

INSURGENCY TRAP

Labor Politics in Postsocialist China

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LABOR POLITICS AND CAPITALIST INDUSTRIALIZATION

On the night of June 6, 2011, migrant workers rioted in the southern Chinese town of Guxiang. The protesters were furious over an incident in which a fellow worker had been violently attacked while seeking back wages. On June 1, Xiong Hanjiang, a nineteen-year-old migrant from Sichuan province, went to demand 2,000 yuan in back pay from the ceramics factory where he was employed. Rather than give him his wages, some of the bosses' relatives attacked Xiong with knives, cutting tendons in his hands and feet. Between June 3 and June 6, workers demanding justice for the victim protested in front of the municipal and township government offices, as well as at police headquarters. Protesters vandalized the government buildings, and a number of police were hospitalized with injuries. On the night of the sixth, the workers originally surrounded the Guxiang government offices to continue to press their demands for harsh punishment for the attackers and fair compensation for Xiong. Things quickly escalated as physical confrontations took place with police, leaving dozens injured. Witnesses claimed that more than one hundred cars were smashed, though the official number was just nineteen. Widespread violence between migrants and locals ensued, with one migrant saying, "If you couldn't speak Chaoshan dialect [the local language], they would beat you."¹ Riot police were called in to put down the unrest, and the town was placed under martial law for several days.

While the extreme brutality of the attack on Xiong was shocking, this type of lawlessness was nothing new to migrant workers in Guxiang. A migrant with years of experience in the area would later recount how the government was an active partner in these regularly occurring acts of violence: "The first factory

I worked in here was an [enterprise with strong government connections]. One of my colleagues was arguing with the boss over something, and the boss just placed a call and people from public security came by, tied him up, and beat him good. Around here, this kind of thing is a regular occurrence....I'd say that the primary function of public security is to help bosses deal with workers."² Workers in Guxiang experienced many of the problems typical of migrants throughout China—low wages, long hours, few or no benefits, no contracts, and frequent nonpayment of wages. With the government firmly behind management and nowhere else to turn, many migrants joined mafia-like “hometown associations.” For a fee, these groups would help members try to resolve workplace grievances—often meeting the threat of police violence with more violence. It later appeared that Xiong Hanjiang was a member of a just such an organization, as a Sichuan hometown association played a major role in the subsequent mobilization. Thus, while the original grievance was rooted in a seemingly straightforward labor rights violation, the June 6 protest quickly escalated into a major confrontation between migrants on one side and the police and local vigilante groups on the other.

Hu Jintao had surely hoped a different method for resolving labor disputes would be in place nearly a decade into his term. Shortly after assuming Party leadership in late 2002, Hu had quickly—if subtly—moved to reorient the state away from the single-minded pursuit of growth that had characterized the administrations of Deng Xiaoping and Jiang Zemin. 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,” and most famously, “harmonious society.” Though each was imbued with a slightly different shade 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 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 reorienting its 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 central government had been advocating an increase of domestic consumption since at least 2004.³ 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 renationalization happening in several sectors. A series of prolabor (in intent, if not necessarily in effect) policies and laws were implemented, culminating in the landmark Labor Contract Law approved in 2007.⁴ Additionally, the government took a number of steps to reform the discriminatory *hukou* (household registration) system (Wang Fei-Ling 2010) and increase social insurance coverage of migrant workers, and it raised minimum wages. Most significantly for this discussion, 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 Walmart campaign in 2006 (Blecher 2008; A. Chan 2007, 2011b). Unions around the country began to talk more assertively about 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 among 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 reembedding 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 (2008) 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” (21). In Wang’s view, by 2008 the central government’s change in direction was successful: “By using state power, the redistribution breaks the market chain and reconnects everyone. These are the changes China has been experiencing recently” (22).

It now appears that Wang’s optimistic prognosis was premature—or at least only partially realized. Particularly for migrant workers—rural residents who are formally second-class citizens once they move to the city—the market nexus largely continues to mediate needs. Managerial autonomy remains essentially uncompromised, and workplaces are subject to endemic legal violations. And workers are not satisfied. Indeed, for the duration of the Hu-Wen administration (2002–12), the volume, and seemingly the intensity, of labor conflict increased dramatically. Officially adjudicated disputes rose continuously until 2007 and

spiked sharply in 2008 because of the economic crisis and the passage of new labor laws. While the number of disputes declined somewhat following the resumption of rapid growth in 2009, they increased again in 2012 and remain incredibly high in absolute terms (see figure 1). Autonomously organized strikes, road blockades, riots, and worker suicides continue to upend social order. In at least two high-profile cases, workers who murdered their bosses were widely hailed as heroes on the Internet.⁵ Just one week after the Guxiang riot, an even more spectacular worker insurrection took place in the Guangzhou suburb of Zengcheng. Workers blocked a national highway and set fire to a police station—and the unrest continued for days until the government deployed the military to quell the uprising. By 2012 the government was spending renminbi (RMB) 701.8 billion (US\$111.4 billion) on internal security, significantly outpacing its national defense budget of RMB 670.3 billion.⁶ Clearly, all was not peaceful in the People's Republic.

