enact these reforms. This will be for the interest of socialism and the interest of the Four Modernizations, and the working class will play a vanguard function of considering the public and denying the individual. (ibid:5)

The union federation was being resurrected completely on the Party's terms, quite explicitly to serve goals which were understood as not being in the "short-term" interests of the working class.

As before, the loosening of the political environment in the late 1980s caused some in the ACFTU to begin to take limited, yet significant, steps toward greater accountability to their membership. The clearest example of this tendency was in the "Basic Plan for Union Reform," a resolution passed by the ACFTU executive committee in October 1988. This document said that previously, "leftist" thinking had incorrectly led to union leaders being accused of economism and syndicalism. The assessment in 1988 was both that the working class had distinct interests and that this would require greater independence for the unions:

For a long time, there was an excessive emphasis on the unity of social interests and high levels of centralization of leadership, with no distinction between the functions of Party, state, and social organizations. This caused the union to be unable to embody its role as a mass organization and did not function according to the role it is supposed to have. In reality, the union became a work department of the Party committee or a subordinate organ of the administration. (Li and Chen, 1989:325)

As far as the relationship to the Party was concerned, the resolution said that horizontally located Party committees should, "respect the organizational independence of the union and the democratic system of the union, and support the local union in independently, autonomously, and creatively carrying out its work." (ibid:328) Additionally, it went on to argue that the existing system of appointing, rather than electing, cadres should be reformed.

While it is not difficult to find official boilerplate about promoting democracy throughout the history of the ACFTU, the rhetoric in late 1988 and early 1989 was noticeably more strident. In this sense it echoed previous calls for reform from the 1950s. When students and workers began taking to the streets *en masse* in Beijing and other cities in April and May of 1989, it is likely that an internal debate within the union appeared, much as was taking place in the Party. But it is unlikely that union officials were prepared for the very direct threat they faced as represented by the formation of independent worker organizations.

Although the student activists were the main focus of the media and subsequent scholarly work on the 1989 protests (Gold 1990; Zhao 1998; 2001) workers played a key role, particularly in Beijing. As the movement in that city grew in late April, dozens of worker activists began meeting up in Tiananmen Square to discuss politics and potential forms of organization. Understanding that their own participation was riskier than it was for the students, the existence of the newly formed Beijing Workers' Autonomous Federation was not made public until student hunger strikers took over the square on May 13<sup>th</sup> (Walder and Gong 1993:6) Staking out a much more radical position than most of the students, the workers' organization openly rejected the leadership of the Party and official unions, and called for direct worker supervision of production. Unsurprisingly,

workers eventually suffered more severe state violence and repression than was the case for the students.

How did the ACFTU respond to this political crisis? To some extent, the worker protest enhanced the position of union officials as they officially represent the interests of the working class within the state bureaucracy. Anita Chan relates a story from this period in which the mayor and deputy mayor of Shanghai went to the union offices (an unusual reversal of protocol) and that union officials successfully put forth a number of proposals for improving workers' conditions. Chan concludes that, "[Trade unions] were expanding their corporatist power by laying claims to representation of a restive social force." (Chan 1993:56) Back in Beijing, ACFTU officials had occasionally expressed support for the students, even going so far as to make a large donation to support hunger strikers in the square (Walder 1991:485). Of course there were limits to what was possible: when members of the Beijing Workers Autonomous Federation asked the ACFTU for help in formally registering, they were rejected.

Any sympathy union leaders may have felt for the protestors was quickly brushed back under the rug with the incursion of the military and subsequent massacre on June 3-4. With the hardliners acting decisively to end the standoff, there was no more question but that political liberalization was off the table. Reformists within the ACFTU got the message, and talk of independent worker organization or even a more assertive role for the official unions ended abruptly.

If the state's actions in the street were not clear enough, in December of 1989 the Party released a wide ranging document entitled, "Notice on Strengthening and Improving Party Leadership of the Trade Union, Youth League, and Women's Federation." The Party's deep concern about the emergence of independent trade unionism is quite apparent:

Currently, the tasks of rectifying governance and deepening reform are incredibly formidable. Foreign and domestic enemy forces have used our temporary difficulties to try to change our forward direction... Party organizations at various levels must enforce unified leadership over the trade union, youth league, and women's federation according to the Party line, such that these organizations will maintain the correct political direction. (Wang 2002:196)

Of particular importance for union activities in the reform era was the strong re-assertion of the authority of Party organizations. Unions were warned to, "Guard against and prevent any tendencies toward throwing off or weakening the leadership of the Party, guard against and prevent some people with ulterior motives from destroying stability and unity." (*ibid*:197) Additionally, there was a rhetorical shift away from recognizing the "particular" interests of the working class, and back towards consideration of the "national interests." In an October 1988 address to the ACFTU's National Congress, Party Secretary Zhao Ziyang had argued, "In the past, the union's protection of workers' specific interests has been overlooked, which has brought a negative influence to union construction which should not exist." (Li and Chen 1988:295) But in the aftermath of June 4<sup>th</sup>, the tone from the Party was markedly different:

At the same time [as protecting particular interests] in the practical operations workers, youth, and women should be lead to self-consciously subordinate individual interests to the nation's interests, subordinate particular interests to general interests, subordinate short-term interests to long-term interests. (Wang 2002:199)

Additionally, the Party's single-minded pursuit of economic growth was re-affirmed as a common goal for the union:

In our current period of governance rectification and deepening of reform, [trade unions] should educate workers to understand and make allowances for the nation's difficulty, and work hard to increase production and economize, increase income and reduce expenses, and continuously increase economic benefits. (ibid:201)

Following the release of this Party notice, ACFTU leadership distributed an "advice" throughout the trade union structure on how to interpret the new marching orders. Of paramount importance was their role as first line of defense in crushing independent worker organization:

When worker organizations are discovered that oppose the four basic principles<sup>40</sup> and that harm state power, unions must immediately inform same-level Party organizations and higher levels of the trade union. Additionally, they must be resolutely exposed and disintegrated, and the government should be asked to ban them according to law. As for spontaneous worker organizations that arise for reasons of economic interests, trade unions should convince and lead them to disperse and stop their activities. (ibid:251)

In addition to re-affirming the commitment to oppose independent organization, ACFTU leadership nearly went so far as to claim that workers' particular interests were irrelevant:

When the union protects the legal rights and interests of workers and participates in interest mediation, it must begin with benefiting social stability and developing the productive forces. [Unions] must conduct their work according to the law and relevant policies, and actively lead workers to self-consciously subordinate individual interests to national interests, subordinate partial interests to general interests, subordinate short-term interests to long-term interests. (ibid:254)

In the space of less than one year, ACFTU leadership had gone from openly calling for greater reform and for the promotion of distinct interests of the working class to full submission to the authority of the Party and a renewed focus on increasing economic growth at all costs.

The fallout from 1989 was to have profound implications for the activities of the ACFTU and its subordinate unions as marketization in China accelerated over the next two decades. When the state determined that pursuit of "national interests" required reform of the state owned sector, unions stood to the side as innumerable millions of workers were laid off (Solinger 2001), had their pensions stolen by corrupt officials, or were forced to accept lower wages, longer hours, and reduced job security. At the same time, a new class of migrant workers was taking shape in the export zones of the southeast. Although subject to high rates of exploitation, long hours, dangerous working conditions, etc., the official union structure had essentially no presence in these privately owned factories. With a strengthening of the alliance between state and capital at the

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<sup>40</sup> The four basic principles were established by Deng Xiaoping in the wake of the 1978 Democracy Wall movement. The principles are to, 1) uphold socialism; 2) uphold the people's democratic dictatorship; 3) uphold the leadership of the Communist Party; 4) uphold Marxism-Leninism-Mao Zedong Thought.

local level, unions – even those that may have *wanted* to take a more aggressive position – were left with few means for advancing worker interests.

Although there had been a number of attempts by union officials to enhance organizational autonomy in the wake of expanded labor conflict and protest, each effort ended with the Party re-asserting its dominance. In this sense, we can see the clear organizational consequences of having representative power arrogated to the ACFTU by the state rather than through delegation by membership. The salient point is that in the socialist period and up to the present, ACFTU subordinate unions have – at the *institutional level* – operated with an extremely high level of oligarchy (as defined in the previous chapter) by continually excluding workers from participation. Union heteronomy combined with the Party’s single-minded pursuit of economic development resulted in a profound rupture between represented and representers in the socialist economy. In a sense, there was never a rupture at all between the union and the new working class in the private sector, since these workers had never been organized and mobilized. But how precisely is this oligarchic union *par excellence* structured today? We now turn to a more detailed explanation of the organizational form of the Chinese trade union system.

### **The Structure of the Trade Union System in Contemporary China**

Unions in China are officially referred to as “mass organizations,” putting them in the same category as the Youth League and Women’s Federation. Officially, the function of these organizations is to link the Party to various social groupings in society (workers, women, and youth, respectively). Following the Leninist conception, the union structure is conceived of as a “transmission belt” to carry information back and forth between the Party and workers (Unger and Chan, 1995:37). The ACFTU claimed a membership of 226 million in 2010,<sup>41</sup> which if true would make it the largest national union federation in the world by an extremely large margin. In this section, we will see quite clearly how the union’s only source of legitimacy derives from the state, often times at the expense of the relationship to workers.

#### *National Organization and Relationship to the Party*

At every level of the union hierarchy, union organizations are subject to “dual control.” The first and primary form of control comes from the horizontally located Party organization, if one exists. Party organizations do exist for all regionally based union federations, in state-owned enterprises, and in many large private enterprises. Secondly, union organizations are subordinate to the immediately superior trade union organization. The primacy of Party control was strongly re-asserted after the 1989 political crisis, when it was announced that unions at various levels could “listen to the advice” of

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<sup>41</sup> Both the accuracy and the meaning of this number must be interrogated closely. While no quantitative data exist, it is very likely that an incredibly large number of these people would not identify themselves as a member of a union and do not pay union dues. A somewhat smaller percentage would not have any idea what a union is.



hierarchically superior union bodies (Wang 2002:198), but that final decisions must be made by the Party organization.<sup>42</sup> Such an arrangement has not been questioned since, and for a union official to do so publicly would certainly lead to severe consequences.

The original logic behind such an arrangement was that with the successful realization of the dictatorship of the proletariat, independent labor organizations such as exist in capitalist societies were no longer necessary. Since the Party represents the interests of the nation *as a whole*, there can be no antagonism between the working class and the Party. As was argued in each successive moment when unions attempted greater autonomy, confrontational independent worker struggles run counter to the national and long-term interest.

Even if trade union leaders in China will not frequently use such Marxist-inflected language anymore, they are quick to point out that what they lack in independence, they make up for in access to state power. When visiting American unionists beam with envy over the rapidly burgeoning membership of the ACFTU, their Chinese counterparts frequently take the opportunity to describe how the Party can bring enormous pressure to bear on recalcitrant employers. Perhaps most importantly, the union at various levels has direct access to the state's legislative bodies. When labor laws are being considered, it is necessary protocol to consult with the unions, in not an entirely pro-forma way. The most prominent recent example of the ACFTU mobilizing its political strength in legislation was the passage of the 2008 Labor Contract Law, supposedly over the objections of the more conservative Ministry of Human Resources and Social Security.

But even if unions claim high levels of access to state power, their relative status within the state is still quite low. As a "mass organization," the union does not wield the same power as a government ministry. Although union cadres claim that their status has been in the rise over the past decade, the union system has typically not even outranked the Youth League, the organization from which Hu Jintao originally hails. To the extent that their power has increased in recent years, union officials are explicit that this is because the problem of labor unrest has become more acute.

Although not an official government agency, ACFTU-subordinate unions *are* part of the state, a fact that must not be overlooked. Nowhere is this fact more apparent than in the method of cadre recruitment and leadership selection.

### *Union Leadership*

The most significant way that the Party keeps control over the union (and not coincidentally, alienated from workers) is through tight control over union leadership. Although formally subjected to "internal democracy," the selection of union federation chairs at all levels is a fully non-transparent procedure,<sup>43</sup> and is almost certainly dictated by the Party. In order to win any position of power within the union system, an official must be a Party member and must have a track record of allegiance to Party-determined goals. While there are exceptions, the rule is for high-level leaders to *not* be drawn from within the ranks of cadres who have worked their way up through the union, but rather to

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<sup>42</sup> See below for a more detailed description of union structures.

<sup>43</sup> There is greater variation in the selection of union chairs at the enterprise level, which is discussed below.

rotate them in from other mass organizations or government agencies. This is of course to prevent leadership from developing broad-based support from within the ranks of the union, a scenario which could potentially lead to a power struggle at the top. Because of this policy, union leadership at every level is likely to have much stronger allegiance to those who gave them the position rather than to their own membership.

This frequently makes for career trajectories for unions leadership that differs significantly from those in most other countries, as it is not at all unusual for people with no experience whatsoever in trade unionism to be appointed to very high-level positions. For instance, prior to becoming ACFTU chair in 2002, Wang Zhaoguo's longest official appointment was in the Taiwan Affairs Department, where he served from 1990 to 1997. Wang Yupu, appointed first ACFTU vice-chair and Party organization secretary in 2010, was an executive and Party committee member at the Daqing Oilfield Company from 1999 until 2003, after which he served as CEO and general manager until 2009.<sup>44</sup> Another ACFTU vice-chair, Xu Deming (the man personally responsible for bargaining the first collective contract in a Chinese Wal-Mart) previously served as the director of Liaoning province's Mines and Geology Department. Upon leaving the ACFTU in 2008, Xu was appointed director of the State Bureau of Surveying and Mapping.<sup>45</sup> The unsurprising consequence of such a career structure within the union is that leadership is frequently unfamiliar with, and often times *uninterested* in, labor issues.

Another reason that union leadership is often unconcerned with their ostensible role as representative of the working class is the system of joint appointments. Union chairs of regional federations, from the municipal level all the way to the national, have in recent years been given joint appointments as the vice-director of the standing committee of the relevant People's Congress (the legislative body of the Chinese state). So for instance, Chen Weiguang is both the chairman of the Guangzhou Federation of Trade Unions and also the vice-director of the standing committee of the Guangzhou Municipal People's Congress. The logic behind such an arrangement is that the trade union will have a greater say in legislative affairs at all levels of the state. While this is certainly true to some extent, it also means that many trade union chairs are much more concerned with their position in the People's Congress, and are consequently less fully engaged in union work.

In addition to these steps aimed at controlling union leadership, the state has also taken extensive measures to ensure the allegiance of regular union cadres. While it is not required that lower level officers be Party members, it is certainly welcomed (and is necessary for long-term career advancement). Union cadres must pass the same civil service exam that other government officers take. In the 1990s the state changed the rules dictating pay and benefits for union cadres, such that they are the same as government officials at an equal level of the hierarchy. Additionally, unions have recently been pursuing "professionalization," which implies recruiting more university graduates rather than recruiting internally.

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<sup>44</sup> In 2002, the Daqing oilfields were rocked by huge protests by workers angered over the theft of their pensions. While it is unclear what precisely Wang's role may have been in this crisis, as a high level executive and Party committee member, he was certainly involved in some manner.

<sup>45</sup> Biographical information comes from <http://www.chinavita.com/index.php>.

While some have argued that union cadres are thus subjected to a “double identity” (Chen 2003), i.e. as both worker representatives and agents of the state, my research supports Raymond Lau’s contention that these officials think of themselves as, and behave like, government officials (Lau 2003). Lau relies on the Bourdieusian concept of *habitus*, which is defined as, “not only a structuring structure, which organizes practices and the perception of practices, but also a structured structure.” (Bourdieu 1984:170). The *habitus* of union officials is *structured* by the same set of institutional parameters as those of government officials, and it therefore generates (i.e. structures) similar social practices. That union officials have a state *habitus* is of course a difficult proposition to “prove,” but there is much evidence to support such a claim. As has been discussed, they undergo the process of selection and socialization that is entailed by gaining Party membership. They are subject to the direct and unquestioned domination by horizontally located Party organizations, and higher-level union organizations. Many of them have extensive formal experience as government and Party officials. And from a practical standpoint, they have much in common with formal agents of the state. Whether it is their diction and reliance on official slogans, hosting lavish dinners, being chauffeured around in black luxury cars with tinted windows,<sup>46</sup> the stiffness and formality of interaction, professed enthusiasm for national events (e.g. Olympics, World Expo), etc., the practices of union officials are clearly structured by the same *habitus* as that of government officials.

But where this practical alignment is most obvious, and perhaps most problematic, is in dealing with labor conflicts. Union officers’ first response to strikes is *never* to rush to the side of workers and strategize on building collective power to force concessions from capital. Their response is that of an agent of the state: intervene, “rationally” encourage dialogue, convince the workers to make “reasonable” demands (i.e. lower their demands), and perhaps try to persuade (through non-coercive means) management to meet some of the workers’ demands. Until major changes in 2010 (discussed in Chapter six) union officials’ primary concern when discussing strikes had always been how to avoid them altogether, rather than seeing them as a key tactic in advancing working class interests. In general, union officers believe that the best way to avoid labor conflict (which is their wish) is through legislation and administration, but not through organizing workers. The parallels with the state’s “logic of practice” are apparent enough.

### *Regional, Industrial, Sectoral, and Enterprise Unions*

The primary form of organization within the ACFTU-controlled hierarchy is the regional federation. These federations officially represent all of the other union organizations (industrial, sectoral, enterprise) within their given jurisdiction. At the apex of this hierarchy is the ACFTU, followed by union federations at the provincial, municipal, and depending on particular jurisdictional arrangements, district (*qu*), county (*xian*), township (*zhen*), and street (*jiedao*) levels. They participate in labor-related

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<sup>46</sup> The vehicles of choice for government officials are somewhat dependent on city, but include Audis, Buicks, large Toyotas, etc. But it is the black paint and tinted windows that are the defining characteristics.

legislation, are first-responders to severe labor conflicts, and – particularly at the municipal level – experiment with new forms of union organization and coordinate unionization drives. Regionally-based federations have attained the most power within the union hierarchy, in part because they strictly mirror the organization of the Party (and therefore are seen as relatively safe).

Parallel to this geographically-based structure is the system of industrial unions. There are ten industrial unions within the ACFTU, including the Educational, S60c60i60e60n60t60i60f60i60c60,6060 60C60u60l60t60u60r60a60l60,60 60H60e60a60l60t60h60 60a60n60d60 60S60p60o60r60t60s60 60W60o60r60k60e60r60s’ Union; Seamen and Construction Workers’ Union; Energy and Chemical Workers’ Union; Machinery, Metallurgical, and Building Material Workers’ Union; Defense Industry, Postal and Telecommunications Workers’ Union; Financial, Commercial, Light Industry, Textile and Tobacco Workers’ Union; Agricultural Forestry and Water Conservancy Workers’ Union; Railway Workers’ Union; Aviation Workers’ Union; and Financial Workers’ Union.<sup>47</sup> These unions are subject to dual control, first by the horizontally located geographically based union federation, and secondly by the immediately superior entity within the industrial union. In addition to the national-level organizations, they are generally established at the provincial and municipal levels, but not below. These unions are relatively weak, and indeed were specifically undermined by the Party in the 1950s for fear that they would seek greater autonomy. They do not sign collective contracts on behalf of workers, or seek to organize new members, but rather engage in legislative activities, consultation with government agencies, and interactions with large companies in the relevant industries.

In recent years, “sectoral unions” (*hangye gonghui*) have become increasingly widespread in China. These unions, generally organized by municipal level union federations, seek to organize all of the employees in a given industry (e.g. construction, shoes, eyeglasses, hotels, etc.) within the municipality. The aim of such an organization varies somewhat depending on the industry, but the general intention is to attempt to set some standards that apply to all employers within the specific geographic region. The most common practice is to try to establish unified pay rates, although we will see that there are immense challenges in actually implementing sectoral wage agreements. The ability to represent workers in signing collective contracts is what distinguishes them most clearly from the industrial unions. Additionally, they are not directly integrated into national-level hierarchies. Sectoral unions are generally staffed, financed, and controlled by municipal union federations. For a variety of reasons which will be discussed in later chapters, this organizational form has become heavily promoted by many different levels of the union structure.

Finally, there are the “grassroots” (*jiceng*) or enterprise-level unions. It is within these organizations that workers directly encounter the union. The enterprise-level union activities include collecting dues, conducting various forms of entertainment activities (including birthday and holiday parties, field trips, etc.), distributing gifts of cooking oil,

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<sup>47</sup> Some readers may notice that there are two industrial unions responsible for financial workers. Because I did not undertake a study of these unions I cannot explain this redundancy, this is how the industrial unions are listed in official ACFTU literature.

mooncakes, and sometimes cash at holidays, running “sending warmth” activities (providing assistance to workers facing severe economic difficulties), mediating labor disputes, and perhaps most importantly, representing workers in collective negotiations. In practice, many (if not all) of these activities never take place, and the enterprise union exists on paper only. But in many industries in China, a workplace-based system of industrial relations is emerging, so these enterprise-level unions continue to be of great potential importance.

### *Relationship to Management*

Even if union federations have gained better access to state power at the national and regional level, union organizations in the workplace remain incredibly weak and incapable of ensuring even the most basic legal enforcement (Chen 2009). If the autonomy of higher-level unions is deeply circumscribed by the Party, at the enterprise level it is management that dominates the union. In most cases, management’s control of the enterprise union is completely transparent, as it is quite common to have human resource managers or relatives of the enterprise owner serve as union chair. For example, in 2009 the Guangzhou Federation of Trade Unions (GZFTU) revealed that more than 50% of union chairs in private enterprises were from management.<sup>48</sup> This was particularly alarming because the announcement came more than a year after Guangzhou had passed a new regulation specifically banning the practice. A 2004 nationwide survey by Hishida, et. al of 1,811 enterprise level trade union chairs revealed even more troubling trends. Most immediately significant was the finding that only 3.7% of those surveyed listed “staff and worker” as the position held immediately prior to assuming the post of union chair (Hishida, Kojima, Ishii and Qiao 2010:121). But even in the unlikely event that a union chair is elected (or appointed) who *is* interested in confronting management, their ability to do so is highly constrained by organizational factors. Unions are primarily financed by a 2% payroll tax which is paid by the enterprise, rather than being supported by membership dues. Most importantly, the wages for enterprise union chairs are paid directly by management. There are countless examples of activist union chairs being summarily fired for antagonizing management, with few (if any) repercussions for such retaliatory behavior. The consequence is that enterprise-level unions’ capacity to effectively represent their membership in collective negotiation and other spheres is severely curtailed (Clarke, Lee, and Li 2004).

There have been some exceptional cases in which workers have been allowed to directly elect their own union chairs at the enterprise level. In at least two cases, such elections came about as a result of pressure from foreign brands (Chan 2008), while in others, activists had the support of higher levels of the trade union (Chan 2007). The ACFTU has been interested in conducting experiments with direct elections in various places around the country, but so far there is little evidence of long-term success (Howell 2008). As we will see subsequently, in the rare instances that an activist union chair is

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<sup>48</sup> July 24, 2009. “*guangzhou san nian nei jiejue qiye fuzeren jianren gonghui zhuxi wenti.*” [Guangzhou will resolve the problem of enterprise managers have joint positions as union chairs within three years]. *Guangzhou Ribao*. Of course, the real number is likely much higher, but this is what was reported publicly.

elected, they continually are hamstrung by threats of retaliation from management and acquiescent higher levels of the unions. Thus, while much of the criticism of Chinese unions focuses on their lack of independence from the Party-state, lack of independence from capital is an equally vexing problem.

## Conclusion

In this chapter we have traced the trajectory of the ACFTU from its revolutionary heyday in the 1920s up to the present. The common theme uniting each of the seemingly very different iterations of Communist trade unionism has been the inter-related goals of securing ethno-national autonomy and expanding production. During the general strikes in 1925-1927, unions mobilized the working class in an attempt to resist foreign imperialism and to advance the national revolution. While class-based demands were certainly included at this time, they were secondary to anti-imperialism. During the Maoist era, union leadership occasionally struggled for greater autonomy, but each time was defeated and Party dominance was strongly re-asserted. Operating under the theory that socialization of the relations of production would result in a liberation of the forces of production, labor in this period came to be highly decommodified as industry was nationalized and the “iron rice bowl” was institutionalized. As market reforms began in the 1980s, there was a push from within the ACFTU for organizational reform; however this was quickly crushed in the aftermath of the Tiananmen Square massacre.

Throughout the course of development of the ACFTU, there have been a series of short-lived experiments with expanding internal democracy. Since the end of the 1920s the ACFTU has collapsed and been resurrected twice – once in 1948 following the civil war, and once in 1978 following the Cultural Revolution. These resurrected versions of the ACFTU bared only the faintest resemblance to the revolutionary organization of the 1920s, as they were (and still are) entirely creations of the Party. These two instances of resurrection were key in institutionalizing appropriated representation for the working class and in stamping out forms of representation based on membership delegation. As a result, the extent to which the unions have been able to engage in serious democratic practice has been severely circumscribed since the establishment of the People’s Republic. This oligarchy is most evident in *ends formulation*; the ultimate ends of action for the union have been determined heteronomously, i.e. workers have not been seriously engaged in the question, “what should the union do?” The means employed by the union were quite democratic in the 1920s, with high levels of worker involvement. But since 1948, there have been only limited examples of the union directly involving membership in trying to secure pre-determined ends. The Party viewed the few attempts for a modicum of democracy within the union in 1951, 1957, and 1989 as serious threats to its monopoly on political power and were therefore crushed.

Then there is the question of *pursuit of analytically-determined ends* – i.e. has the union promoted decommodification for the working class? It is beyond a doubt that during the post-revolutionary era labor in China became significantly less commodified. But it is not clear at all that the union *as representative of the working class* played a decisive role in this process. As is evidenced by the purges of Li Lisan and Ruo Laiyu, the Party was unwilling to accept union autonomy; thus it appears that it was state power, not the collective power of worker organization, that was the decisive factor in state-

socialist decommodification. This expansion of decommodification was anchored in the *danwei* system of workplace organization, which served to incorporate urban workers into the state. However, the union's subordination to the Party in terms of ends formulation meant that when the transition to capitalism began in the 1980s, there was hardly any possibility for organized resistance to the incursion of the market. And indeed, during the process of "smashing the iron rice bowl," unions were completely unable/unwilling to develop the power of their membership to counter this attack on their livelihood. Thus, while conditions of appropriated representation may not have been such a severe problem for the working class in an era in which decommodification and nationalization of industry were being backed up by the coercive power of the state, in a period when the state became increasingly committed to capitalist development it resulted in a political crisis.

Finally, we can see how the post-1948 unions came to function as a part of the state, as a factor of cohesion. The Party has continually exerted efforts at maintaining tight control over the union, particular when it comes to organizational structure and the selection of leadership and cadres. Unions have come to behave as mediators, rather than initiators, of labor conflicts. In particular, they have always devoted great efforts towards symbolically constituting worker demands as purely individual and economic, rather than collective and political, in nature; this is what is meant by "isolation effect." The ACFTU has assumed responsibility for dealing with the problem of labor conflict, and through its promotion of "harmonious labor relations," it has attempted to maintain the unequal equilibrium of compromise necessary for continual expansion of productive capacity. However, when we turn to the case of contemporary Guangzhou, we will see that even in the *most likely case*, the unions' ability to realize compromise between labor and capital is extremely limited.

## Chapter 4 The Most Progressive Union in China

We now shift our focus from the historical development of the ACFTU to its current activities in Guangdong's capital of Guangzhou. This metropolis of over ten million<sup>49</sup> anchors the Pearl River Delta, the most significant manufacturing center in China, and indeed the world. There are a number of good reasons to believe that this city would be most likely to experience the emergence of the institutional moment of the countermovement: its relatively long experience with marketization, high levels of worker insurgency, supposed openness to international cultural and intellectual currents, and most importantly, the progressiveness of the leadership of the municipal union federation, the Guangzhou Federation of Trade Unions (GZFTU).

By 1980, three of China's four Special Economic Zones (SEZ) were located in Guangdong province. Guangzhou itself was subsequently designated as a "Coastal Open City" in 1984, allowing for the large inflows of foreign direct investment (FDI) and private enterprise that emerged a few years earlier in the SEZs. Guangdong quickly became the country's premier destination for FDI (Chen, Chang, and Zhang 1995:694) and private enterprise more broadly. As many Chinese trade unionists now openly proclaim, the old model of regulating labor relations through the "iron rice bowl" and *danwei* system is inoperable in private enterprises where the workforce is made up largely of migrant labor (Solinger 1995). In other words, one might reasonably expect there to be great impetus for unions to play a role in representing workers in places where commodification was the most advanced.

It has been a key argument thus far that unions and states do not pursue decommodification and incorporation of labor out of any necessary or mechanical response to commodification, but rather because continual accumulation is threatened by worker insurgency. And just as one would expect from Polanyian theory, as the place with the highest levels of capitalist industrialization, Guangdong has also experienced the highest levels of worker resistance (Leung and Pun 2009; Pun, Chan, and Chan 2009). The province accounted for more than 17% of all labor disputes in the country in 2009

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<sup>49</sup> [http://www.guangzhou.gov.cn/node\\_2090/node\\_2091/](http://www.guangzhou.gov.cn/node_2090/node_2091/) (accessed January 18, 2011)



with 118,155, well above the 74,637 cases in second-place Jiangsu.<sup>50</sup> This instability in labor relations is grasped subjectively by union and government officials who are pre-occupied with reducing such conflicts. Thus we see that the insurgent moment of the countermovement is pushing union officials to respond with the existing institutional machinery they have at their disposal.

Finally, we might expect that unions in Guangzhou might be more pro-labor because of the unusual political disposition of the city's pre-eminent labor leader, Chen Weiguang. There is significant literature on unions both in China (Liu 2009) and in the West (Stepan-Norris and Zeitlin 1991; 1995; 2002) which suggests that the particular qualities and political commitments of leadership can have a significant impact on outcomes.<sup>51</sup> What's more, there is reason to believe that in China, specific leadership qualities could have an even greater impact than in liberal democracies. Despite the Chinese state's propagation of "rule of law" (*fazhi*) in the post-Mao era (Keith 1991; 1994; Lubman 1999), it is popularly believed that China remains a country "ruled by people" (*renzhi*). That is to say, laws are not universally applied by an impartial and objective judiciary, but rather their proper application is adjudicated in each particular instance by the "cultivated man" (Weber 1946:243).<sup>52</sup> To the extent that administrative decisions in the union are not being made according to Weberian principles of instrumental rationality, there is the possibility for an increase in the autonomy of the individual officer (though of course the flipside to this is that any given officer cannot count on *their* subordinates to rationally carry out orders). In any event, GZFTU chair Chen Weiguang is a truly exceptional character within the ACFTU-controlled union structure, and his outspoken pro-worker positions have helped him gain notoriety within China as well as internationally. If the political outlook of leadership can in fact have a significant impact on unions playing a role in institutionalizing decommodification and incorporation of labor in China, then the workplaces within Chen Weiguang's jurisdiction would be the most likely place to witness such a phenomenon.

In this chapter we will begin with an extended introduction to Chen Weiguang. We will see that his rise to power is in itself an indication of tentative first steps toward class compromise, as are the series of pro-worker policies that have been adopted under his guidance. However, when we analyze labor conditions in the enterprise with supposedly the best union in Guangzhou, Hitachi Elevator, we find that the limited levels of decommodification that have been secured came as a result of state action rather than from the union acting as worker representative. Oligarchy within the union prevents more encompassing decommodification, as is most clearly evidenced by the continual prevalence of highly contingent intern-workers. Since workers were not involved at any

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<sup>50</sup> 2010. *Zhongguo laodong tongji nianjian*. Beijing: Zhongguo tongji chubanshe.

<sup>51</sup> Additionally, some literature suggests that some combination of "bottom-up" and "top-down" mobilization can be most effective (Milkman 2006).

<sup>52</sup> Weber uses the term "cultivated man" in a, "completely value-neutral sense; it is understood to mean solely that the goal of education consists in the quality of a man's bearing in life which was *considered* 'cultivated,' rather than in a specialized training for expertness." (1946:243) This has resonance for those who study Chinese unions, as leaders are generally chosen not for the "expertness" in labor issues, but rather their "cultivation" within the Party.

point in advancing decommodification, the union has failed to secure recognition and incorporation is tenuous. On the other hand, when there is bottom-up initiative to use enterprise unions to advance worker interests, we find that the leadership of the GZFTU maintains a “passive repressive” position when grassroots activists are subject to unchecked managerial retaliation. This continual resistance to bottom-up initiative is clearly demonstrated in the case of Liu Yongyi, the union chair from the Guangdong Union Hotel – owned in whole by the Guangdong Federation of Trade Unions. We will see that there *are* attempts to secure decommodification within the auspices of the union structure – however, we will also see that there are severe limitations as to what can be accomplished given highly durable union oligarchy.

### **Chen Weiguang – Maverick Labor Leader**

I first met GZFTU chair Chen Weiguang in late 2007, when – in a highly unusual violation of protocol for an official of his stature – Chen came to my family’s apartment for dinner. At the time, my parents had been working as visiting lecturers at Sun Yat-sen University in Guangzhou. My mother, a long time labor activist in the U.S., had first communicated with the GZFTU via contacts in Hong Kong. That he was so willing to meet and engage in substantive dialogue with foreigners is quite exceptional among Chinese union leaders, particularly in instances when there is no symbolic payoff (which is certainly the case for an informal dinner at home). Chen arrived that evening with the director of the GZFTU’s international department, as well as his official translator.

My previous experience with ACFTU officials had been in highly scripted and stiff interactions with union leaders in Beijing and Shanghai. The informality with which Chen spoke was the first noticeable marker of difference. What’s more, he was engaged and interested in discussing labor politics in China and internationally, and he ended up staying for nearly five hours. During this time, conversation ranged across a number of topics, and I was taken aback by his obvious dedication to his work and in his highly forthcoming critique of the existing set-up. Although I came to understand the limitations of Chen’s political position as the research project advanced, he did not disappoint in living up to his reputation as the most progressive union leader in China.

His dedication to union work, while not totally unique, set him apart from most union leaders. Zhou Ling,<sup>53</sup> a staff member of a union federation in X city (a major industrial city on China’s east coast),<sup>54</sup> compared Chen quite favorably to the chair of her own union. According to Ms. Zhou, most union chairs are selected from the Party and government rather than starting as workers and moving up. In her view, the chairman in X city had felt “sidelined” when he failed to win a more prestigious post in city government, and maintained a resentful attitude towards union work.<sup>55</sup> Another worker-activist who had dealings with unions in China’s interior before coming to Guangzhou commented that most union chairs rarely come to the union offices (preferring to spend time at the People’s Congress where most of them hold joint appointments), and that they

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<sup>53</sup> Pseudonym.

<sup>54</sup> I have kept the city ambiguous to protect the identity of the informant, who openly criticized her superior.

<sup>55</sup> Field Notes, May 2009

will only show up for important meetings. This activist thought that Chen was more dedicated to his work because he spends the majority of his time at the union headquarters, even though he also holds a more prestigious position as vice-chair of the standing committee of the Guangzhou Municipal People's Congress.<sup>56</sup>

Chen's views on labor politics were shaped by his experiences as a young worker in a state owned textile factory during the 1970s. With only a hint of nostalgia he recalled the social bonds and lack of disparities between workers and managers in the factory where he worked as a youth. Even though workers only earned 30 RMB a month, the director's salary was 50 RMB, which meant that, "the interpersonal relationships were good, and we could talk about anything with the managers."<sup>57</sup> His career trajectory which began as a regular worker and ended as the top labor leader in one of China's largest cities (and perhaps most important in terms of industry and manufacturing) is unusual within the ACFTU. While experience as a worker is certainly no guarantee against oligarchic behavior once in office, in Chen's case he continued to draw on this past for inspiration about how to effect progressive change in the present.

