

CHINESE WORKERS IN COMPARATIVE PERSPECTIVE

Edited by Anita Chan

ILR PRESS

AN IMPRINT OF

CORNELL UNIVERSITY PRESS ITHACA AND LONDON

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First published 2015 by Cornell University Press

First printing, Cornell Paperbacks, 2015

Printed in the United States of America

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Library of Congress Cataloging-in-Publication Data

Chinese workers in comparative perspective / edited by Anita Chan.
pages cm

Includes bibliographical references and index.

ISBN 978-0-8014-5349-6 (cloth : alk. paper) —

ISBN 978-0-8014-7993-9 (pbk. : alk. paper)

1. Industrial relations—China. 2. Employee rights—China. 3. Labor market—China. 4. Comparative industrial relations. I. Chan, Anita, editor. II. Lüthje, Boy. Exporting corporatism.

HD8736.5.C467 2015

331.10951—dc23 2014038200

Cloth printing 10 9 8 7 6 5 4 3 2 1

Paperback printing 10 9 8 7 6 5 4 3 2 1

Printed with Union labor

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THE FALLACY OF CHINESE EXCEPTIONALISM

Anita Chan

In Chinese publications the catchphrase “socialism with Chinese characteristics” frequently is used to describe China’s current economic system. The Chinese Communist Party provides a loose official definition: “Socialism with Chinese characteristics combines the basic principles of scientific socialism with the factors of building socialism unique to China.”¹ The definition essentializes “exceptionalism” by using the word “unique.” This has its pragmatic functions: it is conveniently used by Chinese decision makers, bureaucrats, and defenders of the greatness of China to ward off having to adopt internationally recognized practices. Foreign scholars, too, often endorse the notion of Chinese exceptionalism, though of a different kind. Their choice stems from having a myopic view of whatever they are studying about China. So preoccupied and immersed are they in a world of Chineseness that they often do not extract themselves and ask the question: Are Chinese characteristics also shared by other nations? At a scholarly level, Chinese exceptionalism pervades many of the disciplines relating to China—in Chinese culture, Chinese history, or Chinese political practices, for example.² Commenting on this, Louise Edwards raises the interesting idea of “academic apartheid” when she writes, “The notion that China in some ways presents a ‘special case’ has hitherto prevented Chinese history from interacting convincingly with history studies more broadly. But such academic apartheid also participates in the tiresome and potentially dangerous pathologizing of ‘China’ as either especially ‘victimized’ in global politics or especially ‘mysterious’ and incomprehensible.”³ On China’s recent “peaceful rise” William Callahan

expresses a different kind of worry that “Eurocentrism is replaced by Sinocentrism, Westernization is replaced by “Easternization, and American exceptionalism is replaced by Chinese exceptionalism.”⁴ To my mind the exceptionalism paradigm stultifies our search for a deeper understanding of China.

Size of the Chinese Labor Force as an Issue of Exceptionalism

If there is one feature that contributes to the notion of Chinese labor exceptionalism it is its gargantuan size. As industrialization steamed ahead in China, and a workforce of several hundreds of millions emerged from the countryside and entered the labor market, the enormity of the impact on international labor could not seem anything but exceptional. China’s exceptional size exerts a dominating effect on other poor nations. Newly industrializing countries in the global South, especially in Asia, felt obliged to compete by undercutting China’s low wages and poor labor standards. Because of the size of its workforce, China’s entry into the world’s labor market drove wages to the bottom among poor countries.⁵ Alongside this, the poor working conditions in China’s vast export sector attracted unrelenting criticism from the developed world (in particular from Western trade unions) as if Chinese workers’ conditions are exceptionally abhorrent. In point of fact, many countries’ work conditions, such as in India and Pakistan as shown in Chapter 6, are worse than China’s.

China has also been treated as “exceptional” in that it is among a handful of countries in the world that still declare themselves “socialist” and that do not allow free trade unionism. The international trade union movement in the 1990s and early 2000s, under the umbrella of the International Confederation of Free Trade Unions (ICFTU), was particularly critical of the All-China Federation of Trade Unions (ACFTU) as the handmaiden of, and window dressing for, a Communist state. Despite a toned-down criticism, the pressing issue is still China’s violation of the International Labor Organization’s two core labor standards: freedom of association (ILO convention no. 87) and the right to organize and engage in collective bargaining (ILO convention no. 98). Admittedly, China is not exceptional in not ratifying or practicing these two conventions, and many countries often violate these principles in practice. In this sense, China is no exception.

Internationally isolated, the ACFTU for its own bureaucratic reasons was eager to join the International Confederation of Free Trade Unions. The annual debate among the members of the international organization on how to deal with the ACFTU has been intense. It was not until 2007 that the International Confederation of Free Trade Unions, renamed the International Trade Union

Confederation (ITUC), began a dialogue with the ACFTU.⁶ Today, while the ITUC has a total international trade union membership of 175 million workers, the ACFTU has more than 239 million members.⁷ The implications of letting the ACFTU join are considerable and invite caution from the ITUC.⁸

The Chinese, on their part, tend to see the United States as exceptional and all-important as a world power. During the two and half decades that I have been conducting research on labor in China, I have observed that when the Chinese compare themselves with the “Western model,” they mistakenly equate this with the “American model.” The Chinese generally do not know that there is also a European model, nor, in fact, do the Americans realize the European employment and labor systems are different from their own. Americans regard their labor system as one to be emulated. This view is also prevalent among Chinese scholars, who are critical of their own authoritarian labor system and compare it unfavorably with that of the United States, in which workers have freedom of association, the right to strike, high pay and benefits, and so on. Even Chinese trade unionists who are irritated with the American trade unions’ criticism of the ACFTU and adamantly defend the “Chinese characteristic” argument sometimes also regard the US system as superior. Americans and Chinese perceive themselves and each other as exceptional—either positively or negatively so.

