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**Industrialising China, Escaping
Labour:
Economic Development and the
Agency of Migrant Labour in
Guangdong, Zhejiang and Jiangsu
Province**

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Thesis submitted for the degree of PhD

2016

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Abstract

This dissertation focuses on an analysis of the relationship between migrant workers' agencies and development in China, looking through the lens of the autonomy of migration. It analyses how the escape of migrant workers from the containment system and the insubordination of migrant workers to capital relation drive social transformation in China. As varying preconditions of development lead different regions down different pathways, this dissertation focuses on the three most economically advanced provinces in coastal China – Guangdong, Zhejiang and Jiangsu – to reveal the relationship between migrant workers and development in different contexts. Theoretically, it challenges the current explanations of Chinese internal migration. It offers a new perspective from which to view the struggles and resistances of migrant workers as a dynamic process which constantly puts pressure on the existing control regime. Historically, capital always attempts to capture moving labour and subordinate it in capital relation. However, labour always attempts to escape. It is this energy of escape that is the target of the control regime. This dissertation provides concrete empirical evidence to trace the interaction of migrant workers' agencies with the development of different regions. Different historical preconditions lead to different pathways of capitalist development, which are related to the different strategies of subordination of migrant workers to capital in China. Also, although migrant workers are always involved in escaping from the existing control regime, they behave differently according to the differences in the control regime and subordination strategy. It offers a suggestion of future trends in the insubordination of migrant workers in China: along with the spread of neoliberalism and the integration with the global market, increasing numbers of people are dragged into capital relation, and the subordination of labour to capital is deepening. The global division of labour is also spreading to inland China. Although, initially, development strategies differ from region to region, there is a tendency for them to converge.

Abbreviations

ACFTU	All-China Federation of Trade Union
CBEs	Commune and Brigade Enterprises
CCP	Chinese Communist Party
CPI	Consumer Price Index
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
MOHSS	Ministry of Human Resource and Social Security
MOLSS	Ministry of Labour and Social Security
NBS	National Bureau of Statistic, China
PRD	Pearl River Delta
RMB	Renminbi, the official currency of P.R.China
SEZs	Special Economic Zones
SOE	State-Owned Enterprise
TVE	Township and Village Enterprise
WTO	World Trade Organisation
YRD	Yangtze River Delta

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Chapter 1 Introduction

The Chinese socialist revolution created the fundamental social, political and economic conditions for China's consequential sustained economic development (Petras, 2006). During the Mao period (1949-1976), China organised vast infrastructure projects and initiated several strategic reforms that provided the basis for long-term growth. Although China was isolated from international trade and investment for most of the Mao era, it achieved both rapid growth and industrialisation (Hart-Landsberg, 2010). Following in the footsteps of the East Asian and Latin American Development Models, China's Development Model has attracted the world's attention. Since 1978, the Chinese central government has dedicated itself to developing its socialist market economy, impelling an export-oriented development strategy, attracting foreign investment, encouraging private sector development and conducting state-owned enterprise reform. This reform and opening up has not only led to successful economic growth, but also to a significant transformation in Chinese society. One of the most significant changes has been the creation of the biggest internal migration waves in Chinese history, and possibly in the world.

Every year, hundreds of millions of migrants leave their home towns to work in urban or economic advanced areas. The take-off of the Chinese economy is inseparable from the contributions of migrant workers. The migrant workers, the majority of whom are categorised by the Household Registration System (*hukou* system) as having rural-registered permanent residences, have long worked in factories as 'low-cost labour'. The Chinese state working with international capital, have transformed these workers from rural peasants to wage labour. At the beginning of the reform era, the huge gap in living standards between rural and urban areas made working in urban or coastal areas a sensible choice for migrants looking to improve their quality of life. However, along with the deepening of reform and opening up, the conflict between migrant workers and the state and capital has raised

and attracted public attention. From ‘emergencies’¹ caused by wage arrears, such as suicides and self-mutilation of migrant workers, sit-ins, blocking of roads, and protests, to strikes asking for better pay, resisting unfair treatment from employers, or asking for unpaid and contested social insurance, the rise of the struggles and resistance of migrant workers has forced the state to elaborate and restructure its policies, and even regimes, to maintain social stability; it has also forced capitalists to adjust their strategies of management to maintain production and their exploitation of migrant workers.

Clearly, in China, the socio-transformation process has significantly influenced both the making of migrant workers and their acts of resistance. In turn, the resistance by, and struggles of, migrant workers have deeply reshaped China’s development process. The relationship between the state, capital and the migrant workers is the key factor in this interaction. In this dissertation, I bring a new perspective to the view of migrant workers in rapidly transforming China, the autonomy of migration approach (Papadopoulos & Tsianos, 2007; Papadopoulos et al., 2008; Mezzadra, 2010). Applying this approach, I emphasise the importance of an analysis of the conflict between the projects of the state and capital to subordinate migrant workers and the insubordination of migrant workers under this control regime. The conflict between subordination and insubordination is “a central feature of capitalism” (Holloway, 2002:44). The subordination of labour is capital’s attempt to contain migrant workers; however, it is always resisted by the insubordination of labour.

The pathway of capitalist development is deeply influenced by the socio-economic and political environments of a given country: different preconditions lead to different strategies of capitalist development. In China, the coastal areas are the front-runners of economic development, but based on their different historical preconditions, they have followed different pathways. Capitalist production process always begins by capturing and transforming mobile labour into exploitative production relations. Once capital has succeeded in this, the differences in the

¹Xinhuanet, 2015, MoHSS: Emergencies caused by wage arrears are increasing significantly (*Renshebu:qianxin yinfa de tufashijian mingxian zengduo* 人社部: 欠薪引发的突发事件明显增多) <http://xhpfm.mobile.zhongguowangshi.com:8091/v200/newshare/414447>

development pathways also lead to different strategies of subordination of the migrant workers. But also, to differences in the forms of insubordination by migrant workers.

1.1 Research Questions

Since reform and opening up, China has experienced increasing regional disparities. The coastal areas, in particular, have followed different economic development pathways which are closely related to the diversity of their various pre-conditions of socio-economic transformation, as well as the different ways that capitalism was introduced. In this dissertation, I scrutinize the three most successful development pathways in China, the Pearl River Model of Guangdong Province, the Wenzhou Model of Zhejiang Province and the Sunan Model of Jiangsu Province, to examine:

- How different preconditions influence the development pathways of the three provinces;
- How different capitalist pathways lead to different strategies to capture the moving bodies of migrants, that is the making of migrant workers process of the three provinces;
- How, after capture by the state and capital, migrant workers are transformed into wage labour in these three provinces and how each pathway of capitalist development influences the subordination strategies;
- How migrant workers escape from and defy such strategies;
- How the state and capital react to the insubordination and escape of migrant workers.

These questions can be summarised as one main question: *What is the relationship between development and migrant workers' agency in different socio-economic environments in China?*

This dissertation therefore focuses on the interactions between the migrant workers and the development of capitalism in three different contexts, Guangdong Province, Zhejiang Province, and Jiangsu Province. It will ascertain if the different historical processes of subordination of migrant workers to capital led to different diversified strategies and tactics to protect their rights. It will also analyse how the process of subordination of migrant workers to capital in different socio-economic contexts influences the formation of the migrant working class and the subjectivity of migrant workers.

1.2 Socio-Economic Transformation Since 1978

As Zhu and Pickles (2013:37) state, through reform and opening up the Chinese economic structure has experienced three fundamental transformations: firstly, it transformed from a planned economy to, in official discourse, a ‘socialist’ market economy; secondly, it moved from public and collective ownership to an increasingly privatised economy; and lastly, it shifted from a domestically-oriented economy to an export-oriented economy that was increasingly integrated with the global market. There is no doubt that China’s reform and opening policy has been successful with regard to economic growth as measured by GDP (Gross Domestic Product). China’s average annual economic growth rate averaged close to 10% after the reform and opening policy was promulgated in 1978 (taking the 1978 GDP as a base number) until 2000 when it dropped slightly to an average of 8% (NBS, 2014). The year 2008 saw a global economic crisis which caused many countries to go into economic recession, yet China has maintained a high level of economic growth: the annual GDP growth rate from 2008 to 2011 was 9%, 8%, 10.4% and 9.2% respectively (NBS, 2014). This sustained economic growth has not only improved national living standards significantly but also increasingly affects the world economy.