This book, then, seeks to address a problem of the political economy of early twenty-first-century China: Why is it that in the more than ten years since the central government began to shift away from full-fledged marketization, migrant

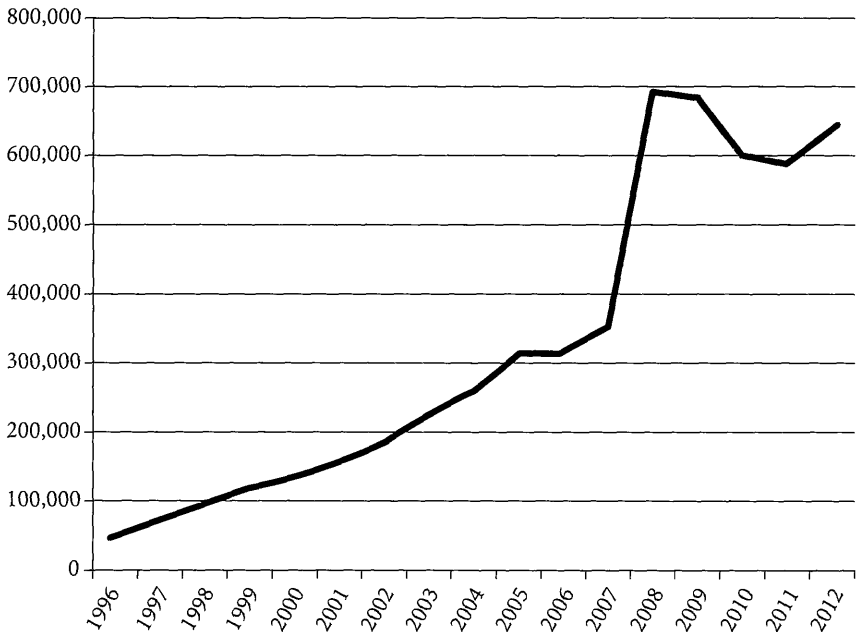


FIGURE 1. Labor disputes in China, 1996–2012.

Source: *Zhongguo laodong tongji nianjian* (2012) [China labor statistical year-book 2012] (Beijing: Zhongguo tongji chubanshe).

worker unrest has continued to grow apace?⁷ Why have the efforts of certain segments of the state to promote class compromise largely failed? Perhaps one might assume that the answer is simply that there has been collusion between the local state and capital, unions are weak, and therefore worker interests continue to be violated. Indeed, there is strong evidence that even if migrant workers' nominal wages increased in this period, the workers did not experience significant increases in real wages, and their wages relative to those of urban workers steadily declined (Golley and Meng 2011). But if this is the case, a second question immediately arises: Why is it that labor is strong enough to win concessions at the national and sometimes provincial or municipal level but not strong enough to allow migrant workers to significantly benefit from these victories or gain their recognition? In broad terms, I am interested in identifying what is particular about the labor politics of capitalist industrialization in a postsocialist political environment. In order to answer these questions, I focus on the state-controlled unions under the umbrella of the ACFTU and their relationship to migrant workers, capital, and other state agencies.

Insurgency Trap

My central argument is that the dynamics of working class representation in postsocialist China have confounded institutionalization of class compromise. ACFTU-subordinate unions are weak at the enterprise level and are therefore unable to overcome endemic collusion between capital and local governments. Because unions in China are part of the state, they have good access to policymakers but are highly illegitimate among their own membership—that is, they are strong at the top but weak at the bottom. Labor's impotence within enterprises means that potentially prolabor laws and collective agreements frequently go unenforced—and since these unions are generally controlled by management, they are often *uninterested* in strict enforcement. Workers are therefore forced to take radical autonomous action in order to have their grievances addressed, often in direct opposition to union representatives. This means that when workers secure marginal material improvements, the legitimacy of the union is not enhanced, leaving the working class unincorporated within the polity. Expanding worker insurgency does strengthen the hand of unions at the national (and potentially provincial and even municipal) level, but it fails to produce a durable realignment of power at the point of production that is able to enforce laws. The one method likely to reduce conflict—developing an independent countervailing force at the point of production—remains off the table as far as the central state is concerned; hence there is an “insurgency trap.”⁸ The central state is “trapped” in

the sense that it is unable to realize its own goals because of *self-imposed* political constraints.

Through an analysis of several most-likely cases in Guangdong and Zhejiang provinces, I empirically demonstrate the problems generated by monopoly representation and attempt to discern under what conditions insurgency trap might be undone. We will see that 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 structural oligarchy and heteronomy on the other. How then does the union try to ameliorate labor conflict given existing institutional parameters? 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 guide rebellious workers into rationalized legal channels? And can such legalized mechanisms resolve conflict? Although in general Chinese unions have not been able to decommodify and incorporate labor, there are some cases where they have been *relatively* successful. Even if such cases remain exceptional, the processes that produced a degree of institutionalization are worthy of investigation.

There are important implications for theory that follow from this empirical investigation. The mechanistic theory of the double movement as outlined by Polanyi at first glance seems sufficient to explain the movement between commodifying and decommodifying policies coming out of Beijing over the past thirty years. However, the countermovement is not simply a policy response but also a social response to market dislocations. When we look at ongoing lawlessness in private enterprise and expanding worker unrest, it is clear that the countermovement in China is “incomplete” from a Polanyian perspective. As a result, I argue that countermovements must be broken down into two constituent but intertwined “moments”: the “insurgent moment,” which consists of spontaneous resistance to the market, and the “institutional moment,” when class compromise is established in the economic and political spheres. This allows me to break with a teleological conception of the countermovement that assumes a pendular swing toward decommodification and reembedding of the economy. 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. Specifically, we see how rejection of the market is merely a tendency and that the institutionalization of countermovements is always contingent on politics. Before detailing my conceptual framework at greater length, it will first be necessary to explain something about social and economic policy in contemporary China.

Commodification and Harmonious Society

If China's command economy of the 1950s to the 1970s failed to result in the liberation of the working class, it certainly brought about a profound decommodification of land, labor, and money. With the implementation of the *hukou* system and the construction of the *danwei* (urban work unit) and rural communes, labor markets were controlled administratively by the state. While there were certainly implications for worker democracy and autonomy, this system also meant that the state (or more precisely state-controlled work units) provided workers and their families with education, health care, and housing. Wage labor was greatly reduced or eliminated, and markets to provide for most human needs disappeared or were tightly constrained. Although there was ongoing abject poverty during this period, to the extent that people's needs *were* met, this occurred through nonmarketized mechanisms.