Chen referred to himself as a "resolute socialist,"<sup>58</sup> (with no mention of "Chinese characteristics") an identity which most government officials in today's China embrace awkwardly at best.<sup>59</sup> For him, the realization of socialism was more important even than following the leadership of the Party. Indeed, he once commented that if the Party ever turned its back on socialism, he would leave the Party, though conspicuously failing to strictly define how he would be able to determine if such an event came to pass. Having come of age in the era of state socialism, he continued to cling to the hope that the Party could guide society towards a more just and equitable future. However, in a meeting in 2009 he could not suppress a trace of melancholy when saying that there was a real danger of the "socialist road" ceasing to have any meaning.<sup>60</sup>

There are of course limits to how far any union leader can go in criticizing the ACFTU and other subordinate unions. That being said, Chairman Chen was more vocal in his criticism of the ineffectualness of Chinese unions than any other official in the country. One of the most notable of such instances was when he openly differed with none other than ACFTU chair Wang Zhaoguo at the union federation's 15<sup>th</sup> Congress in Beijing during the fall of 2008. Wang had given a speech where he claimed that "Western"<sup>61</sup> and Chinese unions share some "common ground," but that their "essence"

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<sup>56</sup> Field Notes, April 2009

<sup>57</sup> Field Notes, December 2007

<sup>58</sup> Field Notes, December 2007

<sup>59</sup> I initially asked union officials in interviews to provide me with a definition of socialism, but respondents fumbled for words resulting in a highly embarrassing situation. I decided to drop the question since it provided me with more of a "gotcha" moment rather than illuminating important phenomena, and raised the risk of alienating potentially important contacts.

<sup>60</sup> Field Notes, November 2009

<sup>61</sup> I use quotes here because the terms "Western" and "foreign" are often consciously conflated by union and government officials in China. This conflation derives from the essentialist claim that "Asian" culture is fundamentally different from "Western" culture, particularly in that it is less amenable to democracy and confrontation.

(*benzhi*) is different.<sup>62</sup> Chen took issue with this characterization, and in a speech at the very same congress rejected the views of his superior, claiming that the essence of unions in both places is to “organize and provide solidarity to workers in order to protect their interests.”<sup>63</sup> Rather, it is merely the methods employed which are different, and this is due to different national conditions (*guoqing*), and the political and social systems. Perhaps in part due to such comments, other municipal union leaders at the congress chided Chen for being “too much like a Western union [leader].”<sup>64</sup>

Not infrequently, Chen’s critique of the status quo and calls for reform were even more explicit. In a meeting with instructors from Sun Yat-sen University, he outlined what he thought the primary problems were in what he termed, “officially-run” (*guanban*) unions: “admixtrativeness (*xingzhenghua*), bureaucratism, and separation from the masses.”<sup>65</sup> His solution to such a state of affairs was for reform and “more independence,” and that, “we can’t completely follow the Western model, but we can’t *not* reform.”<sup>66</sup> Though it is not unusual to hear union leaders use the word “reform,” Chen spoke of changing union practices with greater conviction, and as we will see shortly, actively advocated changing existing laws and regulations in an attempt to hasten such a process.

As may be evident from his critique of officially-run unions, Chen was at the forefront in calling for greater union accountability to its members, as well as for expanded grassroots strength and worker involvement in the union. In his view, “The union is there to represent the workers but the union doesn’t have any strength unless the workers are strong too.”<sup>67</sup> And in a highly surprising move for a one-party state such as China, he was quoted in the media as saying that legal action should be taken against derelict cadres:

When an enterprise violates the rights and interests of employees and the union chair doesn’t do anything about it but takes the opposite side from the workers and represents the enterprise in legal cases against workers, how can such a union chair protect the rights and interests of workers? I support workers in suing this kind of union chair.<sup>68</sup>

Following the publication of this article he encountered some blowback, but a year later continued to hold his ground:

I was quoted as saying that if union cadres in Guangzhou are not doing what the workers want them to and are being too bureaucratic, that the workers should sue the cadres. I got a lot of pressure for this, and many cadres were very worried about being sued. But it’s important to make them represent the workers.<sup>69</sup>

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<sup>62</sup> Field Notes, October 2008

<sup>63</sup> Field Notes, October 2008

<sup>64</sup> Field Notes, October 2008

<sup>65</sup> Field Notes, November 2009

<sup>66</sup> Field Notes, November 2009

<sup>67</sup> Field Notes, December 2007

<sup>68</sup> November 16, 2006. “*gonghui zhuxi bu zuowei wo zhichi gongren gao ta.*” [I support workers suing union chairs in dereliction of duty] *Guangzhou Ribao*.

<sup>69</sup> Field Notes, December 2007

He additionally expressed opprobrium for the method of establishing unions through purely administrative means, arguing, “we just want to let workers organize trade unions by themselves.”<sup>70</sup>

This support – on the rhetorical level, at least – for worker initiative in union activity was paired with a relative willingness to compromise the interests of capital. Chen not infrequently would maintain that improving conditions for workers could result in the “win-win” outcomes so insisted upon by ACFTU leadership. But he also talked about forcing concessions from capital if necessary. When questioned by a group of American unionists about fears of capital flight resulting from passing pro-labor legislation, he responded that companies that were just searching for the lowest cost labor were not contributing to the economy, and if they wanted to “move to Vietnam,” that was fine with him.<sup>71</sup> While in the thick of a campaign to establish unions in all Fortune 500 companies operating in Guangzhou, Chen remarked that the current unionization drive was different from previous ones for two reasons. The first was that they did not care if GDP growth was negatively affected, and the second was that they did not care if the employers wanted a union or not: “I’ve said in the media that we don’t need the agreement of employers to organize trade unions.”<sup>72</sup> This lack of concern for protecting GDP growth is of course in part due to the fact that Guangzhou is one of the wealthiest cities in China. However many union leaders in other developed regions of China highlight economic growth and strength in attracting investment just as much if not more than their union achievements. For instance, in a meeting between visiting U.S. trade unionists and the leadership of the union federation in Shanghai’s Pudong district (one of the wealthiest areas in the entire country), the vice-chair spoke for nearly half an hour about economic growth and then added a few comments about labor rights almost as an afterthought. Chen did not feel that capital’s success within his district was something worth highlighting to visiting foreign trade unionists, and he was unafraid to discuss overcoming resistance from employers in defense of worker rights.

If his willingness to criticize employers and other trade unionists is surprising in the context of an authoritarian state, his open interrogation of the appropriate relationship between Party and union is even more remarkable. Chen was always careful to establish that the Party exercises leadership over the union, and that this relationship is just and appropriate. But he was not afraid to openly question what the precise content of such a relationship should be. Following a presentation he made to an industrial social work class at Sun Yat-sen University<sup>73</sup>, one student bluntly asked him to detail the main factors inhibiting union reform. As part of his response, Chen referred to the metaphor of a nanny teaching a baby to walk in order to describe what sort of leadership the Party should exercise over the union. The argument was that while in China, nannies always hold the child’s hand to prevent them from falling, in the West, nannies allow children to try to walk on their own. Even if babies in the West sometimes fall, they can learn from

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<sup>70</sup> Field Notes, August 2008

<sup>71</sup> Field Notes, May 2008

<sup>72</sup> Field Notes, August 2008

<sup>73</sup> It is quite unusual for union officials to come to university classes, and nearly unthinkable that they would accept spontaneously generated questions from students.

the experience.<sup>74</sup> The straightforward implication was that Chinese unions should be able to “walk by themselves,” even if it means that the “nanny” is still watching over them.

Chen’s view of strikes – one of the most politically sensitive topics in China – was more accepting than any other union leader in the country. As the number of conflicts and strikes in China skyrocketed throughout the 2000s, most trade unionists tried to bury their heads in the sand or attribute it to “unreasonable” behavior on the part of workers. Legal strikes were seen as “Western” and not in line with purported “Asian” values of harmony and non-confrontation. On the very first night I met Chen, he argued that while some strikes are illegitimate,

...many strikes are reasonable and the workers are just trying to get their rights.

Actually, I’m secretly happy when workers go on strike and I support it, because it gives more pressure to the government. I think when workers go on strike for good reasons we can take an open attitude in dealing with it.

In nearly every meeting I attended, he would speak directly and frankly about the question of strikes, never attempting to gloss over the expanding discontent among Guangzhou’s working class. There were limits to his support of strikes, and he was explicit that he could not accept when strikers turned violent or when explicitly political action was taken. But even before the watershed auto industry strikes in the spring of 2010 (discussed in chapter six), Chen believed that some forms of strike action should be legalized.

Finally, Chen was very open to interactions with foreign activists, if stopping short of coordinating cross-border solidarity actions. In November 2007, when nearly all international union exchanges were quite limited in scope and channeled through the national leadership (though there were some exchanges with the Shanghai Federation of Trade Unions), my mother was afforded the incredibly rare opportunity to attend the GZFTU Congress, held once every five years. This was one of the few, if not only, times that a foreigner has been allowed to attend such a high-level union congress in the post-Mao era. In somewhat of a violation of protocol which holds that national-level foreign unions should be funneled through Beijing, Chen hosted Service Employees International Union president Andy Stern in August of 2008. With a slight chuckle, Chen noted that ACFTU leadership was “surprised” to learn of this exchange.<sup>75</sup> Additionally, In December 2008, the GZFTU established a formal relationship with the San Francisco Labor Council, one of the first such agreements with an American union federation. Finally, my own research would not have been possible had Chen not, completely of his own accord, invited me to Guangzhou to conduct research.

In sum, Chairman Chen is quite an exceptional figure in the world of Chinese union politics. Especially when compared to the typical leaders that see union work as just one step in advancing their political career, Chen’s dedication to the work, willingness to confront capital, engage with foreign activists, and even to openly criticize colleagues and the state sets him apart. In all of these regards, we might reasonably expect that a union under the command of such a chair might be more active in fighting for the interests of its membership and more likely to win the allegiance of these workers, thereby advancing the institutional moment of the countermovement. But before we

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<sup>74</sup> Field Notes, December 2008

<sup>75</sup> Field Notes, October 2008.

descend to the shopfloor to analyze the lives of Guangzhou's workers, let's first look at the organizational context of the GZFTU as well as some of the policies that Chen was successful in pushing for.

### **GZFTU at the Forefront of Reform?**

Before getting to specific policy initiatives, it is first important to understand something about the political character of the union federation as a whole. One significant failing of my own research is that I was never able to get a satisfactory answer to the question of how Chen became union chair. When I asked him directly, Chen merely responded that the union has internal democratic procedures and that he was elected according to these procedures. Other officers generally attributed it to a meritocratic selection process, saying that his performance as a lower-level officer was commendable and therefore he continued to rise through the ranks. Given the preponderance of career politicians with little interest in labor politics that end up as union leaders (including within the GZFTU, as we will see immediately), the meritocratic and democratic explanations do not seem sufficient. An alternative explanation is that Guangzhou is more economically developed and has more acute class conflict than other places in China, and so the Party leadership saw Chen as more likely to effect some degree of compromise. If this were the case, then Chen's election could be seen as an institutional response to insurgency. But other municipalities that are similar in these regards (e.g. Shanghai, Dongguan) have the conservative and highly oligarchic union leadership typical of ACFTU unions, so there must be some political factors at play as well. Given the lack of transparency in Chinese unions, it will likely remain difficult to gain greater insight into the process of leadership selection.

Chen's ascension was certainly not due to prevailing progressivism among other leaders within the union federation. As Mingwei Liu has noted, national leadership had criticized the GZFTU in 2000 for its general ineffectualness (Liu 2009). At that time ACFTU chair Wei Jianxing had pushed the unions in Guangdong to reform in order to better handle rising labor conflicts, and Chen's election in 2003 may have been related to this effort. Chen's experience as a factory worker remained unusual in the federation, and as of 2010 only two of the six vice-chairs had similar working experience (and significantly these were the two oldest members). But while Chen had some minor success at bringing in more overtly pro-labor officers, such people were still generally confined to union headquarters and were not engaged in actual worker organizing.

Under Chen's leadership the GZFTU had made a concerted effort to bring in younger, highly educated officers. One such officer spoke excellent English and had studied abroad, but had no interest in, or experience with, labor issues prior to coming to the union. When asked why he came to the GZFTU, he mentioned a friend he had who had worked there previously and that, "I must find a job and the union will [need to] employ somebody. And so I tried, and I got in."<sup>76</sup> Another such young officer wanted to come to Guangzhou because her boyfriend had found work there. When asked why she wanted to work for the union, she responded, "because I met their conditions."<sup>77</sup> These

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<sup>76</sup> Interview, October 18, 2008

<sup>77</sup> Interview, October 2008

staff members certainly brought additional cultural capital and a greater worldliness into the organization, but they were neither experienced with, nor necessarily dedicated to, union work.

There was one instance in which Chen took something of a risk to bring in a staff member who had exhibited strong organizing skills in earlier union work. Gao Haitao had been hailed in the national media as the most capable organizer to emerge in the ACFTU-directed Wal-Mart campaign of 2006. While studying for the legal exam, Gao had taken on a job at a Wal-Mart store in Nanchang, capital of Jiangxi province, to cover living expenses. Once the campaign in Nanchang got off the ground (against the strident objections of management) Gao quickly came to be recognized as having strong leadership and organizing skills, and played a crucial role in the successful establishment of the store-level union in Nanchang. In the relatively democratic elections that followed, he received the overwhelming support of his colleagues and was elected union chair. Over the subsequent months, Gao was fearless in pushing hard for the interests of rank and file, and successfully out-maneuvered management on several occasions. However, he eventually pushed the envelope a bit too far leading to, “some divergence with the higher levels of the union,”<sup>78</sup> as he put it, and he was forced out of office.

At this point, Gao had received national and even international attention. But his departure from the position as union chair clearly signaled that he had lost the support of the leadership in Beijing that he had previously enjoyed. In early 2009, a foreign labor scholar approached Chairman Chen to see if he would consider hiring Gao, as Chen had expressed interest in recruiting officers with more organizing experience.<sup>79</sup> Much to the surprise of Gao and others, Chen decided to take him on as staff in one of the union’s street level legal clinics. While Gao’s position was not a particularly prominent one, it is still highly indicative of Chen’s willingness to take some risks in pushing reform within the GZFTU.

Despite these efforts, most GZFTU officers maintained the highly bureaucratic-conservative dispositions typical of other union officials. Many were hardly interested in labor issues at all, and would stick to official slogans such as “harmonious labor relations,” “win-win labor relations,” or “scientific development” when talking about union business. Leadership sometimes expressed crude neoliberal conceptions of political economy, including that “[unions] cannot interfere with the objective operation of the market.” One of the younger staff members argued that,

The most important thing is development. Maybe during the development some people or some organizations will pay a price, but the most important thing is

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<sup>78</sup> Interview, December 2008

<sup>79</sup> To fully disclose my own involvement in this process, I originally tracked Gao down through one of the reporters that had written an article about the Nanchang Wal-Mart. When I met him in December 2008, he had recently left his position as union chair and was trying to figure out how to stay involved in labor activism. I then introduced Gao to the foreign labor scholar mentioned, who then made the suggestion to Chen. In this sense I am guilty of “contaminating” the study, however this fact in no way diminishes the remarkableness of Chen hiring an activist who was thought of as a trouble-maker by other union federations.



development. Once we've reached a step when we've developed enough... everybody can eat the cake. Then everybody can eat the cake together, but the cake must be big enough.<sup>80</sup>

Another young officer claimed that China has a, “Marxist government and so they can mediate between the two groups on equal ground.” She continued by saying, “if we want to do union work well, we need to develop the enterprise... to allow the workers to have a good life.” The belief that economic growth and the health of the enterprise were both of immediate benefit to workers and therefore must be a central part of union activity is fundamental to the ideology of ACFTU unions, and the GZFTU was no exception.

But if Chen's efforts at recruiting more overtly pro-labor officers had failed to effect a sea change within the federation's personnel, he could sometimes use his authority to push for somewhat more pro-worker policies at the municipal level. One indication of his success in this regard was Guangzhou's relatively high minimum wage. By 2010, Guangzhou had the second highest minimum wage in the country at RMB 1100/month, behind only Shanghai where the wage standard was an additional RMB 20/month (a difference of USD \$3). When the global economic crisis intensified in late 2008, many top officials called for a freeze or temporary suspension of the minimum wage. Chen on the other hand said, “we are unwilling to accept the [central] government's announcement of temporarily putting off raises in the minimum wage... I believe we still need to raise the minimum wage to get through the economic crisis.”<sup>81</sup> It is true that following a 10% increase of the minimum wage in Guangzhou in spring 2008 the Guangzhou Labor Department announced that there would be no such raise in 2009, though they rebuffed calls to eliminate the wage standard.<sup>82</sup> However, it had been the practice for many years previously to only raise the minimum wage once every two years, and levels were once again increased in 2010, this time by nearly 30%. It is impossible to assess with any great precision how important the role of Chairman Chen or the GZFTU was in such a process. However, unions are consulted in the determination of minimum wages, and we do know that he consistently expressed strong support for increasing minimum wages. Finally, in the spring of 2010, GZFTU vice-chair Liu Xiaogang submitted a proposal to the Guangzhou People's Congress entitled “Guangzhou Municipality Regulations on Collective Bargaining in Labor Relations.”<sup>83</sup> This proposed regulation sought to link increases in workers' wages to GDP, thereby attempting to halt the trend of declining real wages.

Perhaps the clearest example of the GZFTU being at the forefront of union reform was in their attempts to win greater autonomy – from management, not from the state – for enterprise union chairs. Chen had frequently expressed frustration with the fact that the norm was for such officers, crucial as they are for union work, to come from high-level management and the Human Resource department rather than from rank and file. Indeed, according to the publicly announced results of a 2007 survey conducted by the GZFTU, more than 50% of all enterprise union chairs were concurrently held by

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<sup>80</sup> Interview, October 2008

<sup>81</sup> Field Notes, December 2009

<sup>82</sup> February 18, 2009. “*guangzhou zuidi gongzi biao zhun jinnian bu tiaozheng.*” [Guangzhou's minimum wage will not be adjusted this year] *Nanfang Ribao*.

<sup>83</sup> April 13, 2010. “*gongzi zhangfu zhui GDP fazhi zhi shi qianti.*” [for wages to follow GDP, rule of law is a precondition] *Da Yang Wang*.

someone from management.<sup>84</sup> An additional problem Chen (and others) identified is that those enterprise union chairs that *did* try to fight on behalf of membership were subject to unchecked retaliation by management.

In an attempt to address these problems, in December 2007 the union announced that they would be enacting the “Guangzhou Municipality Measures for the Implementation of the ‘People’s Republic of China Trade Union Law’.”<sup>85</sup> The first and most important feature of this measure was to explicitly ban enterprise managers, human resource officers, other mid-high level managers, and any of their relatives from serving as chair or vice chair of the enterprise level union. Managers that already were serving as union chairs would not be removed from office, but would not be able to serve an additional term (most of which last for three years). Additionally, the measure required that higher levels of the trade union (most likely the district union federation) be consulted before any trade union chair could be dismissed prior to the end of their term. This was seen as a method for reducing the likelihood of retaliation by management against activist union chairs.

A year and a half later, the GZFTU felt that the “Measures for Implementation,” had not gone far enough, and passed a new resolution in July 2009. The “GZFTU Resolution on Advancing Union Reform and Construction” aimed to reinforce the earlier commitment to eliminating managers from enterprise union leadership, and to further protect union activists that suffered from retaliation. The union aimed to “resolve the problem of enterprise leaders holding concurrent posts as union chairs within three years.”<sup>86</sup> Of course, the need to re-affirm such a commitment was an implicit recognition of the fact that the “Measures for Implementation” from a year and a half prior had in fact *not* resolved the issue of management controlling enterprise level unions. But such a public re-affirmation was directed both at managers and at other officers within the union, to let them know that this was something the leadership was taking quite seriously. An additional feature of this 2009 resolution was for the union to start a fund to support union chairs that had been fired in retaliation for their activism. But this fund was seen as a stop-gap measure for the relatively lawless environment in which activist union chairs faced essentially unchecked retaliation. Chairman Chen was quoted in the newspaper as saying, “National laws and Guangzhou Municipal laws clearly protect the rights of union chairs. If [union chairs] are pushed out or fired, this is only a short-term behavior. Once the union finds out about such activities, it will intervene and handle the matter to protect the rights of the union chair.”<sup>87</sup> The implication is that the long-term intention is to ensure

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<sup>84</sup> December 10, 2007. “*xingzheng fuzeren jianren zhuxi de gonghui hai jiao gonghui ma?*” [Is a union with a manager holding concurrent post as chairman still called a union?] *Xinhua Wang*.

<sup>85</sup> Such “measures for implementation” are common in the Chinese legal system, and allow local governments to adapt national laws to particular conditions.

<sup>86</sup> July 24, 2009. “*guangzhou tuijin gonghui gaige he jianshe, qiye lingdao bu ren gonghui zhuxi.*” [Guangzhou promotes union reform and construction, enterprise leaders can’t serve as union chair] *Guangzhou Ribao*.

<sup>87</sup> July 24, 2009. “*guangzhou tuichu xin guiding: qiye lingdao bude jianren gonghui zhuxi.*” [Guangzhou unveils new regulation: enterprise leaders cannot hold joint appointments as union chair] *Xinxi Shibao*.

that union chairs are not fired in the first place, rather than have them rely on the union support fund.

Once the government's worst fears about the economic crisis passed, the union once again went on the offensive. In the spring of 2010, GZFTU vice-chair Liu Xiaogang submitted a draft regulation to the Guangzhou Municipal People's Congress in his capacity as a congressional representative. The draft regulation, entitled "Guangzhou Municipal Labor Relations Collective Negotiation Regulations," sought to address difficulties the union federation has experienced in the course of collective negotiations. As stated in the official introduction to the draft regulation, failures in collective bargaining had resulted in negative consequences for Guangzhou's workforce: "Increases in workers wages have not been ideal. From 2003 to 2007, workers' wages did not develop along with the economy and society, they did not grow along with GDP."<sup>88</sup> In the hopes of overcoming the issue of frequent management recalcitrance, the new regulations called for a fine of up to RMB 20,000 for failure to respond to a request for collective negotiations within twenty days. However, GZFTU legal department chair Zhang Ruizhou was explicit that management could not simply pay the fine to avoid negotiations: "The fine doesn't mean you don't have to negotiate, bargaining still has to take place as before."<sup>89</sup> While RMB 20,000 may not be a huge sum for most companies, the regulations were intended to send a clear message about the importance the union was attaching to promoting collective negotiations.

How then should we assess these moves by the GZFTU under Chen Weiguang's leadership? In particular, is it possible to detect the emergence of the institutional moment of the countermovement? One area in which Chen has had little success is in recruiting more union officers who have an interest in, and are dedicated to, advancing the interests of the working class. While there are a few exceptions, in general the move has been towards greater professionalization, i.e. recruiting officers with advanced degrees and legal training, but with little or no working or organizing experience. Part of the problem is simply that there is no social movement field in China, and so there are very few candidates. But the explicit decision to hire college grads rather than to recruit from among rank and file of course has important implications for the political standpoint of union organization.

In some ways, the attempt to prohibit management from serving as union chairs was not a breakthrough at all. Indeed, in 2006 (more than one year before the "Measures for Implementation" were enacted) the ACFTU had inserted the following language into the national-level "Enterprise Union Work Regulations": "Enterprise administrators, their partners, or close relatives cannot stand as union committee members in the enterprise."<sup>90</sup>

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<sup>88</sup> <http://www.gz.gov.cn/business/htmlfiles/gzgov/s6981/201006/523293.html>; accessed January 6, 2011.

<sup>89</sup> March 18, 2010. "gongzi jiti xieshang mei nian zhishao yici zhigong xiang zhangxin qiye bu licai jiang fakuan." [collective wage negotiations at least once a year, if employees want to raise wages and the enterprise ignores it, they will be fined] *Dushi Kuai Bao*.

<sup>90</sup> *Qiye gonghui gongzuo tiaoli (shixing)*. [Enterprise Union Work Regulations (trial)]. <http://www.acftu.org/template/10004/file.jsp?cid=561&aid=42680> (accessed January 6, 2011)

Since enterprise union chairs are necessarily members of the union committee, this regulation would seem to ban the practice of managers serving as union chairs. The Guangzhou regulation gives greater specificity as to which people count as “administrators” and expands the scope to include vice-managers and officers from human resources departments. Indeed, six months after the “Measures for Implementation,” the ACFTU issued a more detailed set of regulations on the “production of union chairs” which closely followed the example set in Guangzhou. But the most important difference is how the enactment of these regulations differed on a rhetorical level. China has many excellent laws and regulations – including the constitutional rights to freedom of association and speech – that officials never mention publicly and which are widely understood to be inoperable.<sup>91</sup> Agents of the state must leverage their symbolic power to summon such regulations into efficacy, something they are frequently indisposed towards. While the ACFTU quietly inserted its restriction (totaling one line) deep into a lengthy set of regulations, Chen Weiguang and other officers of the GZFTU made it a point to talk openly, forcefully, and frequently about the new ban. The resolution that was passed a year and a half later was in essence just another re-assertion of the union’s intention to enforce existing regulations. In these regards, the regulations, measures, and resolutions passed in Guangzhou represent only marginal improvements on a formal level; rather it is the way in which they are *talked* about by those in power which lends them greater credence, and which distinguishes Chen Weiguang’s GZFTU from other municipal union federations.

These regulations, along with those to protect activist union chairs, were meant to ensure greater autonomy for enterprise level unions from capital, if not from the state. Greater autonomy from capital would be necessary to make collective negotiation more meaningful, and the draft regulation from 2010 was meant to ensure that management could not refuse to bargain. The draft regulations on collective negotiation were subsequently tabled when the 2010 spring strike wave in the auto industry put collective negotiation high on the provincial and national agenda. However, that the GZFTU was considering this even before the strike wave is an indication that they were ahead of where other union federations were on this issue.

At this point it should be clear that Chen Weiguang is a highly unusual character in the world of China’s labor politics. He has used his position of power within the GZFTU and Guangzhou’s government to push for more pro-labor policies, and has tried to force union cadres in his own jurisdiction to be more beholden to workers. The question now becomes, to what extent has relatively pro-labor leadership and policy been translated into decommodification and incorporation of labor? To answer this question, we must leave the halls of power and enter the workplace.

### **Hitachi – The Best Union in the Country?**

From the perspective of Chen Weiguang and the GZFTU, the union at the Hitachi Elevator (China) plant in Dashi town was perhaps the best in the municipality. As we will

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<sup>91</sup> O’Brien and Li’s (1999) argument about “selective policy implementation” was developed to describe rural politics, but holds analytical value for urban labor politics as well.

see, the Hitachi union had been showered with praise from the GZFTU and was a showcase for visiting foreign trade unionists. While conditions for many – but certainly not all – Hitachi employees were better than for most manufacturing workers in the Pearl River Delta, it is not clear that the enterprise union played a decisive role in bringing this about.

Hitachi Elevator (China) was established in 1995 as a joint venture between Hitachi and the state-owned Guangzhou Guangri. The initial investment was USD \$90 million, with the Japanese holding a 70% stake in the company and the Chinese the remaining 30%.<sup>92</sup> The joint-venture produces elevators, escalators, and moving sidewalks at production facilities in Guangzhou, Shanghai, and Tianjian. It has consistently been one of the top producers of elevators in the country.

I first had the opportunity to visit the Guangzhou Hitachi facilities while accompanying a delegation of visiting American trade unionists in December of 2008. We toured the incredibly clean and modern facilities on electric golf carts, and then went to a conference room to hear about the union. We learned that the enterprise union had won a series of official accolades over the previous five years, including being deemed by the GZFTU as a, “model workers’ home” (*mofan zhigong zhi jia*), “superior trade union unit,” and an “advanced trade union unit.” Additionally, the Guangzhou Hitachi plant was one of only eight companies to be awarded the “AAA Harmonious Labor Relations Enterprise” rating by a committee consisting of the municipal labor department, employers’ association, and the GZFTU. Enterprise Party secretary and union chair Hu Feng<sup>93</sup> spoke in glowing terms about the accomplishments of the union, and specifically mentioned that their union was better equipped to serve their membership than those of other joint ventures in Guangzhou. He was very proud of the collective contract they had negotiated on behalf of workers, and said that it required a huge amount of effort. This included seeking the advice of rank and file and a series of challenging negotiations with management.

And there were reasons to believe that Hu Feng took his role as union chair reasonably seriously. Unlike many other union officials I encountered during my fieldwork, he was not only willing, but quite enthusiastic to meet with me to discuss union work. Although I was invited to join him at a fancy seafood restaurant for the interview, he arrived wearing the same outfit as production workers, adorned with a small hammer and sickle lapel pin. Hu’s background was similar to Chen Weiguang’s in that he worked his way up from the shopfloor through the union structure. Starting in 1979 he was a union committee member in the Chinese Navy, and switched to the state-owned elevator company in 1994 where he continued with union work. And in sharp contrast to many enterprise level union officials, he showed a keen interest in the labor politics of the U.S. and questioned me intensely during our lunch.

While not quite as politically astute as Chen Weiguang, he displayed eminently pro-worker instincts and had only positive things to say about Chen’s leadership. In particular, he thought that Chen had been effective in winning support from regular workers: “[Chen] has done some important things [for workers], and they have welcomed him... He is very easygoing with workers, and gets along with them. He is an outstanding

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<sup>92</sup> <http://www.hitachi-helc.com/about/index.html>, accessed January 7, 2011

<sup>93</sup> Pseudonym.

representative of workers.”<sup>94</sup> Hu related a story where leaders from the GZFTU asked him what the union’s greatest accomplishment had been in recent years, and he responded, “It is that... the crisis had an influence on the company [in terms of reduced orders] but we didn’t lay off workers.”<sup>95</sup> But perhaps most significantly, Hu was a supporter of (relative) independence from management. He mentioned how Chen stated very clearly that enterprise union chairs cannot come from management, and said that, “This method is correct... If management is the union, how can this work? Your position won’t be correct, it will be hard [to do your work].”<sup>96</sup> Of course he did not advocate a hostile relationship to management, arguing that, “in China, the union has to closely coordinate with the administration, it isn’t antagonistic,” and, “The enterprise must develop a lot, and this depends on the workers.”<sup>97</sup> Additionally, he had high words of praise for the company president, with whom he had a close working relationship.

But if the leadership of the Hitachi union was relatively progressive, they had failed to make such an impression among the workforce. After my official introduction to Hitachi management and union officers, I returned to the district where the plant was located to meet workers independently from official channels. While not all workers had a negative impression of the union, they were hard-pressed to find something *positive* to say.

Many, but not all, workers were at least aware of the fact that they had a union, something which is not true at a very significant number of unionized workplaces. Upon hiring, they received some introductory materials which described the union’s work. But this introduction would be unlikely to attract the interest or enthusiasm of the young men and women that make up the workforce, as union activities were described in the stiff and clichéd official language of the state. The employee handbook introduced the union as follows:

As our nation’s mass organization of the working class and the bridge and link between the Party and working masses, the basic task of the union in this new period is to lead the working masses in implementing “Three Represents” important thought. Representing China’s advanced productive forces, representing China’s advanced culture, and representing the basic interests of the broad masses, causes us to more deeply clarify the basic responsibilities and other social functions of the union... The union organization must fully implement its social role, and at the same time as upholding the general interests of the entire nation, express and uphold the specific interests of workers. This is to uphold the stable employment of the ranks of workers and to ensure political and social stability.

The document does go on to talk about union successes in improving health coverage, wage payments systems, etc. Additionally it claims that, “enterprise employees recognize the active function of the union in promoting occupational safety, labor protection, and worker benefits.”<sup>98</sup>

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<sup>94</sup> Interview, April 2009

<sup>95</sup> Interview, April 2009

<sup>96</sup> Interview, April 2009

<sup>97</sup> Interview, April 2009

<sup>98</sup> This document was provided to me by Hitachi workers.

And yet, interviews with rank and file workers that I met through non-official channels revealed quite a different perspective. First, and perhaps most crucially, is that none of these workers were aware that their employment was (theoretically) regulated by a collective contract. Workers did receive individual contracts, one of which was provided to me by a worker at my request. But there was no understanding that their supposed representative, the enterprise union, had played any role in negotiating the terms of employment. This stood in strong contrast to the claims of union leadership that membership had been contacted through the shopfloor organizations (*fenhui*) and their opinions solicited.

Even if workers were not active participants in the union, things for a certain portion of employees were *relatively* good when compared with other workers in the region. For the “regular” workers (as opposed to the “interns,” which will be discussed in a moment) they could count on a degree of job security, wages which were above minimum wage, one day of rest a week, and some employer contributions to social insurance. Regular workers had to undergo a six-month trial period, during which time they received a reduced salary of RMB 1000 (at the time, just above minimum wage). If they successfully made it past the trial period, they would receive a raise of RMB 400. With overtime, most workers were able to earn around RMB 2000/month. The average monthly wages in Guangzhou in 2009 were RMB 922 for rural residents and 2,301 for urban residents (and since most Hitachi employees were from the countryside, this means their wages were significantly higher than other migrant workers in the city).<sup>99</sup> Workers confirmed that they had always received their wages on the 15<sup>th</sup> of the month as stipulated in their contract. And it appeared as if the company was fulfilling its responsibilities in paying for social insurance. One worker who suffered appendicitis said that he got time off from work and the company had paid for 60% of his operation, thereby greatly reducing the financial burden. Most regular workers characterized the benefits at Hitachi as “somewhat better” than other places in Guangzhou.

But if things were reasonably good for the regular workers, the “interns” (*shixisheng*) which constituted up to half of the workforce in some workshops were treated as flexible and highly exploitable labor. Following the model of labor force dualism so prevalent in China’s capital intensive industries (Zhang 2008), Hitachi surrounded the core of regular workers with a cadre of interns which were hired from technical schools. Many of these interns were illegally employed for periods of up to and exceeding one year (which is beyond the legally mandated amount of time). Workers from the electronic equipment department claimed that nearly half of the employees in their shop were interns, who despite doing similar work received much lower pay (around minimum wage) and benefits than regular workers (also a legal violation), and enjoyed no job security. One such intern expressed great dismay at her continued informal status, and was worried that even after working for more than a year they would not sign a formal contract with her. Additionally, since they were not regular employees, these interns were not allowed to join the union. When asked if the union could be of any help to her in trying to secure a regular contract, one long-term intern merely replied, “us

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<sup>99</sup> <http://www.gzstats.gov.cn/tjsj/zy.htm> (accessed January 25, 2011)

employees haven't encountered them [the union]."<sup>100</sup> One worker who had made the transition from internship to a regular contract said, "I don't know if the union protects them [interns]... they just protect the regular workers." The only union functions interns were aware of were the "entertainment" (*yule*) activities, which include collective birthday parties and the occasional field trip to nearby attractions. When questioned about the union, one intern could only say, "I've heard that they take you to some fun places during holidays." Although union chair Hu had said that there were no layoffs during the financial crisis, he did admit that there were some "individual adjustments." It was not until I spoke with interns that I discovered that he was referring to firing interns (whereas "layoffs" would refer only to regular workers). In short, the interns at Hitachi were maintained as a reserve army of cheap and flexible labor to be disposed of at will, without any of the contractual or legal protections afforded to regular workers.

But even the contracts extended to the regular workers were, on a formal level, severely lacking in content. As has already been mentioned, regular workers were not aware of any collective contract, and the union denied my request to see such a document. Therefore, it is the individual contracts that are the only formal recourse workers have when involved in workplace disputes with management. The contract does very little to specify what sorts of conditions and benefits the workers are entitled to, and although it does list a monthly wage, there is no indication of how many hours are to be worked within a month. In nearly every section of the contract it is merely stated that "relevant laws and regulations" will be followed, without specifying what those are or how a worker might find out what those are. Below are two such sections, in their entirety, which would seem to be crucial to any labor contract:

**Section IV. Social Insurance**

Party A [employer] and Party B [employee] will participate in and contribute to social insurance according to relevant national, provincial, and municipal laws and regulations. According to the law, Party B will enjoy the relevant social insurance benefits.

**Section V. Labor Protection and Labor Conditions**

(1) Party A will, according to the work needs of Party B, establish the standard implemented work-time system.

(2) Party A will implement relevant national, provincial, and municipal regulations on work, rest, vacations, and labor protection, and will provide Party B with labor conditions and safety equipment in accordance with national regulations.

Nowhere in the contract is any mention made of a collective contract, of the union representing the worker, or how to receive information on relevant laws. Again, no mention is made of the union in the section on resolving labor disputes. Rather the individualizing legal procedures (Friedman and Lee 2010) are briefly outlined (first informal negotiations, then filing with the enterprise level labor dispute committee, and finally filing for arbitration with the labor bureau), without providing any details about how to proceed with such a process. In general, the reference to unspecified legal standards, the vagueness of the contract, and the failure to mention the potential avenues for resolution of collective problems leave the individual worker – even one with a regular contract – in a highly precarious position even at the formal level.

