Back to the roots: Rise of labour resistance in Chinese workers

Winnie Hui Ni Khoo, Nanyang Technological University, Singapore

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HS4008 Literature Review Essay

Winnie Khoo Hui Ni
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**Introduction**

This paper aims to study and understand how the changing market conditions and state reforms in the last three decades could have led to the direct or indirect rise of labour resistance such as increased in collective resistance like labour protests and unrest as well as passive individual resistance like workers suicides, high turnover rates and migrant labour shortages in China (Cai 2002; Chan 2014; Elfstrom & Kuruvilla 2014; Friedman 2014). Significant changes and events in China labour market from 1980s and the type of regulatory framework adopted by the Chinese government to control the increasing labour resistance over the past three decades (Chan 2014) would be discussed later as illustrated in the Table 1.

<table>
<thead>
<tr>
<th>Significant events (1980s – current)</th>
<th>Types of labour regulatory framework</th>
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<tr>
<td>1980s – China started economic reforms (foreign direct investment &amp; international trade)</td>
<td>Laws based on individual rights regulatory regime</td>
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<tr>
<td>1990s – Abolishment of Danwei &amp; privatization of enterprises</td>
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<td>1992 – Trade Union Law</td>
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<td>1993-94 – Strikes from foreign-owned enterprises in Pearl River Delta</td>
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<td>1994 – First Labour Law</td>
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<td>1995 – Arbitration Law</td>
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<td>2010 – Vigorous labour activism in China</td>
<td>Considering collective rights-based regulatory framework</td>
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<td>2013 – Amendment to Labour Contract Law</td>
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Table 1: Significant events & types of regulatory framework used in China from 1980s

**Significant Market & State Reforms in China Labour Market from 1980s**

Since China started its economic reforms in 1980s, in particular economic globalization through opening up its market to foreign direct investment and international trade, China had became a global factory and achieved economic growth that attracted worldwide attention (Cai & Ng 2014). It was made possible due to the 'limitless supply' of low paid and less organized labour made up by the large pool of urban and migrant workers (Chan 2014) and China's comparatively low wage rates for workers (Cai & Ng 2014). However, Cai & Ng (2014) and Knight et al. (2011) argued that there was an emerging discussion on China
reaching the 'Lewis turning point' (Lewis 1954) whereby rural surplus labour is exhausted to a level that continuous industrialization can no longer be sustained by cheap labour supply. The sustainability of the cheap labour supply of workers in China had been greatly debated through existing inconclusive literature (Knight et al. 2011). Nevertheless, this shift into a market-dominant economy had changed the relationship between the state and labour force in China fundamentally (Chan 2014).

This shift had also led to the erosion of the well established system of work units (danwei) in urban China, which was a state institution that used to guarantee full and permanent employment as well as to govern social aspects of urban born workers' lives like welfare, gradually in the 1980s (Chan 2014). From then, China's urban employment system began to change radically from the "iron rice bowl" standard of long-term employment to a decentralized, contract-based system which supported the structural change in China's economy (Liu 2015). Subsequently, the work units were eventually dismantled in the mid 1990s amid a wave of privatization and reforms (Cai 2002; Chan 2014).

On the other hand, rural peasants workers were released from the collective labour of communes in 1978 from the household-based production contract system (Chan 2014). Along with this was the partial lift of household registration (hukou) system started in 1958 to control and limit influx of rural migrants into cities (Chan 2014; Zhan & Huang 2013). The relaxation of rural-urban migration contributed significantly to the increase in 'unlimited' pool of cheap migrant labourers for the capitalist labour market as mentioned earlier.

**Rise in Workers' Labour Resistance in China**

By mid-1990s, both rural and urban workers were equally susceptible to capitalist exploitations as the labour market was poorly enforced with little labour protection from the state and trade unions which inevitably led to low bargaining powers against companies and
their management (Chan 2014). As such, China had appeared to be driving a 'race to the bottom' amongst developing countries and creating a negative impact on global labour standards (Chan 2014) despite of its notable economic growth (Cai & Ng 2014).