Marketization was initiated in 1978 but deepened dramatically between 1992 and 2002. But during 2002–12 the state began to shift tack and increased social spending and prolabor legislation under the banner of “harmonious society.” The year 2002 should not be thought of as a rigid demarcation, but we will see that many important national policies began to shift in a seemingly decommodifying direction around that time. As argued by Wang Shaoguang (2008), this could be seen as evidence that the Chinese state is doing precisely what Polanyian theory would have us expect and moving to decommodify the provision of various needs in response to social dislocations brought about by the free market. Although this shift began as early as 2002, “common prosperity” received even greater emphasis in the eleventh five-year plan adopted in 2006 (Fan 2006). Perhaps this shift in direction is most directly reflected in new labor legislation passed during this period. But I am also interested in how provision for the core human needs of health care, education, and pensions changed, as the removal of these items from the market also serves to decommodify labor.

While an in-depth overview of commodification of labor in reform-era China is impossible here, a few things are worth pointing out. To begin with, the implementation of the *danwei* and *hukou* systems in the late 1950s effectively blocked rural-urban migration and closed the labor market. Until the reforms began in the late 1970s, there were essentially no opportunities to engage in wage labor. Early private industry in the 1980s and 1990s was almost wholly unregulated, and while labor was certainly commodified, the wage labor relationship was generally not formalized in contracts. The state began taking steps toward formalizing capitalist labor relations with the passage of the Labor Law in 1994, but migrant workers continued to be subjected to an essentially *laissez faire* labor market.

The Labor Contract Law of 2008 was seen by many as an attempt to both formalize wage labor and provide some better protections to employees. Of particular relevance to the question of labor commodification were the stipulations on signing open-ended contracts—not surprisingly the feature of the law that employers resisted most vociferously. Although the intention of the law was to provide workers with greater protections, there is now evidence that capital responded to the new law by massively increasing use of “dispatch” (outsourced) and other forms of precarious labor. According to an ACFTU investigation, between the implementation of the law in January 2008 and the end of 2010, the number of dispatch workers leaped from 20 million to 60 million.⁹ A broad array of industries and ownership types (state-owned, domestic private, foreign private) were increasingly using outsourcing to skirt legal obligations and social insurance payments. In fact, the state subsequently revised the law in an attempt to rein in the explosive growth in such contract labor. So even if the intent of the central government was to provide better protection to employees, it is not clear that this has necessarily been the case in practice. This is a clear example of how employers and local governments can circumvent laws intended to enhance the economic standing of workers.

Perhaps the welfare issue that has generated the most vocal dissatisfaction within China has been the transformation of the health care system. Previously, urban workers received medical care through the *danwei* system at little or no cost, while 90 percent of rural residents were insured by the mid-1970s (Yuanli Liu 2004, 159). In the 1980s, however, the government began to move toward a market-oriented approach to health care, which led to the collapse of the collective medical system in rural areas (Liu, Hsaio, Li, and Liu 1995). By 1993, the number of rural residents covered by medical insurance was down to 12.8 percent, falling yet further to 9.5 percent by 1998 (Yuanli Liu 2004, 159). Throughout this period, out-of-pocket expenses increased dramatically for individuals. But as can be seen quite clearly in figure 2, out-of-pocket expenses as a share of total health care spending began to decrease quite significantly starting in 2001. And in 2002, the government unveiled the New Cooperative Medical System in an effort to increase insurance coverage in the countryside (Brown and Huff 2011).

Similarly dramatic changes took place in the provision of education. Putting aside questions of quality, education under the command economy was provided by the state (broadly conceived) with minimal or nonexistent tuition. Starting in the mid-1980s, the central government moved to decentralize both control over curriculum and responsibility for operating costs (Hawkins 2000). One consequence of this has been the widespread adoption of various fees in public schools (Chan and Mok 2001) as well as rapid growth of private schools

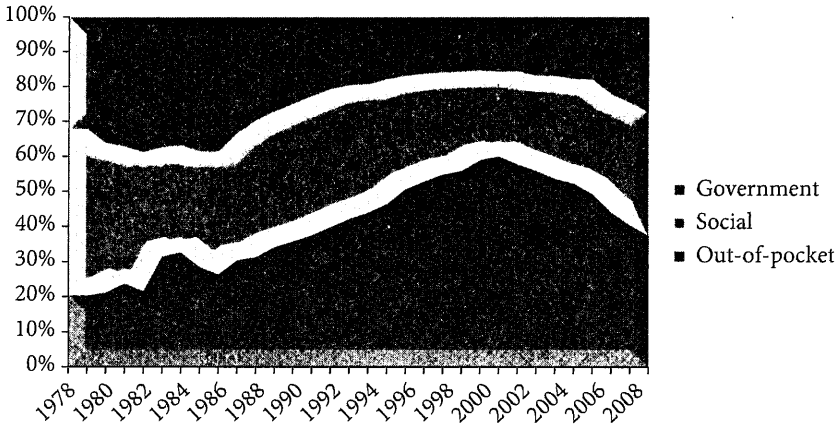


FIGURE 2. Health care spending in China, 1978–2009.

Source: *Zhongguo tongji nianjian* (2011) [China statistical yearbook 2011] (Beijing: China Statistics Press).

(Lin 2007). Marketization was not limited to secondary and primary school but also had a profound impact on higher education (Mok 2000). Additionally, and quite significantly for this study, migrant workers' children face enormous obstacles (financial, administrative, social) to enrolling in public schools in the city, and so they are often relegated to a much inferior system of private schooling (Chen and Liang 2007; Kwong 2004).

The shift to increased government spending on education occurred somewhat later than was the case for health care. And yet by 2005, individual expenditures on education began to decline as state expenditures expanded (see figure 3). In 2006, the central government required that provincial governments eliminate the random “fees” in rural schools that had grown rapidly since the 1980s, and it provided increased funding to the localities to ensure that this would happen (Brock 2009). The central government's renewed emphasis on education is reflected in the increase of expenditures as a share of GDP, particularly after 2005 (see figure 4). Of course, this increased funding has not dealt with the problem of segregated schools in urban China, and profound class and regional inequality persists (Mok, Wong, and Zhang 2009; Qian and Amyth 2008).