A series of interventions have promoted China’s economic growth, but they have also brought enormous challenges to Chinese society. This growth is based on unstable grounds – China is dependent on foreign investment and overseas markets,

which affects its ability to bring about steady, long-term development to a great extent. Capital moves through transnational corporations to pursue the most competitive international division of labour thus compelling Chinese governments and enterprises to rely on their low-cost labour to compete with other companies, regions and even other developing countries. Hence, to attract and maintain Foreign Direct Investment (FDI), the Chinese government has adopted capital supportive policies.

Market reform has intensified exploitation and increased inequality (Hart-Landsberg & Burkett, 2005). The marketisation of public services and social welfare has increased the cost of living and dispossessed many of workers' socioeconomic rights of the pre-reform period. Especially in rural areas, the reform of the grain circulation system, accompanied by the collapse of rural health care and free compulsory education, has created preconditions for 'releasing' rural labour power to be absorbed and exploited by capitalist production process. Furthermore, land reform has sped up the commercialisation of farming land, the secure capital of rural labourers who are forced to sell their labour to secure subsistence. Urban areas have also been affected by the collapse of the socialist regime. The monetarisation of housing allocation, medical care, education, food, household necessities and other public services has also forced urban residents into a market economy. In the Maoist era of state socialism, the 'working class' as a whole made great strides vis-a-vis other social groups, the peasants, bourgeoisie and intellectuals, in terms of political status, wages, social welfare and employment security. Permanent workers in state-owned enterprises enjoyed cradle-to-grave welfare, permanent job tenure, subsidised housing, life-long medical and pension benefits and guaranteed, good incomes. However, in the reform era, the liberalisation and privatisation of the economy has given rise to a national labour market that enhances labour mobility and flexibility. The state-owned enterprise reform has resulted in a setback for state workers' status and livelihoods. By 1995, the permanent employment system was officially dismantled, and between 1998-2005 a pool of 30 million 'off-duty' (*xiagang* 下岗) workers was created (Feng, 2009). The working class lost both its glory and benefits of the pre-reform period and laid-off workers have become one of the most vulnerable social groups in China. Workers in state-owned enterprises, foreign-

invested enterprises, and town- and village-owned enterprises are now all subordinate to a dictatorial management empowered by labour contracts and enterprise reforms and untrammelled by the Party or the Union (Lee, 2010).

Additionally, behind the figures of growth and prosperity, inequalities exist across regions, ownership sectors, industries and occupations. Urban and rural inequality is one of the most significant results of uneven development. The speeding up of economic growth in China is founded on the dispossession of rural society. Rural labourers are extracted from the countryside and pushed into secondary and tertiary industry, which leads to rural hollowing. Accompanied by the reform and opening up, job opportunities in foreign-invested enterprises and town- and village-owned enterprises have mushroomed. The elderly and children are left behind while rural labourers in urban areas are excluded from social welfare and public services. Low wages also constrain the growth of domestic demand. Even though the Chinese economy has continued to grow since the global economic crisis that surfaced in 2008, the crisis has caused a notable increase in plant closures in export-dependent areas and in the unemployment rate of rural migrant workers.²

Because of the pro-capital policies supported by the state, millions of migrant workers are enduring blatantly dictatorial management practices in the private sector where state regulations are rarely enforced. Migrant workers regularly experience non- or late payment of wages, low-level wages, compulsory overtime, poor working conditions, occupational injuries, and sometimes even intimidation through physical violence and corporal punishment. However, this all leads to mounting resistance by

² See: Facing the wave of factory closures, China state limits the downsizing of factories (*miandui daobi chao zhongguo xianzhi qiye caiyuan* 面对倒闭潮 中国限制企业裁员) http://news.bbc.co.uk/chinese/simp/hi/newsid_7730000/newsid_7735600/7735671.stm;

Middle and small size enterprises facing high human resource cost, a new wave of factory closures emerging (*Dongguan zhongxiao qiye rengong chengben yali gao qiye xian xinyilun daobichao* 东莞中小企业人工成本压力高企业现新一轮倒闭潮) <http://business.sohu.com/20151209/n430554305.shtml>;

Economic recession leads to a wave of factory closures (*jingji weiji yinfa Guangdong guanchang chao* 经济危机引发广东关厂潮) <http://chinaworker.info/ccn/2016/02/18/11920/>;

Sudden factory closures raise fears for Pearl River Delta's electronics manufacturing sector <http://www.scmp.com/news/china/economy/article/1867320/sudden-factory-closures-raise-fears-pearl-river-deltas>.

workers, even rural migrant workers who are stereotypically considered controllable, obedient and passive, victims of the export-oriented development strategy, poor labour legal system and the collusion between local government and capitalists. This stereotypical picture of migrant workers also leads to the conclusion that they need to be protected by outside powers and to be offered rights from government or 'labour laws'. China, now, is facing a turbulent period of social instability and labour unrest.

Chapter 2 provides a detailed examination of the transformation from a socialist planned economy to a capitalist economy, examining the socialist market economy in official discourse. It also analyses the economic reforms that have brought about significant social transformation: agricultural and rural reform, the establishment of SEZs (Special Economic Zones), decentralisation and land reform. By studying the reforms and adjustments, a clear socio-economic transformation process which deeply influences the making of migrant workers and shapes their insubordination becomes apparent.

1.3 Migrant Workers in China

In the past, migrant workers were invisible to the public view: they were considered a reserve labour army, permitted to enter cities when needed and who drifted back to rural areas whenever hardship beckoned. They were primarily limited to the sectors of the labour market that only provide low paying, insecure, low status and dangerous jobs, eschewed by the urban citizens (Chan & Pun, 2010). They were dehumanized and de-individualised, treated like a group of faceless strangers by the local governments of their destinations. At the beginning of the reform era, migrant workers began to infiltrated into the urban spaces, and they began to change the social structure and power relations there, inconspicuously and imperceptibly (Solinger, 1999; Li, 2002). However, in recent years, as well as these daily inconspicuous activities and imperceptible politics, migrant workers have also had a louder voice. Firstly, the production and reproduction process of a 200 million strong workforce cannot be ignored in contemporary China. Secondly, migrant workers are

actively involving themselves in all kinds of activities to fight for both their labour and civil rights, which affects socio-economic transformation, as well as political regime re-structuring in China.

Chapter 3 illustrates the making of migrant workers in the reform era. I trace the historical track of migrant workers in China, closely observing the path of this mobile group from farmlands to factories, and analyse the current situation of migrant workers in the workplace. The *hukou* (household registration) system excludes migrant workers from public social welfare such as education, medical care and housing in urban areas and is utilised by the state as an efficient instrument that allows it to define and designate migrant workers as ‘outsiders’. Although the Chinese government has adjusted this regime several times and gradually loosened its control over migrants’ mobility, it remains one of the most important tools of the control regime in its handling of migrant workers. In this chapter, I trace the adjustment and reforms of the *hukou* system during the reform era, to show how it has affected the mobility of migrants.

1.4 Research on Migrant Workers

Migrant workers have also caught the eye of academic scholars who have researched different aspects of their lives. When migrant workers are studied as a floating population, questions focus on their demographic features, looking at the decision-making process and the structural background of migration (Fan, 2005a, 2005b, 2008; Fan & Sun, 2008; Gallagher, 2011; Zhang, 2001). When they are seen as potential or semi-citizens, based on the *hukou* system, questions focus on the urbanisation and citizenisation processes – how they go about obtaining the same status and benefits as people holding an urban household registration, or even getting an urban *hukou* (Chan, 2009, 2010; Huang, 2011; Lee, 2007; Solinger, 1999). The research studies the living conditions and ‘attitude’ of migrant workers in urban areas. It has also included a gender perspective, as female migrant workers have to shoulder more responsibilities of social reproduction activities than male migrant workers (Fan et al., 2008; Fan, 2008; Pun, 2005). Such research has provided us with a rich

foundaiton of knowledge of migrant workers' situations and living conditions. However, sociological and demographic research often treats migrant workers as an object of analysis, a social group or a social status, without heterogeneity. Demographic research on migrants can provide us with a general overview of the features of migrant workers but it cannot provide us with the details of their real lives. And in the perspective of urbanisation and citizenisation analysis, urban citizenship is automatically set as the ultimate goal of all migrant workers, ignoring the diversity of individual lives and desires. Migrant workers within these two paradigms are generally considered as a social group in need of specific policy design and assistance. Both demographic research and citizenisation research treat migrant workers as 'others' of society, depoliticised and disempowered.