While official statistics had shown that the gross domestic product (GDP) per capita in China had increased significantly and steadily from 5,046 yuan in 1995 to 29,748 yuan in 2010, the migrant workers' average monthly income only increased modestly from 485 yuan to 1,690 yuan in 2010 from the surveys by National Statistics Bureau (Chan 2014). This had shown that although the situation had improved, the increase in migrant workers' nominal income still remained lag behind the growth in GDP per capital (Chan 2014). Hence, this contradiction of high economic growth and low wages indicated the increasing exploitation of migrant workers. Other exploitations included Chinese workers being subjected to long working hours, low wages, monotonous work, while being denied basic political rights such as freedom of association, the right to strike and collective bargaining rights (Friedman 2014).

The poor working conditions in China had triggered workers' collective unrest and demands for better wages and treatment over the years (Chan 2014; Elfstrom & Kuruvilla 2014). Notably since 1990s and early 2000s, the government also carried out unprecedented reform of state-owned enterprises (SOE) that which led the retrenchment of millions of workers (Cai 2002; Elfstrom & Kuruvilla 2014; Friedman 2014), increasing the official count of laid-off workers from 3 million in 1993 to 17.24 million in 1998, threatening means of subsistence of many workers which led to labour unrest across the country (Cai 2002). Elfstrom & Kuruvilla (2014) argued that these SOE affected workers were driven into the streets in the late 1990s and early 2000s through "protests of desperation due to reasons like "subsistence crises" (Cai 2002), corruption and a deep sense of betrayal at the dissolution of Mao-era "socialist social contract" of privilege and guaranteed rice bowl.
**SOE affected urban workers versus migrant workers**

Elfstrom & Kuruvilla (2014) differentiated the labour unrest into two types by the classes of the workers. One would be by the SOE affected workers whom mainly used to be the first class urban-born workers (Deng & Gustafsson 2014) who now lose their guaranteed privileges from the government market liberal reforms. The other type would be labour protests from the migrant workers who came from the rural areas and were never given these same privileges but were suffering from institutional "discrimination" in the form of limited rights and unequal wages as the former class (Elfstrom & Kuruvilla 2014). Similarly, Friedman (2014) marked out that the former 'leading class' which referred to the urban-born workers by Elfstrom & Kuruvilla (2014) made a major upsurge in protest in the late 1990s and 2000s, were different from the new class of migrant workers which began to appear in urban China in the 1980s and 1990s. There was persisting inequality in exploitation of between urban workers and migrant workers as supported by Knight et al. (2011)'s research where urban real wage rose from 5,348 yuan in 1995 to 19,904 yuan per annum in 2007 which increased by 172.2% while rural real income per capital started significantly lower from 1,578 yuan in 1995 to a slight increase of 8.4% of 3,289 yuan per annum in 2007.

**Government' responses to increased workers' labour resistance**

In response to the rise in collective demands and labour activism by workers, the government had been compelled to react and to take serious measures to contain the unrest through implementation of labour laws over the years (Chan 2014). The first significant wave of strikes occurred in 1993-4 in foreign-owned enterprises in the Pearl River Delta (Taylor et al. 2003) which forced the government to resort to using labour regulations to deal with the workers’ grievances by passing the original Labour Law (Chan 2014). This Labour Law along with Trade Union Law (1992) and Arbitration Law (1995) were to lay down the
foundations for workers' legal and contractual rights, a system for resolving labour disputes, and a collective contract and consultation process between trade unions and management (Chan 2014). As soon as these laws were in place, workers utilized them as a weapon to protect their rights (Gallagher 2005) such that the total number of arbitrated labour disputes handled by committees at all levels in China jumped drastically from 12,368 in 1993, to 135,206 in 2000 and then 684,379 disputes in 2009 (see Table 2 below) (Chan 2014).