The pattern with pensions is somewhat more complex but follows a similar trajectory. Under the *danwei* system, worker pensions were provided and managed by the enterprise. If there was unevenness in the generousness of the pensions across enterprises, everyone was guaranteed some sort of protection in insurance by virtue of his or her position. The state did not provide pensions to rural residents, who had to rely on family and the commune/collective.

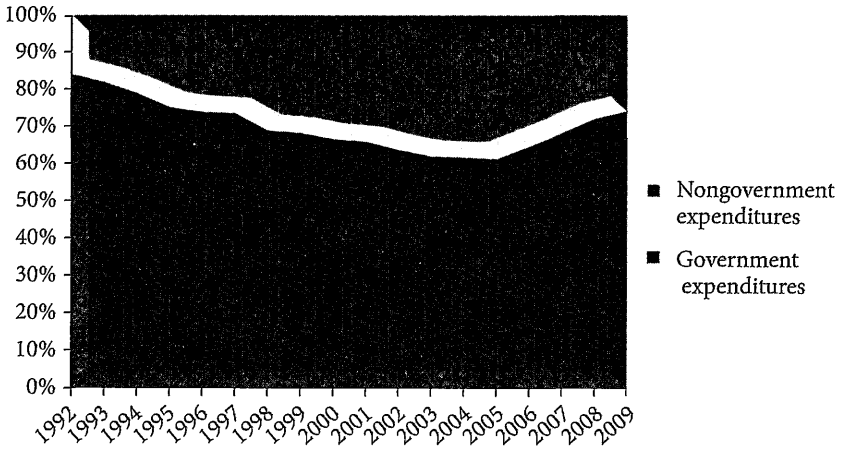


FIGURE 3. Education expenditures, 1992–2009.

Source: *Zhongguo tongji nianjian* (2011) [China statistical yearbook 2011] (Beijing: China Statistics Press).

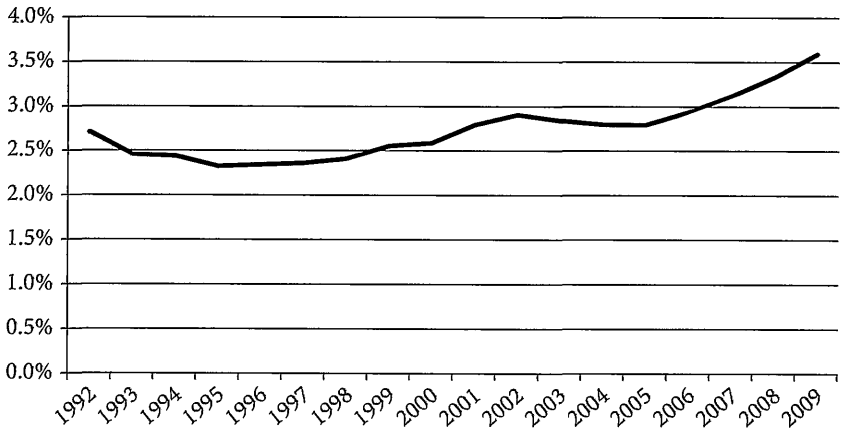


FIGURE 4. Government expenditures on education as a share of GDP, 1992–2009.

Source: *Zhongguo tongji nianjian* (2011) [China statistical yearbook 2011] (Beijing: China Statistics Press).

The process of marketization of pensions was really a subsidiary feature of the process of “smashing the iron rice bowl,” or the privatization and mass layoffs of the state-owned sector, which accelerated in 1997. This process resulted in widespread bankruptcies, as well as outright theft of pension funds, leaving many aggrieved workers with little means for subsistence (F. Chen 2000). However, as

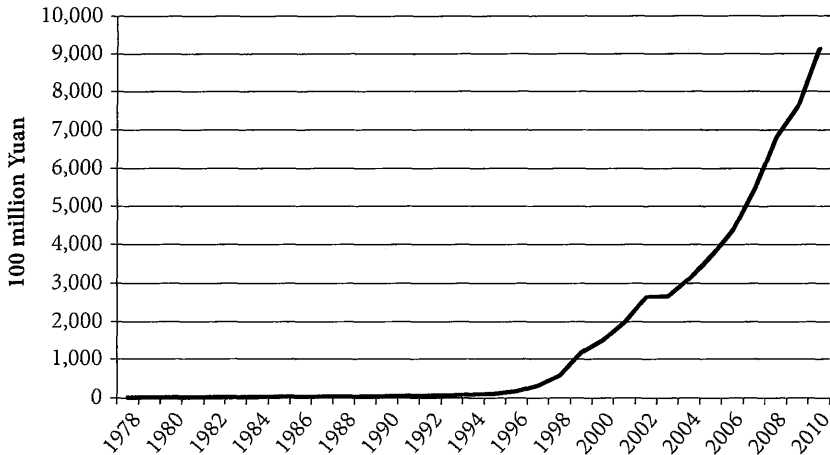


FIGURE 5. Government expenditures on social security and employment, 1978–2010.

Source: *Zhongguo tongji nianjian* (2001–2011) [China statistical yearbook 2001–2011] (Beijing: China Statistics Press).

Note: “Employment” refers to training and services related to reemployment. Unfortunately disaggregated data are not available.

Mark Frazier (2010) has shown, state spending increased significantly, largely in response to widespread unrest among laid-off workers (see figure 5). This increase in spending looks more dramatic than it actually is because it does not account for the rapid decline in spending by state-owned companies. Nonetheless, the five-year plan unveiled in 2006 called for 49 million more urban residents to be provided with retirement insurance (Fan 2006, 710). And in 2009 the government initiated a plan to expand social pensions to rural residents, with the intention that 50 percent of them would be covered by the end of 2012 (Shen and Williamson 2010, 242).