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<sup>100</sup> Interview, April 2009



This invisibility of the union *qua* collective voice of the workforce was reflected in workers' responses when asked how they go about resolving problems on the job. The temp workers were all unhappy with their unequal treatment, but none of them had considered seeking the help of the union. Some of these workers had no idea what a union was, with one of them stating, "I don't have any understanding of it," while responding with an emphatic "no!" when asked if she had ever encountered a union officer. Another regular worker had a relatively positive response when initially asked about the union, saying, "The Hitachi union will protect your basic rights"<sup>101</sup> and that they always get their appropriate days of rest and are paid on time. But when pushed to provide some more details about how specifically the union had helped them, he said, "Most of us employees don't understand specific things about the union." As the conversation progressed we began to discuss some specific dissatisfactions he had at work, most of which centered on an abusive manager, and the methods he had for resolving such grievances:

That manager was rather coercive, and I was dissatisfied with his management method, so I said something to higher leaders. [I said] 'that manager has a big temper... lots of people are afraid of him.' But the higher leaders said that they didn't have anything to say about this manager... The union in the enterprise doesn't give us a lot of help. The union doesn't have any use. In form it says that they will help us, but in reality there isn't any protection.<sup>102</sup>

While levels of satisfaction with their jobs varied for different workers, none of them said that they would seek the help of the union in resolving problems. If one of the core features of a trade union is to represent employees in resolving individual and collective issues in the workplace, the Hitachi union failed to accomplish such a task – and this failure was even more spectacular when the intern workers are taken into consideration.

In sum, overall conditions for regular workers at Hitachi were certainly somewhat better than for other manufacturing workers in Guangzhou and the Pearl River Delta more broadly. The extent to which labor was de-commodified for these workers and what the union's role was in bringing this about will be addressed below. Regardless, the existence of labor market dualism and the pervasive legal violations in long-term employment of interns represented a serious problem at Hitachi, and is indicative of the inability/unwillingness of enterprise unions to think expansively about who makes up their constituency. The union suffered from extremely low legitimacy among interns and regular workers alike, and they consequently would not turn to the union to resolve workplace problems. Thus, even though overall working conditions in the Hitachi factory were not as degraded as many other factories, the "model" union had failed to make a positive impression on their membership.

We will now turn to another "most likely" case in a different sector: the union-owned Guangdong Union Hotel.

### **The Union as Employer**

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<sup>101</sup> Interview, April 2009.

<sup>102</sup> Interview, April 2009

One of the most noteworthy features of reform-era China's political economy – and something which distinguishes it sharply from liberal democracies – has been increasing demands for government agencies to generate revenue through market mechanisms rather than taxation (Duckett 2001). This impetus towards profit is perhaps best exemplified by the business practices of the People's Liberation Army (Bickford 1994), but also extends to union federations. Such businesses are administratively distinct from state-owned enterprises (SOE), and thus far there is no scholarly research on labor relations in these enterprises. Unfortunately, the case of the union-owned Guangdong Union Hotel does not provide much hope that workers in these enterprises enjoy anything like the privileged position that SOE workers do.

I first came to understand the logic behind such state-owned businesses in a somewhat humorous moment while accompanying a delegation of American union leaders in Shanghai. While driving to a banquet with the leaders of the Shanghai Federation of Trade Unions (SHFTU), our guide – an officer in the international department of the SHFTU – was beaming with pride as he told us that we would be dining in the first union-owned five star hotel in the country. One of the members of the U.S. delegation asked the guide why it is that a union would own a hotel. Looking quite perplexed the guide responded, “Why, to make money of course!” This was met with laughter from the Americans, but a profound point about the logic of government agencies was thus revealed.

There were several union-owned hotels in Guangzhou, though none as luxurious as those of the SHFTU. These hotels are open to the public, and as was the case in Shanghai, they are used for generating profit according to market principles. Trivial though it may seem, one indication of the managerial logic applied in these businesses appeared in the form of a piece of art hanging in the restaurant of a GZFTU-owned hotel. Done in a traditional style, the piece of calligraphy read, “If you don't work hard today, you will work hard looking for a job tomorrow.” [see image 1] The specific hotel we are concerned with here – the Guangdong Union Hotel (*Guangdong gonghui dasha*) – is owned in whole by the Guangdong Federation of Trade Unions (GDFTU) and it occupies the western side of the same building that houses the union headquarters. The 75 room, three star hotel is administered by the GDFTU's property management committee.

### **Image 1**



“If you don’t work hard today, you will work hard looking for a job tomorrow.” Photo by the author.

The central actor in the Guangdong Union Hotel case was a woman named Liu Yongyi, a 52 year old hotel employee and chair of the enterprise level union. Liu began working in the hotel in 2000, and shortly thereafter was involved in establishing a union organization. She gained considerable support among other hotel employees, and the following year was elected to a five-year term as union chair. Although it is unclear just how competitive and transparent the election process was, in 2006 she was re-elected for another five-year term.

It was in the first year of her second term as chair that Liu began to attract the ire of hotel management. The company’s policy had been to only purchase medical insurance for employees with a Guangzhou *hukou* (household registration), which meant that migrant workers in the hotel were on their own when it came to medical expenses.<sup>103</sup> Not coincidentally, the ten employees that had Guangzhou *hukou* were in management, meaning that all of the other workers were without insurance. Liu brought this up with management and after several months won health insurance for all employees. The next struggle she took up centered on legal violations in non-payment of overtime wages. Management was refusing to pay employees the additional wages to which they were legally entitled for working extra shifts on weekends and on holidays. Once again, Liu was successful in remedying this problem, and gained increased stature with her

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<sup>103</sup> Information in this paragraph is derived from media sources.

constituency as a result. Finally, in late 2007, a number of employees came to the union to complain about how increased rents in the city were creating financial hardship for them. Liu began a multi-month struggle to establish a housing fund for employees, which ended victoriously the following spring. These three victories firmly established her reputation as a competent representative of the hotel's employees.

But if employees at the Guangdong Union Hotel were supportive of Liu's aggressiveness, management was increasingly frustrated. Following a rapid succession of general managers at the hotel, Jiang Lingquan was brought in at the end of 2008. In December of that year, one of his first moves as general manager was to seal up Liu's office and notify her that she was not to discuss union business. As Liu fought this over the next few months, management decided to take more decisive action, and on April 1<sup>st</sup> notified her that she was being dismissed at the end of the month. Losing her employment at the hotel also meant that she would not be able to continue to serve as union chair. Two other members of the union committee were also notified of their dismissal. Just over one week before her contract was to be terminated, the story blew up in the media, receiving extensive coverage both in Guangzhou and nationally.

After a number of articles sympathetic to the union chair's cause appeared, management went on the counter-offensive and held an emergency press conference. General manager Jiang's explanation for her dismissal focused on two main issues. On the one hand, he portrayed Liu as corrupt, having "problems with her character," and in neglect of her work duties. But it was clear that dereliction of duty was not the only issue Jiang was concerned with. Rather, it became apparent that difficulties she created for management were a motivation: "[she] has created a negative environment here. She's had really bad relationships with the few prior general managers, and the cancellation of her contract was done according to the rules."<sup>104</sup> Becoming somewhat exasperated during the press conference, Jiang perhaps unwittingly revealed that her dismissal was highly calculated and involved union leadership: "We the GDFTU should explain this to the Guangzhou media: last year when the Party organization sent me to this hotel, it was precisely because she had created such a bad environment."<sup>105</sup> Thus, while trying to cast aspersions about Liu's character, it became clear that the primary motivation for the firing was related to her activism.

The general manager additionally invited the media to "come talk with our employees when you have time, many of them don't like her." But in a spurt of quite aggressive journalism, a number of reporters spoke with regular employees about their views of the union chair. Without exception, they supported Liu, with one worker saying, "she has a strong sense of justice, and won overtime and housing subsidies for us."<sup>106</sup> Additionally, employees believed that Liu's firing was directly related to her activities as union chair rather than any defect in character, with some describing her as "morally upright."<sup>107</sup>

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<sup>104</sup> April 23, 2009. "Gonghui zhuxi bang yuangong weiquan jing zao jiegu" [Union chair helps employees protect their rights, is fired] *Nanfang Ribao*.

<sup>105</sup> *Ibid.*

<sup>106</sup> April 23, 2009. "Gonghui zhuxi bang yuangong weiquan jing zao jiegu" [Union chair helps employees protect their rights, is fired] *Nanfang Ribao*.

<sup>107</sup> *Ibid.*

Higher levels of the union refused to come out in support of the fired union chair, as the district and municipal union federations remained silent on the matter. Provincial union federation vice-chair Kong Xianghong, considered by many to be quite progressive for his advocacy of reforms in collective bargaining laws, joined Jiang Lingquan at the press conference and declared that the GDFTU would “not side with either party.”<sup>108</sup> Somewhat surprisingly, the most sympathetic union official was the GDFTU’s property management committee chair Wu Zhaoquan. Wu was quoted publicly as saying, “The union is originally a unit for helping workers protect their rights. Enterprises owned by the union should strictly follow the Labor Contract Law in employment relations.”<sup>109</sup> He even went so far as to say, “the way the hotel handled the termination of the labor contract was clearly inappropriate.”<sup>110</sup> But the tenor from people within the union that had the stature to change the outcome was decidedly less supportive.

The media, for its part, pushed the ambiguous borders of permissibility (Hassid 2008) and provided the public with extensive and highly critical coverage of the story. Following a number of sympathetic pieces from prominent outlets such as *Nanfang Ribao* and *Guangzhou Ribao*, even more critical opinion pieces appeared on the internet. One such piece was provocatively titled, “How many more union organizations will be ‘raped’ by employers?” and provided an incisive critique not just of management retaliation, but also of the union:

If companies can do whatever they want right under the nose of the highest trade union organization in the province, and they haven’t paid any attention to workers’ legal rights and interests, who would dare hope that the union can represent workers’ interests...? Even more frightening, how many other union organizations, union committee members, and union members have in reality been ‘raped’ by employers?<sup>111</sup>

Another opinion piece argued that the system of management funding union activities and union chair’s salaries was at the heart of the problem and that, “unions should be paid independently.”<sup>112</sup> Unfortunately, the huge amount of attention generated by the coverage

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<sup>108</sup> April 22, 2009. “guangdong gonghui dasha gonghui bang yuangong weiquan dezui lingdao bei cai.” [Guangdong Union Hotel union chair helps employees protect rights, offends leaders and is fired] *Yangcheng Wanbao*.

<sup>109</sup> April 23, 2009. “‘gonghui zhuxi zao jiegu’ xu, dasha zongjingli cheng zhong le quantao.” [‘Union chair fired’ continued, hotel manager claims he was set up] *Nanfang Ribao*.

<sup>110</sup> April 23, 2009. “guangdong gonghui dasha gonghui zhuxi bei chao.” [Guangdong Union Hotel chair is fired] *Guangzhou Ribao*.

<sup>111</sup> April 24, 2009. “hai you duoshao gonghui zuzhi bei qiye ‘qingjian’?” [How many more union organizations are “raped” by employers?] *Xibu Wang*. ([http://news.cnwest.com/content/2009-04/23/content\\_1993667.htm](http://news.cnwest.com/content/2009-04/23/content_1993667.htm), accessed January 13, 2011)

<sup>112</sup> April 23, 2009. “gonghui zhuxi zao jiegu qianyin houguo, gongzi fafang duli cai you diqi.” [The cause and effects of union chairs being fired, salary should be paid independently in order to have courage] *Longhu Wang*. (<http://news.longhoo.net/gb/longhoo/news/guonei/userobject1ai963305.html>, accessed January 13, 2011)

upset the authorities, and three days after the story broke all reporting on the case conspicuously disappeared.

The final outcome of the case was not reported in the media. But there is no doubt that Liu Yongyi was successfully fired and removed from her post as union chair. It would have taken a very strong intervention on the part of labor heavyweights such as Chen Weiguang or Kong Xianghong to reverse management's decision. Additionally, union leadership would have been eager to take credit for such an intervention had it taken place, as it would have been a prime opportunity to burnish their credentials as defenders of the working class. But the GZFTU and GDFTU's emphatic neutrality – a “passive repressive” response – was tantamount to siding with management, a fact that was surely not lost on Liu Yongyi or other labor activists following the story. The Guangdong Union Hotel case thus took pole position as one of the most egregious and tragically ironic instances of unchecked managerial retaliation against union activists.

### **The Institutional Moment in Guangdong?**

Thus far, we have analyzed two workplaces within the jurisdiction of Chen Weiguang's GZFTU where we should be most likely to find the union playing an important role in bringing about institutionalized decommodification and incorporation of labor: The award winning Hitachi Elevator joint venture, and the GDFTU-owned Guangdong Union Hotel. How should we assess the outcomes of union activity in these enterprises?

It is first important to establish the extent to which labor was decommodified for employees. Hitachi was characterized by a dual labor market in which a portion of workers received relatively good wages, job security, and benefits. For these regular workers, their labor was comparatively decommodified. None of them were laid off when orders dropped in late 2008-2009, thus indicating a degree of workplace security. Social insurance payments were made on time, and workers were able to get significant subsidies for medical expenses, both indications of social protection. Wages were good for migrant workers, even if they were far short of what would be required to make a life in the city. There were no indications of participation in production, as regular workers remained completely disengaged from union activity, save its entertainment functions such as birthday parties. And instances in which workers were unhappy with oppressive managerial styles were not resolved.

But if regular workers enjoyed a degree of protection from the market, the temporary interns remained fully subject to the vagaries of managerial autonomy and market fluctuations. These workers were by and large unaware of the union or any other channel for resolving grievances. They did not receive contracts, had wages significantly below those of regular workers, and did not receive benefits. Employees were often kept as interns for much longer than is legally permitted, often times for more than a year. And when the economy stumbled during the economic crisis, they were the first ones to lose their jobs. In short, any decommodification that regular workers were the beneficiary of was not extended to the interns who made up a large segment of the workforce.

Then we have the question of whether union organizations either at the enterprise or municipal level played a significant role in bringing about the limited decommodification that was secured for regular workers. It is impossible to strictly

determine causality in this case, as the union and management both operate with little transparency. I was not allowed to see the collective contract, and my only account of the process of collective bargaining comes from union officials themselves. Given workers' complete ignorance of the collective contract, it is impossible to independently verify what the union's role was, or to develop a counterfactual as to what might have happened without the union. But there are a number of reasons to believe that the relatively good conditions for regular workers derives more from Hitachi Elevator's capital-intensive nature of production, the relatively strong market position of its workers, and most importantly that it is partly held by a state-owned enterprise rather than from the activities of the union *as representative of the workers*. In this sense, the union has not moved in the direction of incorporation.

Although managers in state-owned enterprises in China have continually moved towards an embrace of market principles (Gallagher 2004; 2005; Zhao and Nichols 1996), conditions for workers are in general still better than in the private sector – at least for those who are lucky enough to work for profitable firms (Chan and Unger 2009). A brief comparison with three other enterprises in Guangzhou, the foreign-owned Otis Elevator, foreign owned-Nanhai Honda (both of which will be discussed in greater detail in chapter six), and the joint venture Guangzhou Honda is instructive. All four of these enterprises are capital intensive, and employ relatively skilled workers. All four of them have union organizations. However, workers' conditions (most importantly wages) are significantly worse at the two privately owned companies, Otis and Nanhai Honda. As we will see in the next chapter, such conditions eventually caused workers in these two factories to revolt, resulting in highly militant strike action. Despite the strike wave of 2010 which largely affected Japanese-owned enterprises (mostly in auto, but in other industries as well), neither Guangzhou Honda nor Hitachi experienced any labor disturbances. Although conditions for workers in these plants certainly leave something to be desired, the ability of regular workers to consistently make over RMB 2000 and to have social insurance paid on time was something that workers in the privately held companies could not enjoy. Although such a tiny sample prevents us from drawing any strong conclusions, it is quite likely that conditions for workers improve when the state is a major shareholder in a company, particularly in capital intensive industries with a skilled workforce – precisely the type of enterprise we have with Hitachi Elevator.

Perhaps the objection may be raised that Hitachi is not a state-owned company, but rather a joint venture which is only 30% owned by the Chinese partner. Indeed, the state's minority share does indicate that the Japanese investors retain a strong hand in major managerial decisions. However, the managerial hierarchy in the company highly favors the Chinese. First and most importantly is that the CEO, Pan Shengshen, is Chinese and has had an active political career, holding prominent positions in Guangzhou's municipal legislative body as well as the People's Political Consultative Congress. As the Hitachi union chair put it, "Because he has these positions, the Japanese really trust him."<sup>113</sup> Pan maintains close relations with many prominent political figures in Guangzhou, and attended a banquet held by Chen Weiguang in honor of visiting American union leaders. Additionally, all twelve of the "high level managers" at Hitachi are Chinese, whereas the Japanese only are vice-managers. In short, while the Japanese

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<sup>113</sup> Interview, April 2009.



maintain a majority share in the company, it is clear that primary control is in the hands of the Chinese managers that have close ties to the Party and local government. With these manager/politicians in key positions in the enterprise, the state (broadly conceived) is able to exercise significant control over key decisions, including treatment of workers.

It is because the limited decommodification at Hitachi came about as a result of state action, rather than democratic mobilization of the workforce, that the “success” is so limited in scope. Most significantly, the continual heavy-reliance on interns at Hitachi represents a significant failure, and a potential source of instability. Most union officials argue that interns, temporary, and “dispatch” (*paigian*) workers are not formal employees of the enterprise and therefore are not a concern of the union. This is a reflection of the narrowly focused service-based orientation of ACFTU-subordinate unions. And in a situation when even regular workers remain highly atomized, ignorant of their collective contract, and disengaged from the union in general, their gains remain tenuous. As the Chinese state always reserves the right to violate its own laws, it would not be surprising to find that the collective contract could be easily ignored by management if deemed necessary. In a slight modification of Feng Chen’s argument about individual rights in China being undermined by a lack of collective rights (Chen 2007), we see here that individual material gains can potentially be undermined by lack of collective power. In short, failure to incorporate the workforce implies that material gains are segmented (only certain workers enjoy better treatment) and potentially reversible.

If in Hitachi a degree of decommodification came about for a segment of the workforce as a result of state action, the Guangdong Union Hotel presents us with a very different scenario. Here we saw an activist enterprise union chair who had strong rapport with and support from regular employees. These workers knew Liu Yongyi and were grateful for her leadership within the union. In this sense, the enterprise union was operating *as worker representative*, rather than as an unmediated expression of state power, and was able to solve problems through rationalized channels. However, it was likely because Liu had begun to consolidate a base of support among the membership that the higher levels of the union took a “passive repressive” position in response to Liu’s firing. That is to say, it was precisely at the moment when pro-worker leadership from Chen Weiguang (or other high level union officials in Guangzhou) *could have made a difference* that such leadership evaporated. Simply by doing nothing (i.e. behaving passively), the inherent repressive capacity of capital to hire and fire was unleashed. Given this structural power asymmetry at the point of production, passivity from union leadership is tantamount to repression.

The Guangdong Union Hotel raises a few additional salient points. The first is that Liu’s struggles against management were a clear example of the Polanyian countermovement in action. Her constituency demanded social protection (housing subsidy, social insurance) and workplace security (appropriate overtime wages) to protect them from market fluctuations, the clearest example of which was increased housing costs. Liu mobilized the organizational resources at her disposal to fight for, and eventually win, these protections. In this sense we can see that the union structures at the enterprise level maintain the potential to be directed towards decommodifying and incorporating ends. Liu’s victories are an indication of the first hints of the institutional moment of the countermovement.



But the fate that befell Liu Yongyi was not a chance occurrence. Indeed, activist enterprise-level union chairs have emerged in a variety of different industries all over the country, and have on many occasions successfully challenged capital in advancing the interests of membership. But time and time again, these union chairs are summarily fired, and almost always in violation of the Trade Union Law (which requires a majority recall vote among a membership congress).<sup>114</sup> The reason that the Guangdong Union Hotel case struck a chord in Chinese society is because it was such a common occurrence, but one which many were surprised and angered to see repeated at a union-owned enterprise. The case revealed the profound vulnerability of these union chairs to unchecked managerial retaliation (Chen 2009), even in the enterprises one would least likely expect to encounter it.

This then is a very clear indication of union oligarchy threatening tenuous steps toward institutionalization of the countermovement. To a certain extent, union oligarchy at the enterprise level was diminished particularly in terms of *ends formulation*: Liu pursued particular goals in response to the wishes of membership. It is important to note that these ends were pursued oligarchically, i.e. rank and file were not actively mobilized in pursuit of these ends. And it was because of this inability to adequately develop the collective power of workers that the victories in the Guangdong Union Hotel are so tenuous. But ultimately it was the oligarchy and heteronomy of the municipal and provincial level unions that allowed for the activism of Liu to be effectively crushed. The union was heteronymous in this instance both vis-à-vis the state and in relationship to the market. That is to say, the impetus for the union to tamp down grassroots activism and to generate profit through market mechanisms overrode any capacity they might have to defend activist chairs within their jurisdiction. And oligarchic in the sense that high level leaders refused to use their political and symbolic power to intervene in a situation in which they could have made a difference. Their passive repressive response was eminently political and held important symbolic consequences. Since this case was being closely watched they knew other potential activists would be aware of the outcome. The message was clear: we will not intervene on behalf of activist union chairs. This unwillingness to support grassroots activism is a strong indication of oligarchy, and a continual threat to the construction of an institutional response.

But perhaps it unfair to blame Chen Weiguang for his failure to act in the Liu Yongyi case. Maybe he wanted to intervene, but because it involved his direct superiors from the provincial federation he was unable to. There is of course no way to know what Chen's personal feelings were on the case. Given what I know about his character and political disposition, it is quite likely he was upset by the outcome. But his feelings on the matter are immaterial, for what I am interested is political *action*. And if in fact he was unable to act out of fears that he would upset his superiors, this reveals the fundamental weakness of the entire Chinese trade union structure, predicated as it is on appropriated representation: officers are not beholden to their constituency, but to the political system. In this sense, we can see strong limitations on what progressive leadership, even those as

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<sup>114</sup> To be more specific, there are three steps in recalling a current union chair: 1) More than 1/3 of members must request a recall; 2) A congress of members or member representatives must be convened, with at least 2/3 in attendance; 3) More than half of the congress participants must vote in favor of the recall.

prominent as Chen, will be able to achieve in terms of promoting the interests of their membership.

Finally, it is worth noting the mixed results that the GZFTU has had in removing management from trade union leadership (one of Chen's top priorities). The clearest example of this comes from the formation of the prominent Tianhe District Retail Sector Union Federation. As we will see in more detail in chapter five, the formation of sectoral unions has been at the top of Chen Weiguang's agenda for a number of years, and he has been personally involved in their formation. It then came as quite a surprise when the formation of the Tianhe district federation was announced in November of 2010 that the vice-chair was a man named Wang Honggang, the human resource director for the mega-chain Trust-mart (*haoyouduo*). It is also worth noting that Wang had been, and presumably still is, chair of the enterprise-level union at the Trust-mart store. With a human resource manager as vice-chair of the new federation, management will have a strong voice in the development of the sectoral union as it expands from Tianhe district to cover the other districts in Guangzhou (as is planned). The selection of Wang as vice-chair was in clear violation of the 2007 "Measures for Implementation" which explicitly ban managers from serving as union chairs or vice-chairs. If three years after the ban was passed management was still able to secure powerful positions in prominent unions being formed under the direct supervision of the GZFTU, it is quite likely that such practices continue unabated in other enterprises. This is a strong indication that Chen Weiguang's attempts at winning greater union autonomy from management continue to be confounded by structural oligarchy.

## **Conclusion**

In this chapter we have seen some of internal dynamics of the GZFTU, widely considered to be the most progressive trade union federation in China. The ascension of Chen Weiguang to the position of federation chair is itself an indication that labor and political leaders were searching for a response to rapidly growing worker insurgency. Under Chen's guidance, the city has enacted a number of pro-worker initiatives, most importantly related to trying to win greater autonomy from management for enterprise union chairs.

However, as far as the institutional moment of the countermovement is concerned, the results in Guangzhou are mixed at best. In the Hitachi plant, we see that state ownership, combined with capital intensive production and a skilled workforce, has the potential to result in a degree of decommodification for regular workers. However, the failure of the Hitachi union to win job security, decent pay, or benefits for intern workers, paired with workers' complete ignorance of core union activities, are strong indications of the limits of such an approach. On the other hand, in the Guangdong Union Hotel, we have the impetus for decommodification coming from the bottom up in the form of enterprise-level union chair activism. However, when enterprise chair Liu encountered retaliation from management for pushing decommodifying initiatives, Chen Weiguang and other union leaders maintained a passive repressive position, and she was removed from her post. Thus, the material victories she had gained for her membership may come to be undermined by lack of a countervailing collective force on the shopfloor, i.e. failure to incorporate threatens economic advances.

In sum, it is evident that traces of the institutional moment of the countermovement are emerging, even within a union structure which at first glance appears hopelessly ossified and mired in stultifying oligarchy. In other words, we can see an attempt to respond to the insurgent moment of the countermovement within existing institutional parameters. However, when we look at two of the enterprises in which relatively decommodified and incorporated labor should be most solidly institutionalized, we see that the gains that have been made are modest, tenuous, and subject to ongoing threats. This is due in large part to the state's categorical ban on the development of worker collective power at the point of production. Thus we can see the consequences of the contradictory nature of labor in China – after Chen Weiguang engaged in widely publicized legislative attempts to reduce retaliation against activists union chairs, even a chair in a union-owned hotel could not be saved from dismissal.

In this next chapter, we will see that sectoral unions are another attempt by the ACFTU to circumvent the problem of worker power as they attempt to dictate the content of regional collective contracts without engaging in worker organizing – what I will term “oligarchic decommodification.”

## **Chapter 5**

### **Oligarchic Decommodification? Sectoral Unions and Crises of Representation**

Thus far, we have seen several cases where ACFTU-subordinate unions have, despite great pressure from their membership, not played an active role in the realization of decommodification. While the details of the specific cases vary, the general point is that oligarchy has blocked incorporation and therefore stood in the way of the unions being a participant in institutionalizing the countermovement. Worker unrest has failed to produce a re-alignment of political power in society, and so the countermovement remains stalled at the “insurgent moment.”

When we turn to the case of Zhejiang, we find very different economic and political dynamics than those in our previous cases. Specifically, the model of development employed in the southeastern part of the province has relied on local entrepreneurial activity, and a majority of economic output is derived from such businesses. These conditions have given the municipal governments and unions greater capacity than those in Guangdong to organize entire industries in an attempt to rationalize

employment relations. At first glance, it appears as if these conditions have allowed for unions to play a key institutional role in bringing about decommodification, the clearest indication of which is the conclusion of sectoral-level collective wage agreements. The reason that this has been possible is because certain segments of capital demanded rationalization and needed the union's partnership to bring it about. However, while the Zhejiang and Guangdong cases are quite *dissimilar* in terms of the institutional capacity of the state/union to respond to instability in labor relations, the final outcome (i.e. decommodification and incorporation) is quite similar in both places. Although the sectoral agreements reached in Zhejiang seem to imply a degree of decommodification on a formal level, the lack of incorporation led to contract non-enforcement and ongoing high levels of commodification. This suggests that the state and union's attempts to legislate labor conflicts out of existence – what I will call “oligarchic decommodification” – may fail, as illegitimate representative organizations cannot convince their members to abide by agreements reached without their participation or consent.

In this chapter I seek to first explain why it was that the Rui'an Eyeglass Union and Wenling Wool Knitwear Union were able to play a key role in the conclusion of sectoral-level agreements, while unions in Guangzhou have failed in such endeavors. The answer to this problem lies in an analysis of the distinct models of economic development, and the type of politics that such an economy generates. Finally, I will show under conditions of appropriated representation, even if labor is decommodified at the formal, contractual level, employers and workers alike frequently ignore such constraints on the market in practice. Thus, the union's attempts at realizing “oligarchic decommodification” have failed.

To set the stage, some background in China's paths to development will be necessary.

## **Development and Labor Politics in China**

The role of foreign direct investment (FDI) has been widely discussed in both academic and mainstream accounts of Chinese economic development over the past three decades. Although there are some exceptions, the dominant narrative is that the Chinese government has been able to secure hundreds of billions in foreign investment, while domestic industry has played a secondary and relatively minor role in promoting growth. Statements such as the following are representative of this line of argumentation: “...China's export-led manufacturing boom is largely a creation of foreign direct investment (FDI), which effectively serves as a substitute for domestic entrepreneurship. During the last 20 years, the Chinese economy has taken off, but few local firms have followed...” (Huang and Khanna 2003:75) While some recognize the spatial and sectoral unevenness of FDI (Broadman and Sun 1997), the overall consensus is that foreign investment is good for growth (Chen, Chang, and Zhang 1995) and, despite possible political drawbacks (Eng 1997; Gallagher 2002; 2005), that it is a fundamental part of the story of development in China (Tseng and Zebregs 2003).

I do not wish to debate the validity of these claims. Indeed, total utilized FDI more than doubled from US\$40.3 billion in 1999 to \$92.4 billion in 2008,<sup>115</sup> making China the largest FDI recipient in the world among developing countries. However, I would like to draw attention to Zhejiang province, an economically vibrant part of the country that has relied relatively little on FDI in its quest for growth. There are significant consequences of this path to development for politics in the province.

The focus of my research is on labor politics, not on determinants of growth. The reason I would like to introduce Zhejiang into the conversation on the Chinese labor movement is to highlight the relationship between models of development and the political possibilities for labor. The overwhelming majority of literature on Chinese labor politics has focused either on the state-owned sector (Blecher 2002; Cai 2002; Chen 2000; Chen 2003; Hurst 2004; 2009; Lee 2002) or the FDI-fueled Southeast (Chan 2001; Chan and Pun 2009; Lee 1995; 1998; Pun 2005; Thireau and Hua 2003), with Ching Kwan Lee (2007) producing the only significant comparison of the two regions. The dominant narrative about the role of FDI in Chinese development is really a story about the “sunbelt” which is centered on the Pearl River Delta. Footloose transnational capital has been drawn to this region by its well-developed infrastructure, low labor costs, relatively healthy and well-educated workforce, and categorical ban on independent worker organization. This model of development has produced a certain set of possibilities for labor politics that I will not go into great detail about at the moment. But very briefly, workers in this area have engaged in frequent, cellular forms of protests, which have yet to result in significant decommodification of labor or a re-alignment of power relations in the determination of the labor process. The local state is committed to attracting and retaining foreign investment, and therefore its ability to push for the interests of labor or to discipline capital is highly curtailed. As has been discussed previously, the inability/unwillingness of trade unions to win recognition from the working class is indicative of this dilemma.

Now, when we turn our attention to Zhejiang, we see that the model of development there has produced a somewhat different political environment, and that the possibilities for the labor movement are therefore distinct from what one might think from a reading of the extant literature. While the local state in Zhejiang maintains the alliance with capital that we see in Guangdong, it has a significantly greater *potential* to organize, if not necessarily coerce, employers. This is because a much greater percentage of employers in Zhejiang are locals and are organized into representative associations. As a result, the state has many more political, administrative, and social tools at its disposal. This means that the state has greater capacity to violate the immediate interests of certain capitalists in the service of greater long-term competitiveness for the sector as a whole. Worker insurgency in many sectors has pushed the state to search for a more rationalized approach to accumulation, the clearest example of which is the greater propensity for conclusion of sectoral-level collective wage agreements. While we should maintain no illusions that this represents a liberatory or even particularly positive opportunity for the development of the Chinese labor movement, it does indicate that there are moments when the interests of the state and at least some segment of capital overlap with those of

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<sup>115</sup> PRC Ministry of Finance, cited on:  
[http://www.uschina.org/statistics/fdi\\_cumulative.html](http://www.uschina.org/statistics/fdi_cumulative.html) (accessed 9/10/09)

workers, and that, under the right conditions, Chinese unions can play an important institutional role in the realization of such contracts. Despite these important political differences, much as was the case in Guangdong the weakness of trade unions at the grassroots level means that what the union wants to happen and what actually happens are two very different things.

### **Zhejiang and the Wenzhou Model**

Although not nearly as well known internationally as Guangdong, Zhejiang province is in fact one of the most economically vibrant areas in China. Along with the Pearl River Delta, it ought to be considered ground zero for the birthplace of post-Mao Chinese capitalism. The success of the region in promoting economic growth is quite astonishing. Although Zhejiang's output of RMB 313 per capita in 1978 made it only the 13<sup>th</sup> wealthiest province in China,<sup>116</sup> by 2006 that number had skyrocketed to 31,874. With Jiangsu clocking in at 28,814 and Guangdong at 28,332, Zhejiang could claim to be the most economically successful province in the country by a wide margin.<sup>117</sup> While Guangdong's official population of 86 million dwarfs the 46 million in Zhejiang,<sup>118</sup> the significance of Zhejiang's vault to economic pre-eminence among Chinese provinces should not be overlooked.

The question now is, how is it that Zhejiang was able to accomplish such a task, and in particular, how did this path diverge from the typical story about reliance on FDI? Perhaps the most significant indicator of the extent to which Zhejiang differs from Guangdong is the percentage of output that derives from foreign invested firms.<sup>119</sup> In 2003, a modest 20.1% of output in Zhejiang came from foreign firms, and that number crept up to 26.64% by 2007.<sup>120</sup> While one quarter of the economy is clearly of significance, it pales in comparison to Guangdong's massive reliance on foreign investment. In the year 2000, 58.28% of output in Guangdong came from foreign firms, and it was up to 61.05% by 2007.<sup>121</sup> For the three largest cities in the Pearl River Delta (the focus of my Guangdong study), the numbers are even more astonishing: 64.44% in Guangzhou, 67.88% in Shenzhen, and 77.85 in Dongguan.<sup>122</sup> In Guangdong, foreign investment is not a just a significant *part* of the economy; it the *foundation* of the economy.

This tremendous divergence is of note in and of itself. But when we dip below the provincial level of aggregation in Zhejiang, we see that the story is a bit more complex. Zhejiang has traditionally been divided into a flat, prosperous, and centrally-located Northeast and a mountainous, poor, and remote Southwest. However, as Ye and Wei (2005) argue, over the past 20 years regional inequality within Zhejiang has increased

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<sup>116</sup> <http://www.zhejiang.gov.cn/gb/node2/node1619/node1622/userobject13ai697.html> (accessed on 9/10/09)

<sup>117</sup> *gonghui tongji nianjian 2007*. Beijing: zhongguo tongji chubanshe.

<sup>118</sup> <http://provincedata.mofcom.gov.cn/people/list.asp?ptypeid=16>

<sup>119</sup> This of course includes firms from Hong Kong, Taiwan, and Macau.

<sup>120</sup> *Zhejiang tongji nianjian 2008*. Beijing: zhongguo tongji chubanshe.

<sup>121</sup> *Guangdong tongji nianjian 2008*. Beijing: zhongguo tongji chubanshe.

<sup>122</sup> *Ibid.*

between the interior and coastal regions while decreasing between the traditional Northeast/Southwest regions. Because I am interested in the most industrially advanced regions, I will focus for the moment on the Northeast and Southeast regions of Zhejiang. The Northeast includes the cluster of municipalities of Hangzhou, Jiaxing, Shaoxing, and Ningbo, while the Southeast consists of Wenzhou, Taizhou, and Jinhua [see image 1]. But why is this categorization of regions *within* Zhejiang important? Since the reason I am interested in the province in the first place is because it is representative of a different model of development from the Pearl River Delta, I of course would like to focus on the regions which best exemplify this model. In this case, the southeast, and in particular Wenzhou, are representative of an indigenous, entrepreneurial model of economic development that does not rely on FDI.

This is not to say that the Northeast of Zhejiang, centered on the provincial capital of Hangzhou, has been lackluster in its growth. Rather, it is that this region has many advantages that the southeast of the province does not. Hangzhou and its environs have been a major engine of economic growth for many centuries. The Grand Canal, first completed in the 7<sup>th</sup> century, was built to link Hangzhou with Beijing in the north. Ningbo, just to the east of Hangzhou on the East China Sea, was the premier port city in the region until it was eclipsed by Shanghai in the 19<sup>th</sup> century. Today, this region benefits tremendously from its highly developed infrastructure and proximity to both the investors and markets of Shanghai. These are advantages that municipalities in the southeast have not enjoyed as they have pursued growth.