Another substantial depiction of migrants' identity in China is as waged-workers – those whose wage is their main or only source of income. Increasing numbers of scholars are analysing migrant workers based on the 'class' paradigm (Chan, CKC, 2009; Pringle, 2011; Pun, 2005; Pun et al., 2008; Pun & Lu, 2010; Silver, 2003; Shen, 2006). Based on the analysis of migrant workers' labour disputes, strikes and protests, scholars attempt to trace the class formation process of migrant workers. This class-based research focuses on the transformation of migrant workers from 'class in itself' to 'class for itself' through collective activities, which indicates the formation of class consciousness of migrant workers. Some researchers (Pun, 2005; Pun & Smith, 2007; Smith & Pun, 2006) focus on the factory regime or labour regime of migrant workers, studying the discipline of migrant workers under a certain social institution.

Since 1978, migrants from rural China have been gradually involved in the process of subordination to capital. However, there is a need for a new perspective from which to view the relationship between labour and capital. Normally, current researchers focus on the 'capital-labour' perspective, which treats migrant workers as victims of capitalist production system, while the elites continue to dominate and exploit the working class. The migrant workers are seen not only as the object of capitalist labour relations without any agency. In reality, their resistance obstructs

ruling relations and often forces the elaboration of new strategies by the state and capital. Moreover, their everyday practices are powerful and meaningful enough to push the state and capital to transform beyond the coordinates of the existing social compromise and control regime. Therefore, in this dissertation, I offer a new perspective with which to view migrant workers in this rapidly transforming China, one which focuses on the 'labour-capital' rather than the 'capital-labour' relationship. The 'labour-capital' perspective sees worker's agency as an active and powerful force to push the socio-economic transformation, not the opposite. Migrants' mobility is an active force, which constantly faces oppression and suppression. The control regime constantly attempts to absorb the refusal and escape of migrant workers, the state and capitalists actively working to break up the capacities and strengths of migrant workers by fragmenting groups and struggles, exacerbating and re-organizing internal divisions and oppressing people's power.

Chapter 4 provides the theoretical terrain for the dissertation. It reviews the studies on migrant workers and young generation migrant workers in China and provides a new lens, the autonomy of migration (Papadopoulos & Tsianos, 2007; Papadopoulos et al., 2008; Mezzadra, 2010), through which to understand the daily struggles of migrant workers. The mobility of migrant workers can be viewed as a power that can be used against capitalist production process. Moreover, the daily struggle of migrant workers can lead to social transformation and the creation of a new generation of migrant working class. As migrant workers are not a homogeneous social group, the actual struggle of migrant workers is diverse. Firstly, the background and range of individual migrant workers (age, education, cultural background, etc.) profoundly shapes their behaviour and gives rise to a variety of struggle patterns. Secondly, their resources, including production means (farmland), education and occupational training backgrounds, social resources and working experiences, determine their bargaining power to some extent. Last, but not least, migrant workers' socio-economic environment has a very strong influence on the nature of their labour unrest.

1.5 Research Methodology

This dissertation is based on both primary data and secondary resources. It begins with an analysis of the background to the research, including a detailed study of the socio-economic transformation in China since 1978 and the pathways migrants have followed in the same period. Additionally, it provides a panoramic view of the labour disputes and strikes involving migrant workers in the reform era. The analysis is based on Chinese and English academic resources, literature surveys, Chinese media reports, and statistical data. These secondary resources are supplemented by extensive fieldwork in three provinces: Guangdong, Zhejiang and Jiangsu. The research aimed to discover what was in and on respondents' minds, and to elicit information; therefore a qualitative approach using in-depth interviews was chosen as the major research method as it allows respondents to expand on their responses to questions.

According to Berg (2007), interviews can generally be divided into three types: the standardised (formal or structured), the unstandardised (informal or nondirective) and the semi-standardised (guided-semi-structured or focused). The major difference between these types of interviews is their degree of rigidity concerning presentational structure. The standardised interview designs the interview questions in a formally structured schedule. All interviewees are required to respond to each question, so that "each subject [has] approximately the same stimulus so that responses...will be comparable" (2007:69). The unstandardized interview has no formal structure: interviews need to "develop, adapt and generate questions and follow-up probes appropriate to the given situation and the central purpose of the investigation" (2007:70). The semi-standardised interview implements a number of predetermined questions in a systematic and consistent order, but the questions are open-ended. Interviewers can freely digress "to probe far beyond the answers to their prepared and standardised questions" (2007:70). The latter two forms of interviews can elicit additional information about various phenomena and explore the interviewee's various ways of understanding the world.

Therefore, semi-structured and unstructured interviews were used to gather information about migrant workers' desires, feelings, ideas and opinions, as well as their migration and labour rights protection stories in the field. These methods help us to understand the insubordination of migrant workers under the existing control regime. Interviews were also done with related agencies of labour relations, including labour bureau officials, trade union officials, factory owners and labour Non-Governmental Organisations (NGOs) officials to provide a comprehensive understanding of the interaction between the subordination and insubordination of migrant workers. They provide us with a pathway to understanding the patterns of relevant labour disputes and strikes involving migrant workers and socio-economic changes. Employers, labour bureau officials, mediators and arbitrators in labour disputes mediation committees and local arbitration committees, officers and volunteers of NGO which work on migrant workers' issues were also interviewed to collect an all-stage picture of current labour disputes in China. The involvement of different agencies in the interviews indicates the influences of the control regime, i.e. the state and capital, on migrant workers at different levels. The narrative methods also unfold the roles of migrant workers' everyday struggle to effect change on the control regime, in factories, in streets and in towns and cities.

1.6 The Choice of Guangdong, Zhejiang and Jiangsu for Fieldwork

China is experiencing rapid economic growth via diverse paths of economic development across regions and provinces. The decentralisation of authoritative and financial power combined with political centralisation has provided local states with incentives to develop and protect local economies, and in particular, incentives to promote marketisation and privatisation locally. Meanwhile, evaluation-based incentive schemes have led to inter-regional market segmentation, increasing inter-regional development inequalities and unequal provision of certain public goods (Wang et al., 2007). The coastal provinces in China are the forerunners and beneficiaries of the decentralisation reform, having achieved rapid industrialisation, modernisation and urbanisation by taking advantage of their history and geography as well as this decentralisation.

Fieldwork was conducted from October 2012 to September 2013 in the coastal provinces of Guangdong, Zhejiang and Jiangsu. It included around 100 interviews conducted, of which 56 interviews have been involved in this dissertation. These sites were chosen because, with the advent of reform and open policy, they had unparalleled opportunities to attract foreign direct investments, and develop a private economy, which in turn created a huge demand for cheap labour. Since 1978, the eastern regions have attracted hundreds of millions of migrant workers from central and western China. According to data published by the National Bureau of Statistics of China, in 2012, 165 million migrant workers were working in the eastern regions (65.4% of the total) and Guangdong, Zhejiang, and Jiangsu were the most attractive provinces. Guangdong absorbed 20% of migrant workers, while Zhejiang and Jiangsu both absorbed around 10% (NBS, 2013). Moreover, according to the China Labour Statistical Year Book (2014), in 2013 there were a total of 665,760 labour disputes involving 888,430 labourers – of which 91,965 disputes involving 150,513 labourers were in Guangdong. This was 13.8% of the total number of the labour-related disputes accepted by the labour arbitration courts and 17% of the total number of labourers involved. In Zhejiang, the number of labour dispute case was 50,374 involved 85,286 labours, while in Jiangsu the number was 62,577 involved 87,031 labourers. The enormous number of disputes in these provinces (concentrated in Guangdong) were also to the benefit of their governments, trade unions and other institutions inasmuch as they had the opportunity to learn from each and to improve their administrative abilities in labour relations.