Although the preceding account is far too brief and leaves many problems untouched, it is clear that the central government began to back away from the hypercommodification that characterized the 1990s and early 2000s in terms of labor market regulation and welfare provision. But an analysis of aggregate social spending and policy directives fails to capture ongoing power asymmetries in society, profound lawlessness, and the ongoing existence of social groups systematically excluded from increased spending. Chief among these groups were migrant workers, as expanded social welfare was largely directed either at urban or rural residents but not those in between. According to a national survey of 6,232 migrant workers conducted by the State Council, in 2009 migrant participation in workplace injury insurance, basic medical insurance, and basic pension

TABLE 1. 2012 insurance participation rates among migrant workers

Pensions	Workplace Injury	Medical	Unemployment	Maternal leave
14.3%	24%	16.9%	8.4%	6.1%

Source: "2012 quanguo nongmingong jiance diaocha baogao" [2012 National investigative report on migrant workers] Beijing: National Bureau of Statistics.

programs was only 24.3 percent, 18.8 percent, and 11.5 percent, respectively (Li Wei 2011, 198). A different survey conducted by the National Bureau of Statistics found slightly different, but still very low, numbers for insurance participation rates in 2012 (see table 1). The 2009 survey found that the top two reasons migrants were interested in getting urban *hukou* were "good education for children" and "high levels of social insurance" (Li Wei, 129). While a large majority listed "wages" as their primary existing dissatisfaction, the next biggest concerns were "living conditions," "social insurance," and "health care" (128). It is precisely these sorts of issues that trade unions have frequently fought for in the process of capitalist industrialization. Without such representation, workers have been taking matters into their own hands.

Worker Unrest in China

At present, there is significant literature on how this process of commodification has generated worker unrest in China, but as yet there are 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 reemployment 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 mechanisms. The first wave of scholarship on migrants identified their legal and economic precariousness (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, which has remained largely focused on economic demands. But though

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. Ching Kwan Lee (2007) has a relatively pessimistic perspective, arguing that legal reforms have given rise to a highly legalistic mode of resistance and that the state's project of individualizing labor conflict has been actively supported by unions and nongovernmental organizations (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 articulate political demands. On the other hand, Pun Ngai (2005) maintains that the category of *dagongmei/zai* (working girl/boy) represents a potentially subversive discursive formation, one that 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 she sees as an indication of heightened worker consciousness (Chan and Pun 2009). Despite his relative optimism about class formation in China, Chris Chan's (2010) key phrase of "class struggle without class organization" (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. Dorothy Solinger (2009) deals with this issue in her comparative work on labor politics under neoliberalism in China, France, and Mexico. We are in full agreement that a primary reason that worker unrest has been so persistent in China is the weakness of unions. However, her research analyzes how the state increased social spending to placate laid-off SOE workers. At the moment of exit, the state did not need to worry about the political issue of incorporation, as is the case for the still-emergent migrant working class. In other words, Solinger's focus is the politics of the unmaking of a class, while I am focused on the politics of a class in formation. As noted by Ching Kwan Lee (2007), the expansion in legal rights for workers has been a primary thrust of the state's attempt to deal with increasing unrest.¹⁰ This response—which culminated in the 2007 passage of the Labor Contract Law—is an effort to integrate workers into the structure of the state as atomized individuals. In this sense we can see strong parallels with Hagen Koo's (2001) characterization of the relationship between state and worker in other export-oriented economies in East Asia.¹¹ 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 book is how the union responds to generalized worker insurgency

by attempting—within given political parameters—to incorporate workers and potentially advance decommodification. These issues are particularly pressing for the “new” working class—the 250 million rural migrants who have powered the Chinese economic miracle.

Migrant and Urban Workers

“Migrant workers” refers to people working in cities with nonlocal *hukou*. *Hukou* is an intergenerational system of formally tiered citizenship, in which the provision of social services is tied to a specific locality. People with nonlocal *hukou* do not have guaranteed access to public services such as health care, education, pensions, and subsidized housing and suffer various forms of political and social discrimination. The consequence of this is that migrants are formally second-class citizens when they leave their place of *hukou* registration and go to work in the city. This system has allowed urban employers to pay less than the full cost of labor as the costs of reproduction are borne in the countryside. Although some local governments have experimented with liberalizing *hukou* requirements, the system still results in major administrative obstacles for migrants wishing to make a decent life in the city (Chan and Buckingham 2008; K. W. Chan 2010). Despite these ongoing challenges, there are now 250 million migrants living in China’s urban areas.¹²

In this book I focus on migrant workers rather than their urban-resident counterparts because migrants now constitute the most important section of the working class, not just numerically but also politically and economically. Economically, the highly commodified and precarious position of migrants is indicative of the overall tendency of the working class—that is, conditions for urban workers from old SOEs have converged downward. And politically, although it is difficult to determine with great confidence migrants’ share of total labor unrest, anecdotal evidence suggests that they are the primary actors in contemporary insurgency—and in this sense they are less politically incorporated. Without a doubt, migrants are the central actors in posing *offensive* demands, while resistance among urban SOE workers has largely been defensive in nature. Politically, then, migrants represent the future of the working class. This is not to suggest that workers with urban *hukou* are without grievances—and as indicated above, there is much evidence to suggest that with advancing marketization, their concerns are increasingly similar to those of migrants. But the kind of widespread (defensive) militancy witnessed during the major privatization push in the late 1990s and early 2000s has subsided, if not wholly disappeared. To the extent that urban workers engage in overt resistance, it is likely to look

increasingly like migrant-style unrest, as the old *danwei* system of incorporation is increasingly inoperable. While I suspect that the framework developed here will also be useful in explaining the politics of urban worker unrest, I do not address this issue empirically in this book.