In particular, the amount of foreign investment in the two regions is remarkably different:

Year 2007 <sup>123</sup>	Value of Utilization of Foreign Capital (US\$)	Value of Utilization of Foreign Capital per capita (US\$)
<b>Northeast</b>		
Hangzhou	5,580,590,000	830
Ningbo	4,501,070,000	797
Shaoxing	2,365,160,000	542
Jiaxing	3,455,120,000	1,026
<b>Southeast</b>		
Wenzhou	1,049,444,000	137
Jinhua	373,352,000	81
Taizhou	816,810,000	144

<sup>123</sup> *Zhejiang tongji nianjian 2008*. Beijing: zhongguo tongji chubanshe. p.564; *Zhejiang Economic Census Yearbook 2004*. Beijing: China Statistics Press. pp.7-16.

From the above data we see there is an unmistakable divergence between northeast and southeast in terms of both the absolute and the relative amount of foreign investment. The top recipient of foreign investment in per-capita terms is Jiaying. While less glamorous than the better known Hangzhou, Jiaying municipality borders Shanghai. As a suburban satellite of China's largest metropolis, Jiaying has a prime location for attracting foreign capital, most of which has poured into manufacturing. Ningbo is also quite close to Shanghai, and with the completion of the Hangzhou Bay Bridge in 2008, travel time between the two cities has been significantly reduced. And then there is Hangzhou, the provincial capital with well-developed transportation infrastructure and easy access to the capital and consumer markets of Shanghai and other cities in the Yangzi River Delta. All of these cities in the northeast have the advantage of access to Shanghai's enormous and highly modernized Yangshan deep-water port, which is now vying for the title of busiest port in the world.

When we look to the southeastern municipalities, it is clear that the role of foreign investment has been considerably smaller than in the northeast. Although Wenzhou is a port city, it does not have the international stature of Shanghai, and is not even as large as Ningbo. Physical separation, poorly developed infrastructure, and a relatively low international profile make it unsurprising that the city that has had the most success with FDI, Taizhou, receives only 1/10 the amount of foreign investment per capita as Jiaying.

These data hold important implications for a Guangdong-Zhejiang comparison. It is true that aggregated at the provincial level, a much smaller percentage of Zhejiang's output comes from foreign invested enterprises than is the case for Guangdong. However, the three southeastern municipalities are much more exemplary of the local-driven development that I am interested in. Thus, for the purposes of this research I will focus on the three municipalities of Jinhua, Taizhou, and Wenzhou.

### *The rise of Zhejiang's Local Entrepreneurialism*

The distinctive model of development found in southeastern Zhejiang started in the city of Wenzhou. Although the city leadership was condemned for harboring pro-capitalist tendencies during the Mao era (Forster and Yao 1999:61), the so-called "Wenzhou Model" received support from the central government in the 1980s and quickly gained national fame. While the model was promoted as feasible for imitation nation-wide, it is really only in the neighboring municipalities in southeast Zhejiang where such emulation has proven highly successful. Despite the Wenzhou Model's undeniable success in capital accumulation, its political feasibility in the formally socialist China of the 1980s was far from guaranteed. But what is this "Wenzhou Model" which gained so much prominence in both the Chinese mainstream media and in scholarly research during the 1980s and 90s?

As mentioned previously, Wenzhou was quite isolated from the major hubs of Chinese social life for much of history. In the Mao era, state investment in the region was minuscule, as the city's proximity to Taiwan made it appear vulnerable to military attack. Additionally, Yia-Ling Liu (1992b) argues that the relative independence of the Wenzhou Communist Party in the revolutionary era often put local officials at odds with, and willing to violate the directives of, the central leadership. Although these may only be partial explanations, the fact remains that up until 1978, only 1% of provincial fixed



capital investments went to Wenzhou, despite the fact that the municipality contains 15% of the province's population (Forester 1990:56). While one should take into account the negative effects of the Cultural Revolution for economic growth, in the years 1966-1978 Wenzhou measured only a .1% average industrial growth rate (Parris 1993:244). In short, Wenzhou was a place with a rebellious political streak that had been, by and large, excluded from the fruits of the Maoist command economy.

At the end of the Cultural Revolution, things in Wenzhou started to change. With political leadership unable and/or unwilling to stop it, experiments with household-based commodity production began to take off. Whereas in 1980, only 1% of industrial output in Wenzhou came from private firms, by 1988 that number jumped to an astonishing 41% (Liu 1992a:703). The impact on the labor market was immense: the percentage of the rural labor force employed in agriculture dropped from 89% in 1978 to 37% by 1985 (Dong 1989:79). Aside from a "privatization" of the economy and a partial proletarianization of the local populace, incomes jumped remarkably: "Average rural incomes grew from 55 yuan in 1978 to over 447 yuan in 1985, still below the provincial average of 548 yuan but above the national average of 397 yuan." (Parris 1993:249) Between 1981 and 1985 the municipality's gross industrial output increased by 130% (Forester 1990:57). An area that had been poor, not just by Zhejiangese standards, but by national standards, was turning into an economic dynamo, and it was local private enterprise that was fueling the transformation.

But what precisely was the structure of these firms that were quickly gaining renown throughout the country? Calvin Chen (2008), who has done perhaps the only ethnography of enterprise development in southeast Zhejiang (both in Wenzhou and Jinhua), talks about closely-knit, relatively egalitarian organization of production in the early years of the enterprises he studied. In particular, high levels of social capital were crucial in promoting the development of the firm: "These young workers, even their parents if need be, could speak directly with factory officials if they felt dissatisfied. Many did so with ease. These meetings were not simply exchanges between employer and employee; rather, they were discussions between familiar parties who interacted socially outside the workplace." (Chen 2008:73) With firms rarely exceeding 100 employees and more typically employing around 35 (Parris 1993: 247), all of whom would be hired from the locality, there was deep social integration between workers and management in Wenzhou firms. This was a double edged sword: sometimes it meant that workers would accept delayed payments of wages "for the good of the enterprise," but other times it meant that managers would work on the assembly line to help quickly fill orders. Chen argues that the socially embedded nature of production allowed, "members of the workplace [to] understand and willingly fulfill the duties and responsibilities they are assigned." In the view of Burawoy (1982), this might sound like the utilization of dense social ties in the construction of a hegemonic labor regime; but for Chen it allowed for healthy enterprise development. Regardless of one's normative assessment of such a situation, the point is that, during the early-mid 1980s, small scale, socially embedded enterprises that enjoyed a high degree of managerial autonomy (Bramall 1989) quickly became the bedrock of Wenzhou's local economy.

In addition to a reliance on existing local social networks for the recruitment of workers, entrepreneurs also depended greatly on support and protection from local government officials. The first benefit the state provided these entrepreneurs was actually

to do *nothing*: they looked the other way as informal, and indeed *illegal*, capital markets began to develop in the municipality (Tsai 2002). Informal “credit associations,” usurious middle men, and family borrowing all emerged on the scene in the 1980s, clearly violating the legal monopoly of the state banks. Then, in 1986, someone formally opened up a credit union with variable interest rates, and was only able to overcome opposition from state banks because of protection offered by local government and Party officials (Parris 1993:248). Government officials’ support of private enterprise also extended to assisting them with the difficult task of registering their businesses. Since originally there was no such thing as a “private enterprise,” entrepreneurs had to be very creative with their formal status. The practice of “wearing the red hat” referred to a procedure where village governments (which are below the municipal level) would register private enterprises as “collectives.” This would allow the enterprises to appear politically correct, and also generated revenue for local government officials. Yia-Ling Liu has argued that this coincidence of interests between entrepreneurs and local officials made it possible to first resist pressure from higher levels of the state, and then to sustain high levels of growth for many years.

But when this support from the local state became most important was in the political struggle that emerged as the Wenzhou Model gained national attention. While Deng Xiaoping had initiated market reforms in 1978, these centrally mandated experiments spatially quarantined capitalist relations of production into a few special economic zones. Wenzhou presented a much more serious challenge to the still-dominant socialist ideology in the sense that capitalist-style credit, labor, and commodity markets had sprung into existence without any management or affirmation from Beijing. Although Wenzhou had received visits from central authorities as early as 1983, it was not until the 1985 visit of reform-minded Premier Zhao Ziyang that locals felt they had a strong sign of support from Central leadership. That being said, there was still heated debate about the emergence of what was undeniably an experiment with capitalist labor relations. Supporters argued that Wenzhou’s strength in realizing the development of the forces of production justified the increased wealth disparities and exploitation that inevitably arose. One well-known economist foreshadowed an increasingly uneasy relationship between the Party and Marxism by arguing that exploitation did not exist in private firms in Wenzhou because the firms were still regulated and taxed by a socialist state. Detractors held that the Wenzhou model was tantamount to the reintroduction of capitalism into China. 25 years later, there is little doubt that they were correct in that assessment. However, the key point is that Wenzhou officials’ political protection and support allowed local enterprises to flourish in such a way as to prove their advantages at promoting capital accumulation in poor, remote areas. The material success of Wenzhou entrepreneurs resulted in a victory for pro-market Party leaders. The consequences for China’s transition to full-blown capitalist labor relations have been profound.

### *What became of Wenzhou?*

After Wenzhou received a flurry of scholarly attention in the late 1980s and early 90s, the city and its model of development fell out of the spotlight. Perhaps this was because capitalist labor relations were no longer controversial, and the more traditional hubs of Chinese economic and political power put economic reform into high gear. In

1984, 14 major coastal cities were opened up to foreign investment, and Shanghai's Pudong district was established as a special economic zone (SEZ) in 1990 (Ge 1999:1282). After Deng Xiaoping's "Southern Tour" in 1992, reform continued to accelerate, and the emergence of private enterprises continued throughout the country. Soon, national and international attention was focused on the economic juggernauts of the Guangzhou-anchored Pearl River Delta<sup>124</sup> and the Shanghai-anchored Yangzi River Delta. Wenzhou's dependence on private enterprise for economic development was no longer controversial, nor did it seem particularly extraordinary.

On the one hand, the Wenzhou elite had great cause for celebration: their resistance to political pressure and perseverance in "following the capitalist road" had ended victoriously. The entrepreneurs who bucked Maoist orthodoxy ended up looking like heroic trailblazers by the 1990s, and their once-derided political sponsors were seen as visionaries. But it was a bitter-sweet victory: the flipside of China's full embrace of the market was that Wenzhou-based enterprises suddenly faced much stiffer competition than they had when they first started out. The family-style firms that were innovated in Wenzhou soon spread to neighboring municipalities in southeastern Zhejiang, most notably Jinhua and Taizhou. Foreign invested factories, equipped with deeper reserves of capital, more advanced technology, more rationalized forms of management, and larger economies of scale began encroaching on their markets. While many Wenzhou enterprises had a first-mover advantage in their respective sectors, they would have to change in order to survive.

The 1990s have been referred to as a time of expansion (Chen 2008) and restructuring (Wei, Li, and Wang 2007) for Wenzhou industry. The very small, household-based production that characterized the Wenzhou Model in the early days gave way to increasingly large, differentiated, and rationalized firms in the 1990s. Although many firms re-organized into share-holding enterprises, in most cases single families maintained majority stakes. Companies began setting up branches throughout China, and in some cases even relocated their headquarters to Hangzhou and Shanghai in order to secure better access to human and financial capital (Wei, Li, and Wang 2007:438). The informal kinship networks that were crucial for marketing in the 1980s needed to be updated and rationalized. In order to survive, most firms had to conquer new domestic markets and begin to expand into international ones.

At the same time, internal labor process reforms radically reformulated employee-employer relations. Speaking of the two firms he studied in Wenzhou and in neighboring Jinhua, Calvin Chen has said that,

... enterprise leaders moved away from the norms of reciprocity, social trust, and collective well-being that had been integral components of the company's previous strategy... The rough sense of egalitarianism that had previously existed was soon replaced by an ever-widening gulf between the skilled and the unskilled, the managers and the managed. (2008:89)

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<sup>124</sup> Of course Guangzhou's role in "anchoring" the Pearl River Delta is less absolute than that of Shanghai's in the Yangzi River Delta. In the PRD Shenzhen was the first SEZ, and Hong Kong has provided the lion's share of the investment. Such "competitors" do not exist in the same way in the Yangzi River Delta, where the supremacy of Shanghai is unquestioned.

Additionally, Wenzhou locals were less and less interested in the relatively low-paid, exhausting, and frequently dangerous work on the shopfloor. As was the case in other coastal cities in China, these firms began recruiting from the waves of migrant workers who arrived in the city. The rationalization and concomitant dissolution of bonds of social solidarity within the factory meant that capital-labor relations became increasingly tense. Open conflict, the type of which was very rare in the household-production enterprises, burst into the open, and strikes, legal disputes, etc., all increased in frequency.

The final section of Chen’s 2008 book *Some Assembly Required* focuses on the problem of “reintegration” in such firms: “The core task of reintegration is to simultaneously consolidate improvements in production capabilities made during the expansion stage and restore the tight-knit, trust-filled relationships of the [earlier] era.” (2008:126) In both Chen’s research and my own investigation, enterprise managers and state actors expressed a strong desire for some sort of re-integration. And the desire to have such re-integration unmistakably derives from anxiety over increasing labor conflicts and social instability. In marked contrast to their foreign counterparts in the Pearl River Delta, entrepreneurs in Wenzhou and other areas in southeast Zhejiang began actively seeking the assistance of the Communist Party and other party organizations, most notably the trade union, in an attempt to regain stability in production.

### Labor Relations in Zhejiang

I was first alerted to the activities of Zhejiang trade unions in casual conversations with officials from the Guangzhou Federation of Trade Unions (GZFTU). In September 2008, Chairman Chen Weiguang led a delegation from the GZFTU in visiting five cities in eastern China (including Wenzhou) to learn about that region’s experiments with industrial (*chanye*) and sectoral (*hangye*) trade unions. Upon returning, members of the delegation were glowing in their praise for Zhejiang unions, with the official internal report saying, “In thirty years, Guangzhou unions have been at the forefront of reform, have developed their own characteristics, and have had enormous success. But we cannot be proud and complacent. This visit has allowed us to see our shortcomings and gaps....”<sup>125</sup> In the view of one GZFTU official, there was no question that the success of Zhejiang unions in establishing sectoral unions had to do with greater government support for their activities. This was a mutually beneficial arrangement for union and government as, “The union there knows how to help the government do things.”<sup>126</sup> The official contrasted this with the situation in Guangzhou, where he unequivocally expressed that the local government was not nearly as supportive.

This subjective assessment of the superiority of Zhejiangese trade unions in promoting the development of sectoral level unions and wage negotiation is supported by official statistics:

Data on “Wage-only	Total workforce	#of enterprises	#workers covered	#of enterprises	#of workers
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<sup>125</sup> This report was provided to me by an officer of the GZFTU.

<sup>126</sup> Interview, October 2008

<b>collective contracts” (WCC), 2006<sup>127</sup></b>		covered by WCC	by WCC	covered by sectoral WCC	covered by sectoral WCC
Zhejiang	31,723,800	84,878	3,689,895	6311	346,413
Guangdong	52,500,900	41,101	2,075,095	4062	84,889

We can see that, even in absolute terms, the number of workers covered by a WCC or a sectoral-level WCC is significantly higher in Zhejiang than in Guangdong. But in relative terms, the disparity is even more striking. Whereas in Zhejiang 11.6% of workers are covered by WCCs and 1.1% by sectoral-level WCCs, in Guangdong it is only 4.0% and 0.16%, respectively. It is true that a relatively small number of workers are covered by sectoral-level WCCs in both provinces. However, at over 1%, a significant number of Zhejiangese workers are covered by such contracts, while the 84,889 workers in Guangdong under sectoral-level WCCs is a truly paltry sum.

In addition to the greater success at concluding WCCs, there are several other indications that Zhejiangese unions wield more power than their counterparts in Guangdong:

<b>Legal and political activities of the union, 2006<sup>128</sup></b>	# of workers in the legal aid organizations of union	# of union cadres with Lawyer qualification	# of cases accepted by legal aid organizations of union	# of local statutes participated in by union above grassroots level
Zhejiang	1006	127	4797	37 (1 <sup>st</sup> in country)
Guangdong	683	74	1472	15 (4 <sup>th</sup> in country)

What I am specifically interested in is the relationship between oligarchy and decommodification. Although wage levels, pensions, benefits, etc., are one potential indicator of decommodification, I want to focus on the conclusion of sectoral-level collective contracts and their economic and political consequences.

Sectoral-level collective negotiation requires at least two representative parties, namely labor and capital. In order to understand what has happened in Zhejiang, it is important to first understand something about the unique nature of employer associations in the region.

#### *Zhejiangese employer associations*

Zhejiang, and in particular the southeastern area centered on Wenzhou, is famous throughout China for its entrepreneurial spirit and success at developing the local private economy. Although largely ignored in the English-language literature, a significant

<sup>127</sup> *zhongguo gonghui tongji nianjian 2007*. Beijing: *zhongguo tongji chubanshe*

<sup>128</sup> *ibid.*

amount of research has been conducted by Chinese scholars on the noteworthy development of independent employer associations in the region, with the best examples to be found in Wenzhou (Wang 2004; Wu 2004; Yu, Xu, and Jiang 2007). Both these studies and my own research reveal that the emergence of these associations has important consequences for politics in the region, and that they are also a strong indicator of the highly classed nature of political participation in China. These relatively democratic organizations allow for member participation in organizing and expressing capitalist class interests, an opportunity that is not available to any of the dominated classes in China. However, they also provide a bargaining partner for trade unions in their attempts to engage in sectoral-level wage negotiations. While this is not necessarily positive from the perspective of workers, it does mean that it is easier for the state to rationalize and organize production within a given sector in a way that is simply not possible in areas such as the Pearl River Delta (where employer associations do exist, but with much lower density and legitimacy in any given sector).

In typical Leninist fashion, China has a nationally organized employer association, the All China Federation of Industry and Commerce (ACFIC). As with other mass organizations, such as the trade union, it is subordinate to the Party and its structure mirrors that of its parent organization. As is the case for workers and the ACFTU, most employers have little regard for the ACFIC. In most instances, ACFIC organizations will be dominated by large state-owned enterprises (SOEs), with government or SOE officials installed as the chair. These are typically set up to try to establish and enforce certain standards within an industry (which will frequently benefit the SOEs), and therefore are much less beneficial to smaller private employers. While there have been moments when such organizations behave in a corporatist manner (Pearson 1994), they are certainly not the type of representative organizations found in other countries.

In Zhejiang, on the other hand, a new type of employer association (*hangye xiehui* or *shanghui*) has emerged, which from a formal level, looks a lot more like the representative, class-based organization one might find in a liberal democracy. While these organizations still must be formally “attached” (*guakao*) to a parent state organ, their organizational structure and decision-making procedures are formally autonomous. They do not receive any funding from the state, but rather are supported by member dues. While there still are some instances in which the government will try to appoint employer association chairs, their leadership selection process is usually internally determined. As one indication of this trend, in 2003 77% of employer associations in Wenzhou reported that their chairs were selected according to their own internal rules (Yu, Huang, and Fang 2004:37). While such organizations are of course interested in having good relationships with the government, and will often invite government officials to hold honorary positions, they are more directly concerned with their membership’s interests than is the case for unions.

As has already been pointed out, industrial development in southeast Zhejiang has been highly dependent on the emergence and success of local, privately owned enterprises. Although today there is more foreign investment compared to the 1980s, it is still a relatively small amount. This fact is reflected in the membership of employer organizations, which are endowed with very high levels of social capital. In describing the process of setting up the eyeglasses employer association in Rui’an, the organization’s director said that since everybody already knew everybody, it was a

relatively straightforward procedure.<sup>129</sup> Of the nearly 100 eyeglasses manufacturers in the county-level city, only one of them is a joint venture (with Taiwanese investors), and there are no fully foreign owned firms. Even more noteworthy, I was told that only two of the Chinese-owned enterprises are owned by people who come from different cities; thus, the sector is overwhelmingly dominated by locals.<sup>130</sup> A trade union official in Rui'an commented that members of the employer associations would listen to and obey their chair since, "their relationships are like brothers."<sup>131</sup> The thick social networks tie together not just employers to other employers, but also the business associations to the state. With retired government officials sometimes serving as officers in the employer associations, representatives from each group frequently have long-standing relationships with each other. What this means is that the state and union may have not just administrative, but also social, resources at its disposal in its interactions with local capital.

There has been debate about the political implications of these organizations, and whether they herald the coming of a robust civil society in China (Fewsmith 2005). With widely disparate definitions of "civil society" this is not a straightforward question to answer. But as regards my own research, the relevant political question is, to what extent does the formation of employer associations in Zhejiang present an opportunity for the state to more effectively organize capital? At one time, there was great debate in the West about unequal capacities for labor and capital to express class interests through representative organizations (Offe and Wiesenthal 1980; Streeck 1991; Traxler 1993). But given that labor is characterized by appropriated representation and that political space is highly constrained, this cannot be the question in China. In Zhejiang, we have a case where we see that the organization of capitalist interests is the prerequisite for the state, through the auspices of the trade union, to try to establish sector-wide standards. The formation of representative employer associations in Zhejiang has important implications for labor politics because it provides the union with a bargaining partner. On the other hand, the state in the Pearl River Delta is confronted with a disorganized and highly mobile set of capitalists; under such conditions, it is incredibly difficult to establish wage agreements for an entire sector. This makes it unlikely that conscious human action, rather than the whims of the free market, will determine the substance of the labor process and the price of labor power. In southeast Zhejiang, on the other hand, we have a situation where certain segments of capital decide that a more rationalized approach to production is in their interest, and they are organized into associations which allow for this interest to be expressed. This allows capital, in cooperation with the state (again, through the auspices of the union) to establish a more coordinated system of production which could result in decommodification of labor. Let's now turn to the data to see how this process has played out empirically.

### **Trade Unions and Decommodification in Southeast Zhejiang: The Official Story**

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<sup>129</sup> Interview, July 2009

<sup>130</sup> Interview, December 2009

<sup>131</sup> Field Notes, July 2009

Starting in 2004, trade unions in certain industries in southeast Zhejiang began to successfully conclude sector-wide wage agreements that cover nearly all enterprises within a given city. This model has been most successful in relatively labor-intensive industries, where there are a large number of small local employers concentrated in a particular district. In all of the cases that I am aware of, the final agreement on sector-wide wage standards was only possible through the coordinated efforts of agencies of the state, as well as the trade union and relevant employers association. While the trade union has played a key role in signing such agreements on behalf of workers, the impetus for setting wage standards has come largely from employers and the state after they have become concerned about high turnover and excessive labor conflicts. In order to address this problem, an organizational innovation in the form of sectoral trade unions was necessary. The establishment of sectoral unions mirrored the already existing employers association, the primary difference being that employer associations are actually membership based, while the unions remain an extension of the state. The end result has been the successful conclusion of sector-wide agreements in several places in southeast Zhejiang. In this next section we will turn to two cases – the previously unstudied Rui’an eyeglass union, and the much-ballyhooed (within China) Wenling wool union – in order to understand the political dynamics behind that state’s attempt at “oligarchic decommodification.”

Given its prominence in the media and Chinese scholarly literature, the data on the Wenling case come from secondary sources. The general economic and political conditions are very similar between the two cases, but Rui’an has been less celebrated in the media. In this sense it is a better case because the exceptional attention from the state and media likely would have an effect on the operation of the trade union in Wenling. However, I include data from the Wenling case to demonstrate that regional conditions allow for a particular type of trade unionism, and because it represents the highest aspirations of the ACFTU. Data on Rui’an come from interviews with workers and managers as well as officers from the Eyeglass Employers Association, Eyeglass Sectoral Union, Rui’an Federation of Trade Unions, and the Rui’an Labor Bureau.

### *Collective Bargaining in Wenling*

Perhaps the earliest, and certainly the most widely discussed, experiment with sectoral-level collective bargaining took place in the county-level municipality of Wenling, less than an hour away from Rui’an by car. Just as Rui’an is encompassed by the municipality of Wenzhou, Wenling is within the administrative jurisdiction of Taizhou municipality. As was described earlier in the chapter, Taizhou’s model of development has been very similar to that of Wenzhou, with a preponderance of local enterprises serving as the foundation of the economy. The establishment and functioning of the Wenling Wool Knitwear Union has been quite similar to that of the Rui’an Eyeglasses Union.

The Wenling wool industry grew very rapidly in the 1990s, and many local entrepreneurs jumped into the market. As of 2004, the industry in Wenling employed



12,000 workers in 113 enterprises, with a total yearly output of 1 billion RMB.<sup>132</sup> Most of these enterprises are rather small in size. By the first part of this decade, nearly all of the workers in the industry were migrants and approximately 90% of them were female. Although the industry developed quickly, it encountered fierce worker resistance and instability in the labor market. Speaking of the first few years of the 2000s, one labor official said, “At that time, workers were constantly arguing with their bosses about unreasonable wages, and every day there would be employees jumping ship (*tiaocao*).”<sup>133</sup> In 2002, the industry experienced approximately one conflict involving ten or more workers every single day.<sup>134</sup> The highly seasonal nature of the work meant that skilled workers enjoyed strong market position in the May-December high season, during which time they could force employers into bidding wars. As one worker in the wool industry put it, “Jumping ship became the only method workers had to resist and defend their rights.”<sup>135</sup> Faced with short lead times and slim profit margins, these high rates of turnover and frequent conflicts were of concern to a significant number of employers. Though not framed in precisely such terms, there was a strong incentive to bring about rationalization in the labor market. Both large employers and the state (who, as was the case in Rui’an, was concerned with the development of the sector as a whole) wanted to take action.

The process of setting up a sectoral level wage agreement was not straightforward at all, despite the fact that conditions in Wenling were much more propitious than most places. In early 2003, the Wool Textiles Employers Association met with leaders from the Wenling Federation of Trade Unions to discuss the matter. The idea of trying to establish a sectoral level wage agreement gained support, and the two parties began to move forward with full support from the local government. With such support from state and capital, the establishment of the Wool Knitwear Union was a rather simple administrative procedure. However, it is of little surprise that some individual employers were not so enthusiastic about this development. The trade union official who was tasked with investigating wages in the sector (with the end goal of being able to establish commonly agreed upon piece-rates) was originally turned away by employers when he came to ask to look at their books. In the end, however, the much more powerful local Party committee told these employers that they had to cooperate with the union, and the issue was thus resolved. At the conclusion of the investigation, the union delineated five major categories of work and 59 individual work procedures. However, the piece rates being offered for identical procedures varied greatly between enterprises, with the difference sometimes as high as 1 RMB. The next task of the union was to try to figure out a piece-rate system that all parties involved could agree upon.

Wage negotiations were, of course, complex. In June of the same year, worker representatives were selected by management to participate in an officially sponsored “frank discussion” on establishing uniform piece rates. There were differences in opinion

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<sup>132</sup> December 31, 2003. “wenling xieshang hangye gongzi wending laodong guanxi.” (Wenling sectoral bargaining stabilizes labor relations). *Gongren ribao*.

<sup>133</sup> September 22, 2008. “wenling gongzi xieshang jieya laozi maodun.” (Wenling wage negotiations relieve pressure from labor-capital conflicts). *Minzhu yu fazhi shibao*.

<sup>134</sup> *Ibid.*

<sup>135</sup> *Ibid.*

on many items, but after distributing more than 500 survey questionnaires, holding six negotiation sessions, ten “frank discussions,” and conducting three wage adjustments, a final agreement was reached between the union and the employers association.<sup>136</sup> On August 8<sup>th</sup>, the union and the employers association signed the “Wool Knitwear Sectoral Wage (piece-rate Agreement),” with the agreement that wages would be re-negotiated once every year.

From the government’s perspective, the sectoral collective wage agreement was an unqualified success, as they claimed that turnover and conflict in the industry dropped dramatically. In the final months of 2003 after the new wage agreement was implemented, there was a dramatic drop in official complaints (*shangfang*) coming from the wool industry, with only 11 such incidents involving a total of 120 workers. From 2004 to 2005 there were only three complaints involving 11 workers, and from 2005 to 2006 there was only one complaint involving three workers. Then, in 2007, workers in this sector did not file a single official complaint.<sup>137</sup> Additionally, since 2006 there has not been a single labor dispute (*jiufen*) over wages. With the government claiming that labor strife was way down from its highs earlier in the decade, the Wenling government could make a strong claim that their model of industrial relations was a perfect embodiment of “harmonious society.”

In fact, it was not long before the Wenling union won national recognition for its activities. As early as 2003, Wenling’s accomplishments had been recognized by its national-level parent industrial union.<sup>138</sup> After gaining repute within the trade union, the so-called “Wenling model” was officially approved by Premier Wen Jiabao, who proclaimed in a work report that, “Wenling’s approach can be summarized and popularized.”<sup>139</sup> The following month, Zhejiang’s Party secretary advised that Premier Wen’s advice should be followed, and that the popularization of the Wenling model would start first and foremost in Zhejiang. Constantly on the lookout for practical examples to demonstrate that “harmonious society” and “win-win” labor relations are more than just slogans, both the ACFTU and the Party-state more broadly was very impressed that the Wenling union had managed to reduce conflict without affecting productivity.

### *The Rui’an Eyeglass Union*

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<sup>136</sup> April 14, 2008. “zhashi tuijin gongzi jiti xieshang: Zhejiang wenling hangye gongzi jiti xieshang jishi.” (Solidly promote collective wage negotiation: an account of Zhejiang’s Wenling sectoral collective negotiations) *gongren ribao*.

<sup>137</sup> March 31, 2009. “Zhejiang jiceng minzhu de zhidu chuangxin.” (Breakthroughs in Zhejiang’s grass-roots democratic system) *xuexi shibao*.

<sup>138</sup> August 4, 2009. “Yan Jiamin: nuli kuoda hangyexing jiti xieshang fugaimian.” (Yan Jiamin: work hard to increase the coverage of sectoral collective negotiations) *Gongren ribao*.

<sup>139</sup> April 16, 2008. “wenling zhigong gongzi yu qiye xiaoyi tongbu zengzhang.” (Wenling’s employee salaries and enterprise productivity increase together) *taizhou ribao*.

Though largely unknown outside the borders of the city, the case of the Rui'an Eyeglass Union is very similar to the Wenling model. Rui'an is a county-level city of 1.17 million residents that is administratively subordinate to the Wenzhou municipality<sup>140</sup>. Its per-capita output of 31,525 RMB<sup>141</sup> is significantly higher than most cities in China, though it is almost precisely the same as the provincial average for Zhejiang. As one of the more industrialized areas within Wenzhou, it exemplifies the "Wenzhou model" of dependence on small, family owned enterprises. Rui'an is best known for its productive industries including shoes, textiles, bags, small consumer goods, etc. However, the focus of my research is the eyeglass sector that is centered in the small township of Mayu and employs more than 12,000 workers. For a number of years the city government has been intent on becoming the pre-eminent eyeglass manufacturing center in the world, and they have begun to actively recruit international eyeglass brands to establish offices in Rui'an.

After the first eyeglass factory was established in 1978, the eyeglass sector in Rui'an grew quite rapidly for a number of years.<sup>142</sup> Many enterprises that started as household-based units expanded in the 1980s and 1990s, and the total number of eyeglass and eyeglass accessory manufacturers increased as well. Relying on the renowned Wenzhou-style family-based marketing networks, these producers first conquered domestic markets, and then expanded internationally, eventually gaining customers throughout the world. By the late 2000s, sales from the Rui'an eyeglass industry totaled more than 10 billion RMB, accounting for half of all nationwide eyeglass sales, and the Eyeglass Employers Association estimated that 60% of all eyeglasses worn in China were produced in Rui'an.

But it was the very success of the industry in the 1990s which began to lead to a deterioration of employment stability in the industry. More and more entrants to the market increased competition for skilled labor. Armed with relatively strong marketplace bargaining power (Wright 2000), skilled workers began pitting employers against each other in an effort to increase their wages. Smaller, younger enterprises did not have the financial or knowledge-based resources to conduct the comprehensive worker training programs that the larger and more established companies held. One result of this was that these smaller enterprises began to pilfer skilled workers from other enterprises by offering marginally higher piece rates. In a formal address, the chair of the Eyeglass Employers Association presented this state of affairs as a very serious problem:

... the need for technical personnel and skilled workers has been steadily increasing within the industry, and using high salaries in hiring has been an inevitable decision for enterprises. "Cutting the ground out" from each other is already not a new phenomenon, and this led to lack of order and chaos in enterprise employment. Workers have been jumping ship without order for personal gain and lured by the promise of [higher wages]. This has disturbed order in the industry and destroyed the normal functioning of enterprises. Labor conflicts are obviously up, and there have been instances of using

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<sup>140</sup> 2008 nian rui'an shi guomin jingji he shehui fazhan tongji gongbao (2008 report on Rui'an's economic and social development). <http://www.ratj.gov.cn/tjgb/2008.htm> (accessed on 10/15/09)

<sup>141</sup> *ibid.*

<sup>142</sup> The data in the proceeding section are derived primarily from official union documents.

certain articles of the Labor Contract Law to continuously engage in appeals, file lawsuits, and commit blackmail [*yaoxie*]. According to the social security authorities, labor conflicts have been occurring continuously in the industry, which has led to a worsening of the employment environment and the positive development of the industry has been restricted.

While such a situation is not necessarily disadvantageous for skilled workers, large employers were much more concerned. Thus, in 2001 a few players in the industry took the first tentative steps toward addressing these problems. Two of the largest eyeglass firms in Rui'an took the initiative in trying to establish sector-wide standards, and they began to appeal to the Eyeglass Employers Association for assistance.

The Rui'an Eyeglass Employers Association was previously a formal state-sponsored organization. Eventually, the local government decided to “give them freedom,”<sup>143</sup> which meant both greater organizational autonomy but also implied responsibility for raising their own operating expenses. Since that time, the association has operated as an independent civil (*minjian*) organization, 100% dependent on membership dues for its operations. The organization has served as a platform (*pingtai*) for eyeglass manufacturers in Rui'an, allowing them to communicate common interests to the government, and also allowing the government to have an efficient way of communicating with the business owners. Often new laws and regulations that are of relevance to the industry are disseminated through the employer association. As one official from the local labor department said, “These are things the government used to do but they gave this responsibility to the association.”<sup>144</sup>

The push for a sector-wide standardization of wages has been one of the most significant tasks taken on by the employers association, and surely required intense negotiations between firms which may have had conflicting interests. It is not coincidental that the CEO of one of the largest manufacturers in the city, Chen Chengwei, was also the chairman of the Eyeglass Employers Association. The instability in the labor market was most problematic from the point of view of large employers, since smaller enterprises would frequently poach their skilled workers. In coordination with a few other large manufacturers, Chen used his position within the association to begin to push for wage standardization, presumably against protests from smaller employers. Eventually, conversations within the association and with government agencies led them to the idea of collective wage negotiations. As a sympathetic employer argued, “Every year in the busy season, workers would go on strike, and nearby manufacturers would not hesitate to use high salaries to poach skilled workers. If we did not sit down and bargain, it would be difficult for the entire eyeglass industry to continue on.”<sup>145</sup> The problem now was that the employers needed a bargaining partner.

It was at this point that officials from the Rui'an Federation of Trade Unions (RAFTU) became involved. Following the lead of the Wenling Wool Knitwear Union, the decision was made to establish an eyeglass sectoral union. Leaving absolutely no doubt about where the initiative for such a thing came from, the official document

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<sup>143</sup> Interview, July 2009

<sup>144</sup> Interview, July 2009

<sup>145</sup> February 5, 2008. “Zhejiang goujian hexie laozi guanxi chutan.” (first explorations in Zhejiang's construction of harmonious labor relations) *ban yue tan*.

approving the establishment of the Rui'an Eyeglass Union is addressed to the Eyeglass Employers Association. The first two lines of the document read as follows:

Rui'an City Eyeglass Employers Association:

After reviewing your request to establish an eyeglass sectoral union, we approve of the establishment.