Guangdong has long been at the forefront of China's economic reform and development and it has also experienced huge numbers of labour disputes, strikes and protests: in fact it has both the most migrant workers and the most labour disputes in the country. Besides the aforementioned 17% of the total number of labour-related disputes occurring in Guangdong, there were also numerous other disputes and strikes that do not appear in these official records. Although there have been numerous previous studies of labour conflict in the province (Chan, CKC, 2009; Pun, 2005, 2009; Lee, 2007; Gallagher, 2004, 2011; Leung, 2012), these have all

been from the ‘capital-labour’ perspective: it is worth studying its labour disputes and strikes from the reverse perspective: ‘labour-capital’. My fieldwork in Guangdong concentrated on the Pearl River Delta (PRD), specifically Guangzhou, Shenzhen, Foshan and Dongguan, which contributes over 80% of the province’s GDP growth and attracts over 90% of the incoming migrant workers.

The Pearl River Delta (PRD) in Guangdong has been the most economically dynamic zone. One advantage of the PRD is its geographical proximity to major international shipping routes, which allows it easy access to the global market. Hence, in the late 1970s the central government built three of four Special Economic Zones (SEZs) in Guangdong. The SEZs were given greater political and economic autonomy in the fields of finance and fiscal matters, foreign trade and investment, commerce and distribution, allocation of materials and resources, labour, and prices than other jurisdictions in China. The economic success of the PRD is directly linked with foreign investment, particularly from East Asia. In the PRD, manufacturing firms import semi-finished goods or raw materials based on foreign-patented technology, and export the finished products to foreign markets. Combined with Hong Kong capital, the PRD has established itself as a low-value-added, labour-intensive manufacturing base offering cheap migrant labour from the less-developed inland provinces – and it has become one of the most successful export-oriented development models in China.

Chapter 5 analyses the success of the PRD model since 1978 and its subsequent crisis. The combination of foreign capital and the local states led to anti-labour policies, which have met with fierce resistance from migrant workers. Since 2008, the global economic recession has uncovered the weakness of the PRD economy, which was behind the rapid growth of GDP in Guangdong. The Guangdong government’s plan for industrial upgrade since 2008 initiated a wave of strikes and struggles, while the geographic advantage of the PRD proved to benefit not only the flow of foreign capital but also the circulation of ideology. NGOs from Hong Kong have also played a major role in arming migrant workers with ideas, experiences and strategies for change. In this chapter, case studies of the Honda strike and the

Yuyuan Shoe Factory strike are used to analyse the struggle of migrant workers, particularly young generation migrant workers. The different agents involved in this process are also discussed and evidence of the formation, through the struggle between migrant workers and the controlling political and economic regimes, of a new generation of migrant workers is sought.

Although abundant academic resources and data about labour relations in the Pearl River Delta exist, the Yangtze River Delta has been less studied by scholars (Pringle, 2011; Friedman, 2014; Liu, 2010). Within this area, the northern part of Zhejiang Province and the southern part of Jiangsu Province have followed different development pathways and also have experienced different labour relations situations. When discussing the introduction of capitalist relations of production, it is worth including Zhejiang and Jiangsu as examples to show the diversity of the process. The most representative development path in Zhejiang is the ‘Wenzhou’ Model (named after the municipality in which it developed), which relies on family-based industrial plants and the specialised market of daily necessities, while Jiangsu’s economic growth relies more on collective Town and Village Enterprises (TVEs). Labour relations in these two provinces also differ. In Zhejiang, the local trade union officials actively involve themselves in solving conflicts between local private enterprise owners and migrant workers, which leads to the creative practical application of collective bargaining. In Jiangsu, local governments and local labour bureaus attempt to create networks to prevent strikes and labour disputes in advance and to resolve the matters as soon as possible. The different control strategies are closely linked to the pre-conditions of capitalist development and the everyday activities of migrant workers. In Zhejiang, interviews with workers, trade union officials, labour NGO staff, scholars, factory owners, enterprise managers and local government officials were conducted in Hangzhou, Yongkang, Yiwu and Wenling. In Jiangsu, an industrial town in Changzhou is studied in detail, as Changzhou is one of the most typical cities of the ‘Sunan’ Model, and still relies on local private capital to the present.

Chapter 6 focuses on Zhejiang Province in the Yangtze River Delta (YRD), another successful model of economic development in China. Unlike the PRD model of development in Guangdong Province, Zhejiang's Wenzhou Model is fuelled by local private capital and its migrant workers mainly originate from the province's rural areas. It is described as 'Small Commodities, Big Market', indicating the structure of the Wenzhou production and distribution model, based on thousands of family firms relying on specialised markets (Fei, 1986, cited in Wang, 2008:25). Hence, it is endogenous, small-scale, family-based and oriented to domestic markets, especially township markets. This model not only encourages the comparatively equal distribution of economic growth outcomes among different social groups but also relatively balanced power relations among labour, capital and government when compared with other economically advanced development areas in China. In this chapter, the development of the private sector in Zhejiang is explored, as are the unique patterns that the development of capitalism has made in shaping labour relations in this region. The particular socio-economic environment and characters of migrant workers in Zhejiang have led to the creation of a new regime of collective negotiation in labour disputes (*jiti xieshang*, 集体协商). Although collective negotiation has been confirmed by Chinese labour law as a legal option for workers to solve labour disputes and reach agreements on wages, working conditions, contracts and so on, it has frequently remained unimplemented (Pringle, 2011). The town of Xinhe in Zhejiang, a woollen sweater manufacturing town, is the case study in this chapter, and its migrant workers are shown to utilise their power to force local states and capitalists to adjust their practices.

Jiangsu Province is also located in the YRD, but it has taken a different development path from Zhejiang Province. The rapid transformation of the Sunan area in south Jiangsu is typical of the development model of this region, which is named after it. It is based on the collective investment of communities in collective Town and Village Enterprises (TVEs). Local states of the Sunan area are deeply involved in the commercial operations of collective TVEs. They are also actively involved in their creation, investment, operation, production, marketing and employment. Urbanisation, based on the development of small cities and towns, means migrant workers do not need to migrate long distances to find jobs in the non-agricultural

sector. Hence, migrant workers in Jiangsu are mainly local people hired directly by local TVEs. However, in the late 1990s the Sunan Model faced a severe crisis and underwent a 'rebirth' to the new Sunan model which is characterised by Foreign-Invested Enterprises and Industrial Zones/Parks. The legacy of the collective economy, however, continues to strongly influence the power relations between local states, migrant workers and local capitalists. Local states in Jiangsu tend to intervene in the conflict between capital and labour directly, leaving limited space for the other two groups. The Sunan Model is the focus of Chapter 7, which includes an analysis of its emergence, its restructuring and its legacy with regard to the socio-economic transformation of China. Due to its particular environment, the struggle of migrant workers in Jiangsu has been more peaceful and less militant than in the other two provinces. This is closely linked with the relatively good working conditions and migrant workers' deep embedment within the local communities, as well as the management style of local private TVEs. Two collective actions by migrant workers in Yaoguan Town are examined, and based on their analysis, the power relations of different agencies in Yaoguan are revealed.

Chapter 8 summarises the reaction between migrant workers' daily struggle and the shifting of the control regime in the three cases studied. Moreover, it will provide a synthesis of the previous chapters based on a comparative analysis.

1.7 Ethical Issues

Social researchers have an ethical obligation to their colleagues, their study population, and society at large, because they delve into the social lives of other human beings. The ethics of research concern the appropriateness of the researcher's behaviour in relation to the subjects of the research or those who are affected by it. Ethical issues can arise at any one of the planning, implementation and reporting stages of research. Although some ethical issues appear a matter of courtesy and common sense, they often give rise to complexity. It is difficult to make clear-cut dichotomies between what is right and wrong. However, social researchers must

accept the responsibility of ensuring the rights, privacy, and welfare of the people and communities that they study.

According to Gray (2009:73), there are four main areas of ethical principles:

1. Avoid harm to participants;
2. Ensure informed consent of participants;
3. Respect the privacy of participants;
4. Avoid the use of deception.

This research was planned, conducted and reported following these principles. Because discussing labour disputes, strikes and protests, and grievances about employers or government or trade unions with migrant workers has the potential to cause harm in interviewees' work and daily life, ethical issues were considered even more seriously in this research. In designing the research, potential risks for harm were accounted for in order to take steps to alleviate the situation in advance, such as interviewing migrant workers away from the factory and factory-provided dormitory, keeping conversations confidential, storing identifying records securely, and so on. Research subjects were interviewed based on their voluntary participation, the background and purpose of research, as well as the rights and responsibilities of both the researcher and participants having been clearly explained. The data collected during the fieldwork was stored securely to avoid information falling into the wrong hands or becoming public.