Why China Is Different and Why It Matters

In considering which features of China's labor politics are peculiar and which general, it is useful to consider the historical interplay between marketization and labor politics globally. In updating Polanyi, Burawoy (2008) delineates three historical waves of marketization, each generating a countermovement for social protection. The first wave led to the development of radical labor movements in the West, causing theorists such as Karl Marx to predict the imminent collapse of capitalism. But this prediction was of course wrong, and second wave marketization emerged in the interwar period. Once again, this resulted in labor militancy, but by this time the state response was distinct from that of its nineteenth-century counterparts. Thus, in the countermovement under the second wave, the state established a set of institutional protections from the vagaries of the free market, though this appeared in very different forms around the world—fascist, state-socialist, and various types of welfarism. While each type of state had a very different approach, in general labor movements were legalized and integrated into the structures of the state. We have been in the neoliberal (third) wave of marketization since the 1970s, during which time many of the institutional protections established by the state in response to the second wave have been undone. This includes social welfare provisions as well as a weakening of labor unions.

China's experiences in these successive waves have been shaped by its confrontation with imperialism and the construction of state socialism. Beginning in the mid-nineteenth century, China was subject to imperialist aggression from Britain and other European powers, which eventually played a central role in the fall of the Qing Dynasty. Marketization in the interwar period was inseparable from imperial projects—now emanating from Japan as well as from Europe. As we will see in the following chapter, this meant that the response of both the Communist Party and much of the labor movement to second-wave marketization was marked by the colonial encounter. ACFTU unions played a crucial role in early anti-imperialist mobilizations, and national interests were more central to their politics than were class interests. In the postwar era, the most important institution for decommodifying and incorporating labor was the *danwei*, which provided the urban working class with permanent jobs and a wealth of

cradle-to-grave social services (Perry and Lu 1997; Walder 1983). Under this system, the role of the unions was largely to administer the distribution of welfare to workers in the *danwei*. And marketization in China since the late 1970s has largely eliminated the protections afforded to the old working class while simultaneously producing a new working class composed of rural migrants. But up to the present, the Chinese state has been attempting to use institutions constructed during second-wave marketization to respond to the social dislocations brought about by contemporary marketization.

In other words, the Chinese state is using state-socialist institutions to deal with the eminently (if not exclusively)¹³ capitalist problem of proletarian unrest—hence the *postsocialist* character of China's labor politics. But not all forms of postsocialism are the same, as China is remarkably different from former Soviet and Warsaw Pact countries in two respects. First, despite the persistence of state-socialist-era union organizations in many countries in Eastern Europe (Clarke and Pringle 2009; Crowley and Ost 2001), a relatively liberal political environment (compared with that of China) means that there is greater pluralism in labor representation. Second and perhaps more important is distinct growth trajectories. While Eastern Europe was relatively industrialized in the 1980s, China was still an overwhelmingly agricultural society—and a poor one at that. If China's postsocialist experience is marked by explosive growth and the formation of a new working class, Russia experienced astonishing “involution” during this period (Burawoy 1996). Although the worst of post-shock therapy has passed in Russia, and other Eastern European countries have not fared as poorly, this region has not experienced anything like the capitalist dynamism that has taken place in China. Nor has Eastern Europe had anywhere near the levels of labor unrest that China has experienced over the past two decades. Thus Chinese postsocialism is remarkably different from the post-Soviet variant.

There are some parallels between Chinese labor politics and those of other countries in East Asia. The “Asian Tigers” of Taiwan, South Korea, Singapore, and Hong Kong maintained greater political exclusion of labor than was the case in other regions (Deyo 1987, 1989). With the possible exception of South Korea (Koo 2001), workers were less militant than their counterparts in the West or Latin America had been at a similar stage of industrialization. Perhaps the closest analogue is Vietnam with its Leninist system of trade unions and high levels of worker unrest. Limited research suggests that the Vietnamese state is more tolerant of worker unrest, and as a result labor protest is somewhat more coordinated than is the case in China (A. Chan 2011a; Clarke 2006; Pringle and Clarke 2011). Although political exclusion is, at the most general level, common to all these countries in the early phase of capitalist industrialization, the Chinese state is

unusual in both its dedication to maintaining a monopoly on representation of labor and its coercive capacity to enforce this.

At a very general level, there is nothing surprising about the fact that unregulated capitalist industrialization has generated worker unrest in China—such dynamics have appeared in countries around the world for nearly two centuries. But the specificity of postsocialist politics requires a somewhat different approach to studying this phenomenon in China. Whereas under second-wave marketization states had to decide whether/how to integrate worker representatives into the structures of the state, in China *incorporation* (see below for an elaborated definition) is the state's struggle to integrate atomized workers *into the union*, thereby rendering their struggles intelligible. Without legitimate representation—a potential means for co-optation—such a procedure encounters difficulty. If under second-wave marketization, the key site of analysis was between unions (as relatively unproblematized representatives of workers) and the state, the particular conditions in contemporary China imply that the focus must shift to the relationship between dispersed insurgent workers and unions. Although the theory of the countermovement is able to account for high levels of unrest and legislative efforts of the central government to ameliorate conflict, it fails to account for the politics of institutionalization in contemporary China.

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 2007a, 2007b; Hung 2009; Li Minqi 2009), and the nation's 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 exporter,¹⁴ one of the top recipients of foreign direct investment (FDI),¹⁵ the second-largest national economy, and it 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, South Korea, Taiwan, and any number of Latin American countries have been. 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 prolabor direction by worker insurgency, China may be in a position to lead a decommodifying restructuring of global capitalism (Arrighi 2007a). As noted by Peter Evans (2008, 2010), any adequate response to neoliberal globalization must itself be global in nature, and China is the most important single

country in this regard. While the emergence of a globally oriented counterhegemonic labor movement in China seems remote at present, such a development would have far reaching consequences.