From Exceptionalism to Comparativism

A major problem with the concept of Chinese exceptionalism is that it diverts researchers’ and analysts’ attention away from looking for fundamental similarities and differences between China and other national systems. True, every nation’s labor system has its own social, cultural, political, and historical trajectories. In this sense every system is unique, but on examination national systems also share commonalities, and some of these may even be universal. By comparing one facet of each nation’s system against facets of other systems, we can uncover explanatory factors that we might have missed. Comparative analysis leads to insights, sharpens our intellect, and, one hopes, reduces bias and prejudice.

To this end, I organized a workshop and invited scholars from four continents who specialize in Chinese workers to prepare chapters for this book that either compare China with other countries or examine and compare various sectors within China. Their work is both cross-national and intranational in outlook. The authors of these chapters variously compare Chinese industrial labor in its socialist/postsocialist contexts, in a corporatist context, within the context of a developing country, and place mainland China alongside Taiwan. Some chapters compare two industries or two regions of China that help to sensitize us

to variations and complexities within the spectrum of Chinese labor. It is my hope that this collection can help to dispel erroneous views about Chinese labor held by the international labor community, which is unrealistically optimistic about the militancy of Chinese workers, overestimates Chinese migrant workers' ability to organize, is either overenthusiastic or unfairly critical of the impact of labor nongovernmental organizations (LNGOs) on China's labor movement, and either demonizes Chinese trade unions or is overly enthusiastic that they are reforming themselves. My fundamental intent in this book is to confront those interested in China's labor force and with global labor with an objective and comparative view of China. Chinese labor should be analyzed in relative terms that will allow us to have a better grasp of the issues and not measure China against an ideal Western model. Admittedly, China is a big elephant that requires much research and comparative analysis. This collection is only the beginning of such an effort.

The book is divided into three sections. The first focuses on historical and structural developments in China and compares these with industrial relations systems in three other countries. This provides background and historical perspective on the trajectories of current systems. The second focuses on external factors, such as the role of the state and globalization, on labor regimes and labor standards. The third section focuses on efforts to reshape labor regimes and standards in order to improve the circumstances of workers.

Historical and Structural Developments

A country's present economic and employment systems are the products of incessant change. The two chapters included in part 1 examine these forces of change and their effect on current institutions while comparing the Chinese system with the experiences of other countries. In chapter 1, the German scholar Boy Lüthje compares German and Japanese joint-venture firms in China. In chapter 2, four US-based scholars, Mingwei Liu, Frederick Scott Bentley, Mary Huong Thi Evans, and Susan J. Schurman, compare the American and Chinese industrial relations systems. Both chapters invoke the concept of state corporatism. Chinese corporatism has been a contentious subject discussed by Western scholars for some time. The main debate has been whether China is a corporatist state and, if so, whether this has been eroded and decentralized through the emergence of civil society.⁹

Lüthje enters this debate from the framework of "varieties of capitalism" that dichotomizes capitalist systems into "liberal market economies" and

“coordinated market economies.”¹⁰ Lüthje subscribes to the notion that China, Germany, and Japan share features of corporatist structures with coordinated market economies in contradistinction to the neoliberal market economies of the United States and Great Britain. However, finding the framework’s emphasis on institutions too static a model, he privileges a notion of the dynamics of change that evolves into various types of corporatism and varieties of capitalism. Corporatism and capitalism, as he sees them, are constantly changing as they face the challenges of globalization. To illustrate what he sees as the fluidity of systems, he uses Sino-German and Sino-Japanese automobile manufacturing ventures in China as case studies. He shows that nationally distinctive management styles manifest themselves and affect industrial relations within these German and Japanese joint ventures. He explains why Sino-German joint ventures have more harmonious industrial relations in China than Sino-Japanese joint ventures, which experience more confrontation in their supply chains. He also concludes that the shape of labor policies in China asserts itself in all of these joint ventures.

While Lüthje argues that institutional structures are continually changing, Liu and his coauthors identify the driving force of change as globalization. This brings us to the other major variant of capitalism, the neoliberal Anglo-Saxon variant that Lüthje refers to. Liu and his coauthors argue that the American and Chinese industrial relations systems are converging. In the United States, a declining and divided trade union movement is stymied by labor laws that ostensibly allow freedom of association but in essence restrict such freedom, while strike laws allow strikes but make organizing strikes extremely difficult. Worse yet, US trade unions are not able to get Congress to pass new laws that can arrest the unions’ decline. The democratic political system works against such efforts. By contrast, in China the state and the ACFTU have been able to pass pro-labor legislation in the past two decades, but because of the weak observance of laws in China, much of the legislation has not been implemented locally. Because of the lax enforcement of these laws, Chinese workers have lost out under globalization. Both US and Chinese workers suffer the brunt of “flexibilization” of labor, with precarious job tenure increasing at a rapid rate.

Liu and his coauthors introduce the concept of “converging divergence.” Having adopted a market economy and integrating it with the global economy, China is converging toward the American model; at the same time, both nations’ workforces are witnessing diverging domestic conditions, resulting in increasing socioeconomic inequality. In labor relations, the big difference between the two countries is that Chinese trade unions are under state control while US trade unions are autonomous. Nonetheless, under the power of global capitalism these

two “exceptional” nations share something in common: huge sectors of unorganized labor and trade unions that are struggling for legitimacy in the eyes of the working class and for survival as institutions.

To a certain extent, Lüthje and Liu look at China’s industrial relations system under slightly different lights. Lüthje emphasizes empirical evidence of corporatist Chinese structures as well as measures found in coordinated economies, and he observes that state intervention through the increasing enactment of laws and regular increases in the minimum wage help contain labor unrest. In contrast, Liu and his colleagues emphasize the neoliberal aspects of the Chinese system. Which scenario approximates the real situation better—Chinese labor being somewhat protected by the state or a laxly regulated Chinese industrial labor force in free fall? This is a controversial question. Attempts at answers can be found in the next section, which is devoted to examining indicators that reflect the effect of state policies on labor conditions, in comparison with other countries and within different parts of China itself.