Chapter 2: The Socio Economic Transformation of China Since 1978

2.1 Introduction

Since the reform and opening up launched in 1978, China's fast economic growth and rapid social transformation has been quite remarkable. The gross domestic product (GDP) increased by almost 10% per annum from 1978-2000 and has grown by approximately 8% per annum from 2000 to 2014 (NBS, 2015). It has become the second largest economy in the world, having overtaken Japan at the end of 2010. China has also managed to reduce poverty dramatically, effectively lifting 600 million people out of poverty (World Bank, 2010). Additionally, the opening up policy has fuelled the inflow of FDI into China and since 2010 it has been the second largest FDI destination. The dramatic increase in foreign investment in China is partly because of its competitive advantages in the global production chain, such as cheap raw materials, cheap labour and an investment-friendly environment. It is also related to the wave of relocation of capital in the global market, inspired by the ideology of neo-liberalism. As Harvey (2005:120) stated, "the outcome in China has been the construction of a particular kind of market economy that increasingly incorporates neoliberal elements interdigitated with authoritarian centralized control". Accompanied by the inflow of FDI, the Chinese industrial structure has been gradually transformed over the years. China has become the global factory for daily consumer goods, as well as the most attractive manufacturing and research base for transnational companies, such as BP, General Motors, Intel, Microsoft, Oracle, and others. The export-oriented development strategy has successfully pushed China into following the steps of other Asian Tigers, creating another Asian development 'miracle'.

The reform and opening-up policy has not only brought in economic achievements such as the rapid growth of GDP and the total amount of foreign capital investment. The significant improvement of the average wage and living standards in both rural and urban areas has also greatly influenced the social transformation process. Rural

society has gradually disintegrated and disappeared and capitalist relationships have replaced the traditional rural social networks and institutions. Peasants are losing their position in previous production relations and being dragged into a so-called ‘wage labour’ system. Every year, hundreds of millions of peasants migrate within China, entering factories and becoming wage labourers. The previous winners of the socialist system – workers in SOEs – have been dislocated and lost their glories. The central government focuses on retaining its legitimacy of control through pursuing economic achievement and the local cadres and local governments transform themselves into entities pushing economic growth, ignoring the other contents of development. The dramatic socio-economic transformation has deeply influenced everyone in the society and, in turn, the socio-economic transformation is pushed by everyone in the society.

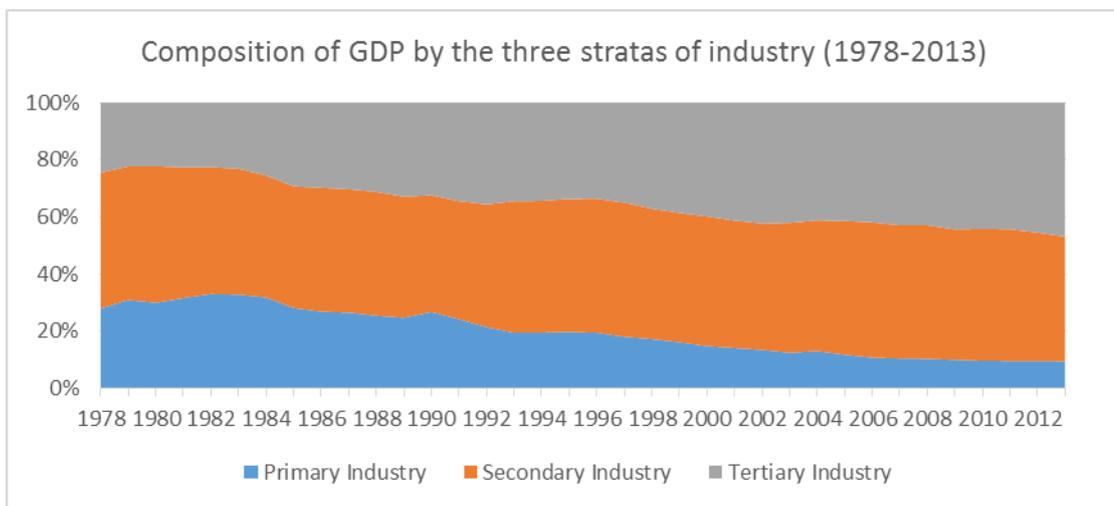
In this chapter, I begin by examining the rural society transformation of China. The rural reform has not only improved the productivity of the agriculture but also fuels the development of China as a whole. The chapter then moves to the analysis of FDI, which has played a crucial role in China’s economic development. Alongside opening to the global market, privatisation has been another important process of reform. The privatisation process in this chapter will be divided into two parts: top-down and bottom-up, with the former referring to the reform of SOEs and the latter referring to the rise of the private sector. Finally, this chapter will deeply analyse one of the key agencies of development in China – local governments. The decentralisation process distributes the fiscal and political power to local governments, which efficiently motivates regional autonomy. Local cadres, as providers of economic growth to the central government, are deeply engaged in promoting economic development, which has brought about both positive and negative influences on local development.

2.2 Rural Reform

2.2.1 Socio-economic transformation of rural China

After three decades of reform and opening up, Chinese rural economy and society has experienced dramatic transformation. Accompanied by rapid industrialisation and urbanisation, primary industry³'s share of output of total GDP and the proportion of employed persons in it have been declining steadily since 1978 (Figures 1 and 2) – GDP output share from 28.2% in 1978 to 9.4% in 2013 and employment from 70.5% in 1978 to 30.1% in 2013. In 2013, the total output of the primary industry was RMB 5532.17 billion, and it employed 241.7 million people.

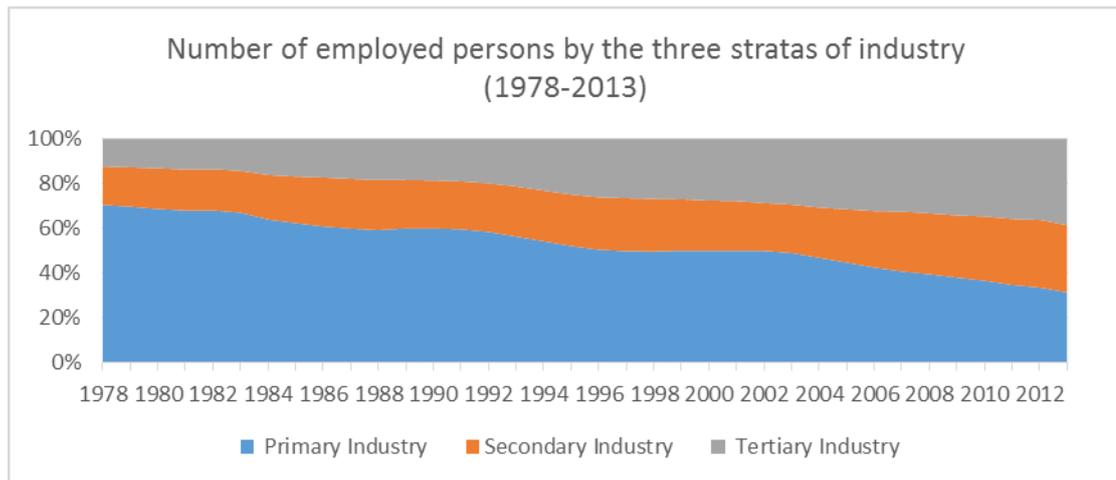
Figure 1 Composition of GDP by the three strata of industry (1978-2013)



Source: China Statistical Yearbook, 2014

³ Primary industry: agriculture (including farming, forestry, animal husbandry and fishery). Secondary industry: industry (including mining and quarrying, manufacturing, production and supply of electricity, water and gas) and construction. Tertiary industry: all other industries not included in primary or secondary industry (NBS, 2002). http://www.stats.gov.cn/english/PI/CurrentSurveysIndicators/200204/t20020419_27198.html

Figure 2 Number of employed persons by the three stratas of industry (1978-2013)