Countermovements and Appropriated Representation

Just as Polanyi (1944) studied the great transformation of nineteenth- and early twentieth-century Britain, 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 left unchecked, result in the destruction of society and the ecosystem. However, he argued that commodification generated a countermovement for social protection from various classes in society that would result in decommodification of labor (as well as land and money, but labor is most relevant for this discussion) and a reembedding of markets. One of his key examples of a successful countermovement was the American New Deal.

Scholars have criticized Polanyi's conception of countermovements as being deterministic¹⁶ and functionalist (Munck 2004, 253; Dale 2012, 9–10). As Burawoy (2003) has argued, "Polanyi gives us a signpost to an architecture of counterhegemony even as he fails to appreciate the obstacles it must face" (231), which is to say he does a poor job of accounting for *politics* (Hwa-Jen Liu 2011, 22). This is because in the original formulation of the countermovement, social resistance to commodification is conflated with actual institutionalized class compromise such as that which characterized the postwar political economy of North America, Western Europe, and Japan.¹⁷ If we were to uncritically apply this teleological framework to contemporary China, we would be unable to explain the persistence of worker unrest in the face of major policy change from the center.

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 toward 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 disorganized and ephemeral resistance to commodification; and the institutional moment, when durable class compromise is established in the political and economic spheres.¹⁸ It is important to stress that these moments refer both to particular events and to an aspect or instance of a

broader tendency (in this case the countermovement). But I am not suggesting a strictly linear temporal progression from one moment to the next—empirically speaking, they will coexist as insurgency may generate an institutional response, and new institutions may create new forms of resistance.

I conceive of migrant worker resistance in China as an insurgency rather than a social movement. “Social movements” as conceived of in classic works by political process theorists (McAdam 1982; McAdam, Tarrow, and Tilly 2001; Tarrow 1998) generally 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 (Burstein and Linton 2002);¹⁹ (3) targeting of the state; (4) exploitation of political space that is available in liberal democracies (e.g., through public marches, media outreach, political lobbying, etc.). These scholars of course acknowledge that there are all sorts of noninstitutionalized politics that are *not* social movements, as indicated by the more general concept of “contentious politics” (Tilly and Tarrow 2007). However, I follow Ching Kwan Lee in adopting Guha’s (1983a, 1983b) more specific term of “insurgency.” Worker unrest in China is cellular (Lee 2007), dispersed, fractured, and ephemeral; that is, worker organization is not durable across space or time. This resistance addresses only immediate economic grievances and therefore appears apolitical. But when viewed in the aggregate (either from the perspective of the central state or analytically), seemingly apolitical eruptions of insurgency are responding to relatively uniform structural conditions,²⁰ which is to say this resistance *is* eminently political. The unstated logic unifying disparate acts of insurgency is that of the countermovement, which while lacking a coherent and rationally articulated set of demands is a tendency toward rejecting commodification of social life.²¹ Without legitimate representatives that could develop rationally articulated policy proposals, the state is faced with a complex challenge: rather than responding reactively to rationally articulated demands (as is the case for states facing a challenge from a social movement), it must respond unilaterally and rationally in response to “irrational” insurgency that has posed no political demands. These are the political dynamics of insurgency that sharply differentiate it from a traditional social movement.

In my formulation, the institutional moment refers to the establishment of class compromise in durable organizational forms that grant economic and political power to subordinate social groups. 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. 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 shop floor (relationship to capital) and in giving the working class a voice in policymaking (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 incorporation are based on existing concepts, both of which I modify 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 that remove the provision of basic human needs (e.g., health care, pensions, education, housing) 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 whether 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 and capital. Potentially prolabor legislation and collective contracts often go unenforced with the implicit or explicit approval of precisely those officials who are supposed to enforce them. Thus it is necessary to enter the workplace to study decommodification in China.

It is also worth clarifying my normative assessment of the term, as some may assume that decommodification is an unalloyed good from the perspective of workers. While this is certainly true in a number of cases, I am using the term in a strictly analytical sense to refer to the diminution of the extent to which labor power is bought and sold according to market principles. So for example, bonded labor is highly decommodified since there is no free exchange, but few would hold this up as a normative ideal. And decommodification may be pursued not only by workers but also by state and capital—one of Polanyi’s major insights is that the self-regulating market creates chaos in *society*, not just for one particular class (even if the chaos is unevenly distributed). Perhaps Polanyi’s greatest normative concern was whether decommodification and reembedding would be exclusive (e.g., fascist) or inclusive (e.g., socialist) in nature.

As for incorporation, China once again calls for a reconfiguration of the concept as it has traditionally been used. Political scientists Collier and Collier (1991) conceive of incorporation in their influential work 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” (3) In both this work and other studies of Europe and Latin America, the question is how states deal with incorporating unions that developed independently (and that often had highly developed political agendas). Chief among these unions’ political demands were official recognition and collective bargaining rights.

But Chinese unions are already granted official recognition, collective bargaining rights are enshrined in law, the constitution guarantees freedom of association, and workers have quite strong job protections on paper (e.g., working hours, vacation time, job security, health and safety). As with decommodification, the question cannot be one of the existence of potentially incorporating formal rights and administrative arrangements. Rather, verification of incorporation must be done at the microlevel. Do workers recognize the legitimacy of union representatives? Do workers resolve collective grievances through rationalized official procedures? Do collective bargaining mechanisms allow for rationalized negotiation over pay and workplace conditions? In short, we must see whether formal state and union interventions (laws and collective contracts) are able to effectively regulate labor relations or whether workers continue to engage in extralegal activities to defend/advance their rights and interests.

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 (Gallagher 2004, 2005; Kuruvilla, Lee, and Gallagher 2011). But over the course of the Hu administration, certain segments of the state (notably the central government) became increasingly interested in expanding workers’ ability to consume to promote economic “rebalancing.” And the state has long been concerned with the political problem of incorporation, as it fears the 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 (figure 6) appears below.