The Role of the State, Globalization, and Labor Standards

Through the use of empirical studies, authors in part 2 of the book examine and compare the impact of globalization on labor standards in China as against its impact on poorer countries such as Vietnam, India, and Pakistan. Globalization is an important driver that these less-developed countries all have to contend with as transnational capital scours the world for cheap labor. How are Chinese workers’ livelihoods and work conditions affected? How do different groupings of Chinese workers working in different parts of the country, in different sectors of the economy, and living under the shadow of local governments and firms competing to offer the best investment climate sustain themselves? How do workers in other developing countries contend with the competition emanating from China? Kevin Lin in chapter 3 and Florian Butollo in chapter 4 compare labor standards within China under the impact of globalization. Kaxton Siu in chapter 5 and I along with Hong Xue, Peter Lund-Thomsen, Khalid Nadvi, and Navjote Khara in chapter 6 compare China’s labor standards with those in three poorer countries. In these four chapters the authors identify the various key factors and players in the manufacturing process that affect labor standards. The information in these chapters makes clear that two fundamental factors are largely responsible for shaping labor standards—the state and the ubiquitous force of globalization.

In China, the state has been the main actor organizing and restructuring the country's economy to integrate it with the global economy. Lin shows how the state, in response to competitive global market forces, has allowed state-owned enterprises to adopt a two-tier workforce system. Butollo shows how, at the local level, the Guangdong government played a major role in facilitating technological upgrading. Siu analyzes in detail the labor laws enacted by the Chinese and Vietnamese governments that ensure that their minimum-wage policies do not undermine their competitiveness in the international labor market. Similarly, my colleagues and I show that in China, Pakistan, and India the governments passed labor laws and implemented policies that influenced their respective international market share in the production of soccer balls. In sum, the visible hands of state laws and policies and the competitive pull of globalization have played critical roles in shaping the industrial relations systems in the countries examined in part 2.

In addition, Lin's study of Chinese state-sector workers and their working conditions focuses on a major economic sector in China that has drawn little academic interest after the massive layoffs of tens of millions of state-enterprise workers at the height of industrial restructuring in the late 1990s. Lin shows how, after the end of lifetime employment for Chinese state workers and the introduction of a labor-contract system, state workers became threatened by precarious employment, lower labor standards, and eroded benefits, to the extent that their conditions are converging toward those suffered by Chinese migrant workers. He discovered that workers hired directly by state enterprises still enjoy some of the paternalistic legacy of the previous planned-economy period, with job security, good fringe benefits, and entitlements. Their work hours are comparatively shorter and their wages a bit higher than those of migrant workers in China's export sector. But during the past decade state enterprises have created a two-tier workforce. There is now a rapidly growing population of "dispatch workers" (temporary workers), estimated to be as many as sixty million, who are hired through agencies. They work side by side with regular workers doing the same kind of work but for lower pay and fewer benefits. This large group of precariously situated workers have one-year or two-year contracts—or none at all. This is the most significant new factor in the expanding flexibility in employment described by Lüthje and Liu. In this sense, there is convergence between China, the United States, and even Germany.¹¹ The Chinese working class as a whole is losing out in this turn of events, while the Chinese middle classes and the ruling elite are big gainers, which leads to increasing socioeconomic disparities. Lin argues that the long-held view that there is a divide between workers in state enterprises and migrant workers in the private and foreign-funded firms is

no longer entirely valid. It is time to consider the changes these two main groups of workers are experiencing as interrelated processes of transformation—the remaking of the Chinese working class.

There is a popular view that as a country moves through a labor-intensive industrial stage to a more advanced stage of industrial technology, there will be a tandem upgrading of workers' skills leading to overall socioeconomic improvements. A better-educated and better-trained workforce that demands higher wages will pull the rest of the less-skilled workforce along with it. Butollo's comparison of the garment and LED lighting industries in Guangdong Province shows, however, that socioeconomic upgrading does not necessarily follow in the wake of government-initiated technological upgrading. The upgrading and automation of the two industries reveal important differences in their respective organization of production, upgrading strategies, skills, and wage systems. Yet in both industries there is a bifurcation of manual assembly-line tasks and knowledge-intensive tasks (in management, design, R & D, etc.). The greater the automation, the more repetitive, de-skilled, and boring is the work on the line. Workers are subjected to either labor intensification or wage stagnation. Working conditions are becoming so unattractive in Guangdong that, after weighing the slightly higher wages there against the advantages of working in their home provinces, many migrant workers prefer to stay put, which has led to a labor shortage in Guangdong. But firms there still refuse to raise wages. Instead, they prefer to relocate to low-wage areas either further inland in China or abroad. Upgrading strategies therefore have provided very limited benefits for manual workers even in technologically sophisticated enterprises. Butollo concludes that this trend will generate greater labor unrest in Guangdong Province.

On the cross-national level, we might surmise that the reactions of China and Vietnam to globalization would be quite similar. Both countries remain under one-party rule. Their so-called market socialism is designed to keep wages competitively low in the export sector to attract foreign direct investment (FDI). While this is generally true, Siu, based on two surveys of eight hundred workers in the garment industry in China and Vietnam, reveals that both Chinese and Vietnamese workers are going through hard times, albeit differently. Chinese workers have more than enough to eat but face harsh working conditions, particularly in terms of excessively long hours; Vietnamese workers are not forced to work as many overtime hours, but they have to struggle to meet their basic needs for food and shelter. Siu raises the question: Why do foreign investors not make Vietnamese workers work as many hours as Chinese workers? His analysis shows that this is owing to a bundle of interrelated factors: differences in each country's labor laws, factory overtime policy and compensation arrangements, trade

union attitudes, and workers' readiness to go on strike. We are presented with a situation in which globalization has forced national governments to undertake strategies that have engendered different outcomes.