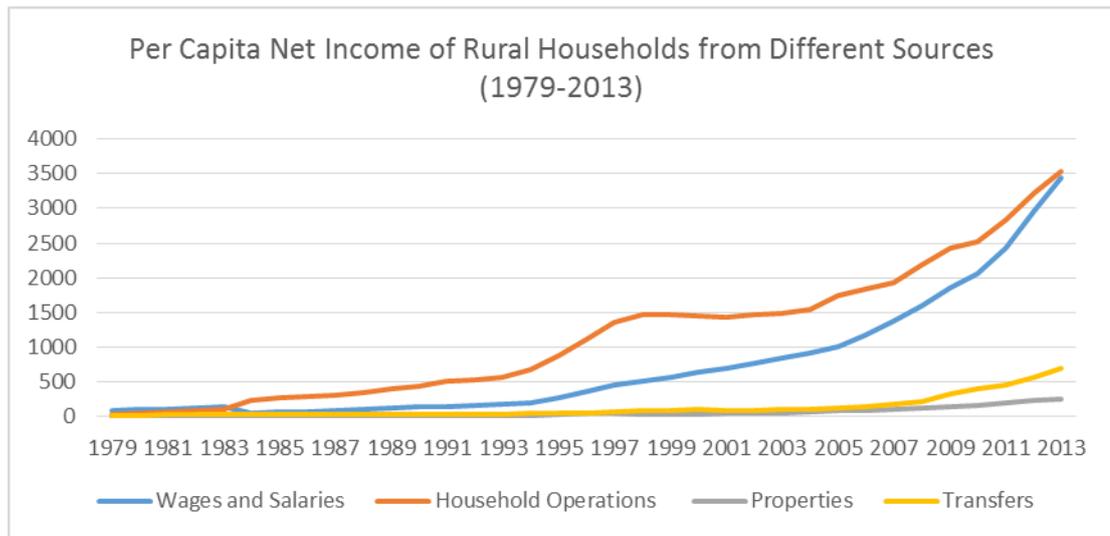


Source: China Statistical Yearbook, 2014

Meanwhile, the population holding rural registered permanent residence (*nong cun hu kou* 农村户口) has been declining due to one child policy and urbanisation. In 1978, over 80% of the Chinese population lived in rural areas, but by 2013 this had fallen to less than a half (46.3%). In a similar fashion the number of rural employed persons actually working on farms fell dramatically: in 1978, nearly all rural workers were employed by the agriculture but by 2013 with increased agricultural productivity and the growth of Town and Village Enterprises (TVEs), two-thirds of rural workers were employed in non-farm work. Farming is no longer the main way of making a living. As Figure 3 shows, the net income from household operations⁴ has made up the major share of rural households' income since 1979, followed closely by income from wages and salaries. In 2013, the per capita net income from wages and salaries was RMB 3,447.5 while that from household operations was RMB 3,533.4, household operations' income having increased from less than 15% to 43.6% in 2013.

⁴ Income from rural household operations refers to income earned by the rural household as one unit of production and operation. Family business activities, according to industry, are divided into agriculture, forestry, animal husbandry, fishery, manufacturing, construction, transportation, post and telecommunications, wholesale, retail and catering, social service, culture, education, health, and other household operations. The main source of income from household operations is agricultural activities. Data on income and expenditure of rural households are obtained from the sample surveys on rural households.

Figure 3 Per Capita Net Income of Rural Households from Different Sources (1979-2013)



Source: China Statistical Yearbook, 2014

The changing structure of the net income of rural families is closely related to the socio-economic transformation of rural society in China. Firstly, the introduction of the household responsibility system (HRS) stimulated farmers' incentives. Productivity increased dramatically, leading to the fast growth of rural economy after the reform had been initiated. However, even after decades of reform, the Chinese agricultural sector remains small-scale and family-based. Although the application of chemicals, fertilizers and other modern technologies has significantly increased the per-hectare output, the small-scale and family-based operation of farming restricts the possibility of further growth. Additionally, although the Chinese central government has raised grain prices several times since 1979, and finally abolished food rationing in the early 1990s, grain prices have been kept at an artificially low level to secure the urban food supply (Oi, 1999:619). The prices of other agricultural products, too, remain unreasonably low and so it is impossible for the majority of farmers in China to survive by farming alone. Secondly, with the deepening of reform, the rural public service and social welfare system collapsed (Hart-Landsberg & Burkett, 2005) and the commercialisation of subsistence-satisfaction has brought an increasing demand for cash. The cash consumption expenditure of rural households has increased significantly: between 2002 and 2012, their per capita cash consumption expenditure increased nearly four-fold, from RMB 1467 to RMB 5414

(National Bureau of Statistics of China, 2013).⁵ This demand for cash income pushes rural labourers to leave farming to become semi-waged labour and millions of rural labourers have been released from people commune system, to enter the secondary and tertiary industries. At the beginning of the reform era, the surplus rural labourers were absorbed by TVEs so, although they left the land, they did not leave their hometowns. Later, the flood of foreign capital into coastal areas of China began to lure more migrant labourers from inland China. Every year, hundreds of millions of migrant workers leave their hometowns and move to cities and towns to find jobs. According to statistical data, in 2013 there were 225.42 million rural to urban migrant workers in China (National Bureau of Statistics of China, 2014). Even those who stay in the agricultural sector are involved in capitalist production to some extent.

The rural land reform followed the implication of the Household Registration System (HRS). Under the HRS, collectively owned land was assigned to individual households with contracts of up to 15 years. Thus ownership remains collective; the peasants may manage and utilise, but not dispose of, the land. Initially, even these limited rights were not allowed to be transferred (Chai, 1997; Lin, 1987, 1992; Oi, 1999a, 1999b) but since the 1980s transfer rights have been gradually loosened: peasants can transfer their land use rights to others, but only for agricultural use. Thus rural land circulation was speeded up along with the economic growth in rural China. According to the statistical data, between 1984-1992 only just over 6% of rural households in China had ever transferred the rights to their farmland, but in 2003, this rose to over 17%, a total area of 228 million mu⁶ (Liu, 2013). Since 2004, the transfer area of rural land nearly doubled (to 403 million mu by the end of 2014), accounting for 30.4% of total contracted rural land. The transfer process involved 58.33 million rural households, accounting for 25.3% of the total contract undertaking households (Economic Management Department, Ministry of Agricultural, China, 2015a), with the ratios of transferred rural land in advanced economic areas being much higher. Shanghai leads the affected areas with 71.5% of rural land involved in the transferring process, followed by Jiangsu, (58.4%), Beijing,

⁵ Source: <http://data.stats.gov.cn/english/easyquery.htm?cn=C01>

⁶ Chinese unit of area, 1 mu \approx 666.67 m².

(52.0%), Heilongjiang, (50.3%) and Zhejiang, (48.0%). It is notable that Anhui and Henan also have a high rate of transfer – 41.0% and 37.1% respectively (ibid.): although their economic growth rates are not among the top ranking in China, they are the biggest migrant labour output provinces. The migration of rural labour and the transfer of rural land interact with each other in Anhui and Henan. Nevertheless, this transfer of rural land has increased rural land revenue and agricultural earnings significantly. According to an investigation (Liang, 2014), agricultural outputs per mu rose by 7% after transferring, while labour inputs per mu decreased by 30%.

Furthermore, rural land transfer stimulates the development of rural specialty cooperatives and improves agricultural industry integration. As mentioned above, Chinese agricultural production remained small-scale and family-based even after the launch of the HRS and it is this which blocks further growth. According to the Minister of Agriculture (Han, 2015), 230 million households are contracting 1330 million mu of rural land, which means each rural household holds less than six mu on average. The growth of rural specialty cooperatives has increased along with the transferring of rural land. There were 1.13 million rural specialty cooperatives by 2014, 254,000 more than in 2013 and 65.42 million rural households involved in the cooperatives, each cooperative having an average of 50 members (Economic Management Department, Ministry of Agricultural, China, 2015b). This agricultural integration not only creates conditions for the further release of rural labourers to other industries but also creates increasing wage-labour within the agriculture.