<table>
<thead>
<tr>
<th>Year</th>
<th>Arbitrated Labour Disputes</th>
<th>Workers Involved in Arbitrated Labour Disputes</th>
<th>Arbitrated Collective Labour Disputes</th>
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<tbody>
<tr>
<td>1993</td>
<td>12,368</td>
<td>35,683</td>
<td>684</td>
</tr>
<tr>
<td>1994</td>
<td>19,098</td>
<td>77,794</td>
<td>1,482</td>
</tr>
<tr>
<td>1995</td>
<td>33,050</td>
<td>122,512</td>
<td>2,588</td>
</tr>
<tr>
<td>1996</td>
<td>47,151</td>
<td>180,120</td>
<td>3,510</td>
</tr>
<tr>
<td>1997</td>
<td>71,524</td>
<td>221,115</td>
<td>4,109</td>
</tr>
<tr>
<td>1998</td>
<td>93,689</td>
<td>358,831</td>
<td>6,767</td>
</tr>
<tr>
<td>1999</td>
<td>120,191</td>
<td>473,957</td>
<td>9,043</td>
</tr>
<tr>
<td>2000</td>
<td>135,206</td>
<td>422,617</td>
<td>8,247</td>
</tr>
<tr>
<td>2001</td>
<td>154,621</td>
<td>556,250</td>
<td>9,847</td>
</tr>
<tr>
<td>2002</td>
<td>184,116</td>
<td>608,396</td>
<td>11,024</td>
</tr>
<tr>
<td>2003</td>
<td>226,391</td>
<td>801,042</td>
<td>10,823</td>
</tr>
<tr>
<td>2004</td>
<td>260,471</td>
<td>764,981</td>
<td>12,241</td>
</tr>
<tr>
<td>2005</td>
<td>313,773</td>
<td>744,195</td>
<td>16,217</td>
</tr>
<tr>
<td>2006</td>
<td>317,162</td>
<td>679,312</td>
<td>13,977</td>
</tr>
<tr>
<td>2007</td>
<td>350,182</td>
<td>653,472</td>
<td>12,784</td>
</tr>
<tr>
<td>2008</td>
<td>603,465</td>
<td>1,214,328</td>
<td>21,888</td>
</tr>
<tr>
<td>2009</td>
<td>684,379</td>
<td>1,016,022</td>
<td>13,779</td>
</tr>
</tbody>
</table>

Source: China Labour Statistical Yearbook (various years)

Table 2: Arbitrated Labour Disputes in China, 1993-2009 (Chan 2014)

Hence, the government had established a legal labour regulatory regime using an approach based on 'individual rights' (Chan 2014) while removing workers' collective rights to organize, strike and engage in collective bargaining (Friedman 2014). Furthermore, the right to strike was removed as an amendment to the Constitution since 1982 (Chan 2014). However, the individual rights-based regulatory regime had proven insufficient to prevent labour conflicts which had increasingly manifested through the rise of collective resistance in China, especially since 2000s (Chan 2014; Elfstrom & Kuruvilla 2014; Friedman 2014).


**Increase in worker collective resistance since 2000s**

Although official statistics and figures on strikes and protests are unavailable, there were indications suggesting an increasing trend of collective workers' struggles in the new millennium such as the total number of arbitrated collective labour disputes increased by 15 percent in the period of 2003-04 from 226,391 to 260,471 as well as the skyrocketing of collective disputes during the same period by 77 percent from 10,823 to 19,242 (Chan 2014) as shown Table 2 earlier on.

![Graph of Mass Incidents and Labour Disputes 1993-2009](image)

Table 3: Mass incidents and Labour disputes from 1993-2009 (Elfstrom & Kuruvilla 2014)

Similarly, accordingly to Elfstrom & Kuruvilla (2014), figures on collective unrest of all types, which included labour issues had risen steadily over the past two decades, from 9,000 separate “mass incidents” (the state’s term for strikes, protests, and riots) in 1994 to 87,000 in 2005, to the latest released figures from the government through a leaked report (Tanner 2004; Wedeman 2009) of 127,000 in 2008 as shown in Table 3 above.

In response to this increasing labour unrest since early 2000s, the government had enacted three new laws, namely the Employment Promotion Law, the Labour Dispute Mediation and Arbitration Law and the Labour Contract Law (Chan 2014). Like their predecessors, these three new laws were also based on individual rights such as the Labour Dispute Mediation...
and Arbitration Law aims to direct workers’ grievances into the legal channel, hence pre-
empting collective protests, while the Labour Contract Law seeks to strengthen workers’
individual contract rights, rather than alleviate collective dissatisfaction through collective
means (Chan 2014). With the Labour Contract Law regarded as the most significant law, it
was supposed to seek to stabilize and regulate employment relations by making written
contracts as legal obligation for employers and the failure to comply would lead to
compensation by employers (Chan 2014).