In a similar way, in the chapter that I and my colleagues have coauthored on soccer ball production in China, India, and Pakistan, we find that the role of the state has been very important in shaping industrial relations and labor standards. All three countries have been competing to attract FDI in this industry; all are at the end of the global production chain. The main drivers are brand-name corporations that compete against one another to maximize profits and cut costs. Of the three countries, China is the only one that has the capacity to prevent a free fall to the bottom in terms of working conditions and wages. By using its national labor laws, it has been able to maintain and improve wage levels. Pakistan and India, in contrast, passed laws that diminish the state's regulatory functions. In both countries these laws have encouraged capital to establish small workshops rather than large production facilities, which in effect excludes the majority of the manufacturing workforce from legal protections. This has resulted in a proliferation of home workers laboring in isolated settings, which is detrimental to the development of collective awareness and collective actions. Over time, the compensation of these home workers has fallen below a living wage. With parents unable to afford school fees, children of home workers have to stay home. The only solution for these impoverished parents is to put their children to work stitching balls for a few rupees a day. Both the Indian and Pakistani governments and capital have held on to the belief that cheap labor, even child labor, provides their most effective competitive edge, and they have had no qualms in taking this low-road strategy. They have become unwilling and, for the most part, incapable of upgrading technology and modernizing their production organization and improving the efficiency of their workforce. In contrast, the Chinese government is keen to promote and facilitate technological investment and automation, as Butollo describes in his chapter. By the time the Indians and Pakistanis realized their short-sightedness, they had already lost out to China in the soccer ball industry. Sometimes the Chinese state has also drawn on unconventional sources of vulnerable labor to reduce labor costs in this highly labor-intensive, competitive industry—prison labor, which generates much higher productivity than does child labor.

These four chapters on labor standards inform us that globalization is unquestionably a main driver to the bottom but that nations can, to a certain extent, adapt and react to the situation, and they do so in ways that vary depending on their capacity and willingness. In global terms, corporatist arrangements and industrial policies as practiced by China and Vietnam can sometimes arrest the

exploitation of their workforce, more than can be done in neoliberal states such as India and Pakistan. They try to maintain a balancing act. A “socialist” state like China, however, can also engage in a proliferation of precarious hiring practices in the state sector, as illustrated in Lin’s chapter. States cannot be relied on to nurture and protect their workforce from being trampled on by international and local capital.

Trade Unions, NGOs, Collective Bargaining, and Labor Activism

In a comparative context, Chinese workers’ conditions can be better or worse than others, subject to the choice of comparators. The empirical evidence presented in the final three chapters that make up part 3 suggests that a difficult road lies ahead.

That the ACFTU does not act as a trade union that represents workers’ interests but as an arm of the party-state has been widely accepted by students of Chinese labor. Feng Chen, for instance, has seen the industrial relations system in China as a quadripartite system (of state, employer, trade union, and labor) rather than the usually described tripartite system (minus labor) in which the ACFTU is a fourth actor but with interests separate from those of workers.¹² Expectations are low that the ACFTU will ultimately become a genuine representative of labor. Yet there are also some reasons for optimism—labor NGOs (LNGOs) are taking up the challenge abandoned by the official government-run trade unions. In chapter 7 Chris King-chi Chan and Yu-bin Chiu demonstrate the possibilities. They document how workers and NGOs in Taiwan in the 1980s were able to ride the crest of a nationwide political movement that successfully turned a one-party corporatist political system into a multiparty democracy and in the process provided an opportunity for a one-party, state-controlled trade union system to turn into an autonomous trade union system. In both China today and Taiwan before the 1980s, LNGOs have emerged to provide workers with services and support that should have been the function of trade unions. The authors lay out in detail how Taiwanese LNGOs struggled under a corporatist political framework and how they overcame difficulties. They understood the importance of financial independence by relying on indigenous funding. They had the courage to turn to political agendas because they saw that labor’s economic struggles were part of a broader political democratic struggle. In contrast, LNGOs in today’s China are reliant on foreign financial support. They are also generally “depoliticized,” as pointed out by the authors, which restricts their activities to the space prescribed

by the law, and they do not organize across workplaces. The authors recognize that the political situation in Taiwan in the era of its political transition was more open than in the People's Republic of China today, but they still believe much can be learned from the Taiwanese LINGO experience.

This is an interesting possibility worth pursuing. Having worked with Chinese LINGOs, I am aware of the problems, but Chan and Chiu have pointed out a possible route to moving forward. Yet much also depends on Chinese workers' consciousness. Chinese workers are not as willing as the Vietnamese to stage strikes. A 2013 study by Feng Chen and Mengxiao Tang concludes that Chinese workers are still at a stage of legal rights-based protests given that their demands are simply for employers to comply with what is legally due them under China's labor laws. Interest-based demands that go beyond seeking legal compliance—for instance, to receive wages and conditions that are higher than the legal minimum—have only just emerged.¹³ The massive strike of more than forty thousand migrant workers at an enormous Taiwanese footwear factory, Yue Yuen, in Guangdong Province in April 2014 is the biggest strike ever among Chinese workers at a foreign-funded factory. The strike began with a demand for employer contributions to workers' social insurance (not unpaid wages, which is more common), and this continued to be the core demand.¹⁴ The almost two-week-long strike ended with fierce police suppression outside and inside the factory buildings, management intimidation, and damage to workers' morale and solidarity. Ultimately little was gained from the upheaval, and multinational buyers quickly shifted part of production either to poorer parts of China or to neighboring developing countries.¹⁵ The most important demand, along with the size and length of the strike, indicate that migrant workers have notched up another step in rights awareness. A few weeks earlier, workers at a Walmart store drew international attention when they responded to an unannounced closing of the store by laying out compensation demands that went beyond what was legally due to them as a severance settlement. The workers demanded that Walmart double the amount of severance pay for each month of employment; compensate workers for expenses incurred from moving house and transferring children to nearby schools when taking up the job; and provide three times compensation for next year's Chinese New Year holiday leave that had not yet been taken.¹⁶