The remainder of the document lists the names of the officials who will staff the union committee, and says that they will hold office from August 2005 until July 2010.

The next item of business was to conduct collective wage negotiations. The union conducted an investigation into wage levels in the various eyeglass enterprises, speaking with managers and workers and conducting a survey. The information was analyzed and the union put forth a proposal for unified piece rates for 318 specific work operations. After soliciting comments and holding a few negotiation sessions, in September 2005 a final contract was signed by the respective chairmen of the employers association and the sectoral union. The contract was approved by the labor department, and thus became legally binding.

As already mentioned, internal tensions between different manufacturers are not entirely clear. Officials from the Eyeglass Employers Association have tried to put a positive spin on such intra-sector competition. Although appearing reluctant to discuss the issue, the current chairman of the association did admit that some small employers refused to participate in the sectoral wage agreement. Since the employer association is not a government agency, they could not "force them to sign."<sup>146</sup> Additionally, he admitted that of the 130 eyeglass manufacturers in Rui'an, about 30 of them are not members of the association. That being said, cooperation between the employers association, trade union, and perhaps most importantly, government and Party officials, eventually resulted in a binding collective wage agreement.

The actual content of the contract is very limited, as there are only five articles. Article 1 simply states the two year time period during which the contract is in effect. Article 2 is the meat of the contract, and says that workers will be remunerated according to the piece rate established in the "2009 Rui'an City Eyeglasses Employers Association Enterprise Piece Rate Form." Article 3 says that workers must be paid on time, but that if an enterprise is having "difficulty," payment of wages can be delayed after consultation with the union. Article 4 states that the contract is legally binding, while article 5 says only that disputes should be handled according to the law.

Since the conclusion of the sectoral wage agreement, union leadership says that they have continued to develop their organizational capacity within the industry. At the time of the establishment of the eyeglass sectoral union, many manufacturers in the city had not yet established enterprise-level trade union organizations. With the help of the employer association, union officials have been making efforts to address this issue, with the belief that the sectoral union will be more effective with enterprise-level branches in place. Additionally, in June of 2009 the preparatory committee for an eyeglass sector "staff and workers' congress" (*zhidaihui*) was established. Particularly in state-owned enterprises in China, the staff and workers' congress has been, in theory, a mechanism whereby employees can directly participate in the determination of the labor process.

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<sup>146</sup> Interview, July 2009

Aside from clichéd rhetoric about “democratic participation,” it is unclear precisely what function the eyeglass congress will serve. But given that Chen Chengwei, former chair of the employers association, was appointed as director of the preparatory committee for the staff and workers’ congress, it is almost certain that it will remain under the control of employers.

Four years after the conclusion of the collective wage agreement, the unions, government, and employers were very pleased with the results. The official story is that previous illegal actions on the part of employers, such as holding employees’ ID cards or taking deposits have been eliminated. Turnover was greatly reduced, which stabilized production. Additionally, bosses can no longer unilaterally determine wages, but rather have to engage in the official process of negotiation. Finally, and perhaps most significantly, the number of labor conflicts has dropped significantly.

In official accounts, both Wenling and Rui’an are great success cases where labor conflicts have been reduced and production has been rationalized, all of which were accomplished through administrative means. The state and higher levels of the trade unions have been quite impressed with such reports, and have gone out of their way to shower praise on such experiments.

#### *Zhejiang: exemplary model of labor relations?*

As was revealed in the descriptive statistics earlier in the chapter, Zhejiang has significantly more workers than Guangdong that are covered by collective wage agreements, and an even greater (relative) edge in sectoral-level agreements. This success has not gone unnoticed, as the state has proclaimed for many years the implementation of collective contracts as a primary goal. Indeed, the legal framework for the implementation of collective contracts in China was firmly established with the labor law reforms of 1994 (Clarke, Lee, and Li 2004; Warner 1995), but the union’s ability to bargain and enforce such contracts has been highly circumscribed. Thus, the apparent success of Zhejiangese trade unions at concluding collective contracts was received with great enthusiasm from both the Party-state and from the national leadership of the ACFTU.

On a formal level, at least, the Zhejiang government made a strong commitment to promoting collective wage negotiations. In late summer of 2008, the provincial government announced the goal that 70% of private enterprises and 100% of state-owned and collective enterprises be covered by such agreements by the end of 2010.<sup>147</sup> The state appeared to be taking this task seriously, as all government agencies and Party committees have been exhorted to support this work. To put some muscle behind the demand, the provincial Party Committee added success with collective negotiations into their procedure for evaluating the accomplishments of government officials. Of course the relative weighting of such accomplishments in comparison to GDP, attracting investment, maintaining social stability, etc., is unclear, but the fact that it exists at all is significant. While some of these plans were likely temporarily derailed by the collapse of

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<sup>147</sup> September 8, 2008. “Zhejiang to promote collective wage negotiation.” <http://www.chinacsr.com/en/2008/09/08/3043-zhejiang-to-promote-collective-wage-negotiation/> (accessed October 2009)

the export economy in late 2008 and 2009, it is undeniable that the experiences of places like Rui'an and Wenling convinced the provincial authorities of the viability and desirability of collective negotiation.

Zhejiang's apparent commitment to this project garnered support from the highest levels of the trade union as well as attention from academic researchers. Aside from the frequent affirmations from Party leadership that have already been mentioned, the provincial Party committee and provincial government held a conference in Wenling in March of 2008 to learn about their experiences with sectoral bargaining. The following month, the ACFTU sponsored a national-level conference on collective negotiation that was held in Zhejiang's capital city of Hangzhou.<sup>148</sup> Entitled "National Union Collective Wage Negotiation Exchange," the conference was attended by the ACFTU's number two in command, Sun Chunlan, as well as the vice-chair of the province's Party Committee. The fact that a national-level conference was held outside of Beijing is indicative of the extent to which ACFTU leadership was willing to try to elevate the experience of Zhejiang unions. In addition, collective negotiations in Zhejiang have begun to attract the attention of semi-official scholarship in China (Chen and Huang 2008; Zhu 2008), and even foreign researchers (Liu 2009).

It is clear that the state and unions were enthusiastic about the perceived success with collective bargaining in Zhejiang. But the question remains: to what extent was the official rhetoric realized in practice? In order to answer these questions, I went beyond the official statements and interviews with union and employer association leadership to talk with factory management and workers in the Rui'an eyeglass industry.

### **Non-enforcement**

During my first brief foray into the field in Rui'an, I only interviewed officials from the labor department, trade union, and the employers association. Between conversations with these officials, and the documents they provided me with, the story I pieced together was compelling in its innovativeness. Faced with instability in employment relations, the union, government, and employers came together and through negotiation and compromise, reached an agreement on wage level standards for the entire sector. It was a true win-win-win for workers, the state, and employers. But upon spending a bit more time in the field, I discovered there was just one problem: the contract was not being enforced.

My first realization that things on the ground were not as I had been led to believe came in a very awkward interaction with a manager from a small factory in Mayu Township. I had been brought to this factory by my closest contact in the eyeglass industry, Ms. Du, a human resource manager at Zhilian Eyeglasses who was also the chair of the enterprise's trade union branch. I had first met Ms. Du in a meeting with the chair of the Rui'an Eyeglass Employer Association, when I had been given an official, and overwhelmingly positive, account of the development and results of sectoral level bargaining in Rui'an's eyeglass industry. In previous conversations, she had frequently

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<sup>148</sup> April 11, 2008. "quanguo gonghui gongzi jiti xieshang gongzuo jingyan jiaoliu hui zai hang zhaokai." (National union collective wage negotiation exchange conference commences in Hangzhou). *Zhejiang ribao*.

touted the achievements of both the employer association and the union in bringing about the breakthrough of a sectoral-level wage agreement. However, when she brought me to visit the neighboring Huangwei factory (directly across the street from Zhilian), a different picture began to emerge. With Ms. Du sitting at my side, I began chatting with Huangwei's general manager Mr. Guo about the factory's operations. When I inquired about the sectoral-level collective wage agreement, he looked puzzled and asked me what I was talking about. I tried rephrasing the question, but to no avail. At this point Ms. Du interrupted and said, "He wants to know how you set your piece rates."<sup>149</sup> Finally Mr. Guo's face lit up in recognition, but his response had absolutely nothing to do with the collective agreement to which his factory was supposedly bound. In fact, Mr. Guo revealed that Huangwei doesn't use piece rates at all (as dictated by the collective agreement), but rather uses hourly rates. Fearful that I had just embarrassed my most important contact in the industry, I quickly moved to change the topic.

Mr. Guo – ignorant as he was of the wage agreement – was by no means an outlier among those in the Rui'an eyeglass industry. As I interviewed manager after manager over the next several weeks, I discovered that not only were very few employers abiding by the agreement, hardly any of them had even *heard* of it. Managers from the largest enterprises with up to 500 workers, and those from firms with only 80 employees were equally confused by my inquiries about collective wage negotiations. Even managers from Zhilian Eyeglasses (one of the two large enterprises that promoted the idea of a sectoral collective wage agreement) told me during a factory visit that their wages were higher than those of other neighboring factories, indicating that they were not abiding by any industry standards.

It will come as little surprise that workers were equally unaware of the existence of such an agreement. In my many evenings hanging out with workers at the pool tables in Mayu's industrial zone, I quickly learned that the topics of collective contracts and trade unions would elicit no response. On my first night in Mayu, I innocently enough asked a few workers from a nearby glasses factory about the collective contract. Not only were they unaware of the existence of a collective contract, they said that in their factory workers did not sign contracts at all, but rather it was based on "trust."<sup>150</sup> Some workers did know what a trade union was, but nobody had any direct experience with them.

The employers in the eyeglass industry were familiar with the concept of "trade union," but – in contrast to what I had been told by the Rui'an union officials – very few of the enterprises had established a union branch. Many employers claimed that unions were only set up in the larger enterprises, because they are more "by the books" (*zhenggui*). One manager from a small enterprise with fewer than 100 employees had this to say about a union branch: "At the moment we don't have one, we can't set it up,"<sup>151</sup> indicating that establishing a union requires resources that smaller enterprises do not have. Somewhat curiously, he then articulated a position widespread among Chinese workers and intellectuals: "In China, I'm not sure if the union has any function (*zuoyong*),"<sup>152</sup> and went on to say that unions in Europe accomplish more things. A

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<sup>149</sup> Interview, December 2009

<sup>150</sup> Field Notes, December 2009

<sup>151</sup> Interview, January 2010

<sup>152</sup> *ibid.*



manager from one of the largest firms told me in response to an inquiry about a union branch that they did not have one, but that they had set up a Party branch. When asked what the Party does in the factory, he merely laughed and said, “they can help some people,”<sup>153</sup> but nothing more. While the municipal level union officials had claimed that they used the negotiations over the collective wage agreement as an opportunity to establish more enterprise level union branches, I did not detect even a suggestion of new organizing initiatives.

As mentioned previously, there are a small number of enterprises in Rui’an that do not participate in the employers association, and therefore would not be covered by the wage agreement. However, this was not the case with the firms that I had contact with, as all of them confirmed that they were members of the employer association. This is not surprising, as I was based in the epicenter of Rui’an’s eyeglass industry, Mayu township. It was in Mayu where there were the highest levels of social capital, and where the activities of the employer association were focused. Employers’ assessments of the association varied from mild to enthusiastic support. Most commented on the association helping them to learn about new policies and new market opportunities, but nobody mentioned their role in establishing industry standards. All members had to pay dues that were adjusted based on the size of the enterprise. Thus, employers’ lack of familiarity with the collective wage agreement cannot be attributed to their non-participation in the employers association.

The lack of enforcement of sectoral wage standards was further highlighted by employers’ frequently expressed angst over one of the main problems that the agreement had originally set out to resolve: high turnover of skilled workers. Senior managers from both small and large enterprises complained about workers jumping ship. One manager from an enterprise with 110 workers described the problem as “very serious,” and “very troublesome,” but that, “there is nothing to be done... [workers] have freedom.”<sup>154</sup> As one would have expected, large employers were even more agitated about the pilfering of workers. Mr. Wu, a veteran of more than 20 years in the eyeglass industry, had worked for the two largest eyeglass manufacturers in the city, Zhilian and Huakai. Both Zhilian and Huakai generally have workforces exceeding 300, though both have at times reached above 500. Mr. Wu described in detail how these two enterprises are some of the only factories that have extensive worker training programs. Additionally, they provide workers with a base wage even in the off-season in order to retain talent, something that the small enterprises cannot afford to do. However, during the busy season, small enterprises will try to offer marginally higher piece rates to their skilled workers to lure them away. According to Mr. Wu, the first question these small enterprises will ask potential employees is, “Have you worked for Zhilian or Huakai?”<sup>155</sup> as this is a strong indication of how well-trained they are. In general, nobody claimed that the problem of jumping ship had improved in recent years (in the time since the conclusion of the collective wage agreement), with some saying that things hadn’t changed and others expressing that the situation had gotten much worse.

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<sup>153</sup> Interview, December 2009

<sup>154</sup> Interview, January 2010

<sup>155</sup> Field Notes, December 2009

Though not directly related to either union activities or the wage agreement, the labor market dynamics in Rui'an exerted a significant influence on employers' capacity to retain skilled labor. Perhaps the single most pervasive complaint from employers was not that the economic crisis had reduced the number of orders they received, but rather that they could not hire and retain enough workers. In some cases, manufacturers were unable to accept orders because production was running so far below capacity. On one factory visit, I strolled through a shopfloor on which less than half of the machines were being used. The manager that was accompanying me motioned to the machines and said, "as a manager when you look at this... it's such a waste."<sup>156</sup> Employers both large and small were distraught at their inability to recruit workers, and the industrial zone in Mayu was plastered with "help wanted ads" everywhere.

In sum, it is clear that the sectoral-level wage agreement that was so highly touted by officials from the Rui'an Federation of Trade Unions and the Eyeglass Employers Association was not being enforced. This, despite the fact that the enforcement of such an agreement could help resolve the serious problem the industry as a whole faces, namely high turnover of skilled workers and labor conflicts. Despite a strong possibility of building a cross-class alliance, and the exertion of extensive efforts among official representatives, the agreement exists on paper only. And yet, when we turn to the experiments with sectoral unions in Guangzhou, we see that the state and union's response is, *at the formal level*, very different.

### **Shortcomings of Sectoral Level Trade Unionism in Guangzhou**

As mentioned previously, union officials in Guangzhou held the activities of Zhejiang sectoral unions in high regard, and frequently expressed frustration at their own inability to achieve similar success. Guangzhou Federation of Trade Unions (GZFTU) Chairman Chen Weiguang said that the development of sectoral unions was one of the primary tasks of the GZFTU in the years going forward. Reform-minded as he is, Chen was particularly enamored of sectoral unions because they presented an opportunity to create greater independence between unions and employers.<sup>157</sup> The chair of a sectoral union would not be employed in a particular enterprise (as is the case for most primary units of the trade union), a scenario which could potentially give them greater freedom to impose demands on employers. And yet, Chairman Chen complained that the work of sectoral unions in Guangzhou was greatly constrained by the fact that they do not have a "partner," by which he meant there is no party with which they can negotiate collective contracts. One of the vice-chairs of the GZFTU was quite explicit about the problem when describing why in Guangzhou the unions were only focused on collective bargaining at the enterprise level: "our sectoral unions are not mature, and... the employer associations are not mature. They [employer associations] are even less mature! So we don't have an opponent."<sup>158</sup>

During my time in Guangzhou I was able to learn about the activities of the two sectoral unions that the GZFTU considered the most successful: the construction and

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<sup>156</sup> Field Notes, December 2009

<sup>157</sup> Field Notes, December 2008

<sup>158</sup> Field Notes, October 2009

sanitation worker unions. The construction union leadership claimed that they were the most developed sectoral union in the city, with their organizing committee officially established in October 2007. They originally set up a union only in the central Liwan district, but then expanded to cover the remaining districts in Guangzhou. With 2,000 construction sites and around 400,000 workers in the city, this was no small task. However, when asked about what specific activities they conducted, it was not clear that they were performing any sort of a representative function. The union cadres did say that they provided workers with legal assistance, and disseminated information on workers' legal rights. But the activities beyond this remain quite limited. Construction union cadres confirmed that the GZFTU had suggested they look into sectoral-level bargaining, but they admitted that no progress had been made on this front. Their explanation was that different employers had their own systems for calculating wages, and that unifying pay scales would be very difficult. Reverting to free market ideology as an explanation, one cadre argued that, "The market economy is a presupposition, so there isn't any need to intervene here [by negotiating wages]."<sup>159</sup> Even more alarming, the construction union does not even have the capacity to collect dues, but rather is fully supported by the GZFTU. Indicating the difficulties Chinese unions have faced in the process of marketization, the chair of the construction union complained, "In the past the construction sector was all state-owned. And we got the dues. But the system reformed, and it is very relaxed [i.e. unregulated] now and we can't collect the dues."<sup>160</sup>

Deregulation also created significant problems for the union's attempts to organize sanitation (*huanwei*) workers<sup>161</sup> in the city. Originally all sanitation workers in Guangzhou were directly employed by the city. However, after entry to the WTO in 2001, the government deregulated the industry and contracts were given to a variety of private companies. By 2008, there were more than 600 companies involved in sanitation work in Guangzhou, many of them owned by companies from Hong Kong, Taiwan, Malaysia, and Singapore.<sup>162</sup> With privatization came worsening conditions for many workers, and in the spring of 2008 street cleaners in one of the industrial districts of Guangzhou went on strike. Shortly thereafter, the GZFTU decided to establish a street cleaners' sectoral union, starting where the workers had gone on strike in Baiyun district. However, by December of the same year, little progress had been reported, with Chairman Chen saying that they needed the "government's strength" to organize the employers into a representative organization.<sup>163</sup> The following October, the chair of the cleaners union still had little claim to success, saying only that they had continued to expand their presence into more districts of the city. However, in the summer of 2009, several months after I left my field site in Guangzhou, it was reported in the media that the Luogang district union concluded the city's first sectoral level collective contract. The contract was reported to cover only six employers, which is less than 1% of the 600+

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<sup>159</sup> Interview, April 2009

<sup>160</sup> Interview, April 2009

<sup>161</sup> The category of "sanitation worker" is broader in China than would be the case in the American context, as it includes not just garbage collectors, but other workers involved in cleaning activities such as street sweepers, janitors, etc.

<sup>162</sup> Field Notes, December 2008

<sup>163</sup> Field Notes, December 2008

employers operating in the city. Although information remains highly incomplete since I was not able to independently verify the content of the contract, the media report did not mention anything about increases in wages or benefits, but emphasized that relevant laws and regulations would be better enforced.<sup>164</sup>

It is worth emphasizing that all of the sectoral unions in Guangzhou that were in operation or in the planning stages (e.g. restaurant and hotel unions) were in the service sector. In contrast to Zhejiang, there has not even been an attempt to establish sectoral unions in manufacturing sectors. In general, one would expect organizing sectoral agreements in manufacturing to be even more difficult than in the service sector, since service work is place-specific. Even given this seeming advantage, neither of the two most prominent sectoral unions in Guangzhou had achieved anything close to the formal success of the sectoral wage agreements that are becoming more and more common in Southeast Zhejiang.

At this point it is clear that the formation of sectoral unions is high on the agenda for the ACFTU. However, there has yet to be a critical analysis into the following questions: *Why* have Zhejiang unions been more successful than others (notably those in Guangdong) at reaching sectoral-level wage agreements? What do the particularities about the Zhejiang case imply for sectoral level bargaining in other regions in China? Why were union and state alike unable to enforce the sectoral agreements that they worked so hard to produce? And finally, has collective negotiation significantly decommodified or incorporated labor in any of the industries in which it is prevalent? It is these questions to which we will now turn.

### **Oligarchic Decommodification?**

As compared to other regions of China, the volume of worker protest has been particularly pronounced in Zhejiang, Guangdong, and other economically dynamic regions where manufacturing industries employ huge numbers of migrant workers. Both at the local and national levels of the state, social instability has become a major concern. In response to this, Hu Jintao's "harmonious society" platform is simultaneously: 1) An official recognition of the fact that Chinese society is actually not at all harmonious; and 2) An attempt at establishing submission and consent to the re-aligned relations of class domination which have emerged in the process of marketization. While the central state is more concerned with maintenance of social order, local governments are anxious that worker insurgency may affect capital accumulation and the "investment environment." Thus, as disorganized, sporadic, and apparently apolitical as worker unrest has been in China, this decentralized social movement has already pushed the state to make significant political adjustments. Because of the peculiar nature of appropriated representation, insurgent worker energy creates strength at higher levels of the union which can be translated into administrative power; thus, labor appears strong. But because workers in any given workplace remain atomized, the administrative success of higher levels of the union is frequently undermined; here, labor is quite weak. This dynamic has been apparent enough in the cases at hand.

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<sup>164</sup> July 21, 2009. "*huanwei gongren qian jiti hetong hushen.*" [sanitation workers sign collective contract for protection] *Yangcheng Wanbao*.

And yet, we have seen that even the administrative strength of unions vis-à-vis employers varies according to region. Explaining *why* union and state responses have been different in Zhejiang and Guangdong is the purpose of this chapter.

As brief review, both Zhejiang and Guangdong have experienced similar levels of worker insurgency but have had different capacity to address this crisis. Since there have been no systematic studies of labor protest in Zhejiang it is difficult to know if the character of this unrest differs significantly. However, as far as government and union officials' *perception* of the unrest is concerned, there is no significant variation between the two regions. In both places there is a general sense of "chaos" (*luan*), "unstable labor relations" (*laozi guanxi bu wending*), and lots of conflicts (*jiufen*). Union officials in both places also understand this is a problem which must be resolved, and that it is their task to promote the development of "harmonious labor relations." While I would not go so far as to claim that Zhejiang's labor relations are more stable *in general*, the cases of the sectoral unions are an indication that Zhejiang has had some formal success that has been elusive in Guangdong. In particular, trade unions in Zhejiang have been more successful at setting up sectoral level unions and concluding sectoral level wage agreements. While Guangdong unions remained reactive to worker protest, Zhejiang unions managed, in at least a few cases, to establish at least the formal appearance of a more stable form of labor relations.

My explanation for why sectoral level wage negotiation has been possible in Zhejiang but not in Guangdong is straightforward: it is because of the two region's distinct models of development and composition of capital investment. Additional but subsidiary factors are the existence of representative employer associations, high levels of social capital, and the geographic density of enterprises in a particular sector that can be found in both Rui'an and Wenling. I have gone to lengths in this chapter to demonstrate that Zhejiang, and in particular the three southeast municipalities of Wenzhou, Jinhua, and Taizhou have been largely dependent on indigenous entrepreneurs in their process of development. While the local state's degree of "autonomy" is up for debate, the local character of capital allows for it to be highly embedded (Evans 1995). In addition, the high level of social capital amongst capitalists has provided the union with a representative bargaining partner in the form of local employer associations. Given the high density of a particular industry in a very small geographic region, township-level governments are highly dependent on the sustainable development of the given industry in order to maintain their tax base, while the highly diversified economy of the Pearl River Delta stands in stark contrast. The combination of these various factors meant that the local state had both an interest, and a capacity, to work towards an administrative resolution to instability in labor relations.

Thus, because of the character of the Zhejiangese political economy, we appear to have the possibility of "oligarchic decommodification" as represented by the top-down imposed sectoral-level wage agreements. In these cases, the trade union continues to respond to the demands of the state – even if the state is simply expressing the interests of capital. The state is interested in such a project because of the relative immobility of local capital, and because it is in the interests of a relatively large segment of employers. Additionally, it is "oligarchic" in the sense that such a program does not involve consultation with, or participation of workers. Membership was never asked if they thought the sectoral agreements were a good idea, nor was there any attempt to build

relatively autonomous working class power. To return to my original conceptual framework, the development of sectoral agreements was oligarchic in both ends formulation and in the means employed to pursue these ends.

Oligarchic decommodification is appealing to the central government as it represents a possible method for reducing social instability and enhancing accumulation without actually giving dominated social groups the ability to exercise collective power. Wen Jiabao's enthusiastic support for Wenling is a strong indication that this model is in fact quite alluring to high-level authorities. Of course, given the non-enforcement of the agreement in Rui'an there are questions as to the extent that decommodification has actually been realized in practice, an issue which we will address in a moment.

But before getting involved in an analysis of outcomes, we can see that based on the political economy of Guangdong (as represented by its capital Guangzhou), there are severe structural impediments to even *attempting* oligarchic decommodification. In line with Atul Kohli's argument about the difficulty of directing foreign capital towards national goals (2004:382), in Guangdong trade unions are completely incapable of establishing *any* standards at the sectoral level. The sectoral agreement eventually signed in Luogang district only covers six employers out of more than 600, and appears not to specify wage levels (to say nothing of other benefits, workplace rules, etc.) Capital in the Pearl River Delta is cosmopolitan and footloose, and is not organized into the type of representative organizations that exist in Zhejiang. These investors have no social bonds or sense of obligation to the locality, and are always willing to threaten capital flight when the state tries to increase worker protections. While such enterprises do encounter the same issues with labor conflict that we see in Zhejiang, a pro-union strategy is not something that they have pursued, in large part because of the difficulty in organizing foreign capital. Even if rationalization of employment relations were something that made sense to some large employers, it would be very difficult for them to impose sector-wide standards on smaller employers. The inability of the state/union in Guangdong to discipline transnational capital has negative implications not only for the politics of decommodification, but also for future growth potentials (Chibber 2003).

There are important consequences of this dynamic when one considers the applicability of the Zhejiang experience to other regions in China. The question of applicability is significant as Wen Jiabao and ACFTU leaders have specifically called for national promotion of the Wenling experience. Union leadership is particularly keen to promote these cases because they "prove" that it is possible to reduce conflict through administrative processes, rather than directly engaging with and mobilizing membership. But given the relative peculiarity of the model of development of southeast Zhejiang, the ability of unions in other areas to follow in their steps is questionable. Indeed, when one union official from Guangzhou was asked about applicability of Zhejiangese union activities to his work, he responded, "If they have some experiences, I will study it. But I won't accept it just because Hu [Jintao] likes it."<sup>165</sup> In addition to the fact that nearly all of the businesses in the Rui'an and Wenling cases are locally owned, they also had the advantage of having a high concentration of small enterprises in a very compact geographical area. This meant that local government had a strong incentive to focus on the development of one particular industry, as much of their tax revenue depended on the

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<sup>165</sup> Field Notes, December 2008.

industry's success. Such conditions do not hold in cities in the Pearl River Delta, adding yet another obstacle to establishing sectoral-level wage negotiations. The implication is that without the unique combination of economic and political conditions that exist in southeast Zhejiang, it will be very difficult for trade unions in the manufacturing sector in other parts of China to emulate the sectoral-level wage agreements found in places like Rui'an and Wenling.<sup>166</sup>

The question remains, however, as to what extent the Wenling and Rui'an cases count as "successes." Specifically, to what extent were decommodification and/or incorporation of labor realized? At this point it is clear that these cases have not produced meaningful advances in either workplace security or social protection. There are no greater job protections, no improvement in benefits such as pensions, health insurance, housing allowances, etc., and no wage scales or seniority. The Rui'an contract even specifies that employers have the right to unilaterally violate the contract (and the law): delaying wage payments is deemed permissible granted that the employer is suffering "difficulty" (which is not defined) and that they "consult" the union. The union retains no legal right to reject delayed wage payments. Additionally, there is no mechanism for resolving disputes over interpretation of the contract prior to filing with the labor department. The one possible exception is that there have been reports that wages for many workers in Wenling have increased somewhat substantially since the implementation of the sectoral wage agreement (though this may very well be due to a tightening of the labor market rather than union intervention). The area in which some tentative progress could theoretically exist, counter-intuitive as it may be, is in "labor process control." Whereas previously, piece-rates in the Rui'an eyeglass and Wenling wool industries were determined according to market principles, the establishment of sectoral wage agreements submitted the determination of the price of labor power to coordinated and conscious human action. True, this "conscious human action" ultimately was very undemocratic and took little account of the interests of workers themselves. But from a formal standpoint, the process of negotiation by which piece-rates were determined implies a rejection of complete submission of the satisfaction of worker needs to the logic of the market.

However, when we move beyond an analysis of formal outcomes to interrogate the substantive consequences of divergences in institutional responses between Zhejiang and Guangdong unions, we see that in neither province was labor *actually* decommodified. The sectoral wage agreement in Rui'an's eyeglass industry is not being enforced, and therefore has failed to alter the methods by which the price of labor is determined. The rise and fall of wages in the industry are still determined by the dictates of the free market, and coordinated and conscious human action does not play a role. Despite the efforts of officials from the trade union, government, and employer

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<sup>166</sup> It is, however, more likely that sectoral unions will have more success in the place-specific service industry. As just one example, a food and beverage union in Wuhan bargained a collective contract covering 450,000 workers in early 2011. See, May 3, 2011. "Wuhan 45 wan canyin congyezhe tanpan shixian zuidi gongzi shangfu 30%." [450,000 food and beverage workers in Wuhan collectively bargain a 30% increase in base wage] *Guangzhou Ribao*.

association, the pricing of labor in Rui'an's eyeglass industry is just as described by the Guangzhou construction union cadre where "the market economy is the presupposition."

Why is it that the attempt at oligarchic decommodification failed? The first major factor is, ironically, the very thing that made the institutional breakthrough possible in the first place, namely reliance on state support. The union was quite happy about the outcomes from Rui'an and Wenling because they were able to win a contract by relying entirely on the symbolic and administrative power of the state. As is well-known, the union is categorically opposed to mobilization of its own membership, a precondition that becomes incredibly troublesome when trying to combat the increasing power of capital in society. Without this resource, the union officials that do take their job as worker representatives seriously are frequently frustrated by their lack of power, since they find it nearly impossible to make any demands against the objections of management. As one GZFTU staff member said, "we [the union] lack means to put pressure on the bosses. If we say to the boss, 'sign, sign, sign the contract!' and he refuses there's nothing we can do."<sup>167</sup> With an impotent union at the point of production, it is only through state support that victories can be secured. In an environment where the local state is by and large concerned with short-term accumulation, there is a natural tendency for a state-capital alliance, a phenomenon which clearly bodes poorly for decommodification. What was unique in Wenling and Rui'an is that the interests of a significant segment of capital happened to overlap with those of the state in bringing about rationalization, an epiphenomenon of which could have been a modicum of decommodification. Thus, the union, working at the behest of state and capital (rather than the specifically articulated demands of membership), was able to play a key institutional role in bringing about the sectoral agreement.

Why is it that the thing which made this development possible (i.e. state support) also a weakness? Well, as has been argued extensively, the state at the local level is strongly beholden to capital, and is rarely capable of genuine autonomy. In fact, the reason the state supported the formation of sectoral unions in these cases was because worker insurgency was making life too difficult for capital, and something had to be done. In essence, the union (backed by state power) was the means by which labor and capital's essentially coincidental interest in rationalization was brought about. The implication is that, in situations when decommodification is *not* in the interest of a significant portion of capitalists within a given sector, that state support for the union will evaporate (and there is a huge amount of evidence to support this claim). The state is an unstable ally for the union; with workers continually atomized, the sustainability of sectoral level wage agreements will be completely dependent on the state. As the chairman of the Wenling Wool Knitwear Union said to a visiting German delegation: "We can't be like you and just go on strike. We depend on the support of the Party and government."<sup>168</sup>

Thus, the primary reason that the contract in Rui'an was not enforced was because of a crisis of representation in both the union and employer association – i.e. failure to incorporate labor. Claims of representation are often tenuous and subject to challenge;

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<sup>167</sup> Field Notes, December 2008

<sup>168</sup> September 22, 2008. "wenling gongzi xieshang jieya laozi maodun." (Wenling wage negotiations relieve pressure from labor-capital conflicts). *Minzhu yu fazhi shibao*.



this is one of the central problematics of politics. But just as we have seen was the case in Guangdong, the Rui'an eyeglass union's claim to represent and negotiate on behalf of that sector's workers was an act that was indifferent to membership recognition. To refer to eyeglass workers in Rui'an as "members" is even a bit of an overstatement, as they did not pay dues, were not aware of the fact that they were members, and were completely unaware of the fact that representatives were acting on their behalf. The union *did* exert quite a lot of effort in negotiating the contract, but this performance was directed at other government agencies, the employers association, and high levels of the trade union, *not* towards their supposed membership. The unsurprising consequence is that workers have not even gotten to the stage where they can be upset with the fact that their union has negotiated a bad contract for them since they don't know it exists (this would be an improvement, as it could then incite a struggle between represented and representers). In short, we can see that how inseparable the political and economic features of the institutional moment are; without incorporation of labor, decommodification can be extremely difficult to secure, even if it has the support of the state and a segment of capital.

The crisis of legitimacy within the Rui'an Eyeglass Employers Association is somewhat more puzzling. Members in this association pay dues, are aware of the association's activities, and are generally quite supportive of these activities. Every employer I came into contact with in Rui'an was a member of the association, and they frequently had their membership certificates prominently displayed in the factory offices. And yet, these employers were unaware of the collective wage agreement to which they were theoretically bound. From the perspective of the association chair, the successful negotiation of this contract was one of the, if not *the*, most important project they undertook in the past few years. And yet, it was not that employers were consciously violating the terms of the contract because they felt it did not suit them. Rather, they were just like the workers in that they were – with a few exceptions – unaware of its existence.

While the challenges for the union in gaining recognition are severe, what can explain such a failure of legitimacy in the employers association? Though any answer must remain provisional given the lack of transparency in official maneuverings in the Chinese polity, it would seem that the explanation could be found through an analysis of the power dynamics within the association as well as its relationship to the state. First of all, it would not be surprising to learn that the Rui'an Eyeglass Employers Association lacked the institutional muscle to force all of their members to abide by a wage agreement that seriously harmed their bottom line. The attempt to impose sector-wide wage standards clearly plays to the advantage of large employers who have invested significantly in worker training programs and enjoy a better economy of scale. Some coercive power would be required to convince smaller employers to abide by such an agreement. But if such coercive power did not exist, then why would the employer association go to such lengths to negotiate an agreement they knew would not be enforced? It would appear that the motivation would come from the promise of some symbolic profits in the eyes of the state. While the conclusion of such an agreement is more clearly beneficial to the trade union (in the sense that it will please their superiors) there are also potential advantages for the employer association. Always mindful of trying to promote "scientific development," and "harmonious society," the employer association may be eager to demonstrate to the state that they are willing to make

compromises with the union in order to reduce labor conflicts. While this did not actually happen in practice, the conclusion of a formal agreement gives them something concrete they can show to concerned government officials who will likely see it as something of an accomplishment. Given that few agents of the state have the time or the inclination to independently verify on-the-ground outcomes, the formal appearance of activity is likely sufficient to win accolades. Such a positive review from the state (which has certainly been the case for the Rui'an municipal government) can pay numerable dividends down the line.

While my fieldwork was focused on the Rui'an eyeglasses union, it is likely that the same conditions hold in Wenling. Despite the huge amount of national attention focused on the city's wool industry, employers and union officials alike expressed deep anxiety about the enforceability of the wage agreement. As one boss in Wenling worried, "We signed a trade-wide wage standard, we must respect it; but these worker representatives were all appointed by the government and enterprises, will they be able to represent the aspirations of all the workers? If other workers do not respect the standard and continue to demand a wage increase what can be done?"<sup>169</sup> The chairman of the Wenling Wool Knitwear Employers Association expressed nearly identical concerns: "I can unite everyone to go and control those employers that do not follow the wage agreement. But who can guarantee that workers will follow the agreement and won't go on strike again?"<sup>170</sup> These comments reveal that employers understand the lack of legitimacy the union has with workers. Interestingly, a trade union official from the Taizhou Federation of Trade Unions (the body immediately superior to that of the Wenling Federation of Trade Unions) expressed the mirror image of this concern: "The sectoral union represents workers in concluding the wage agreement with the enterprise. But what happens if the boss ignores it? There are no specific measures, and no legal protection, we just have to rely on the good will of the employer."<sup>171</sup> So, while employers are concerned that workers will not respect the contract because of the union's lack of legitimacy, union officials fear that employers will violate the agreement because there is no check on their power.