In these terms, then, my question is: Why did the countermovement in China stall at the insurgent moment? Why did high levels of resistance among migrant workers result in legislative, regulatory, and symbolic²² victories but did not

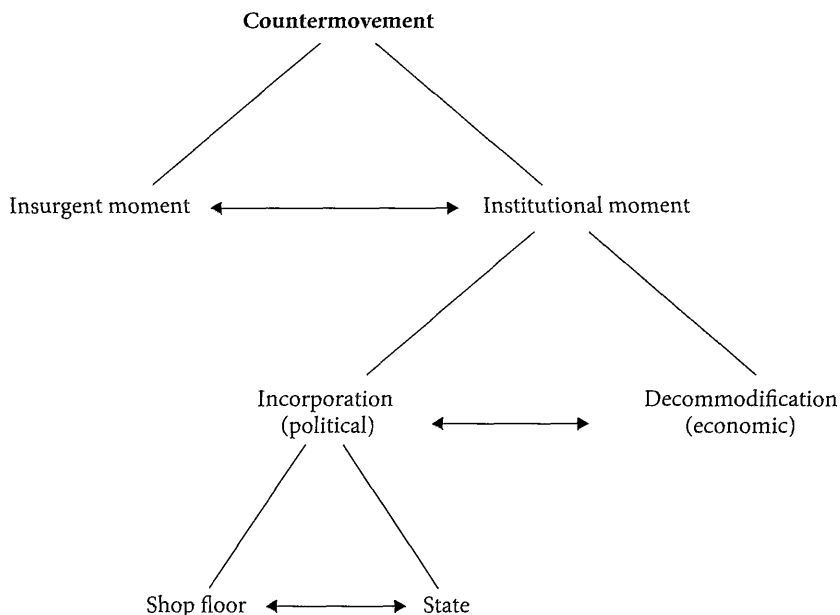


FIGURE 6. Schematic of countermovements.

translate into incorporation or significant 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 was confounded because the new class of migrant workers in China emerged under conditions of *appropriated representation*. This monopolistic setup resulted in the illegitimate political representation of workers by the ACFTU.

“Appropriated representation” is a term originally used by Max Weber (1978, 292), which he juxtaposed to the radically democratic “instructed representation” (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 winning compromise from the state and capital. But in the Chinese case, the ACFTU did not mobilize or actively involve itself in the lives of migrant workers as they emerged as a new class,²³ as it maintains the state’s goal of 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 shop floor, which are generally incapable of enforcing laws and collective agreements.

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 (A. Chan 1993; Unger and Chan 1995), with some even arguing that China has shifted toward “social representation” (Yunqiu Zhang 1997). 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. This may have been an apt description of the relationship between the working class and the state during the Mao era but clearly no longer is. A primary purpose of this book is to determine whether and under what particular conditions it may be possible to incorporate workers, a change that has certainly not yet occurred at the class level. A second and related reason is that corporatism (for labor) refers to a 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 welfare state variant, corporatism implied that the state would preside over a regime of relatively decommodified labor (as well as frequently providing representatives with material and symbolic benefits) in exchange for acquiescence to “national interests.”²⁴ The Chinese Communist Party has not been nearly so benevolent toward 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). Third, corporatism 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 practices in 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 China. In other words, much as corporatism is a historically specific political arrangement (associated with second-wave marketization), appropriated representation is dependent on highly developed and competent state apparatus that can effectively crush alternative forms of political representation. State corporatism may accurately describe the relationship between the state and urban working class during the Mao era—but the institutions developed under this arrangement have not been able to incorporate the new working class. Empirically, this situation is no longer captured by corporatism.

It is also worth addressing the much-discussed topic of union oligarchy, a line of inquiry first established by Robert Michels (1962) and carried into the

American context by Seymour Lipset and others (Lipset, Trow, and Coleman 1956; Jacobs 1963). I do not conceive of oligarchy primarily as a union that fails to pursue the interests of membership (since “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 de jure subject to control by the Party from the national to the district level²⁵ while remaining de facto subordinate to capital at the firm level. I do not, however, take a static perspective on union oligarchy but rather assume that it can be subject to challenge and revision (Voss and Sherman 2000). And yet the relationship between the ACFTU and migrant workers is quite distinct from earlier instances of oligarchic unions. While some unions in the West were able to remain relatively democratic because of specific qualities of leadership or internal opposition (Stepan-Norris and Zeitlin 1995, 1996; Stepan-Norris 1997), the general tendency was for unions to begin quite democratic and to ossify over time into increasing oligarchy. However, the ACFTU was re-created in toto by the state, once in 1948 and again in 1978. It is this specific (Leninist) historical trajectory in the relationship between union, state, and working class that I refer to as appropriated representation and that puts the ACFTU in a different category than other unions. 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 while members will be excluded from practical activities). Whereas appropriated representation refers to the general processes of political representation, oligarchy (as juxtaposed to democracy) refers to the union’s practical organizational activity. To put it another way, appropriated representation refers to the ACFTU’s relationship to state and workers at the *class level*, while its relationship to specific workers *on the shop floor* is characterized by oligarchic behavior.

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. To put things concretely, I am interested in how the state, through the auspices of highly oligarchic unions, deals with the problem of labor conflict in the process of capitalist industrialization and attempts to integrate workers into legalized channels of contention. This analysis requires an investigation into not just the relationship between workers and union (although this is the primary focus) but also these two groups’ respective relationships to state and capital.

Studying Chinese Unions

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.

This book is based 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, semistructured 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 multiday trips by Chinese and American delegations in 2007 and 2008, two each in the United States 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 6 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 3 come largely from collections of official documents stored at the Universities Service Centre at the Chinese University of Hong Kong.