What role has the Chinese trade union played, and what can be revealed by examining the union from a comparative perspective? In the first decade of this century, there were a few instances when the ACFTU made some efforts to show it was reforming itself. The most surprising example was when the ACFTU secretly set up democratically elected workplace unions in 2006 at more than a dozen Walmart stores. But this democratic unionization effort lasted only about

two months.¹⁷ Since then, trade union chairs have been appointed from among the stores' human resource managers or middle-ranking store supervisory staff.¹⁸ Work conditions have degenerated to a level similar to that in US Walmart superstores, with fulltime workers being turned into part-timers to avoid the employer's contribution to social security and medical benefits; compensation barely above minimum wage; enforcement of "voluntary" overtime; and so on. The turnover rate of store workers is so high that newer workers have no knowledge of the once-promising incident of 2006.¹⁹ Recently a few veteran store workers who had participated in the election of union branches in 2006 stepped forward with the support of LNGOs to protest deteriorating conditions, while the Shenzhen trade union and its lower-level unions stood on the sidelines or at best served as mediators. How organized and widespread are such actions is difficult to gauge, but this is the first sign that these older workers have the capacity to muster independent actions.²⁰

Despite the failure of local trade unions to represent workers and protect their constituents' rights, the ACFTU has expressed interest in building up a workplace system of "collective consultation." When a foreign trade union engages in exchange visits or study tours, the ACFTU sometimes asks the foreign union delegates to run collective bargaining training sessions. This type of request, as far as I know, began in the mid-1990s when the Australian Ministry of Labour and the Chinese government agreed to a program that sent trainers to China from Australian unions to impart the Australian collective bargaining experience. Yet this kind of program did not help advance the state of Chinese collective consultation for almost two decades.

Since the Nanhai Honda strike in 2010, the ACFTU has shown renewed interest in setting up a collective consultation system with the express purpose of containing wildcat strikes. It is unclear how serious this interest is among union officials in various parts of China. Guangdong is the region that is best known as being proactively concerned with labor rights and the launching of new programs (despite the Shenzhen trade union's inaction during the Walmart workers' protests). Both the Guangdong Provincial Federation of Trade Unions (GDFTU) and the Guangzhou Federation of Trade Unions (GZFTU) have engaged foreign trade unions to run training sessions on collective bargaining. Lively details of these training sessions are documented by Katie Quan in chapter 8. Quan, a Berkeley academic, was formerly a union organizer and trainer. She conducted collective bargaining training sessions in Vietnam during the same time period as she was running similar sessions in Guangdong. In her chapter she compares the receptiveness of the two countries' union staffs to new ideas and their willingness and ability to conduct collective bargaining on behalf of workers.

Quan points out interesting differences in each country's national-level approach to collective bargaining and the differences between their trade union officials. The role-playing collective bargaining sessions that she conducted in Vietnam were boisterous and engaged, while in China they understood what they were supposed to do but were ineffectual in involving workers. These observations are revealing of the discernible difference between the two countries' local trade union officials. Vietnamese officials feel a sense of personal involvement in their representation of workers that seems to be lacking in Chinese trade union officials.

What could be the reason for this difference? Rank-and-file mobilization and escalating the stakes are normally seen as portending a strike. Does the absence of a stated right to strike in China inhibit Chinese trade unions from representing workers in earnest during such sessions? This is an argument I have heard several Chinese union officials and labor advocates make. Would the existence of such a right help? Going on strike is neither legal nor illegal in China, and a decision to strike is usually a last resort in a bargaining process. Given China's current situation, the legal protection of striking is not a deciding factor in whether workers strike. Vietnam's labor code permits strikes and contains protected strike clauses. Yet strikes in Vietnam have not been organized and/or led by workplace unions.²¹ A strike law therefore does not determine whether or not a union will be willing to bargain for workers. The Vietnamese trade union officials' shouted demands during Quan's training sessions when acting out their collective bargaining roles had little to do with potential threats to initiate a strike. Normally their heated bargaining with management arises only *after* workers have gone out on strike on their own. Vietnamese workers have not depended on the unions to organize their strikes as mandated by the law, nor have workers considered the law to be of any relevance to their industrial actions—they do not even consider the consequences of violating the strike law. Neither do the authorities take the law seriously, because workers do not get arrested for violating the law when they launch wildcat strikes. In other words, the legal right to strike in Vietnam thus far has done little to instill in workers a mentality of legal compliance or of seeking trade union help to resolve grievances through collective bargaining or, from the authorities' point of view, of containing strikes.

Indeed, while laws granting a right to strike have been much heralded in democratic countries that have such laws, this does not mean that workers there can more readily go on strike. To demonstrate why this is the case, Sean Cooney and Thomas Nice in chapter 9 compare and analyze from a jurisprudential standpoint the situations in China and Australia. Australia is often seen as having relatively strong trade unions compared to, say, the United States. Cooney and Nice

use Australia as a comparator because for most of the twentieth century strikes were common but illegal in Australia. Only in the 1990s did Australia pass legislation providing a right to take “protected [strike] action.” Yet the Workplace Relations Act of 1996 created a demarcation between protected industrial actions and those that are not.²² Comparing the period before and after the enactment of the law, the authors show that the right to “protected action” has had the effect of reducing the scope of industrial actions in practice because of intervention by the government, but they also think “that the creation of a right to strike is an open-ended, fraught, and ambiguous process, not necessarily an unqualified benefit to workers.”