What then, are the consequences for theory? At first glance, it appeared as if oligarchy and the countermovement did not stand in stark opposition to each other, but rather that a degree of decommodification could be oligarchically administered by state and trade union if worker resistance was exacting a high enough cost on capital accumulation. The sectoral-level collective wage agreements reached in both Wenling and Rui'an indicate a small degree of "labor process control" on the part of the unions,

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<sup>169</sup> January 25, 2008. "How bosses and workers can become 'one big happy family': a report on an inquiry into the introduction of collective wage consultation in Wenling City, Zhejiang." *Chinese Labor and Social Security News*. (translated by China Labor News Translations)

<sup>170</sup> May 1, 2008. "wenling hangye gongzi jiti xieshang zhisu – yige laowu guanxi xin jumian de kaichuang"[The Wenling Sectoral Collective Wage Negotiation System – The Start of a New Phase in Labor Relations.] *guan cha yu sikao*.

<sup>171</sup> September 22, 2008. "wenling gongzi xieshang jieya laozi maodun." (Wenling wage negotiations relieve pressure from labor-capital conflicts). *Minzhu yu fazhi shibao*.

even if such control is exercised in a non-democratic manner. After my first trip to Rui'an, it seemed as if, given the unique characteristics of Southeast Zhejiangese political economy, oligarchic decommodification could be a reality.

However, on deeper investigation, it is clear that neither decommodification nor incorporation of labor have been realized in the Rui'an eyeglass industry, and there is a good chance that Wenling is the same. Just as I had predicted from the outset, the emergence of the institutional moment was once again confounded by the problem of oligarchy. Trade unions in Rui'an are, similar to their counterparts in other parts of the country, either unwilling or unable to involve membership in contractual negotiations, or any other features of political life that impact employment relations. Workers remain unaware of the actions that are taking place in their name, and so they have no allegiance to (or cognizance of) contracts to which they theoretically are party. Unions failed to incorporate workers, which then undermined their attempts at decommodification. As we have seen previously, labor is strong enough to win formal concessions, but not strong enough to enforce those concessions. While the focus of this study is trade unions, a crisis of representation within the employers association only added to the difficulties.

Why then, if the outcome with regards to the institutional moment is essentially the same as in Guangdong, is this research of note? First of all, one of my overarching concerns relates to the relationship between the insurgent and institutional moments of the countermovement, or in general terms, assessing the outcomes of disorganized worker movements. Even if labor remains similarly commodified and unincorporated in both regions, the institutional response of the union is quite different in Zhejiang than it is in Guangdong. Different models of development have generated distinct possibilities for labor politics, the result of which is that unions in Zhejiang have the capacity to negotiate collective wage agreements at the sectoral level, something that has by and large not happened in Guangdong. In Zhejiang we can see, in embryonic form, the emergence of the institutional moment of the countermovement. The union was pushed by the state (and a certain segment of capital) to do something about instability in employment relations, the outcome of which was the conclusion of sectoral wage agreements. On a strictly formal level, labor *was* decommodified in these cases, and in this sense we have a strong divergence from what has happened in Guangdong. It is of course significant that on a *substantive* level the outcomes are the same, a fact that speaks volumes about the structural deficiencies of trade unions in China and reveals the importance of incorporation. And yet, in both Rui'an and Wenling we see that even a highly oligarchic union that is almost completely severed from the lives of its members is groping about for an institutional response to the chaos engendered by a free labor market. Additionally, the structures and modes of negotiation that were established by the sectoral agreements in Zhejiang hold the *potential* for increased decommodification and rationalization, while Guangdong unions are mired in trying to resolve labor conflicts after the fact. That Zhejiangese unions developed the form of an institutional response is incredibly noteworthy.

The final reason that an analysis of trade union activity in Southeast Zhejiang is significant is because of the high esteem afforded to them by higher levels of the trade union and the government. The attention showered on Wenling in particular is an indication that the state has high hopes for oligarchic decommodification-style labor politics. While their concerns and responses vary, different levels of the state are all

concerned about worker unrest, and are currently searching for various methods of dealing with the problem. However, the key precondition is that workers themselves do not attain any organized and autonomous power. The consequence is that the state (and the union) insist that there is always a legislative response to social problems. The enactment of the Labor Contract Law in 2008 as well as the sectoral agreements in Zhejiang should be seen as just such responses. However, the crisis of representation that derailed the implementation of the wage agreement in Rui'an should come as a warning shot to the state: the state's goals of keeping the working class deeply cellularized while restoring order to employment relations may end up in contradiction with each other.

## **Chapter 6**

### **Worker Insurgency and the Evolving Political Economy of The Pearl River Delta**

In previous chapters, we have seen how the union's responses to worker resistance have encountered severe challenges in realizing decommodification or the re-alignment in power relations at the point of production necessary to politically incorporate migrant workers. Each case has revealed the state and union's deep-seated fear of social instability – a fear so profound that they would rather have laws go unenforced than devolve organizational capacity to workers. Even when higher levels of the state are interested in promoting decommodification in the service of rationalizing production, these efforts have been confounded by the non-enforcement of laws and contracts within the enterprise. This has been made evident in cases where sympathetic elites first provide a degree of support to workers but then backtrack due to a fear of workers beginning to formulate political demands. In Zhejiang, we have seen instances

where intermediate bodies of the union exert great effort in establishing the form, but not the substance, of top-down, rationalized, and decommodifying collective contracts. However, the strong alliance between state and capital at the local level has left managers with incredibly high levels of autonomy, the result of which has been continual non-enforcement of laws and contracts, poor working conditions, and high levels of commodification and resistance among migrant workers. Paradoxically, the one way out of this conundrum – the emergence of an organized countervailing force at the point of production – is categorically opposed by all levels of the state and union. This paradox is what I have termed “insurgency trap.”

But by the spring of 2010 it became clear that not all incidents of worker insurgency are treated equally. In this chapter I will compare two strikes which in many ways are similar – the little known Otis elevator strike and the famous Nanhai Honda strike – but which produced very different outcomes. In the Otis case we see insurgent workers resisting commodification, encountering inaction and passive repression from the union, and ultimately failing to win any victories. In this case, we see that union oligarchy has caused the countermovement to stall at the insurgent moment. In the Honda case, on the other hand, the strikers were able to “boomerang” (Keck and Sikkink 1998) around repressive local authorities to win the support of the provincial and central state, which then opened up the space for better organization and greater militancy. As a strike wave engulfed the entire foreign-owned auto industry in China, the capacity for the local state and union organizations to maintain low-cost and highly repressed labor – already challenged by the myriad daily labor conflicts around the country – began to crumble. Significantly, the position of the higher levels of the state had evolved between late 2007 and 2010, affecting both the process and outcome of the strikes. The Honda strike dissolved the ideological image of a unified state edifice, as the central and provincial government showed relative tolerance towards the workers while the local state resorted to coercion in a failed attempt to bring the deadlock to a close. The 2010 strike wave marked an important turning point in the history of the Chinese labor movement, and in the trajectory of the nation’s political economy more broadly.

My main argument in this chapter is as follows. The transition from the insurgent to institutional moment of countermovements can – particularly in non-democratic states – only be accomplished with the accumulation of countless, often relatively anonymous instances of class struggle. As we can see in China, it is not until the unstable equilibrium has been severely upended that the capitalist state, or at least significant segments of it, will be ready for compromise. For years, a strong alliance between capital and the lowest levels of the Chinese state resulted in strikes being dealt with either through police repression or through an ad-hoc system of mediation by union and government officials which was focused almost exclusively on resuming production, regardless of the outcome for workers. But by 2010, the Chinese central government and Guangdong provincial authorities were not only ready to seek a new model of accumulation in the Pearl River Delta, but were willing to (indirectly) ally with insurgent workers in attempting to realize this goal. Just such an alliance, conditional and ephemeral as it may have been, emerged in the course of the Nanhai Honda strike, which in turn allowed the strikers to win economic demands and to begin to develop political goals. In large part because of this small political opening, the character of protest in the 2010 strike wave displayed some unusual (if not unprecedented) tendencies, most significantly that demands were

offensive rather than defensive in nature. By comparing the strikes at Otis and Nanhai Honda, we can see that the position of the provincial and central authorities shifted in the intervening two and a half years, even if the lowest level of the state remained committed to low-cost labor. However, even if Honda employees won economic gains that eluded the Otis strikers, we see that all levels of the state and union remain vigilant about the development of autonomous bases of worker power. Although economic gains were made in the 2010 strike wave, worker disillusionment with unions from the enterprise level on up persists, and the state's exit from insurgency trap remains murky.

### **The Countermovement in China**

To briefly review, I originally posited that countermovements as originally conceived of by Polanyi are too mechanistic, and that he fails to account for the complex relationship between anti-commodification social struggles and the consequences for state action. Subsequent theorists have tended to conceive of the double movement primarily either as resistance pure and simple (Chin and Mittelman 1997), or as represented by state policy. By pointing to expanded social spending in China since the beginning of the 21<sup>st</sup> century, Wang Shaoguang (2008) falls into the latter category. With little discussion as to *why* such spending has increased, how/if it has been distributed, or what the implications are for decommodification, Wang has implied that the double movement has already been realized in China. But in this work we see a conflation of social rejection of commodification and actual decommodification. Because in China there is hardly any space in which workers can develop autonomous power to counter the hegemony of market and state (Burawoy 2003), worker rejection of commodification is confined to cellular activism (Lee 2007) which has yet to cohere into the type of political force that can articulate specific political demands.<sup>172</sup> In Wang's view, we are led to believe that simply because there were some negative consequences of marketization, the state decided to initiate the double movement. Society, or in this case cellular resistance, and the deeply entrenched interests of state and capital are eliminated from the formula, i.e. the political aspect of the countermovement is obliterated in the analysis. Thus we are left with no explanation for why the state (and which levels of the state) might or might not initiate reform, aside from the fact that it is *necessary*.

In the existing literature, it is clear that the new Chinese working class has been engaged in frequent acts of resistance against the incursion of the market (Chan 2010; Chan and Pun 2009; Lee 2007; Pun, Chan, and Chan 2009; Pun and Lu 2010). I have shown that higher levels of the state are sometimes supportive of anti-commodification struggles, particularly when they threaten rationalized accumulation, and that they are keen to integrate workers into regularized and legal modes of contention. And yet, even when pro-worker legislation is adopted at the national or regional level, actual implementation is frequently confounded by vaguely worded laws (Cooney 2006) and the

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<sup>172</sup> My perspective is quite different from that of Teresa Wright who contends that various social groups in China "accept" authoritarianism (2010). Although Wright acknowledges that this acceptance is perhaps most tenuous among migrant workers, I would counter that the lack of a well-articulated political opposition is due not to acceptance of the status quo but rather results from the continual threat of repression.

alliance between the local state and capital. Commodification on a national scale produces new interests and new power arrangements in society. When certain segments of society (and possibly the state) revolt against further commodification, they must struggle to realize these goals; decommodification severely impacts the interests of capital and various levels of the state, and so is not easily won. As a result, it is of incredible importance to analyze specific cases of worker insurgency and the response of state and union to see the dialectic between resistance and institutionalization in action. Additionally, while national level policies on increasing social spending are worth noting (particularly because they indicate a segment of the state is interested in class compromise), they cannot be accepted at face value as large swaths of migrant workers have been excluded from the potential benefits (Frazier 2010).

Owing to this, I have argued that in the early stages of capitalist development, countermovements against the market must be broken down into two constituent moments: the “insurgent moment” when workers and others negatively affected by marketization rebel and engage in non-regularized forms of contention; and the “institutional moment” when decommodification of labor comes to be institutionalized at the social level and the working class is politically incorporated by the state. The central argument up until now has been that persistent oligarchy within the ACFTU – workers’ only legal representative – has caused the countermovement in China to stall at the insurgent moment (i.e. fall into an insurgency trap). Until we descend to the shopfloor to see how and why workers organize strikes, and what the concrete responses of union officials are when such an event happens, we cannot fully understand the relationship between the insurgent and the institutional moments of the countermovement.

Particularly in a country as vast in size as China, it is important to understand how insurgent workers interact with various levels of the Chinese state. Kevin O’Brien and Lianjiang Li developed the influential concept of “rightful resistance” (1996; 2006) to describe how protestors use the language and concepts of the state in attempting to circumvent local officials in attracting attention from higher ups. Ching Kwan Lee has discovered the political economy undergirding similar forms of resistance among workers, in what she terms “decentralized legal authoritarianism.” This allows us to see that the ideological image of a benevolent central authority counter-posed to corrupt and rapacious local officials is produced through a specific economic and political arrangement – one which not coincidentally allows for a more stable form of domination. And Yongshun Cai has argued that one of the key determinants in protestors getting their grievances addressed is whether or not they cause enough of a disturbance so that higher level officials (especially the central government) cannot maintain the illusion of ignorance (2010). I concur with these scholars that the lowest levels of the state often appear to be, and in fact are, aligned with powerful interests against workers, and that higher levels of the state (especially the central government, but sometimes the provincial or even municipal authorities) are more likely to be sympathetic. But as we will see in this chapter, there is an ongoing dialogue between the central authorities and insurgent workers. During the first thirty years of China’s transition to capitalism, increasing iterative flashes of worker insurgency have not merely dissipated into the ether. Rather, in a complex and highly mediated process, residual particles of insurgency have settled on the political field, eventually re-making the landscape and changing the attitudes of the state towards wildcat strikes. Gaining the attention of the central government through

social/economic disruption is helpful not just in resolving a particular case (as argued by Cai), but has ongoing consequences for contours of resistance itself. This dynamic will be clearly illustrated in the following empirical account.

The Otis and Honda cases make for a good comparison. Both are capital-intensive wholly foreign-owned operations, with Otis located in Guangzhou and Nanhai Honda less than 25 miles away in the adjoining municipality of Foshan. Production in both factories requires skilled labor, and most workers are graduates of technical schools. Workers enjoy somewhat better working conditions than in most labor-intensive industries in the Pearl River Delta and other export-oriented regions. And Honda and Otis alike employ the labor force dualism so prevalent in capital-intensive industries in China (Zhang 2008), in which a large segment of employees are hired with fewer job protections, lower wages, and worse benefits than the regular workers (Yu 2009). And yet, we will see that different organizational capacity and labor market dynamics, as well as different overall political conditions forced the union to adopt varying responses to the respective strikes. Additionally, we will see that various levels of the union had very different responses to each strike.

### **Commodification, resistance... and more commodification**

I first heard about the Otis Elevator factory from Guangzhou Federation of Trade Unions (GZFTU) chair Chen Weiguang during an official visit he made to the U.S. As is the case with most trade union leaders from China, Chen is aware that many foreign labor activists take a rather dim view of the ACFTU and its subordinate unions. Thus, Chen was eager to demonstrate the efficaciousness, and perhaps potential advantages, of the Chinese model of trade unionism. In pursuit of such an end, he brought up the case of the Otis Elevator factory several times on his trip in the U.S. in the spring of 2008. Nearly a year and a half later, in October 2009, another GZFTU delegation came to the U.S., this time headed by vice-chair Zheng Yiyao. Zheng repeated the story of Otis Elevator to a group of labor scholars and activists at UCLA,<sup>173</sup> indicating that it was still considered a prime example of union efficacy.

The story as Chen and Zheng related it went like this: Otis Elevator is an American owned company, which has a production site in the Baiyun district of Guangzhou. In the late fall of 2007 the company announced to workers that they would be switching from an hourly-rate system to a piece-rate system in order to increase productivity. They announced how much workers were going to be paid per-piece and demanded that all employees sign a letter of intent that indicated their acceptance of this change in factory rules. Workers were quite upset with this because, according to their calculations, their salaries would be dramatically reduced by such a change in wage system. They tried to get assistance from their enterprise-level union chair, but he was ultimately unresponsive.<sup>174</sup> Feeling that they had no choice, the workers went on strike to demand that the hourly-rate system remain in place. After the strike occurred, the GZFTU got involved to mediate. Union leadership met with workers and with managers,

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<sup>173</sup> Field Notes, October 2009

<sup>174</sup> The fact that Chen was willing to publicly admit that the enterprise level chair did nothing is noteworthy and unusual for Chinese union leaders.



and eventually reached a resolution. Although the piece-rate system was to be implemented, the union successfully negotiated an increase in the piece-rates. Several months after the strike, productivity was up, workers' wages were up, and everyone was satisfied. It was a "win-win" outcome, and it revealed that Chinese unions were capable of defending workers' interests without being antagonistic towards management.

Chen told this story because he thought it was a good demonstration of the fact that Chinese unions are quite capable of promoting worker interests. In reality, not only was the union completely incapable of realizing any decommodification, their negotiated resolution was unable to prevent further outbreaks of worker insurgency. The actual events of this case reveal the immense challenge Chinese unions will face if they are to significantly decommodify labor without challenging the interests of state or capital.

First of all, it is not at all insignificant that the Otis Elevator story was widely covered by the Guangzhou press. The GZFTU did not get involved until *after* the story began gaining a lot of public attention. An unfortunate but common phenomenon is that the trade union (and other government agencies) refuse to address mounting social conflicts until they pose a real threat to their image. Time and time again, the union hopes that conflicts can be glossed over and that they will just go away. Workers understand this logic of the state as is reflected in the clichéd phrase, "create a big disturbance, get a big resolution, create a small disturbance, get a small resolution, create no disturbance, get no resolution." Otis Elevator employees had tried to resolve their grievance by approaching their enterprise level trade union chair, and some workers reported trying to get assistance from the labor bureau. But it was not until they went on strike and received widespread coverage in the media that the municipal level union decided to intervene. This consistently reactive stance of the union is in line with general practice.

While Chen's account was more or less accurate in describing the events up to the final resolution, it is still important to fill in some additional details. Tensions in the factory began building up in mid-December when the company first announced the switch to a piece-rate system. Workers were quite angry about the announced switch, since according to their calculations, their salary would be decreased by 60%, and they would be forced to do more overtime. On December 18<sup>th</sup>, 128 of the workers went on strike, completely shutting down operations at the entire production facility. Two days later, the company sent a "gentle reminder" saying that anyone who refused to sign a letter of intent accepting the piece-rate system by the following day (December 21<sup>st</sup>) would have their contract terminated at the end of the month.

Unbeknownst to the workers, enterprise level trade union chair Cheng Weiji had already discussed the new piece-rate system with management and claimed to have expressed the interests of the workers. In order to further grasp the farcical nature of Cheng's discussion with management, it is worth quoting at length a section of a newspaper article which appeared on December 21<sup>st</sup>:

Yesterday around 1p.m. this reporter was finally able to see the chairman of Otis Elevator Company, Mr. Cheng Weiji. It was surprising to find that every one of his statements came under fierce attack from the 128 workers at the scene of the incident.

Cheng Weiji said, "Today we convened a staff and workers congress. Workers were present."

"This didn't happen," said the workers.

Cheng Weiji said, "The union contacted the representatives that you all selected to discuss the piece-rate issue."

“No, who are you saying participated?” the workers said.

Cheng Weiji said, “The night before last, the union held a meeting to discuss this issue. We informed all of the workers that there is going to be a negotiation conference today at 1:30.”

“We didn’t receive any notification,” the workers said.

Cheng Weiji said, “Just because you didn’t receive the notification does not mean that it wasn’t sent. We sent it out by email.”

“We don’t even have computers, how can we receive something by email?” responded the workers.

In an interview with this reporter, Cheng Weiji said that the union had discussed the matter of the piece-rate system with Otis Elevator Company two times, and that they convened a union representative congress. The union representatives transmitted the spirit of the congress to the employees. This reporter inquired what the union was prepared to do if the company terminated the contract of employees, some of which have been at the company for 10 or more years, if they refused to sign an agreement on accepting the piece rate system. Cheng Weiji said that he is not an administrator, so it wouldn’t be appropriate for him to give a response.<sup>175</sup>

Clearly, the enterprise level union was not up to the task of resolving the impasse, as their representation was formalistic at best. At this point the GZFTU and the Electrical and Machine Industrial Union dispatched officers to Otis Elevator Company to do an investigation. As a symbolic indication of the gravity of the event, the ACFTU sent someone from Beijing to attend the investigation. The goal of the investigation was to determine if the company had gone through the appropriate legal procedures for implementing the new system, to determine if workers’ legal rights were being protected, and to decide if the enterprise level union chair had fulfilled his appropriate duties. At the same time, the union began its own evaluation of the proposed changes, with the intent of coming up with an alternative piece-rate system. Chairman Chen, legal experts, and other trade union leaders planned to personally visit the company the following week to engage in negotiations.

The labor bureau also jumped into the fray. Though initially giving cautious warning to the company that their approach could violate labor laws, they quickly did an about face. Chief of the Baiyun District Labor and Social Security Bureau Xie Xijian was quoted in the newspaper as saying, “the enterprise has sovereignty over the determination of labor contracts. As long as it is above the minimum wages for the province and the city, the labor bureau cannot intervene.”<sup>176</sup> Since the bureau understood that a reduction of wages to levels below that of the legally mandated minimum was not under discussion, this comment was equivalent to removing the government from adjudication of the issue. Management’s confidence in the support of the government was evident when they said that if they were unable to come to a resolution, they would “encourage” workers to file for arbitration. The pro-capital position of the state was not lost on workers, as is evidenced by this comment from a temp worker about the strategy of workers in a second strike that took place in August 2008: “some people said we should go report it to the

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<sup>175</sup> December 21, 2007. “Otis guangzhou company plans to take away 60% of workers salary; those who refuse to sign will be fired.” *Xin kuai bao*.

<sup>176</sup> December 22, 2007 “GZFTU to investigate Otis’s contract to protect the rights and interests of workers.” *Guangzhou ribao*.

labor bureau, but others opposed this. Those in opposition said that when there was a conflict last time, some people went to the labor bureau, but it didn't have any effect. The labor department doesn't help workers, it protects bosses. So if you go it will be useless!<sup>177</sup>,

After garnering much attention in the print media and on various blogs (where the overwhelming majority of people supported the striking workers), a gag-order was implemented and the story disappeared from public discourse. It is of course significant that this gag-order was issued before the resolution of the conflict, since the likelihood of the union or other government agencies having their image tarnished was greatly reduced. However, the Otis Elevator incident did appear in the papers one more time at the end of the following January. Chen Weiguang, displaying some of the characteristics which have given him a good reputation among foreign trade unionists, publicly criticized the inaction of the enterprise level union in Otis Elevator: "On the surface, the Otis incident is a conflict between labor and capital, but in the background it magnifies the crisis of our enterprise level trade unions, something which is worth us contemplating."<sup>178</sup> Chen went on to make a more general critique of these enterprise level union chairs, saying that, "some enterprise level union chairs are taking the wrong position and are completely servile towards capital. They have completely forgotten their primary responsibility as a worker representative."<sup>179</sup> The fact that Chen's leadership and insistence that unions more effectively represent workers was unable to affect managerial authoritarianism reveals some of the fundamental weakness of the trade union.

So what was the actual outcome of the Otis Elevator incident? In interviews with workers conducted more than a year after the strike, there was universal displeasure with the results. Most of these workers participated in the strike, but said that in the end they had no choice but to sign the letter of intent. Otherwise, they said they would lose their jobs. Contrary to the promises of management and the reassurances of the union, wages for workers declined significantly after the implementation of the piece-rate system. One worker claimed that 90% of workers' salaries had declined since the strike. He said that before the strike "temp workers" such as himself earned between 2000 and 2500 RMB, but that their wages had since been reduced to 1300-1600. Another temp worker said that he made only 1100 RMB the previous month. For regular workers, their original salaries had been between 4000 and 4500, but had since been reduced to 3000-3500. While I could not verify these numbers with official documents, all interviewees confirmed that their wages had been significantly reduced.

This leads to a secondary point which was not addressed in any of the media coverage: Otis Elevator Company's employment of temporary workers. The implementation of labor force dualism has become increasingly common in many enterprises throughout China,<sup>180</sup> both as a method to break employee solidarity and in

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<sup>177</sup> Interview, May 2009

<sup>178</sup> January 1, 2008. "Some union chairs are taking the wrong position." *Guangzhou ribao*.

<sup>179</sup> Ibid.

<sup>180</sup> Zhang, Lu. 2008. "Lean Production and Labor Controls in the Chinese Automobile Industry in An Age of Globalization." *International Labor and Working-Class History* 73:1-21.

order to maintain greater flexibility in human resource management. This was the case in the Otis factory, with a very significant number of employees hired as “temp workers” through a hiring agency. The long-term maintenance of this sort of labor regime is in violation of the legal requirement of “equal pay for equal work.” Indeed, interviewees from Otis Elevator expressed that as temp workers they did exactly the same work as regular workers but were compensated at a much lower level. This system was not addressed at all in the negotiations at the end of 2007. The failure to address this issue is significant, because temp workers went on strike briefly in August of 2008, protesting low wages and unequal treatment. I was unable to get more detailed data on this event, but two workers mentioned it in interviews.

Finally, there is little evidence that the union did anything to secure increased recognition from workers. Many interviewees, despite participating in the strike, were unaware that the factory had a union:

Interviewer: Before the strike, what actions did the Otis company union chair take?

Respondent: I didn't know our company had a union!

Interviewer: Well then, how about the higher level trade union?

Respondent: Higher level trade union? Is that the labor bureau?<sup>181</sup>

In response to the same question about the behavior of the union chair, a different respondent said, “my friend said that the union chair and the boss ‘wear the same pants,’ he just speaks for the boss!”<sup>182</sup> This respondent said that the union chair eventually told them that management’s actions were legal and that they would either have to obey the new rules or leave the company.

But perhaps the most succinct summary of the outcome of the Otis Elevator case came from a temp worker who was asked whether there was a “win-win” resolution: “Where is there win-win? It was an absolute and thorough defeat for the workers. An absolute defeat!”<sup>183</sup>

## **The Honda Conflagration**

On May 17, 2010, more than two years after the Otis Elevator strike, hundreds of workers at Nanhai Honda<sup>184</sup> walked off the job to demand higher wages. Over the next three weeks, all of Honda’s production facilities in China would be shut down, and a strike wave would have cascaded throughout the auto industry, plunging the union into perhaps its deepest political crisis of the reform era. Although the original organizers in Nanhai did not have the intention of sparking a string of worker revolts, that is precisely what they accomplished. As we will see in a moment, the changing dynamics of worker insurgency produced a response from the union that simultaneously revealed continuity and evolution; in short, a dialectical progression. The labor movement in China would be changed irrevocably.

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<sup>181</sup> Interview, May 2009

<sup>182</sup> Interview, May 2009

<sup>183</sup> Interview, May 2009

<sup>184</sup> The official name of this company is China Honda Auto Parts Manufacturing Co., Ltd. However, the plant has frequently been referred to as Nanhai Honda in the media, and so I will use this terminology.

In the Honda case we will see both similarities and differences with Otis. Similar in that the enterprise unions were completely unable to either effectively represent their membership or even to stave off insurgency. Although on the surface the initial reasons for going on strike were different, underlying both incidents was the general process of commodification of labor. But the outcomes of the two strikes were quite different. Although Honda workers did not win everything they asked for, it would be impossible to describe the outcome as an “absolute defeat.” The organizational capacity of workers was much greater at Honda, and they made specifically political demands. Both these changes in the dynamics of resistance as well as changes in the overall political economy resulted in a different response from both the union and the state than what we have seen previously.

### *Nanhai Honda*

Honda’s production chain in China consists of a somewhat convoluted system of ownership. The most significant company is Guangzhou Honda, a 50-50 joint venture with the state-owned Guangzhou Automobile Group Corporation, where a majority of units are produced. Additional assembly plants include Honda Automobile (China), which produces for foreign markets, and the joint-venture Dongfeng Honda located in Wuhan. These assembly plants are served by a variety of parts manufacturers, including the wholly Japanese-owned Nanhai Honda. Starting production in March of 2007 with an initial investment of USD \$98 million,<sup>185</sup> the company was Honda’s fourth integrated automatic transmission production plant in the world.<sup>186</sup> Aside from producing transmissions, the plant also makes drive shafts and connecting rods for engines.<sup>187</sup> In part because Honda believed that work stoppages were highly unlikely in authoritarian China, the Nanhai plant was established as the sole supplier of several key parts for the entire China operation. As stated in the press release accompanying the company’s establishment, “The start-up of production at [Nanhai] enables Honda to secure an adequate supply of powertrain components to support expansion of Honda’s automobile production in China, and also to further increase local content of powertrain components, which will help cost reduction efforts and strengthen Honda’s competitiveness in the market.” By sourcing from within China rather than from Japan or Southeast Asia, costs would be reduced by saving on transportation and labor.

In part because of the key position that auto manufacturing plays in the economy, the government put a high premium on maintaining good labor relations in this sector. As a result, all of the Honda assembly and parts manufacturing plants in Guangdong had unions established. The union at Guangzhou Honda had been awarded several official accolades for its good work, and frequently hosted visiting delegations of foreign trade unionists. But there were strict limits on how much even this model union would do for

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<sup>185</sup> June 11, 2010. “*dongfeng bentian: wufa duoshan de hudie xiaoying*.” [Dongfeng Honda: No way to hide from the butterfly effect] *E’shang zazhi*.

<sup>186</sup> March 8, 2007. “Honda Auto Parts Manufacturing Co., Ltd. Begins Operations in China.” <http://world.honda.com/news/2007/c070308AutoPartsManufacturing/> [accessed July 3, 2010]

<sup>187</sup> *ibid.*

its workers. During a lunch meeting in December 2008 between the chair of Guangzhou Honda and visiting union leaders from the U.S., talk turned to international cooperation between auto unions. The union chair said that they had visited Japan previously to hold exchanges with auto union representatives, and that he felt they had much in common. Alluding to the difficulties American auto manufactures were facing at the time, he joked that he had told his Japanese counterpart, “we have a strong union, like you. But we don’t want to be too strong, just look at all the problems they have in the U.S.!”<sup>188</sup> In fact, it turned out that the very weakness of the union at the Nanhai supplier plant would make it impossible for workers to have their demands heard without going on strike; not just the Nanhai plant, but Honda’s entire China operations would be shut down as a result.

Although workers at Nanhai had long been unhappy with the wages and had discussed going on strike, hardly anybody knew that Tan Guocheng was going to initiate the strike when he did.<sup>189</sup> One week before the strike Tan met with 15 people from the assembly department where he worked, and previously they, “had random talks on the shuttle bus to work.”<sup>190</sup> One worker from this department said that the idea had been discussed but that nobody wanted to lead it. In separate interviews, workers from other departments confirmed that they had heard nothing of the strike until it had begun. But according to Tan, more than 20 people, most of them from Hunan, had been in on the plan by the time it was put into action.<sup>191</sup>

On the morning of May 17<sup>th</sup>, just as production normally began at 7:50a.m., Tan hit the emergency stop button and both production lines in the assembly department were shut down. Tan and co-organizer Xiao shouted out at each assembly line, “Our wages are so low, let’s stop working!”<sup>192</sup> For most of the plant’s nearly 2000 workers, this was to be the first they heard of the strike. Even one worker who was from the assembly department and had heard discussion about the possibility of the strike was caught unaware: “I didn’t know the strike was going to happen... I wasn’t there at the time [because I went to the bathroom]. When I was finished in the bathroom I came out and there weren’t any people. I stood there looking, ‘huh, how come they aren’t at work?’”<sup>193</sup>

As workers from the assembly department fanned out throughout the facility, they shouted to their co-workers to stop work and join them in fighting for higher wages. They initially received a somewhat cool reception in the other departments, and eventually began a sit-in in front of the factory with only about 50 workers. But given the critical position of the assembly department in the production process, the other departments were forced to shut down in a matter of hours. By that afternoon, management had set up suggestion boxes and pleaded with the workers to resume production, promising them

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<sup>188</sup> Field Notes, December 2008.

<sup>189</sup> This is a pseudonym. The same person also appeared as “Tan Zhiqing” in other reports.

<sup>190</sup> Barboza, David. June 13, 2020. “In China, Unlikely Labor Leader Just Wanted a Middle-Class Life.” *The New York Times*.

<sup>191</sup> June 2, 2010. “*zhongguo bentian nanhai chang jin fugong, cong yuangong jiaodu kan laozi shijian.*” [China Honda Nanhai factory resumes production today, looking at labor conflicts from the perspective of employees]. *Zhongguo Xinwen Zhoukan*.

<sup>192</sup> *Ibid.*

<sup>193</sup> Interview July, 2010.

that they would consider their demand for higher wages and provide a full response in four days. Perhaps because of their relatively small numbers, the strikers took management at their word, and production was resumed that very day.

On the 20<sup>th</sup>, management, government officials, union officials, and worker representatives engaged in negotiations. The workers demand at this point was simply to raise all wages by 800 RMB. In the meantime, the strikers returned to work, though production was greatly reduced during these few days. On the 21<sup>st</sup>, negotiations broke down and the strike continued. Over the weekend, organizers continued their outreach and the number of strikers in front of the factory grew to over 300. Then, on the 22<sup>nd</sup> management announced that Tan and Xiao, the two original strike leaders, were having their contracts terminated. But this attempt at repression completely backfired, as the following day the strike only grew in strength. Now concerned for their livelihoods, workers covered their faces with surgical masks, but continued to hold the line.

Throughout this process, the enterprise union alternated between passivity and hostility. Workers complained that during the bargaining session the union representative did not say anything at all, but merely observed the proceedings. When the strike initially began on May 17<sup>th</sup>, a team of investigators from the district labor department and trade union were dispatched to the factory. Leaving no doubt which side of the struggle they were on, the officials announced, “according to relevant regulations, we did not find that the factory is in violation of any laws.”<sup>194</sup> One worker who was selected as a representative was quite disappointed with the behavior of the enterprise union chair, Wu Youhe, in the first round of negotiations:

[The enterprise union chair] invited a lawyer [to the first round of negotiations]. The lawyer said that our strike was illegal. He [the union chair] didn't have any views of his own, and couldn't make any decisions. He always asked the general manager what to do. At bottom he is a chairman, and isn't controlled by the company, he has this power. But for him, everything had to go through the general manager, and he would help the general manager refute the things we said.”<sup>195</sup>

On the 24<sup>th</sup>, worker representatives were convinced to come back to the table in a negotiation session chaired by the enterprise union head. Still trying to serve as an intermediary, the union chair attempted to persuade the workers to accept management's offer of a RMB 55 increase in food subsidies – a far cry from the RMB 800 they were demanding. This ineffectiveness was not lost on the workers, with one striker commenting, “The union said it stood for our interests. They said us employees could give them any demands and they would pass them on to management, and they would resolve things for us. But they didn't do this in the slightest.”<sup>196</sup>

The strikers refused management's offer on the 24<sup>th</sup>, and the situation escalated. On the 25<sup>th</sup> things became much more tense when all of Honda's assembly plants in China were completely shut down due to lack of parts. Originally counting on a well-disciplined workforce, Honda only had one supplier for transmissions in the country, and

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<sup>194</sup> May 27, 2010. “*bentian duzi lingbujian chang bagong zhi guangben tinggong.*” [strike in Honda-owned factory results in stoppage for Guangzhou Honda] *Caixin*.

<sup>195</sup> Interview, July 18, 2010.

<sup>196</sup> Interview, July 2010.

all four assembly plants in China were therefore highly dependent on Nanhai. The combined daily losses of the five plants was estimated to be RMB 240 million.<sup>197</sup> Management further yielded by producing a second offer for wage increases on the 26<sup>th</sup>. This proposal called for increasing regular workers' salaries by RMB 200/month, along with RMB 155 in living expense subsidies, and a wage increase of RMB 477 for interns who had been at the plant for more than three months.<sup>198</sup> But workers rejected this offer as well, and the strike continued. At this point, workers formalized their demands, and in addition to the primary demand of increasing wages for all employees by RMB 800, they also demanded that the fired workers be re-hired, that there would be no retribution against strikers, and that the enterprise union be "re-organized." (*chongzheng*) According to some strikers, the demand for union re-organization emerged after seeing that the union had failed to actively represent them in the previous negotiations sessions.