2.2.2 Decollectisation and Re-Collectivisation

The early stage of industrialisation in one country is often based on the extraction of its agricultural surplus (Zhou, 1995). As shown in Lippit's research (1974), the potential agricultural surplus in China in the pre-revolutionary period would probably have been 30% of total agricultural output. However, only a small proportion of the surplus went to support modern industrialisation in this period. After a short transitional period between 1949-1953, the CPC started to concentrate on industrialisation. Hence, it was necessary to generate an agricultural surplus to

facilitate the modernisation and industrialisation of the country. In the meantime, the central government also wanted to maintain the stability of rural society, which meant allowing peasants and their families to retain sufficient resources to satisfy their living needs. Therefore, the CCP has directed the socialist transformation from private farming to collectivisation in Chinese rural society since then. During the Mao period, a direct appropriation of the entire rural surplus was the basic mechanism for capturing the agricultural surpluses available to support industrialisation and infrastructure development (Gabriel, 2003). The rural collective system was formed by the three-level administrative institution: people's communes, production brigades and production teams. Within the collective system, the distribution of agricultural output was based on work points which were linked to the jobs that peasants performed every day. The work points system was meant to indicate the quantity and quality of performance, however, it was extremely difficult to monitor agricultural work because of the nature of agricultural production. Peasants in the production team normally got the same amount of fixed work points regardless of the quantity and quality of jobs and so the work points system became egalitarian and inefficient (Lin, 1988).

Hence, it happened that members of the collective production team engaged in different actions to 'fight back' against this inefficient and unfair system. For example, in Li's 2009 research based on a village in Jiangsu Province, the members tried to bargain with official regulations and to shirk their work. Sometimes they even staged strikes. With the chaos that ensued at the end of the Cultural Revolution, peasants began to escape the people's commune system secretly. In coastal areas, people participated in commercial business, smuggling, and other forms of private economy. Additionally, peasants in rural China also tried to contract rural land and take responsibility for their profits and losses. This attempt, later known as the 'household responsibility system' (HRS), has had a far-reaching impact on Chinese rural society, and Chinese society as a whole.

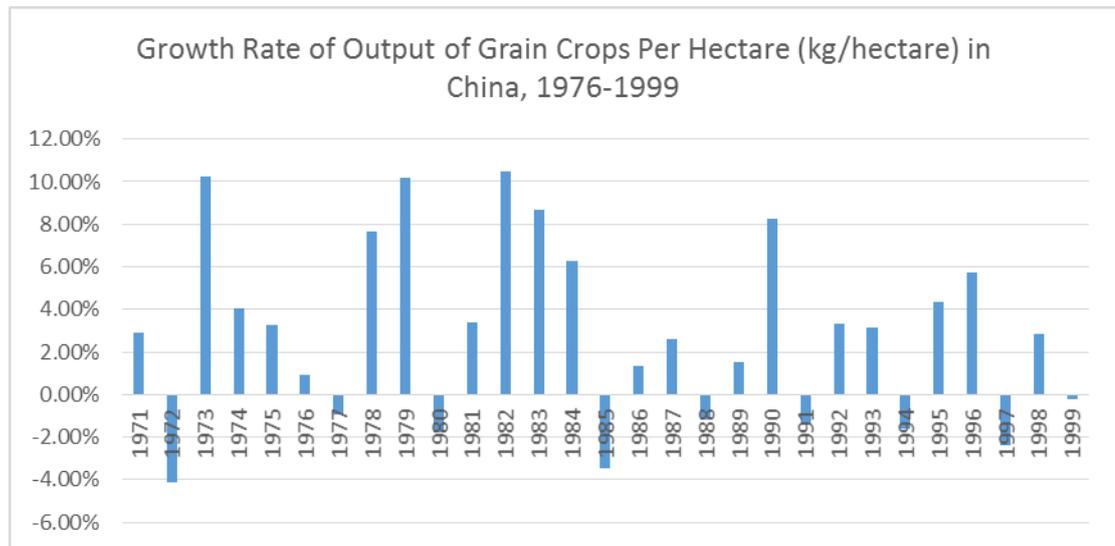
It is widely believed that the launch of the HRS was a bottom-up process. In 1978, the practice of fixing farm output quotas on a household basis had been secretly

adopted in some mountain areas and poor areas of Anhui. This was not the first time this land reform practice had been instituted. The most famous case was that of the town of Yongjia, in Wenzhou, Zhejiang in 1956. The fixing of farm output quotas on a household basis in Yongjia was based on the real situation in rural area, supported by leaders of the county Party Committee and practiced throughout the whole county. It was undoubtedly a heresy in the Mao era, and was immediately banned by central government which issued a series of documents to reinforce rural cooperatives which tightly bonded the farmers with rural land. The replacement of the collective system with the household responsibility system in the village of Xiaogang, Fengyang County, in Anhui Province faced the same official response at the beginning. Although the central government had already started to reconsider rural policies, the experiment in Xiaogang was originally considered the reverse of the socialist principle of collective farming and it was prohibited in the document issued by the Fourth Plenary Session of the Eleventh Central Committee of the CPC in September 1979 (cited in Lin, 1988). However, as the HRS efficiently stimulated peasants' motivation and increased agricultural productivity, it slowly spread from Anhui to other provinces. The Chinese central government provided its first official approval in the document 'Certain Problems Concerning the Further Strengthening and Improvement of the Responsibility System for Agricultural Production' (also known as Document 75) (Chai, 1998), which restricted the HRS to poor agricultural regions, mainly hilly and mountainous areas and remote areas. The restriction did not work very well as rich regions also actively engaged in this decollectivisation process. Full official recognition of the household responsibility system as universally acceptable was finally given in late 1981 and since then the central government has officially promoted the HRS nationwide. By the end of 1983, the HRS had spread to almost all China's rural areas (Lin, 1988).

The Chinese agricultural institution's shift from collective production to individual family-based production prompted remarkable growth in productivity. Between 1978 and 1984 in particular, the HRS provided an efficient and immediate impetus to the growth of grain output with an average annual increase of 5.0% (Survey Office of The National Bureau of Statistics in Chongqing, 2015). This growth was mainly stimulated by the improvement of the output of grain crops per hectare, the result not

only of peasants' enthusiasm, but also of the utilisation of modern agricultural techniques, such as the use of chemical fertilizers, modern machinery, pesticides and weed killers, new crop strains and new farming techniques (Li, 2009). The central government also increased the grain purchasing price to stimulate agricultural growth. Figure 4 clearly shows that the growth rate of the output of cereal crops per hectare maintained a significantly high rate, except in 1980.

Figure 4 Growth Rate of Output of Grain Crops per Hectare (kg/hectare) in China, 1976-1999



Source: National Bureau of Statistics of China, <http://data.stats.gov.cn/english/easyquery.htm?cn=C01>

After the glut of grain from 1983 to 1984, rural households' income decreased. There were a number of reasons for this. Firstly, although the government still paid a higher price for grain quota sales, it no longer paid a high over-quota sale price for any over-quota sales. Secondly, as the free market of grain was not fully opened, the market prices plummeted with increased supply (Lin, 1988). Also, while the Chinese government emphasized urban development and industrialisation, it continued to keep grain prices artificially low and supplies stable for the urban areas. The ability of decollectivisation to reduce inefficiencies and to increase productivity became exhausted and the growth of agriculture stagnated (see Figure 4). The decrease in rural household income, combined with the rise of rural TVEs, catalyzed the first wave of rural labour transfer – peasants leaving their lands but not leaving their

home towns (*li tu bu li xiang* 离土不离乡) which restructured the aspirations of the entire rural labour force. In 1994, the central government again raised the purchasing prices which led to an increase in grain output. Accompanied by the speeding up of foreign investment inflow, millions of people not only left their lands but also their home towns; some went to cities, and some to other richer and more industrialized rural areas, to find alternative lucrative income opportunities. Yang and Yang reported (2009) that approximately 55 million rural labourers left their hometowns for more than half a year.