Cooney and Nice use a roundabout means to show the possible problems that China may encounter if a law legalizing strikes were to be enacted. They show how the Australian law falters in protecting strikes by measuring it against the ILO’s conventions, in respect to both jurisprudence and practice. When violations of the law are not penalized it is only because of the authorities’ willingness to overlook the infringement. Sometimes common practice and political considerations prevail over legality. But such largesse can also easily be rescinded under elected governments that are antilabor.

The Vietnamese and Australian experiences can serve as a guide. In Vietnam the unions are weak, even if willing. In Australia the law was passed only after years of hard struggle by relatively strong trade unions. Even so, the law ended up restricting industrial actions in Australia, while such a law on strikes had no effect in Vietnam. Were such a law to be passed in China, therefore, it cannot be assumed that it would better enable workers to strike nor that the currently ineffectual official Chinese trade unions would be better able to bargain effectively for workers. In the last few years, there have been discussions among Chinese decision makers and labor-relations scholars as to whether there should be such a law. The policy-driven perspective is that a strike law might be able to regulate strikes, with grievances channeled into a collective bargaining system. The Chinese labor-advocacy perspective is that workers should enjoy the right to strike and the right to genuine collective bargaining. A strike law if enacted would possibly narrow this right, as described by Cooney and Nice, similar to how such a law works against labor in Australia. In a somewhat similar manner, the Vietnamese strike law makes the procedure for going on a protected strike so laborious that such a strike would be bound to fail. The labor advocates’ conception of a strike law, in contrast, would include as little restriction and as much protection of strike actions as possible. Given the current situation in China, despite the ACFTU’s past record of taking a pro-labor stance in the passage of labor laws, I am inclined to think that the law, if enacted, would not be to the advantage of labor.

For the time being, it seems that the Guangdong provincial government and trade union, more than institutions elsewhere, have debated this prospective law and seriously tried to learn more about collective bargaining. The central government has not put it on the national agenda for deliberation. Possibly it is wary that such a law could lead to more wildcat strikes rather than union-led regulated strikes. Even in Guangdong, reputed to be the most liberal province in China, labor protests are often suppressed and the protesters arrested. In 2014 twelve hospital security guards were charged with criminal offenses and jailed for peacefully protesting unfair severance compensation. Protesters have been jailed before, but formally charging them with committing a criminal offence is unprecedented.²³ This new development does not bode well for Chinese workers.

Is there a chance that the ACFTU will reform itself and act locally more on behalf of workers? Tim Pringle provides a prognosis in chapter 10 in which he compares labor and trade unions in contemporary Russia and China. Pringle's account shows how difficult it has been for the former official Soviet trade union, and even for the new alternative unions born after 1990, to become independent representatives of Russian workers. The Soviet official trade union, now renamed the Federation of Independent Trade Unions of Russia (FNPR), still has the largest membership and has opted for a "social partnership" with the state and capital. I would characterize this as a watered-down corporatist relationship. Union membership has shrunk, and the private sector is left largely unorganized, despite an environment that allows freedom of association and recognition of a right to strike. By no means is this a uniquely Russian problem. A subdued working class and trade unions are found across the postsocialist Eastern European countries,²⁴ including Poland, where Solidarity threw the first monkey wrench into the Communist-era authoritarian corporatist institutions. Worker agency initially flourished, but it quickly subsided with increasing political and economic freedom in the 1990s. The new alternative trade unions have faced difficulties in developing in this context. With workers not taking up the mantle, trade unions have remained relatively quiescent vis-à-vis the powers that be. As Pringle aptly observes about China, it is workers' agency that is the hope for change.

Will the Fate of Chinese Labor be Exceptional?

I hope that this book will convince readers that China is not exceptional and that there is much value in using a comparative perspective as an analytical tool. Many "Chinese characteristics" can also be found elsewhere. Chinese corporatism shares common features with other corporatist states. Chinese "socialism"

shares communalities with Vietnamese “socialism” and postsocialist capitalism. The Chinese trade union is controlled by the state, but this is by no means a unique phenomenon.

There are positive elements in Chinese industrial labor that should be recognized. The state is suppressive, but the Chinese labor laws in themselves are quite protective of labor interests. The Labor Contract Law, passed in 2007, had the purpose of resolving the growing problem of using temp-agency workers, but it had the unintended consequence of increasing the use of short-term flexible labor.²⁵ To plug loopholes in the law, an amendment was passed in 2013.²⁶ It is too early to tell whether the revised law has helped to contain or even reduce the use of temp-agency workers, but the central government and the ACFTU have tried to alleviate the problem. The annual substantial increases in the minimum wage in China for the past decade is also unusual compared with the situation in other Asian developing countries (except for Vietnam). As a further positive sign, in many developing countries workers in special economic zones are not allowed to belong to trade union branches, but in China special economic zones are not exempted from the labor laws. True, one can argue that it makes little difference whether Chinese workers in economic zones have the right to be unionized because the only legal trade union does not normally represent them. But there exists in China the *potential* for legal statutes already in place to yield positive effects. For instance, an increasing number of workers have been able to take employers to court and successfully enforce pay and work conditions that are specified by law, which had previously been widely ignored. One could dismiss all the relatively positive trends as motivated by an effort to pre-empt industrial upheaval. But, whatever the reason, increasingly, Chinese labor laws have produced positive consequences.

The Chinese authorities, eager to channel grievances through the legal system, publicize with great fanfare every time a new labor law has been passed during the past twenty years. They have printed the entire law on the front pages of newspapers and highlighted the amended articles of the laws; they have even run quiz shows on television to propagate the message. More and more workers have become aware of their legal rights, thanks in part to the LNGOs’ years of patient work in spreading the details of labor laws. True, the NGOs’ advice to workers to go to court to address grievances often has kept worker action within the confines of the legal system, rather than promoting other types of initiatives to improve their conditions. For instance, Chinese workers have yet to confront the government over increasing the minimum wage or to pass new statutes by going into the streets, as have Indonesian, Cambodian, and Bangladeshi workers. Still, each time Chinese workers, either individually or in small groups, have taken

an employer to court to enforce their legal rights or recoup unpaid wages it is a learning experience and a process of self-affirmation and development.