With the losses mounting, management became desperate and did their best to try to break the resolve and unity of the strikers. The most direct attack was on the 28<sup>th</sup> when they attempted to force workers to sign a pledge saying that they would, "not lead, organize, or participate in slowdowns, work stoppages, or strikes anymore."<sup>199</sup> But this tactic completely backfired as almost nobody agreed to sign it, with one worker saying, "as soon as I saw it [the agreement] I threw it away. We won't sign."<sup>200</sup> One group of female workers said that, "nobody moved a hand."<sup>201</sup> When asked if they were afraid of refusing management's demand, one worker insisted, "Nobody was afraid! Who would be afraid? If they want to fire us, then they'll have to fire all of us!"<sup>202</sup>

The strike was entering a decisive stage. Likely already the longest strike ever waged by migrant workers in the reform era, the situation had become a political crisis for the local state. Despite the mounting economic and political costs, the events of May 31<sup>st</sup> took everyone by surprise.

### *The Union as Strikebreaker*

When workers arrived at the factory on the morning of May 31<sup>st</sup>, they were informed that each department would be holding meetings to further discuss strike resolution.<sup>203</sup> As the workers were waiting in various rooms of the main administration building, a large contingent of vans and buses pulled up in front. The vehicles were filled with dozens of men, all of whom were wearing yellow hats and badges reading "Shishan

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<sup>197</sup> June 2, 2010. "zhongguo bentian nanhai chang jin fugong, cong yuangong jiaodu kan laozi shijian." [China Honda Nanhai factory resumes production today, looking at labor conflicts from the perspective of employees]. *Zhongguo Xinwen Zhoukan*.

<sup>198</sup> May 31, 2010. "bentian jiaxin shi bagong chongji di chengben zhizaoye moshi." [Honda wage strikes are a shock to the low-cost manufacturing model] *Caixin*.

<sup>199</sup> May 30, 2010. "nanhai bentian tichu di'san ge tixin fang'an." [Nanhai Honda announces third proposal to raise wages] *Caixin*.

<sup>200</sup> *Ibid.*

<sup>201</sup> Interview, July 2010

<sup>202</sup> Interview, July 2010

<sup>203</sup> In addition to interviews, much of the information from this section is derived from a detailed account written by a Honda worker which was posted on-line.



Township Federation of Trade Unions,” which is the union organization immediately superordinate to the enterprise union branch. Shortly thereafter, the assembly department, crucial to reviving production, met with the general manager of the plant, during which time he made a new offer for a wage increase. Although still dissatisfied with management’s new offer, they were persuaded to return to their assembly lines. Indications began to emerge that the strikers’ unity was crumbling as some departments began to start up their assembly lines. People from the union dispersed to each of the departments and encouraged workers to immediately resume production.

When some workers from the assembly department moved to return to the area in front of the factory where they had been demonstrating over the previous nearly two weeks, a confrontation with the union group emerged. As confirmed from multiple independent sources, the union people began filming the workers and demanded that they return to the factory and end the strike. A tense situation quickly escalated and soon devolved into a physical confrontation during which several workers were struck by people from the union. This infuriated the workers, and a strike which appeared to be losing steam was quickly re-invigorated. Workers from other departments who had resumed production rushed to the scene as soon as they received news of the violence, and a large crowd quickly gathered. Another physical confrontation occurred, and this time the union side was even more violent than before, with several workers suffering light wounds. Among those that were hit were some women workers. The aggressors quickly retreated to their vehicles and refused to come out.

At this point, the government decided things had gone too far, and took steps to settle the conflict. Riot police were deployed, though they never engaged the workers. The authorities additionally cordoned off the road into the factory and nobody was allowed entrance. Whichever government agencies had supported the peaceful strike were not interested in more violent confrontations or the possibility of the strikers leaving the production grounds.

It is certain that most of the strikebreakers were not actually union officers. The first thing mentioned by many workers is that it seemed preposterous that the township level federation, with only a few paid members on staff, could recruit so many officers from other union branches. One worker involved in the scuffle said that some of the strikebreakers (all of whom were male) had earrings and tattoos, items which union officials would be very unlikely to sport. But if most of the thugs were not actually union officers, it is simultaneously undeniable that the district union federation had a hand in organizing the strikebreakers, a point made obvious in a letter they wrote to workers (see below). A foreman from the assembly department was blunt in his assessment: “of course it was the union’s idea. Who else would have such a stupid idea? Only Chinese unions would think of this.”<sup>204</sup> It is, however, unclear to what extent the union federation was acting at the behest of management or whether they were taking independent action.

When workers received an open letter from the Shishan Township and Nanhai District Federations of Trade Unions the following day, the local union leadership provided a tepid apology and did not denounce the violence that had occurred the previous day, nor did they attempt to deny that they had organized the strikebreakers. The letter is worth quoting from at some length:

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<sup>204</sup> Interview, September 29, 2010.

Yesterday the trade union participated in mediation talks between the workers and management of Honda. Because a portion of Honda employees have refused to return to work, factory production has been severely curtailed. In the process of discussions with forty or so employees, at one point there occurred some misunderstandings and verbal imprudence from both sides. Due to the impulsive emotional state of some of the employees, a physical conflict ensued between some employees and representatives from the union. This incident has left a negative impression on employees. A portion of these employees, after receiving word of the incident, seem to have misinterpreted the actions of the union as siding with management. Yesterday's incident came entirely as a shock to us. If people feel that some of the methods used in yesterday's incident were a bit difficult to accept, we apologize.

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The behavior of the above mentioned group of forty or so workers has already damaged the interests of the majority of employees. In addition, such behavior harms factory production. The fact that the union has stood up and admonished these workers is entirely in the interests of the majority of employees. This is the responsibility of the union!

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It would be unwise for workers to behave in ways that go against the interests of themselves and others because of impulsive emotions. Some employees are worried that representatives who are willing to stand up and enter into talks with management would later receive the reprisals of management. This is a misunderstanding.<sup>205</sup>

The letter went on to admonish workers for refusing to accept the offer that management had made. In a final attempt at damage control, the letter closed by saying, "Please trust the union. Trust each level of Party officials and government. We will definitely uphold justice."<sup>206</sup>

Unsurprisingly, the letter from the Shishan and Nanhai union federations was unsatisfactory to the strikers. As one worker activist put it, "Their apology letter wasn't an apology letter at all, so we were pretty enraged."<sup>207</sup> An open letter from worker representatives which appeared two days after the union's apology letter was defiant: "The union should protect the collective rights and interests of workers and lead the workers in the strike. But up until now, they have been looking for excuses for the union people's violence against striking workers, and we seriously condemn this."<sup>208</sup> Additionally, the letter went on to express "extreme rage" at the union's claim that it was their hard work which had caused management to increase their offer of wage increases, arguing rather that these were, "won by the blood and sweat of striking workers facing

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<sup>205</sup> "Open Letter from the Nanhai District Trade Union and Shishan Town General Trade Union to the Workers of Honda Motors Nanhai Component and Parts Factory." <http://chinastudygroup.net/2010/6/translation-of-an-open-letter-from-the-nanhai-district-general-trade-union-and-shishan-town-general-trade-union-to-the-workers-of-honda-motors-nanhai-component-and-parts-factory/>

<sup>206</sup> *Ibid.*

<sup>207</sup> Interview, July 18, 2010.

<sup>208</sup> The open letter from the worker representatives was posted online, available at: <http://zggr.cn/?action-viewnews-itemid-9411>

extreme pressure.”<sup>209</sup> Relations between the strikers and the township level union could not have been worse, and certainly heightened the tension of the unfolding drama.

### *Resolution*

If the tactics of the township level union failed to break the deadlock, higher levels of the union and Party were much more sympathetic to the strikers. I heard from GZFTU leadership that Guangdong Party secretary Wang Yang supported the strike and the workers’ wages demands, and even that there was support in the central government. The Central Propaganda Department did not issue a reporting ban until May 29<sup>th</sup>, nearly two weeks into the confrontation, at which point the strike wave had spread to other factories.<sup>210</sup> But this was an indication that the central government was willing to allow more pressure to build on management, as it is rare for coverage of strikes to go on for so long. GDFTU vice-chair Kong Xianghong took an active role in the negotiations, and was supportive of the wage demands. Particularly following the confrontation between the Shishan union and workers, the provincial level authorities were eager to resolve the conflict quickly.

In order to find an orderly resolution, the various government agencies that had become involved in the strike demanded that the workers select representatives. Although there had been a hastily arranged set of negotiators selected in the first round of talks, strikers had become reluctant to produce representatives, particularly after the two people who initiated the strike were fired. This unwillingness to negotiate was unacceptable to the state, and they brought in Guangzhou Automotive CEO and National People’s Congress delegate Zeng Qinghong to speak with the workers. Through gentle and paternalistic persuasion, Zeng convinced the strikers to select representatives and to begin a conditional resumption of production late on June 1<sup>st</sup>. In their open letter, the worker representatives said that if management had not met their demands within three days, the strike would be resumed. Furthermore, the letter stated that, “bargaining representatives will not accept anything less than the above listed demands without the authorization of a general meeting of employees.”<sup>211</sup> Finally, negotiations began on the 3<sup>rd</sup>.

On June 4<sup>th</sup>, the worker representatives were joined by Chang Kai, a well-known labor scholar from Beijing, who served as their legal counsel. Negotiations went late into the night, and eventually an agreement was struck. Regular workers were to receive wage increases of approximately RMB 500, bringing their monthly wages above RMB 2000. The underpaid “interns” that work alongside regular workers saw their wages increase by more than RMB 600, an increase of more than 70%. Such large wage increases in response to strikes were unprecedented in China.

### *Strike Wave*

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<sup>209</sup> *ibid.*

<sup>210</sup> Thanks to Jonathan Hassid for advising on this; the leaked Department of Propaganda directive can be found here:

<http://zhenlibu.wordpress.com/2010/05/29/%E4%B8%89%E4%B8%AA/>

<sup>211</sup> <http://zggr.cn/?action-viewnews-itemid-9411>

Before discussing the political fallout from the Nanhai strike, it is important to note that the ongoing coverage of the struggle had sparked widespread resistance among industrial workers around the country. The central government had given the ok for media coverage to continue, as it fit in with their inclination towards raising wages for skilled workers. Additionally, the fact that Honda is a Japanese owned factory was important, as it appeared possible to divert anger about worker mistreatment in nationalistic, rather than class-based, directions.<sup>212</sup> And yet, the central government certainly got more than it was bargaining for as strikes ripped through the auto industry, even spilling over into other sectors. While many strikes targeted Japanese-owned factories, this was certainly not true in all cases. With workers experiencing generalized dissatisfaction, a small relaxing of media controls was all it took to ignite an outbreak of intensified insurgency. It is important to keep this uptick in class struggle in mind to understand the context in which both the Nanhai and subsequent strikes were resolved.

In each strike, the primary demand was for large wage increases. While the insistence on union re-organization was not highlighted as much in these other struggles, it was included as a demand by many strikers. Perhaps most noteworthy among the copycat strikes was that initiated on June 21<sup>st</sup> at Denso in the Nansha district of Guangzhou. Employing 1100 workers, the Japanese-owned Denso is a major auto parts supplier, in particular for the Toyota assembly plant located in Guangdong. On several occasions, workers in the plant had brought up issues related to pay and living conditions with the enterprise union, but nothing changed. Indeed, a shop-floor union representative admitted that the “small group” (*xiaozu*) meetings that are supposed to happen once a month had only been held once *ever*, and that there had never been an employee congress (meeting for all enterprise employees).<sup>213</sup> Just as had been the case at Nanhai, stagnating wages and the inability/unwillingness of the union or management to take worker grievances seriously were the impetus for the strike. Although they were clearly following the lead of the Nanhai workers, one Denso employee said, “we wanted to go on strike for a long time.”<sup>214</sup>

The most significant thing about the Denso strike was the militant and tightly organized nature of the strike. During the weekend before the 21<sup>st</sup>, a group of up to 200 workers gathered in secret to discuss plans. At this meeting, the “three nos” strategy was decided upon by workers. The three nos required that for three days there would be no work, no representatives, and no demands. Workers knew that within three days lack of parts would cause a shutdown in the neighboring Toyota assembly plant. Additionally they had strong reason to believe that representatives would face retaliation or co-optation. By waiting three days before issuing any demands, they would be bargaining from a position of great power, as they anticipated that losses would be mounting not just for Denso, but for the entire Toyota supply chain.

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<sup>212</sup> It is important to note that in interviews with Nanhai strikers, there was hardly any evidence of anti-Japanese or overtly nationalist sentiment. And many strikers expressed great opprobrium for their Chinese managers.

<sup>213</sup> June 24, 2010. “*riben dianzhuang zai hua qiye bufen fugong, laozi tanpan reng zai jinxing.*” [Japanese Denso Company in China has Partial Resumption of Work, Negotiations Continue] *Reuters*.

<sup>214</sup> *Ibid.*

Their calculation was correct. They started the strike on the morning of the 21<sup>st</sup>, and workers blocked trucks from leaving the plant. By that afternoon, six of the other parts plants in the “auto city” industrial zone where Denso was located were also shut down. The following day, the nearby Toyota assembly plant closed for lack of parts.<sup>215</sup> And on the third day, workers elected 27 representatives and went into negotiations. Their central demand was simply a wage increase of RMB 800. The negotiations were attended by worker representatives, the CEO of Denso (who had flown in from Japan), officials from various levels of the union, as well as Zeng Qinghong (the general manager of Guangzhou Automotive and National People’s Congress delegate who had played a key role in resolving the Nanhai strike). Following the negotiations, management and Zeng pleaded with the workers to return to work and promised them a resolution by the 25<sup>th</sup>. Worker solidarity broke down somewhat at this point as many began to return to work, although output on the 24<sup>th</sup> was far below usual levels. And on the morning of the 25<sup>th</sup> it was announced that they would be granted an RMB 800 wage increase.

The evolving political position of the union was evident in the Denso strike, which took place within the jurisdiction of Chen Weiguang’s GZFTU. When the workers first went on strike, they rejected the intervention of the higher levels of the trade union, likely with the Nanhai incident fresh in their minds. But under the leadership of Chairman Chen, the union proclaimed that it would not play a “mediator” role as requested by the government, but that it would represent the workers’ interests and *only* the workers’ interests (rather than the typical rhetoric about win-win outcomes). Additionally, and quite significantly, the local public security bureau told the union they wanted to speak with worker representatives, but the union refused to comply.

Workers struck in another nearby Honda supplier, again severely disrupting production. At the Guli Lock Factory in Zhongshan, workers marched in public and blocked roads. As early as May 28<sup>th</sup>, Hyundai Automobile workers walked off the job. And an absolutely massive strike wave engulfed a development zone in the northern city of Dalian. From the end of May through August, 70,000 workers in a variety of sectors went on strike, affecting 73 enterprises in the zone. As reported by union officials, workers won an average wage increase of 34.5%.<sup>216</sup> This was the third time the Dalian development zone had experienced a strike wave since 1994. Some Japanese companies that had *not* experienced strikes decided to give their workers a preemptive raise, with National increasing wages by RMB 500 and Panasonic 200-300.<sup>217</sup>

It is not clear how many workers went on strike in the summer of 2010, but it is certain that the dozens of reported cases are merely a small portion. Around the country, workers were granted unprecedented wage increases. In the fallout from the strike wave, union officials and media commentators declared the end of low wage labor in China.

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<sup>215</sup> *Ibid.*

<sup>216</sup> September 20, 2010. “*dalian tinggong chao 7 wan ren canyu boji 73 jia qiye, yi gongzi zhang 34.5% gaozhong.*” [70k participate in Dalian strike wave affecting 73 enterprises, ends with 34.5% wage increases.” *Caixin*.

<sup>217</sup> June 12, 2010. “*yi lang gao guo yi lang, bentian zhi suo gongsi ye baofa bagong.*” [One wave is higher than the next, strike also erupts at Honda lock factory] *Lianhe Zaobao*.

## Response to the 2010 Strike Wave

In the wake of Nanhai and other strikes, the public position of many union officials, particularly in Guangdong, began to change. Chen Weiguang, always somewhat more daring than his other union colleagues, publicly stated that the strikes had been a force for encouraging trade union reform and that it was allowing labor negotiation systems to become more mature.<sup>218</sup> He additionally expressed concern that unions had continued to be passive and that they were “tailing” workers, publicly stating that unions could not “hide forever.”<sup>219</sup> In October, the GZFTU issued the “Advice on Strengthening Union Work and Developing the Organizational Function of the Union,” which emphasized that in the course of resolving labor conflicts, “the union must be clear on its role, that it cannot be a mediator but rather only represent the side of workers.”<sup>220</sup> Kong Xianghong was quite explicit in his criticism for the lower levels of the union, as indicated by the following statement: “...the union must not be antagonistic to striking workers, but the local unions were precisely standing in an antagonistic position. So the workers said that they want to disband the union, that the union is a running dog and a traitor.”<sup>221</sup> While hardly a radical position, Kong’s solution to the problem indicated a remarkable divergence from earlier positions held by most union officials: “I think that controllable strikes are a right which should be enjoyed in order to govern a stable and harmonious society. What is harmony? Harmony is admitting conflicts and integrating the conflicts into a systematized path for resolution. Many of us Party cadres are lacking precisely the correct recognition of this problem.”<sup>222</sup> Even GDFTU chair Deng Weilong, not known for his progressive politics, admitted that very few enterprise-level union chairs in Guangdong are democratically elected. Deng went on to say that one consequence of this is that, “in the eyes of many workers, unions are an organization subordinate to the boss... when labor conflicts become acute, unions represent the interests of the boss.”<sup>223</sup> The position of ACFTU leadership was considerably more conservative, as they mostly repeated old exhortations to increase unionization in private enterprises. However they did issue a new specific call for increasing the wages of production workers.

In some ways, the central Party leadership was ahead of the ACFTU in their position. Zeng Qinghong – the former Politburo Standing Committee member and vice-president of China, not the Guangzhou Automotive CEO – wrote a long statement on the

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<sup>218</sup> June 10, 2010. “*Shenzhen ji tiao zuidi gongzi zhi 1100 yuan.*” [Shenzhen makes emergency adjustment to minimum wage, now 1100 Yuan] *Yikuo Meiri Caijing*.

<sup>219</sup> *Ibid.*

<sup>220</sup> October 12, 2010. “*guangzhou shizong: gonghui yao zuowei gongren liyi daibiao canyu xietiao laodong guanxi.*” [GZFTU: the union should serve as workers’ interest representative in participating in labor relations.]

<sup>221</sup> June 22, 2010. “*kekong de bagong shi hexie de yingyou zhi yi.*” [Controllable strikes are a right that should be enjoyed for harmony] *Zhongguo Qiyejia*.

<sup>222</sup> *Ibid.*

<sup>223</sup> July 3, 2010. “*Guangdong sheng zong gonghui zhuxi: qiye gonghui zhuxi duo bu shi minzhu xuanju.*” [GDFTU chair: most enterprise union chairs are not democratically elected] *Yangcheng Wanbao*.

value and necessity of expanding and strengthening collective bargaining. While he stopped short of calling for the legalization of strikes, his argument implied that it was something worth considering:

In other countries, the strike is only the last resort and frequently is used as a threat; domestically, employees strike first and then negotiate. That is to say, they use strikes and other extreme measures to win the right to negotiate. First, the production line stops, and then they consider how to resolve the problem. This sort of pre-emptive coercive approach expends a large volume of social resources, giving workers a high cost to protect their rights, employers a high operating cost, and the government high costs in protecting stability. This constitutes an unfortunate lose-lose situation.<sup>224</sup>

Zeng is referring in quite precise terms to the costs that worker insurgency exacts on accumulation; a situation which, as he argued, requires an institutional response in the form of substantive collective bargaining. Staking out a more reform-oriented position, the other Zeng Qinghong (writing in his capacity as a National People's Congress delegate) said in a published article that in the process of resolving the Honda strikes he, "deeply felt the necessity of legislating rights for economic strikes."<sup>225</sup> Although the Party did not immediately embrace his call for national-level legislation, the topic was no longer taboo.

Even representatives of capital began to question the sustainability of deeply authoritarian management systems. Li Chunbo, an auto industry analyst at investment bank Citic Securities, argued that in light of the strike wave,

The government should intervene and help enterprises establish an internal system. For example, they should allow employees to have interest representatives, and allow labor and capital to have a platform for communication. There may be fears that people will use this platform to argue, but it can also be an emotional outlet and used for resolving problems. This may allow for a reduction in extreme actions.<sup>226</sup>

The unambiguous implication of such a statement is that it was precisely the *lack* of meaningful interest representation which led to the strikes in the first place.

The moment, it seemed, was ripe for an institutional re-alignment. In pursuit of a stabilization of labor relations, the Guangdong provincial government re-issued a proposed set of laws entitled, "Regulations of Democratic Enterprise Management," which had been considered in 2008 but put aside when the economic crisis deepened that fall. The regulations included an article which allowed for collective bargaining if 1/5 of enterprise employees demanded it. Once such a decision was made, employees could democratically elect their negotiating team, albeit under the supervision of the enterprise or regional trade union. Once the request for collective bargaining was submitted to the employer, bargaining had to begin within 15 days. In addition to these seemingly pro-labor provisions, the law also explicitly forbade workers from engaging in strikes or slowdowns while negotiations were taking place. However, as the government was

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<sup>224</sup> <http://auto.xinmin.cn/rollnews/2011/03/07/9639022.html> (accessed March 10, 2011)

<sup>225</sup> <http://auto.xinmin.cn/rollnews/2011/03/07/9638257.html> (accessed March 10, 2011)

<sup>226</sup> May 31, 2010. "*bentian jiaxin shi bagong chongji di chengben zhizaoye moshi.*" [Honda wage strikes are a shock to the low-cost manufacturing model] *Caixin*.

seeking public opinion on the draft regulations, they encountered stiff resistance from representatives of capital, most notably the Hong Kong General Chamber of Commerce. Before the regulations could be passed into law, it was once again shelved, although union officials claimed it was out of concern for disrupting the Asian Games being held in Guangzhou in November, rather than because of pressure from employers. In October of that year, Chen Weiguang said that this was just a minor hiccup and that the regulations would certainly be passed in the future.

Even if voices calling for reform were gaining the upper hand, it is important to note important limitations. While Chen Weiguang argued that strikes could be legalized, he consistently affirmed his opposition to “political” strikes. Even for relatively pro-labor trade unionists such as Chen, the discourse of accepting the “reasonable demands” of workers continued to hold sway. “Reasonable” is meant to imply that worker demands cannot go beyond immediate workplace issues, and that the authorities retain the paternalistic authority to determine what constitutes reasonableness even among strictly economic demands. Additionally, trade unionists by and large maintained the obsession with “stability maintenance” that characterized all government agencies during this period. In September of 2010, a conference was held in the Luogang district of Guangzhou, which in part was focused on how unions can effectively respond to strikes. Following the conference, the district union published a book summarizing the experiences of various enterprise unions where it was argued:

...when handling spontaneous mass incidents, enterprise level unions definitely must objectively analyze and recognize the cause and substance of the mass incident. When the conflict is just sprouting they must quickly communicate with the relevant government departments, and quickly devise a strategy to contain the incident from expanding and intensifying.<sup>227</sup>

Even if collective bargaining was coming to be embraced by more unionists, it seemed likely that most enterprise unions would continue to be reactive to strikes.

### **One Year Later – Assessing the Outcomes**

But if major political changes were beginning at the provincial and even the national level, what happened at Nanhai Honda in the months following the strike? Of particular importance is whether the promised wage increase actually materialized, whether union elections took place and collective bargaining mechanisms established, and what workers’ perceptions were of subsequent changes. Although there are continual reasons for pessimism, some important changes did in fact take place at Nanhai.

The announced wage increases of approximately RMB 500 for regular workers and RMB 600 for interns did in fact materialize, thereby distinguishing this case from many others. But few workers were satisfied with the settlement, feeling that their wages were still too low (and indeed they remained lower than those of workers in the joint-venture Guangzhou Honda). And with the possible exception of union re-organization

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<sup>227</sup> P.91 2010. *Jiyu yu tiaozhan: gonghui gongzuo 100 li*. [Opportunity and Challenge: 100 cases of union work] Guangzhou: Guangzhou shi luogang qu zong gonghui.



(see below), the other 100+ demands put forth by workers had seemingly been brushed aside, something that was quite clear in this comment from one worker:

Actually, I'm not satisfied with the results of the strike. We also demanded an hour for our lunch break, and they didn't agree to this. And us women wanted a day of rest for when we're menstruating, but they didn't agree to this. Menstruating is so uncomfortable for girls, and they wouldn't agree to even one day.<sup>228</sup>

It is thus apparent that even if management was willing to accede to some wage demands, other workplace issues continued to be ignored.

Even during the strike, some worker activists had been aware of the pressing need to build collective power, with some claiming that this was even more important than wage increases. While such a politicized point of view was not generalized among the workers, it was certainly an important current, particularly amongst the leaders. Although there were no open calls for an independent union during the course of the strike, it is of utmost importance to recognize that this was something that had been under discussion amongst the organizers:

Worker A: I think the union issue is more important than raising wages now. Actually, at the time we considered a huge issue, whether to establish China's first union. A democratic union.

Worker B: If it really happened, we'd be quite proud.

Worker A: Really proud. When we wrote that open letter, we discussed establishing the first one in China... there isn't anyone that really does things for us, and other unions of course are the same, or even worse. So we wanted to take the union... because at the end of the day, the union is the representative of workers.<sup>229</sup>

That workers did not end up calling for an independent union is of course due to their recognition that this would certainly be met with harsh repression. A less contentious framing was to call for union "re-organization," which implied holding new elections for enterprise-level officers while remaining within the structure of the ACFTU.

What then was the outcome with regard to the demand for union re-organization? Such an important problem was not to be resolved by the consistently pro-capital township union federation, but rather by the provincial authorities. Kong Xianghong, who had been involved in strike resolution negotiations, took up responsibility for responding to the Nanhai strikers' demand for new union elections. Kong was personally torn between simply appointing a new enterprise chair from above and allowing the workers to hold a democratic election, as they had demanded. Indicating consultation with the central government, Kong announced shortly after returning from Beijing that a democratic election would in fact be held in Nanhai, though it was notably only announced in the Hong Kong media.<sup>230</sup> In an unprecedented move, union leadership said that they would allow students and researchers from Sun Yat-sen University to observe the election proceedings. However, there was some subsequent backtracking. Rather than

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<sup>228</sup> Interview, July 4, 2010.

<sup>229</sup> Interview, July 18, 2010.

<sup>230</sup> June 14, 2010. "*nanhai bentian ni minxuan gonghui zhuxi*." [Plans for Nanhai Honda to hold democratic elections for union chair] *Ta Kung Pao*.

allow for workers to immediately hold a general election to replace the discredited enterprise chair Wu Youhe, elections were only held for team (*ban*) representatives – the lowest level of the enterprise hierarchy, roughly equivalent to a shop steward in the U.S. In each of the 30-40 person teams, there were relatively democratic elections, although interns were not allowed to run. While it is unclear if management or government intimidation occurred, many were surprised that Li Xiaojuan, one of the lead organizers and negotiators who was the sole signatory of the bargaining team’s open letter, was not elected team representative.

From the perspective of most workers, there was not any significant change in the union following the strike. More than a month after the strike concluded, one worker expressed continual dissatisfaction with the enterprise union:

If you’re an employee it’s impossible for you to be heard by the higher ups. It’s doesn’t matter who you talk to, it won’t work because you can’t get in a word with the office [management]. The union doesn’t come down to the shopfloor at all, they just collect the dues and whatever, or organize one outing a year. To be honest, I don’t know even a couple people from the union. It was just that when we first came, there was a woman and she said she was from the union. So they just collect the dues each month and that’s it.<sup>231</sup>

When a different worker who had been at the plant since 2008 was asked whether he would participate in elections for union representatives, he said, “no, I won’t, because the union is just those government people, it’s just for the managers.”<sup>232</sup> Even more alarming, one of the workers who was elected as a union representative (at the team level) was completely dismissive about the possibility of union re-organization:

Anyway, they have this idea, but... the union is useless. Go ahead and change [the union officers], but I’m indifferent to whether they change or not. If they change or not, there isn’t any use... I think they can’t help me with anything... So if this company has a union or not, it makes no difference.<sup>233</sup>

This representative even said that the union was unnecessary for collective bargaining and that having a union, “is just another expense.”<sup>234</sup> But the difficult position of the workers vis-à-vis the union was revealed by one worker’s frustration when asked if he still trusted the provincial union federation: “we have to trust them, even if we don’t trust them we have to trust them. Who else is there to trust now? Nobody.”<sup>235</sup>

If workers remained suspicious and/or indifferent towards the union, by late winter 2011, it was clear that power relations at Nanhai Honda had shifted in the wake of the strike. Starting in February, the enterprise union, working with the direct supervision of Kong Xianghong from the provincial union federation, entered into collective wage negotiations with management. The democratically elected team-level representatives

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<sup>231</sup> Interview, July 13, 2010.

<sup>232</sup> Interview, July ?, 2010.

<sup>233</sup> Interview, September 29, 2010.

<sup>234</sup> *Ibid.*

<sup>235</sup> Interview, July 18, 2010.

were able to take part, and their initial wage demand was for a monthly wage increase of RMB 800. In three rounds of negotiations which appeared not terribly dissimilar from similar processes in liberal democracies, offers and counter-offers were exchanged. Both because of the intervention of the provincial union federation and an awareness of the possibility of workers to mobilize independently, management bargained in good faith. In the end, the union got management to increase their initial offer quite significantly, and workers won a monthly increase of RMB 611.<sup>236</sup> It appeared as if a meaningful system of collective bargaining – one in which real bargaining takes place – was beginning to take shape.

This seeming breakthrough must of course be qualified with many significant provisos. The first is that wages at Nanhai were very low when compared to the joint-venture assembly plants. Strikers had specifically cited the much higher wages at Guangzhou Honda as a reason for their actions, and post-strike their wages remained lower than those at the joint-venture. Second, the structural power of workers at Nanhai is much more significant than workers in either the service industry or other manufacturing sectors. Perhaps only workers in transportation or energy exercise a comparable capacity to inflict damage on the economy by withholding their labor. A third and directly related point is that the wage increases coming from the strike resolution and from the winter 2011 round of collective bargaining were presided over by the provincial authorities. In less critical industries and in less economically developed regions of the country, the likelihood that workers would have backing from provincial authorities is slim. And finally, it is worth emphasizing again that non-wage issues were completely unaddressed in the subsequent round of collective bargaining. Following the second wage raise, Kong Xianghong proclaimed that, “collective wage negotiations at Nanhai Honda will become a classic case of Chinese unions for MBAs.”<sup>237</sup> Perhaps this is so; but its replicability is dubious.

### **Insurgency and Institutionalization**

What does the comparison between Otis and Nanhai Honda tell us about the relationship between insurgency, decommodification and incorporation, and development? Why did strikes in similar factories in neighboring cities produce dramatically different results?

To review briefly, the strike at Otis was, in the view of one of the participants, an “absolute and thorough” failure. Worker sentiment aside, the implementation of a piece-rate system fits my definition of commodification of labor, and specifically compromises workplace security. Management argued that a piece-rate system needed to be implemented because fierce competition in the industry required that they increase productivity. Piece-rates are a key strategy of capital to shift risk onto individualized workers and to dissolve potential bases of solidarity, and in this sense increases the submission of needs satisfaction to the logic of the market. Additionally, the dramatic

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<sup>236</sup> March 3, 2011. “*nanhai bentian tinggong shijian, rifang zuizhong jieshou zengjia gongzi fang’an.*” [Nanhai Honda work stoppage, eventually the Japanese agree to a wage increase] *Nanfang Ribao*.

<sup>237</sup> *Ibid.*

decrease in wages that were experienced by workers across the board means that they have fewer financial resources at their disposal to satisfy their needs. This means that workers were increasingly compelled to sell their labor power at whatever price management offered. Increased financial reserves that come with a higher salary decrease the urgency of this situation. And finally, the manner in which the union, capital, and the state combined forces to reject any worker participation in the determination of the labor process reinforces a lack of labor process control, another measure of the commodity character of labor. Though it would be difficult to argue that labor process control suffered as a result of the strike (since there was none to start with), the complete rejection of workers' ability to have meaningful participation or representation was reinforced by this incident. In short, while workers rejected and rebelled against increased commodification, state, union, and capital allied in repressing this mini-counter movement. The commodity character of labor was not only maintained but *enhanced*. Unsurprisingly, a second attempted strike took place less than a year later. Through this process, workers came away with little reason to believe that the union at any level would effectively represent them in the future.

In Nanhai and other workplaces that were affected in the 2010 strike wave, the results were quite different. Workers at Nanhai won a huge wage increase (in percentage terms) in June of 2010, and gained an even larger wage hike (in absolute terms) without striking in the winter of 2011. This increase in wages enhances the workplace security for the employees, albeit to a limited extent. Of course, two worker activists were fired without the union protesting, indicating continuing managerial authoritarianism. There was no agreement to transfer temp workers into regular workers, implying ongoing precarity for a huge portion of the workforce, as well as compromised social protection (since these workers do not receive social insurance). Demands related to workplace issues continue to be ignored by union and management alike, indicating that there have not been improvements in labor process control. Thus, from an economic standpoint, workers in Nanhai were able to make gains in workplace security while other indicators of decommodification remained essentially unchanged. Otis workers, on the other hand, experienced increased commodification.

When we look at indicators of the political incorporation of workers into the union, we see some important differences as well. At Otis, GZFTU and ACFTU officials intervened to try to broker a resolution to the strike. But there was no attempt made to reorganize the union or to build a sustainable organization capable of bargaining with capital. As soon as union higher ups moved on, management reneged on the deal, and workers were subject to the very enhanced commodification that they had originally resisted. In this case, the union was acting merely to ameliorate the immediate crisis of suspended production; as soon as that issue was resolved, they returned to passive repression which allowed managerial authority to continue unabated. Workers continue to hold the union in contempt, and are unlikely to be able to resolve future grievances through the enterprise-level union organization.

Nanhai represents a somewhat different outcome in this regard. It is true that regular workers continue to think that the union is useless, and that even some elected representatives are highly doubtful of its capacity to bring about important change. That being said, a number of team-level representatives were elected, and subsequently were allowed to partake in collective wage negotiations. While I have already elucidated the

many conditions that make Nanhai exceptional, these negotiations produced a very significant wage increase for the workers. Although it is unclear what will happen with the Nanhai enterprise union once the provincial union federation withdraws from direct supervision, a precedent for continual rationalized modes of contention has nonetheless been established. Depending on the specifics of how collective bargaining takes place (e.g. are rank and file involved in formulating demands, mobilized during contract fights, kept in regular contact with leadership, able to democratically ratify contracts, etc.?) this may increase worker identification with the union. In the aftermath of the strike, it did not appear that workers had any greater interactions with the union or hopes that it could improve things for them in the future. Even when the provincial unions preside over substantial wage increases, such actions may be insufficient to result in the political outcome of worker incorporation. This suggests that union oligarchy may be a greater obstacle to political incorporation than it is to decommodification.

When trying to explain the different outcomes in these two incidents of worker insurgency, one could refer to the differences between elevator and auto parts manufacturing. Certainly, elevator production is not as crucial a feature of the economy as is auto, and the construction industry does not depend on just-in-time manufacturing (as is the case in the auto sector). That being said, with real estate speculation coming to be a key element in national development in China (Hsing 2009), elevators are hardly *unimportant*. Because of the structure of the supply chain, the stoppage at Nanhai had immediate effects for a number of other plants, something which was not true in the same way at Otis. And Otis workers started with wages which were closer to those of Guangzhou Honda, and therefore considerably higher than those of the Nanhai workers.

Without discounting the differences between auto parts and elevator manufacturing, I argue that these differences cannot account for the divergent outcomes between our two cases. Rather, between late 2007 and early 2010, two inter-related currents – one political and one economic – led the provincial and central authorities to take a very different approach in responding to worker insurgency. On the political level, 2008 and 2009 saw unprecedented levels of labor conflict (with the Pearl River Delta as the epicenter), in which labor arbitration courts were completely overloaded and worker insurgency frequently spilled out into the streets. Economically, the onset of crisis increased the central government's determination to shift away from a model of development so wedded to exports. And in Guangdong, the provincial authorities gained confidence that they occupied a less subordinate position vis-à-vis transnational capital than had previously been the case.<sup>238</sup> When Otis workers went on strike in late 2007, the impetus of provincial and central authorities was merely to avoid instability and to get workers back on the line, regardless of the outcome; but by spring of 2010, they were interested in resolving the strike *and* improving the consumption capacity of workers – even if they were still a long ways away from realizing the Fordist

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<sup>238</sup> Without a doubt, the position of the provincial government vis-à-vis capital varies by industry. Even if the government became willing to sacrifice low value-added industries, the threat of capital flight both to other countries and other regions of China remains a concern. But given the dense cluster of auto suppliers in Guangzhou and the relatively high costs of relocating production, the government likely felt greater confidence in dealing with foreign automakers.

ideal of being able to purchase the cars they were producing. As a result, once the Nanhai strike started the higher-level authorities decided to open up more space for insurgent workers to overcome the repressive tendencies of the local state, a tendency that was made apparent when the township union federation physically attacked the strikers. And the provincial union's continual attention to the plant is an indication that they would like to build up institutional capacity at the enterprise level which will be resilient enough to overcome the opposition of capital and the local government. Whether they will be able to do this while keeping the genie of autonomous worker power in the bottle remains unclear.