However Friedman (2014) argued that the government not only failed to enforce the Labour
Contract Law, but shortly after its implementation in 2008, local governments were helping
companies to dispatch their own workers directly or indirectly which facilitated companies in
avoiding direct responsibility for their workers and making it possible to skip social insurance
and severance payment regulations. This failure and double standard by the government
could be illustrated by the increase in the total number of dispatched workers from 20 million
to 60 million between 2008 and the end of 2010 according to All-China Federation of Trade
Unions (ACFTU) (Friedman 2014).

With persistent exploitation of workers and ineffective measures taken by the government to
meet these workers' disputes and demands, there was a continuous increase in workers' labour
resistance after 2008 which included another wave of vigorous labour protests and strikes in
2010 (Chan 2014; Elstrom & Kuruvilla 2014; Friedman 2014). This included the significant
Honda strike in 2010 which gathered global attention (Chan 2014) and was followed by many
similar strikes and protest. Since then, the government stepped up in its efforts to pacify the
disgruntled workers by trying to develop a collective rights-based regulatory framework but
had been handicapped by the government's manipulation of trade unions and by opposition
from business (Chan 2014).
Future of Workers' Labour Resistance?

After examining the structural changes such as the market and state reforms and their impacts on China labour market for the past three decades, it was evident that there was an increasing trend of labour protests and strikes in China. While some authors focused on the macro state regulatory framework on controlling the worker resistance (Cai 2002; Chan 2014; Friedman 2014), others looked into the details of labour protests and strikes such as differentiating the types of workers and protests like Knight et al. (2011) and Elfstrom & Kuruvilla (2014).

As rural-urban migration was a significant factor that facilitated the labour exploitation, many authors like Knight et la (2011), Zhan & Huang (2013), Cai & Ng (2014) and Deng & Gustafsson (2014) raised important issues like the rise in migrant collective resistance and even the unintended consequences of migrant labour shortages in the 2000s. A further debate followed as Zhan & Huang (2013) and Cai & Ng (2014) argued that the incomplete proletarianization of rural-urban migrants would lead to the empowerment and increase in workplace bargaining power for them due to the labour shortages in urban areas. On the other hand, Knight et la (2011) and Cai & Ng (2014) focused on the debate on 'Lewis turning point' on whether cheap labour supply would continue to exist even with labour shortages in China.

Moving on from the existing literature on the rise in worker resistance in China and its deeply intertwined issue of rural-urban migration, there are four future areas of research that can be studied. Firstly, it would be the study on the future or/and effectiveness of collective resistance by workers. Even though the outlook seems pessimistic due to the repressive, authoritarian regulatory regime and the lack of labour movement (Friedman 2014; Elfstrom & Kuruvilla 2014), the increasing trend of collective resistance (Chan 2014; Elfstrom & Kuruvilla 2014) is notable and should gain academic attention.
On the other hand, the inability of the Chinese working class to act collectively has been symbolized through the rise in individualized worker resistance like worker suicides at Foxconn, high turnover rates in companies and labour shortages in cities as workers chose the individualized 'exit' option (Friedman 2014). Hence this leads back to the increasing attention on China labour shortages since the early 2000s which requires further study on whether such labour shortages are really negative because the "Lewis turning point" has reached or can be explained by the alternative view that such shortages are temporary and stalled as there are still rural labour surplus and in fact will increase rural migrant workers' bargaining power (Zhan & Huang 2013; Cai & Ng 2014).

Thirdly, more efforts can be put in study whether the shift towards collective rights based regulatory regime would be more effective in meeting the demands of workers and eventually curb the increasing workers resistance. However given that the local governments remain largely committed to the interests of employers (Friedman 2014), even the shift towards collective rights based regulatory regime seems pessimistic unless they become worker-orientated and have stricter enforcement on their labour laws and regulations.

Lastly, there can also be a further study on the differences between SOE-laid off worker protests versus migrant worker protests as differentiated by Elfstrom & Kuruvilla (2014).
Bibliography