Starting in 2010, an increasing number of factory workers began to move toward engaging in strikes for higher wages and better conditions beyond what is stipulated by law. Several strikes have even called for democratic elections of workplace union branches. A well-publicized strike that made precisely these demands erupted at a large Honda parts plant in Guangzhou in 2010 and quickly spread to several other factories. Previously, strikes had largely confined themselves to protesting nonpayment of wages and the like. The new types of strike are still confined to a small minority of companies in a sea of many tens of thousands of Chinese factories; but Chinese industry appears to be in the throes of rapidly changing circumstances.

This chapter began with a discussion of Chinese exceptionalism and noted that the claims about the exceptionalism of China's labor force stem from its gargantuan size. Whether or not such a claim to exceptionalism has real merit, it is true that size can matter in terms of impact. In China, as noted, the Yue Yuen 2014 strike involved 48,000 workers. Not many places in the world have concentrations of such a massive workforce. Foxconn, a Taiwanese electronics company that produces for Apple, Dell, Nokia, and others is even bigger. It employs more than 200,000 workers at one of its factory compounds in Shenzhen and 200,000 more in another location in Shenzhen just an hour's drive away. Foxconn workers have started to become restive, engaging in several small strikes and stoppages, and Foxconn's executives have been openly worried. One wonders about the impact if one day these 400,000 Shenzhen Foxconn workers were to engage in an industrial action for higher pay and genuine representation and if this action then spread to the 1.3 million Foxconn workers across China. It would be an exceptionally large strike against one company to be sure, but the nature of the demands is not at all exceptional. They are commonplace around the world. To better understand the situation of Chinese workers today, and what the future holds, we need to place China in comparative perspective.

EXPORTING CORPORATISM?

German and Japanese Transnationals' Regimes of Production in China

Boy Lüthje

Both Germany and Japan have been referred to as potential models for Chinese labor-policy reform. In both countries, labor relations appear to be politically coordinated and socially sustainable, which seems to be more in line with China's socialist market economy than liberal market models. Such analysis is based on theories of corporatism in the tradition of Philippe Schmitter and of "varieties of capitalism" (VoC) under comparative institutionalist perspectives,¹ which depict Germany and Japan as major examples of "coordinated market economies" that represent alternatives to neoliberalism and more socially inclusive ways of capitalist restructuring.² In the face of the accelerated restructuring of global production and labor relations and the ongoing financial and economic crisis, however, there are reasons to doubt the viability of such concepts and their applicability to China.

First of all, German and Japanese labor relations are quite different from each other. Indeed, the Japanese model of lean and flexible work organizations with relatively weak trade unions has long been seen as a threat to corporatist centralized trade unions in Germany and other European countries. Second, basic forms of labor-management cooperation in Germany and Japan have been seriously undermined by globalization and the neoliberal restructuring of the world economy. Third, multinational corporations and their subcontractors tend to adapt to the variety of forms of labor relations in foreign countries, often exploiting the competition between nationally shaped systems of labor relations and social regulations. Finally, in the light of labor conflicts in China, especially

the wave of strikes in the automobile sector in the south in 2010, the labor systems of German and Japanese companies operating joint ventures (JVs) in China seem to have produced very different outcomes. Notably, most of the strikes occurred in Japanese-owned or co-owned companies or their suppliers, such as Honda or Denso, while German multinationals and their suppliers did not experience comparable labor troubles.

Against this background and using Japan as a comparator, I would like to take a closer look at the production regimes of leading German multinationals in China and discuss whether and how German-style corporatist labor practices have been transplanted into the Chinese context and what specific trajectories of conflict and social development are arising. I begin with an examination of the concept of “corporatism.” In the second and third sections, I look at the German postwar social contract and its differences from that of Japan and the former’s transformation in the context of globalization. I then analyze the production regimes of some flagship German companies in the Chinese context. I conclude the chapter with a comparative look at production regimes of German and Japanese automobile companies and some lessons regarding the growing labor unrest and reforms of labor policies in China.

“German,” “Japanese,” and “Chinese” Labor Relations Models

The notion of VoC has become a point of reference in theories of political economy, industrial organization, innovation, labor relations, and related fields that study the various patterns and pathways of economic, social, and political regulation in capitalist societies, bound together and competing against one another in the world market.³ A common theme has been the difference between “market-liberal” types of capitalism, such as those of the United States and Great Britain, and “coordinated market economies,” such as those of western Europe and Japan.⁴ The latter are particularly characterized by corporatist labor relations regimes—that is, tripartite cooperation between capital, labor, and government in many different forms and at various levels—from company, industry, or regional to national or supranational (e.g., the European Union).

Literature on China’s economy and its rebalancing in the wake of the global economic crisis has referred to the VoC approach,⁵ which goes beyond traditional views of transformation from “plan” to “market.” A more profound sociological understanding of this phenomenon is that the transformation of formerly planned economies in Eastern Europe, the Soviet Union, and China has actually not resulted in the establishment of “pure” market economies. Instead, complex

recombinations of property relations have taken place,⁶ in which various forms of private capital (national and multinational), state-owned enterprises (SOEs), collective-owned enterprises, as well as “hybrid” types of property (e.g., management buyouts of former SOEs) have created new sets of social relations under the capitalist market.⁷ As Polanyi, Weber, and Marx explained, capitalism is always embedded in complex sets of social relations and institutions that modify the specific functioning of the market, capital accumulation, and social control.