Although in this project I am largely not concerned with the specific dynamics of migrant worker resistance, the topic is worth briefly addressing here. Two relatively unique features appeared in the Nanhai strike and other strikes in the summer of 2010. The most significant difference with most previous outbursts of insurgency (including those during the major factory closures in 2008-9) was that workers were on the offensive and that they won economic gains. And second, the issue of union re-organization became more central, an indication of the germination of political consciousness. But there were many ways in which older patterns of resistance continued, both of which are somewhat counter-intuitive. The first is that worker protest remained highly cellular. Despite the fact that there was a major strike wave in which workers were clearly inspired by what was occurring in other factories, there was no coordination between strikers from different factories. The other is that workers' sense of fidelity to the law remains quite strong. In the course of an interview, one Nanhai striker revealed the contradictory consciousness that is prevalent among insurgent workers. On the one hand, he recognized the efficacy of legally ambiguous strikes: "That's right, [the company's internal complaint system] was not at all effective. Stopping work is effective, as soon as we stop work we see the Japanese people, as soon as we stop working the Japanese will immediately ask what the problem is."<sup>239</sup> And yet, just a few minutes later, the same worker said, "I hope [the union] will teach us about labor laws, so in the future we'll be better able to defend our rights according to normal procedures."<sup>240</sup> None of the workers from Nanhai expressed discontent with the laws themselves, a remarkable confirmation of the persistence of highly legalistic modes of thought, if not always action, among workers.

In conclusion, a comparison between Nanhai Honda and Otis allows us to see the insurgent-institutional dialectic unfolding during the key years of 2007-2011. Up to and during the economic crisis of 2008-9, oligarchy had blocked a substantive institutional response from the union. However, with the 2010 Nanhai strike the higher-level authorities allowed for the strike to continue in order to overcome the strong state-capital alliance at the local level and to raise workers' wages. A combination of continual insurgency as well as a degree of elite support produced gains that serve as an indication of the institutional moment of the countermovement. And yet, even if material conditions improved, continual worker disillusionment and the involvement of the provincial union are indications of persistent oligarchy, a phenomenon which should cause us to consider how sustainable and "exportable" the compromise at Nanhai really is. Indeed, as one

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<sup>239</sup> Interview, July 25, 2010.

<sup>240</sup> *Ibid.*

striker at Nanhai implied, it is not just economic but also political issues that underlie generalized worker discontent:

Of course we don't take the same position as those in power... a lot of people have the same difficulties as us, and have the same thoughts. Actually, the reason our Honda factory ended up like this [causing a strike wave], is because this is already a social problem, it's not just as simple as raising wages.<sup>241</sup>

The state and union at all levels maintain a steadfast dedication to the isolation of political and economic struggles; whether such a separation will continue to be feasible in practice is unclear.

## **Chapter 7**

### **Conclusion**

This work has provided an analysis of the dynamics of labor politics in China during capitalist industrialization.<sup>242</sup> I began with an empirical observation: during the eight years after the Chinese central government began making symbolic and material moves towards class compromise in 2002, migrant worker insurgency grew rapidly. While there are a number of factors behind this, the overarching reason is that while the country experienced an economic boom of historic proportions things did not significantly improve for migrant workers. For China scholars intimately familiar with the internal tensions and conflicts within the state apparatus, this phenomenon may not have come as such a surprise. Indeed, the past three decades of reform have resulted in the emergence of a well-documented alliance between the local state and capital, a scenario that has resulted in many potentially pro-labor laws and collective agreements going un-enforced. But if this is the case, my research has asked how we can explain a situation in which labor is strong enough to force concessions from the central state but not strong enough to significantly benefit from (i.e. enforce) these concessions.

At the risk of oversimplification, my answer has been that it is because the only unions that are allowed to exist – those subordinate to the ACFTU- are characterized by

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<sup>241</sup> *Ibid.*

<sup>242</sup> China of course experienced several decades of capitalist industrialization beginning in the late 19<sup>th</sup> century. However, this development was limited in geographic and social scope and was suspended once the Communists prevailed in the civil war.

persistent oligarchy which grants high levels of access to the state but prohibits the construction of autonomous collective power for workers. As a result, I have argued that China has fallen into an “insurgency trap,” in which efforts by the central and sometimes provincial and municipal governments to improve conditions for workers are systematically undermined by the specific political economy of China in which the interests of the lowest levels of the state are tightly aligned with the short-term interests of capital. The one way to break this alliance and ensure legal compliance – opening up space for the development of a potentially coercive countervailing force at the point of production, i.e. independent worker organization – remains anathema to higher levels of the state since they fear it would threaten their monopoly on power. Hence, the conundrum of insurgency trap.

Based on the experience of earlier industrializers, there is ample evidence that some form of organization is necessary to decommodify labor and incorporate the working class, both of which are likely preconditions for reducing insurgency. I have emphasized the distinctiveness of the Chinese case by tracing the historical trajectory of the ACFTU and its relationship to the contemporary class of migrant workers. We have seen that contemporary Chinese labor is characterized by *appropriated representation*, implying very different political dynamics than was the case for the labor movements that Polanyi might have been familiar with. At the most general level, working class formation in the West resulted in the construction of unions that while prone to oligarchic tendencies over time, nonetheless were originally constituted in opposition to capital and the state. In China, on the other hand, an entirely new urban proletariat has emerged under conditions of appropriated representation in which the sole and universal representative of the working class is already deeply integrated into the state. In this sense, it is evident that dynamics of representation between insurgent but dispersed workers and union officialdom becomes a key problematic for understanding the position, trajectory, and capacity of Chinese labor as a political actor.

These peculiarities of labor politics in China called for a re-configuration of the Polanyian countermovement. Based on his study of similar movements in the West, Polanyi conflated resistance to the market with actual decommodification. But when we look at the experience of China over the past three decades, increasing levels of worker unrest have by and large not resulted in the decommodification and incorporation that we might expect based on such theory. Thus, I argue for a distinction between the *insurgent* and *institutional* moments of the countermovement. While ongoing worker unrest in the face of deep commodification of social life confirms the existence of the first “moment” in China, we have also seen that oligarchy within the union structure has complicated the processes of political incorporation and decommodification that constitute the institutional moment.

That a highly repressive state seeks to keep the working class atomized under conditions of capitalist development is hardly surprising; what is less expected is that, in a striking confirmation of Polanyian theory, we have seen that even highly oligarchic unions are actively searching for a response to the chaos engendered by the free market. I have shown that unions in the most developed provinces in China (Zhejiang and Guangdong) have felt the pressure of worker unrest quite acutely, and are attempting various different types of reforms. In Guangzhou, we saw how union federation chair Chen Weiguang argued forcefully that unions must represent workers and *only* workers, a



dramatic rhetorical departure from the norm. Chen also successfully won many legislative and regulatory victories for workers. When we look at the development of sectoral unions, a type of union that the national leadership is pinning high hopes on, we see that different regional models of development produce different political possibilities. While the globalized economy of the Pearl River Delta makes it very difficult for unions to engage in sector-wide bargaining, the locally-driven economy of Zhejiang presents greater opportunities. Despite all of these changes in union form and rhetoric, we see that even in the most likely cases, unions had little success with advancing the economic interests of migrant workers or increasing their own legitimacy amongst membership. In theoretical terms, I argue that unions by and large failed to incorporate or decommodify labor, implying that the countermovement remained stalled at the insurgent moment.

But between 2007 and the spring of 2010, some of the dynamics of insurgency trap began to shift. Intensified worker unrest in 2008 and 2009 and a credit crunch in the West caused the central government to become more assertive in supporting an expansion of domestic consumption. When a strike broke out at Nanhai Honda in May 2010, the central government provided implicit support, thereby affecting both the process and outcome of this particular instance of insurgency. As a strike wave spread throughout Guangdong and other regions of the country, workers began to make offensive, and sometimes political, demands, many of which they won. While the political outcomes of the strike wave are still not entirely clear, it has resulted in some important changes in the union. One year after the strike wave broke out, the union at Nanhai Honda presided over a round of collective bargaining in which substantive bargaining took place – a significant departure from previous experience. While workers did win a large wage increase, other workplace issues were unaddressed and the workers remain suspicious of the union. That being said, it was clear that the severity of the insurgent outburst began to result in some institutional changes, as union officials and legislators from Guangdong began openly calling for the legalization of strikes. While it would be impossible to argue that relative success in one factory qualifies as institutionalization, the complex interactions between workers, unions, the employer, and the various levels of the state revealed different dynamics from just a year or two earlier. Particular as the case may have been, it revealed important underlying structural changes, and indicated what the contours of labor and the countermovement may look like moving forward.

### **What have we learned about labor in China?**

There are many features of labor politics in China that I have discussed which will not come as a surprise, e.g. unions on the shopfloor are weak, workers are suspicious of union leadership, unions work with state and capital to repress resistance, etc. But there are several advances, both conceptual and empirical which are worth emphasizing.

The first is that I have sought to show how factors other than control by the Party constrain and/or enable union activity. These include both internal organizational and external economic factors. I have demonstrated that the historical context of the formation of the ACFTU led the union both to its alliance with (and subordination to) the Party and to the development of a particular organizational logic. I argued that a particular practical orientation was established at the founding of the ACFTU in the 1920s which has persisted to the present – despite instances in which individual leaders

sought reform. This basic principle has been to promote the inter-related goals of ethno-national autonomy and an expansion in productive capacity (which are of course shared by the Party). Such an organizational logic developed because capitalist development in China took place in the context of semi-colonial subjugation, a marked difference from the political situation for labor in Western countries. Thus, the interests of the working class were always seen as a particular subset of the general interests of the nation, a formula that persists to this day. With this perspective, we can see the continuity between the ACFTU's radical past and its deep conservatism since the revolution. While the approach to advancing ethno-national autonomy and an expansion in productive forces have changed (mass mobilization in the 1920s, the iron rice bowl in the Mao era, and marketization since the late 1970s), the basic organizational ends of action have not. Thus we can see that ACFTU conservatism derives not just from the external constraint of subordination to the Party (a relationship that they have been unable to break free from), but also because of a particular internal logic that results in a very different orientation vis-à-vis capital and the nation than was the case for Western unions.

In addition to historical trajectory, I have argued that external economic conditions can be as crucial in determining union activity as the political constraints which have received much more attention in the literature. Through an analysis of cases that vary across space (Zhejiang vs. Guangdong) and time (Otis vs. Honda strikes), we see that different models of development and the dynamics of the global economy have a profound impact on the possibilities for organizational innovation and collective bargaining. Because of these opportunities and constraints posed by the various regional political economies in China, I have highlighted how a variety of markedly different systems of labor relations may emerge within a single country.

Empirically, I have presented new material on ACFTU unions which reveals previously under-studied trends. Most significantly, I have documented the emergence of sectoral unions in China, an organizational form that will be an increasingly central feature of Chinese trade unionism and industrial relations in the future. By linking developments in sectoral-level collective bargaining to regional political economy, I have shown that the success of such efforts will be geographically uneven. It seems that a European-style region-based approach to collective bargaining will be more likely in Zhejiang than in Guangdong, while the latter appears headed toward a more American-style firm-based approach. Perhaps most importantly, the glowing terms in which trade union officials around the country refer to the perceived success of Zhejiang sectoral unions reveals a fundamental feature of the organizational logic of contemporary ACFTU unions – the pursuit of what I have termed “oligarchic decommodification.” While new forms of organization and bargaining are proliferating around the country, the old problem of weak enterprises unions emerges as an issue here as well. In any event, sectoral-level unionization and bargaining are sure to remain high on the agenda of Chinese unionists, and these organizational forms are likely to shape the contours of worker resistance in the future.

The organizational innovation of sectoral unions is a response to worker resistance in general; however I have also documented union responses to a number of specific incidents of strikes. I concur with existing literature that unions are essentially without exception reactive to strikes and other forms of bottom-up activism, even in the least likely cases (such as the Guangdong Hotel). However, the comparison in chapter six

reveals that changing dynamics in political economy imply that, at least in certain industries and in certain regions, unions may begin to leverage autonomous worker resistance in pushing for increased wages and benefits.

Conceptually, I have argued that the research calls for a re-conceptualization of “labor,” as worker-union relations in China’s current period of capitalist development are markedly distinct from those in earlier industrializers. Because China’s new working class has emerged under conditions of appropriated representation, it is of crucial importance to problematize relations of representation. I have argued that “labor” should be regarded as *the dialectically constituted whole of the distinct entities of workers and unions in their political activity*. While representation necessarily “connect and cuts, attaches and separates,” (Hardt & Negri 2004:241) conditions of appropriated representation lock representatives and members together in an uncomfortable relationship in which the “attachment” is coercive and the “separation” is profound. While emphasizing that there is no normative assessment involved in the term, I argue that the ACFTU *does* represent the working class if only because the authoritarian state demands it of them, a scenario which has important practical consequences. Thus, worker insurgency results in organizational responses from the union, the best examples of which are the experiments with sectoral unions. At the same time, shifts in union activity in turn shape the dynamics of worker resistance. This was eminently apparent in the case of the Honda strikes, where workers initially started with simple wage demands, but in responding to union repression and inactivity quickly came to insist on union re-organization. Subsequently, democratic elections of limited scope took place which allowed some rank and file to participate in two rounds of collective bargaining. Finally, one of the consequences of the Honda strikes has been a renewed push by union officials for legalizing strikes which, if enacted, will certainly yet again alter the dynamics of worker resistance. The dialogue between insurgency and institutionalization within labor is apparent enough.

Making the distinction between unions and workers helps us to understand why it is that labor is strong enough to win concessions from the state (at various levels), but is not strong enough for migrant workers to significantly benefit from these concessions. On the one hand, dispersed worker insurgency has become a powerful political force at the aggregate level, since it represents a strong threat to the stability of the system. This has strengthened the hand of unions in pushing for pro-labor legislation, widespread increases in the minimum wage, and sectoral level collective bargaining agreements, instances of which have all been discussed in the preceding chapters. Especially given the declining fortunes of workers in the developed world, these gains seem exceptional and are certainly an indication of the strength of labor. On the other hand, we find that at the particular level, i.e. on the shopfloor, labor is quite weak. Workers are weak because they are disorganized and there is no credible strike threat, while unions are weak because of their heteronomy vis-à-vis capital and the state. The specter of generalized insurgency is a concern for the higher levels of the state, but not nearly so much for a particular employer or local officials. Finally, we can see that in instances in which workers build strength on the shopfloor, as at Honda, there emerges the possibility of drawing on the general power of labor (winning support from higher levels of the union and state) in bolstering unions within the enterprise.

And yet, we have seen that unions respond positively to worker strikes only in exceptional situations. The tension between workers and unions, between represented and representer, has already become and will continue to be a key site of class struggle. Much as Ching Kwan Lee argued that legal reforms are both shaped by and end up shaping worker struggles, the same is increasingly true for organizational reforms within the union. Again, this is quite different from most prior experiences of labor politics during industrialization, during which time unions and the working class developed relatively in tandem.<sup>243</sup> Given conditions of appropriated representation and the much greater repressive capacity of the state, migrant workers in China are forced to fight traditional battles against employers, but also must confront and transform their own unions to a much greater degree than was true previously. Whether or not dispersed worker insurgency will create enough political pressure to force changes in the union sufficient to reduce unrest is unclear; however, struggles over representation, i.e. *political* struggles, have emerged within labor and are likely to increase.

In concluding, I would like to highlight the implications of this study for global countermovements against the market and the future of global capitalism. I will first situate China within the world system while indicating potential systemic risks. Next, I will return to the domestic level in discussing how China may play a key role in averting such risks, and will then assess the likelihood of various outcomes. Finally, I will provide a discussion on the relationship between autonomous worker movements and traditional unions, and what sort of politics might allow for the construction of a powerful countermovement at the global level.

## **China and Global Capitalism**

As early as 1999 Giovanni Arrighi and Beverly Silver argued that the core of the capitalist world system was shifting away from United States and towards East Asia – China in particular (1999:286-9). With the U.S. accumulating a massive current account deficit (due in large part to trade with China) and descending into expensive military quagmires overseas, the passage of the “Belle Époque” of American hegemony became increasingly evident in the first decade of the 21<sup>st</sup> century (Silver and Arrighi 2003). But if a China-centered global economy is becoming more of a reality every year, the consequences of such a massive shift are not immediately evident:

How drastic and painful the transformation is going to be – and, indeed, whether it will eventually result in a commonwealth rather than in the mutual destruction of the world’s civilizations – ultimately depends on two conditions. It depends, first, on how intelligently the main centers of Western civilization can adjust to a less exalted status, and, second, on whether the main centers of the reemerging China-centered civilization can

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<sup>243</sup> I do not want to appear Pollyannaish about union democracy in the West or other developed countries during the period of industrialization. While being aware of all sorts of corruption, “yellow” unionism, etc. in other countries, the point is that there are quite distinct *general* tendencies in China, which means that representation is a more acute problem at the class level.

collectively rise up to the task of providing system-level solutions to the system-level problems left behind by U.S. hegemony.” (Arrighi and Silver 1999:286)

There is of course debate about what precisely will result from China’s rise. Arrighi, while adding several conditions and provisos, maintains a great deal of optimism about the possibilities that an emergent China holds for the stability and fairness of the world economy. He dusts off the Smithian theory of a “commonwealth of civilizations” in arguing that a declining U.S. hegemon will face greater restraints with an empowered China acting as a counter-weight (2007). Additionally, he maintains a degree of optimism that China’s rise will not necessarily result in the ecological disaster that many anticipate. Drawing on the work of Kaoru Sugihara (2003), we learn that China experienced an “Industrious Revolution” starting in the 16<sup>th</sup> century, which resulted in a labor intensive (rather than energy intensive) development path, a set of circumstances which resulted in divergence from Britain and the Western *industrial* revolution. Somewhat dubiously, Arrighi argues that this experience may help China avoid the energy intensive development strategy pursued in the West, thereby potentially averting the impending destruction of the biosphere.

Li Minqi is far less sanguine as is evident in the title of his book, *The Rise of China and the Demise of the Capitalist Economy* (2009). Although he does provide potential alternate outcomes, Li argues that the world system cannot bear the full integration of China into global capitalism. In addition to concerns about ecological catastrophe (Li 2007), he fears both internal social chaos and the possibility of “downward convergence,” (Li 2005:436) in which other countries in the semi-periphery continue to push down wages to compete with China. Both Li and Ho-fung Hung (2008) express concern that high levels of investment (particularly in infrastructure) and reliance on foreign consumer markets leaves China vulnerable to severe economic shocks.

This then brings us back to Arrighi and Silver’s second condition for avoiding severe upheaval in the world system: the necessity for a “system-level solution” from the “China-centered civilization.” The systemic problem to be addressed is – among others – precisely the issue of under-consumption in China that Hung identified even before the intensification of the financial crisis in 2008. It is here where the specifics of labor politics become of central importance. The introduction of some form of class compromise, including enhanced social protection and workplace security, will be necessary to reduce China’s high savings rates and to develop a new class of domestic consumers. Ongoing economic troubles in the world’s developed countries only enhance this imperative. But making such a transition is of course a *political* problem, one which will likely require the incorporation of the working class. In my terms, the institutional moment represents a potential solution to one of the central “system-level problems.” At the risk of grandiosity, the future of global capitalism may hang in the balance.

### **A New Class Compromise?**

The problem as defined above of course echoes the situation found during an earlier systemic crisis – the Great Depression. Fordism and the construction of the welfare state were primary means for addressing this crisis, steps which allowed for the

brief flowering of American hegemony.<sup>244</sup> In the West, social democratic and other non-revolutionary left parties allied with unions in demanding a greater share of profits from capital, which in the post-war era led to three decades of relatively high growth and a reduction in inequality. But contemporary China is of course very different from Euro-American countries of the early-mid 20<sup>th</sup> century, as is the global context. I have sought to address the question of, under what conditions has the Chinese state attempted to realize the sort of class compromise and de-commodification (that we would expect from Polanyian theory) through the means of a highly oligarchic trade union structure? And there are many reasons to believe that such a program will continue to encounter severe obstacles.

The first reason, which has been an empirical focus of this project, is the crisis of representation within the ACFTU. We have seen that heteronomy vis-à-vis both state and capital has rendered union organizations in the workplace – the space where formal laws either have material effects or dissipate into the ether – frequently impotent and incapable of enforcing their own agreements. Model trade unions in Guangzhou and sectoral unions in Zhejiang bearing the blessing of the Premier have by and large failed to incorporate or de-commodify labor (even if the formal mechanisms seem to be in place, as in Zhejiang). In enterprises rocked by militant and autonomously organized strikes during the spring-summer of 2010, we see that workers are able to make material gains; but it is unclear to what extent union organizations will be forced to engage in substantive reform. Certainly, persistent union oligarchy continues to present a challenge to institutionalizing class compromise.

A second and related challenge to the realization of class compromise in China is the lack of a developed radical political agenda. Particularly in many of the European cases, the threat of socialist revolution appeared quite real. The potential for the elimination of private property was of course quite unsettling for capitalists (and their allies in the state) and so labor unions and parties were able to exact relatively high concessions in exchange for abandoning a revolutionary agenda. It is important to recall that class compromise, as traditionally conceived, implies mutual concessions by *both* labor and capital. Labor agrees to “trade-off the abolition of private property of the means of production” (Przeworski 1980:56) in order to secure lower rates of exploitation by capital and expanded social protections from the state. Additionally, labor consents to efficiency producing arrangements in production so as to maintain the profitability of the firm. However, worker activism in China is not a traditional social movement but an *insurgency*; thus, few if any formal political demands (e.g. abolishment of private property) are articulated by representatives. The trade unions that claim to represent workers sometimes ask capital for some improvements; but without the capacity to stop production, such requests are by and large ignored. Thus, while particular instances of worker insurgency can result in heavy losses for capital, there is no credible threat to capital at the aggregate, i.e. *political* level. Without a unified effort from various levels of

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<sup>244</sup> As is the case for Arrighi and Silver, I use this term in the specifically Gramscian sense, i.e. domination constituted primarily by consent rather coercion. In the view of Arrighi and Silver, the period of American hegemony was notable for its brevity, and quickly lapsed into coercion.

the state, something which has yet to emerge, it is difficult to imagine how capital could collectively agree to some sort of compromise.

Related to this last point is third difficulty, namely the problem of the strong alliance between the local state and capital and the resulting non-enforcement of relevant labor laws. This is of crucial importance, because in order for a class compromise to work, “The state must enforce the compliance of both classes with the terms of each compromise and protect those segments of each class that enter into a compromise from non-cooperative behavior of their fellow class members.” (Przeworski 1985:202) Even in instances when relatively decommodifying legislation or collective bargaining agreements are enacted, implementation remains a severe problem. The mutual lack of trust resulting from such an anarchic situation was amply apparent with the sectoral unions in Zhejiang. Given the significant individual incentives for violating such agreements, it will be difficult to enforce a substantive compromise at the class level until the state can act as a credible and relatively disinterested<sup>245</sup> broker.

Finally, and perhaps most vexingly, is the extent to which China is deeply integrated into the global economy. International trade and investment is not a new phenomenon, and was certainly quite prevalent in the period of British hegemony in the 19<sup>th</sup>-early 20<sup>th</sup> centuries. But given China’s heavy reliance on exports and foreign investment, not to mention WTO agreements, the imposition of institutionalized decommodification at the national level in today’s world would be tenuous at best. As remarked upon by Peter Evans (2000; 2005; 2008), it is likely that a contemporary countermovement against the market must be as globalized as capital. Although there have been overtures towards greater international solidarity between the ACFTU and foreign unions, little substantive cooperation has developed thus far (David-Friedman 2009; Luce and Bonacich 2009). Thus, the globalized nature of the contemporary economy will likely continue to present challenges to institutionalizing the countermovement.

If a class compromise of the type that industrialized nations pursued from the middle of the 20<sup>th</sup> century seems unlikely in contemporary China, that does not mean that certain segments of the state won’t continue to try. The central government and certain lower levels of the state (particularly in highly industrialized areas with lots of labor conflict) seem to have become conscious of the “reverse J” problem described by Eric Olin Wright (2000). That is to say, the interests of capital are, in certain regions and sectors, being negatively affected by the *lack* of associational power for Chinese workers. An increase in organized worker power could have the effect of coordinating collective action on the part of capital, thereby leading to rationalization and efficiency gains. In other words, “[capital] must find ways to have its own needs put forward by its enemies.” (Tronti 1971)<sup>246</sup> Nowhere is such a situation clearer than in the small commodity sectors in Southeast Zhejiang.

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<sup>245</sup> The state is never “disinterested” in the strong sense of the term; I merely mean that in an instance in which labor and capital have agreed to maintenance of the general structure of capitalism, the state does not strongly favor either side.

<sup>246</sup> I have cited the original Italian version of the book where this passage appears. I drew this quote from an unofficial English translation of “The Strategy of Refusal” which can be found at: <http://operaismoinenglish.wordpress.com/2010/09/30/strategy-of-refusal/>

The failure to secure substantive compromise in China has meant that worker insurgency continues. It is likely that labor conflict will not continue to grow at the same fantastic pace of the first decade of the 21<sup>st</sup> century – if only because it is already so high. But it appears that insurgency will not decline significantly in the short-mid term, and it is therefore likely that the state and union will continue to experiment with institutional responses. Since only the formal outlines of compromise have begun to emerge, what might we reasonably expect from the ongoing dialectic between the insurgent and institutional moments of the countermovement?

## Future Developments

I have postulated that marketization in China has resulted in the development of an “insurgency trap.” Divergent interests between the central and local state, combined with the center’s categorical ban on autonomous worker organization, have resulted in a situation in which worker insurgency resulting from commodification has remained at very high levels. But if the state is in a “trap” at present, the situation is not static. How might things develop in the future?

The first possibility is *stalemate*. The state maintains its ban on independent unions, workplaces remain in a legal vacuum dependent on highly commodified labor, and worker insurgency remains high but stabilizes. This insurgency remains highly cellular and therefore doesn’t threaten basic social order. As a result, workers do not exact a high enough cost on the state and capital to force reforms, and the basic set-up remains unaltered. High levels of economic and social polarization would persist, and China would fail to develop significant domestic consumer markets. Over time, such a stalemate could sap the strength of economic growth as labor conflicts would continue and capital would not be forced into actively pursuing gains in efficiency. In other words, the state is unable to exit insurgency trap.

The second potential development is *reform*. In this scenario, segments of the state that are committed to compromise will promote the development of associational power for the working class. The existing union structure would be deeply reformed, and/or new and independent unions would be legalized. Such organizations would have to be much more democratic than the ACFTU, and would have the potential to confront state and capital over issues of economic, and potentially political, concern to their members. These relatively autonomous unions could play a key role in forcing compromise from their own constituency (something the ACFTU has not been capable of), while simultaneously wielding potentially coercive power vis-à-vis employers in the form of a credible strike threat. This may push the state to force employers to participate in interest-aggregating business associations, thereby increasing the possibility of regional or national-level collective bargaining. Additionally, it is possible to imagine such unions pushing for greater citizenship rights for migrant workers and an expansion of formal democracy,<sup>247</sup> although this scenario would *not* result in social revolution.<sup>248</sup>

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(accessed April 19, 2011) Since it was drawn from the internet, there is no listed page number.

<sup>247</sup> Working class organizations have played an important role in democratization and redemocratization (Valenzuela 1989) in Europe (Rueschemeyer, Stephens, and Stephens



Currently the state is unwilling to make the political compromises necessary for substantial reform. The central government remains deeply anxious about social instability, and local governments are in most instances too concerned with short-term accumulation.<sup>249</sup> But if worker insurgency exacts a high enough economic and political toll over the mid-long term, this may change and the central government could need the help of relatively autonomous – but potentially co-optable – trade unions. Additionally, local governments may come to see that expanded associational power for workers could help with the long-term development and stability of particular industries, as has already been the case in some sectors in Zhejiang. They will need unions with higher legitimacy among workers (i.e. incorporation of labor) to enforce rationalizing and efficiency-producing reforms. Additionally, inability to expand domestic consumption may come to seriously hamper China’s economic development. In short, *reform* implies a Keynesian-style solution to the problem, and may hold the greatest promise for the long-term stability and continuity of capitalist development in China.<sup>250</sup>

A third scenario is that of *expanded radicalism* which could result in revolutionary outcomes. Here, the state at various levels digs in its heels and continues to repress any attempts at substantive union reform, while worker insurgency continues to expand in scope, intensity, militancy, and organization. Strikes and various forms of direct action are directed against employers, but increasingly against the state as well as labor struggles become explicitly political. In other words, the cell walls separating sparks of insurgency are eventually worn down, and horizontally organized “tissues” of resistance begin to take form.<sup>251</sup> Worker organization develops outside the legal auspices of the state, and therefore is constituted in opposition to it.<sup>252</sup> I do not wish to make any wildly speculative remarks on what sort of politics might characterize such a movement. But it is possible to imagine a variety of forms of working class radicalism that could seriously destabilize current power arrangements, potentially leading to either libratory outcomes or social breakdown.

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1992; Therborn 1977), Asia (Buchanan and Nicholls 2003), and Latin America (Collier and Mahoney 1997; Collier 1999), though it is worth noting this role has been inconsistent across cases (Bellin 2000).

<sup>248</sup> As defined in the classic formulation by Skocpol (1979), a very different scenario than simple “democratization” as conceived of by Huntington (1991) and others.

<sup>249</sup> This is true both because of so-called “local protectionism” and because officials’ own career advancement can depend in large part on success with economic growth; see (Li and Zhou 2005; Zhou 2004).

<sup>250</sup> It is important to note that even if such a solution could address the immediate economic crisis, continual expansion of consumption in China poses an incredibly grave ecological threat, (Guan et. al. 2008)

<sup>251</sup> I want to emphasize that I am *not* advocating a functionalist “social body” metaphor in the vein of Durkheim (1997), but rather simply want to indicate that previously (relatively) autarkic social units begin to be fused together, thereby increasing their strength.

<sup>252</sup> Similar to Seidman’s (1994) account of the militancy of South African and Brazilian labor movements.

While I do not think this third scenario is particularly likely, as a thought exercise it does reveal a key characteristic of labor politics in China. Namely, that strikes and direct action by workers are currently organized, essentially without exception, autonomously from existing union structures, thereby making it very difficult for the state to co-opt. Depending on one's perspective, this is either a significant advantage or indicative of fundamental weakness. In concluding I will now turn to a discussion of this problem and its relevance to the global political economy.

### **Autonomous Worker Movements and the Future of Capitalism**

Antonio Negri and Michael Hardt have argued that the contemporary era is characterized by the development of a, “*decentered* and *deterritorializing* apparatus of rule,” which they term *Empire* (Hardt and Negri 2000). Drawing on Negri's autonomist Marxist roots, they contend that the “withering of civil society” (Hardt 1995) is actually an *advantage* for the working class, since we now have, “the set of all the exploited and the subjugated, a multitude that is directly opposed to Empire, with no mediation between them.” (Hardt and Negri 2000:393) From this perspective, the marginalization of the unions in the West that helped construct the welfare state in the post-war era is to be welcomed since, “Working-class power resides not in the representative institutions but in the antagonism and autonomy of the workers themselves.” (*ibid*:269)

Whatever one's assessment of such a position, the autonomist perspective captures something about contemporary worker insurgency in China. Although it is unclear to what extent he is engaged in analysis vs. exhortation, Mario Tronti holds that class consciousness emerges with, “the working class refusal to present demands to capital, the total rejection of the whole trade union terrain, the refusal to limit the class relationship within a formal, legal, contractual form.” (Tronti 1971)<sup>253</sup> Conscious maintenance of such a political position does *not* exist for Chinese workers who in general remain hopeful about the capacity of the state/laws to deliver justice; and yet, on a very practical level a variety of political formations have *forced* workers into just such autonomous resistance. As has been well-documented, workers – like other protestors in China – generally use the official language of the state (O'Brien 1996; O'Brien and Li 2006) and attempt to resolve grievances through proper legal channels (Gallagher 2005; Lee 2007), while not infrequently seeking the help of the union (Chen 2004); however, it is the *systemic failure* of these channels to resolve conflict that has resulted in an expanding, diffuse and decentered, extra-legal insurgency. A media description from a 2004 worker strike and riot in Dongguan could easily be applied to any number of incidents: “In the chaos the workers had no leaders, no representatives, no organization and no concrete demands. They dispersed as quickly as they rose up.” (quoted in Chan 2011:31) Additionally, lack of substantive representation means that when workers do have demands they are immediate and particular. Although the state is forced to respond to the political crisis of generalized insurgency, workers themselves do not aggregate demands at the political or class level.

We have already identified the present systemic risk in the capitalist world system, but how are we to assess the possibilities of autonomous worker insurgency

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<sup>253</sup> See footnote 246.

generating a more sustainable and equitable political economy? First of all, it must be noted that the crisis of trade unionism is not particular to China, even if it exists in more extreme form there. Around the world, trade unions have sustained decades of assault from both state and capital, and the capacity of these organizations to defend, to say nothing of *advancing*, either the narrow interests of membership or more general social interests has become highly circumscribed. What's more, if the response to neoliberalism must be global, we find that existing international organizations, e.g. the International Labor Organization, International Trade Union Confederation, etc., are either uninterested in or woefully unprepared for such a struggle. Given the current overbearing power of transnational capital, it is highly unlikely that such institutions will be the birthplace of renewed counter-hegemony.

The question then becomes, how can diffuse and decentered insurgency have a global impact? With the Eurozone in crisis and ultra-nationalism on the rise from the U.S. (Blee and Creasap 2010) to Europe (Mudde 2007) and East Asia (Fukuyama 2007) and many places in between, it is increasingly clear that theories of the "eclipse" of the state were exceedingly premature (Evans 1997). National institutions, laws, culture, etc., still heavily structure movements, reinforcing the position that efficacious transnationalism must be built on the foundation of robust local/national movements. Since traditional trade unions in most countries are heavily integrated into existing nationally-based state/party structures, it is unlikely that they will – of their own accord – fight to construct a counter-hegemonic foundation at the national level. This is particularly the case because such a project could, and probably would, threaten their integration into existing power arrangements. This is not to say that such institutions should or realistically can be wholly circumnavigated; even in the case of China where the ACFTU is a non-factor in most workers' lives, they are time and again forced to confront official unions. In Peter Evans's view, counter-hegemony can be constructed through some amalgam of "trees" – traditional organizations like trade unions – and "rhizomes" – the diffuse insurgents celebrated by Hardt and Negri (Evans 2008:291). My argument is that in many cases, typical "trees" are decayed, and without being *forced* into mobilization by insurgent "rhizomic" activity, they will continue to rot in irrelevance. In short, the insurgent-institutional dialectic can be the motor force behind the establishment of counter-hegemonic blocs capable of confronting capital at the transnational level.

It goes without saying that any countermovement against neoliberal globalization cannot succeed without a strong presence in China. China's increasing centrality in the world economy means that any domestic shift in economic and political organization will have immediate ripple effects throughout the globe. I have argued throughout that Chinese workers are already rejecting commodification *en masse* and are beginning to force major concessions from individual employers. Unions remain reactive to worker resistance and highly illegitimate amongst their constituency; thus the countermovement in China remains stalled at the insurgent moment of the countermovement. But the situation is fluid, and China continues to be the world's epicenter of labor unrest (Silver and Zhang 2009). Whether this diffuse insurgency will be capable of exercising greater political power is unclear, but no global countermovement will succeed without it.

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