The VoC approach has played an important, if not explicit, role in the literature on Chinese labor relations. Chinese and Western analysts alike refer to theories of neocorporatism, as laid out in Schmitter’s now classic 1974 article.⁸ China is seen as a developmental state akin to the key industrial economies of East Asia, including Japan, Taiwan, and South Korea, which are run in a markedly different manner from Anglo-American market liberalism but display some similarities with more state-dominated systems in western Europe. Post-Mao China has been described as a model of state-corporatism,⁹ as opposed to the more liberal or “societal” forms of corporatism prevalent in its genuinely capitalist Asian counterparts. Hopes have been expressed that China’s economic transformation will be accompanied by a transition from state to societal corporatism that is built on the institutionalization of basic property and social rights as well as some forms of collective representation for the working population under market conditions. Corporatist relationships in China are particularly embedded in the system of workers’ representation in SOEs, the staff and workers congress, and enterprise unions; sectors governed by such relations are characterized as the core of China’s industrial system.¹⁰

Institutionalist theories of corporatism, however, have often been criticized for their functionalism and their inability to make sense of the complex dynamics between politics and economics and the underlying power relationships between social classes and movements in modern capitalist societies.¹¹ Similarly, the static juxtaposition of market-liberal and coordinated capitalisms has been questioned. This approach draws the line between two opposing camps in world capitalism but does not leave much room for understanding institutional changes under accelerated globalization. In the wake of the world financial and economic crisis of 2008–9, some authors are returning to basic questions about capitalism and its limited ability to regulate social relations, rather than comparing the advantages and disadvantages of various forms of capitalism.¹²

In a remarkable book on the postwar industrial systems of the United States, Germany, and Japan, Gary Herrigel has shown how new forms of capitalist organization in industries, firms, and workplaces have been created by strategic actors after recombining the advantages and disadvantages of national systems of innovation and socioeconomic regulation.¹³ The resulting trajectories fit neither

neoliberalism nor coordinated market economies. They represent instead a variety of institutional settings and the contingencies of social and economic conflicts over the future path of capitalist development. Such perspectives seem particularly relevant for China, given that the country's relatively successful social transformation involves ongoing experimentation with and building of new social and political institutions that could regulate the manifold contradictions of the country's new capitalist order.¹⁴

Much of the present debate mirrors the criticism made by neo-Marxists in Europe and North America during the 1980s who adopted the corporatism paradigm in critical ways and integrated it into Marxist conceptions of political economy, the state, and labor relations. Theorists such as Leo Panitch, Bob Jessop, and Joachim Hirsch extensively criticized the static character of mainstream institutionalist theories of the state, insisting on the capitalist state's character as a social relation and as a "condensation" of complex configurations of power within market-based formations of society.¹⁵ In other words, the state has limited ability to "steer" competition and relations of production. The conflicting imperatives of "economics" and "politics" between state and civil society are evident. In the field of labor relations, such an approach can help us understand why in modern capitalist societies certain functions of social and political control are delegated from the state to workers' or employers' associations.¹⁶

In Germany, several researchers, notably Josef Esser,¹⁷ developed a complex analysis of trade unions as part of a "corporatist bloc" comprising the world market-oriented core groups of German industrial capital and workers' representatives in their respective corporations and sectors. Referring to Poulantzas and Gramsci, tripartite coalitions of the management of large corporations, trade unions, and government were analyzed by Esser and other researchers as the hegemonic core of German capitalism.¹⁸ These coalitions define the political discourse on key economic and social issues, secure the stability of the German economy in times of crisis and accelerated restructuring, and fight the demands of new social movements that question the ecological and social virtues of world market-oriented modernization. Corporatism, however, becomes increasingly selective because deals between unions and employers on downsizing and restructuring secure the interests of core workers but leave out the majority of less-skilled workers, the unemployed, migrant workers, and women.¹⁹

Such approaches effectively shifted the terrain of theoretical analysis. No longer could the integrity of the basic institutional actors in labor relations such as trade unions, works councils, or employers' organizations and their respective coalitions be taken for granted. Rather, the focus had to be directed to the question of how these institutions are reproduced in the context of complex class relationships and through social conflicts, movements, and intraorganizational

contests. Therefore, the social content of corporatist arrangements and deals between collective actors and their workings, rather than the structure of institutions, became the key subject of interest. The postwar social contract in many capitalist countries could be analyzed as a set of trade-offs between “big business” and “big labor,” in which workers would relinquish political power and control on the shop floor in exchange for institutionally guaranteed participation in economic growth and productivity increases and organizational stability of trade unions.²⁰

From this perspective, the labor process would remain a central terrain of contest and consent. Although highly regulated and controlled by bureaucratic rules of management and workplace representation, corporatist regulation of labor relations would continuously have to be reproduced through day-to-day workplace conflicts, in the form of both individual contests and collective struggles. These conflicts would not only be over material benefits and control as such but also over the rules of contest and consent at the workplace and in society. Any formal or informal deal between management and workers would also entail the implicit or explicit confirmation of the “rules of the game,” as Michael Burawoy has extensively analyzed in his concept of the “politics of production.”²¹

Foundations of Corporatist Labor Relations in Germany

In Germany, the rules of consent and contest as well as the basic trade-offs between trade unions and capital under corporatist labor relations are embedded in a complex system of workplace and other institutions. The works councils, mandated by law and elected by all workers in a given workplace (whether union members or not), are the basic shop-floor institutions. Industry-wide collective bargaining between trade unions and employers’ associations are the major supraworkplace institutions. In addition, industrial trade unions are represented on the board of directors of major corporations (although de facto in a minority position) and in scores of government agencies with tripartite governance, such as in the labor market administration, professional education, welfare, health care, and social insurance. Due to the two-tiered structure of workers’ representation on the shop floor and in collective bargaining, the German system is often referred to as a “dual system of interest representation.”

The nucleus of labor-management cooperation is on the shop floor. It is embedded in the works council system, which dates back to the Works Council Law (*Betriebsrätegesetz*) of 1920. Works councils were introduced by a Social Democratic national government as an alternative to workers’ councils, which had led