Therefore, even though the central government still insisted on consolidating the institution of the HRS, some changes were introduced to allow agriculture and rural China to transcend the limitations of the HRS system. As Deng Xiaoping said in 1990 “the rural economy eventually needs to become collectivized (*ji ti hua* 集体化) and coordinated (*ji yue hua* 集约化)” (Deng, 2004, cited in Zhang & Donaldson, 2008:29). Re-collectivisation again comes to the forefront of discussion. It is believed by the Chinese government to be an efficient tool for agricultural modernisation (*nong ye xian dai hua* 农业现代化), that is, making the transition from traditional agriculture to modern agriculture and from uncoordinated and small-scale operations to coordinated and large-scale operations. It is believed that vertical integration is an efficient way to achieve a modernized agriculture sector that is commercialized, specialized and scaled-up, as well as standardized and internationalized. The re-collectivisation of farming since the mid-1990s is not like the collectivisation process in the 1950s. The agricultural cooperative organisation, not the communist people’s commune, is the core entity of this process. Peasants can join and leave the organisations freely, and receive a share of the profits.

Of the different forms of agricultural cooperative organisations existing, the so-called ‘dragon head’ agribusiness companies are the main vehicle for agricultural vertical integration. The development of agribusiness is based on both the support of Chinese administrative level governments and the rising power of capital. Within the production process of agribusiness, peasants have been dragged into the emerging capitalist production process to some extent. Peasants in rural China, who have

participated in agricultural cooperative organisations, are losing their power in the organisation of agricultural production process, to the agribusiness – capital. Although some peasants retain their use right of land and control over their own labour, they have to sell their entire harvest to the agribusiness company in order to pay for technical support from these companies. Some even rent out their use right of land to agribusiness companies and work on the piece of household land allocated to them by the collective, in effect, becoming semi-proletarian farm workers (Zhang & Donaldson, 2008).

Looking back at these three decades (1978-2008) of rural reform, we can see that it evolved spontaneously in response to underlying economic forces and people's subjectivities. The story of Xiaogangcun has frequently been used by government officials and mainstream media in China to "illuminate the initiatives of Chinese peasants in decollectivisation, to underscore the spontaneity and the grassroots nature of the process, and to prove the necessity and legitimacy of the reform policies in the countryside" (Li, 2009:268). However, it is worth emphasizing that the spread and promotion of the HRS shows the interaction between the state and the peasants. In the beginning, the HRS was not accepted by the central government, but with its quick spread, the central government reversed its attitude, instead promoting and consolidating the HRS. It should also be noted that HRS was not welcomed everywhere in China in the 1980s. In these 'non-welcoming' areas, the decollectivisation was a top-down process planned and imposed by the state, rather than a result of local initiatives. The effect of rural decollectivisation is not limited to only the agricultural sector; it also contributed to the speeding up of industrialisation of China, the surplus value from rural China providing a steady flow of support to urban areas.

2.2.3 The rise and the fall of collective Town and Village Enterprises (TVEs)

Alongside the reform of the agricultural sector, the development of rural industry also characterizes the process of economic change in the Chinese countryside. During the Mao period, the constraints of the state plan left limited space for

localities to generate additional revenues. Both land and enterprises were either state or collectively owned; below the county level, people's communes and production brigades had collectively owned enterprises (Oi, 1999). The history of these kind of collectively owned rural enterprises, the *she dui qi ye* (commune and brigade run enterprises 社队企业), can be traced back to the Great Leap Forward in 1958 when they were created to provide inputs to the collective's agriculture production. The commune and brigade enterprises remained in place until the beginning of reform. The rural decollectivisation process negatively affected financial flows for local governments, which pushed local cadres to turn to developing their local rural industries. The growth of domestic demands offered TVEs opportunities to realise value from locally controlled resources (Harvie, 1999). As private economy was still a sensitive area, collectively owned rural industries were given preferential treatment and during the 1980s, they had the opportunity for rapid development despite the political and economic constraints.

With the spread of the HRS, the people's communes and brigades lost their power and in 1984, the existence of people's communes, production brigades and production teams came to an end and the commune and brigade run enterprises were officially renamed as Township and Village Enterprises (TVEs). TVEs, unlike state-owned enterprises (SOEs), are locally embedded. They are owned and run by the local community and their profits remain at the local community level. TVEs respond to market signals by themselves (the central plan did not constrain them) and so they were more flexible and market-concentrated. TVEs targeted areas where there were severe shortages or where SOEs were weak or absent. As SOEs in the planned economy era had to take responsibility for housing and other social welfare and services, they had much heavier burdens than TVEs. TVEs also took advantage of labour-intensive production and appropriate production technologies. More importantly, local cadres actively engaged in the development of TVEs as their political and economic self-interest and the goal of economic development matched. TVEs' finance, supplies, sales, production and personnel became intimately linked with local government as they enjoyed low taxation and other preferable policies and this close relationship greatly facilitated TVEs' development in the first decade of the reform era.

Table 1 clearly shows the achievement of TVEs between 1978 and the mid-1990s. Collective TVEs had good performance records regarding output growth, job creation, profit rate and growth of total factor productivity. From 1978 to 1995, the output of collective TVEs increased 100-fold, from RMB 49.3 billion to RMB 6891.5 billion. The number of TVEs also grew sharply from 1.52 million to 22.03 million, while the number of employees increased from 28.27 million to 128.60 million. At the same time, the importance of collective TVEs to the national economy increased dramatically. In 1980, SOEs were the leading source of non-agricultural jobs, but by the mid-1990s the TVEs had become the single largest source of employment for non-farming jobs, absorbing the surplus rural labour released by the de-collectivisation process.

Table 1 Basic Statistics of China's TVEs, 1978-1995

Basic Statistics of China's TVEs, 1978-1995					
Year	Number of Enterprises (Million)	Workers Employed (Million)	Gross Value (Billion RMB)	Output (Billion RMB)	Current Prices Growth (%)
1978	1.52	28.27	49.3	-	-
1980	1.43	30.00	65.7	-	-
1984	6.07	52.08	171.0	-	-
1985	12.23	69.79	272.8	-	59.5
1986	15.15	79.37	345.1	-	29.8
1987	17.50	88.05	476.4	-	34.5
1988	18.88	95.45	649.6	-	36.4
1989	18.68	93.66	7428	-	14.3
1990	18.50	92.65	8462	-	13.9
1991	19.09	96.09	1162.2	-	37.3
1992	20.79	105.81	1797.5	-	54.7
1993	24.53	123.45	3154.1	-	75.5
1994	24.95	120.18	4258.9	-	35.0
1995	22.03	128.60	6891.5	-	61.8

Source: Cited in Harvie, 1999, State Statistical Bureau, *China Statistical Yearbook 1996*, Tables 11-29, 11-30, 11-31, pp.387-389.

It should be noted that the popularity of rural industry was mainly concentrated in the eastern coastal area. Whereas non-agricultural production accounted for more than 80% of total agricultural output in eastern coastal areas in 1994, it was only 15.5% in the central and 19.5% in the western areas. In Jiangsu Province, the flourishing of TVEs in the south even created a famous development path that came to be known as the ‘Sunan Model’.⁷ In coastal areas such as Wenzhou⁸ and some locales in Fujian, where private enterprises prevailed, their success was also fostered by a close relationship with local authorities. The private sector in such areas was shielded by the ‘red umbrella’, that is, the local authorities allowed them to be treated as a ‘collective’.

The collective TVEs experienced a decline in market share and profits in the mid-1990s, their own limitations constraining their further development. The market had changed rapidly and had become much more intensively competitive. Low-skilled workers, unsophisticated management, capital shortages, inability to attract business partners and engage in alliances with research institutes all limited the ability of collective TVEs to upgrade to the higher value-added manufacturing industry. The fuzzy property rights and close relationship with local authorities, which used to be the ‘advantages’ of collective TVEs in the 1980s, had turned into the disadvantages of collective TVEs in 1990s. The local governments, which had their own troubles of debts, unsold inventories and unemployment, increasingly appeared to be convinced that private ownership was the appropriate form to ensure economic growth and so the collective TVEs were dragged into the privatisation wave which continued until approximately 2000.

The rise and fall of the collective TVEs can be seen as a unique phenomenon of Chinese society, as well as an effective response to the distinctive features of the Chinese transition process. It can be regarded as a ‘hybrid’ of planned and collective

⁷ Sunan (苏南) refers to the southern area of Jiangsu Province, in the east of China. The Sunan area is also known as ‘Su (zhou)-(Wu) Xi-Chang (Zhou)’. In 2001, the Jiangsu government included Nanjing and Zhenjiang in the group of Sunan, because these two cities have achieved similar economic development as Su-Xi-Chang. Suzhong includes Yangzhou, Taizhou and Nantong, and Subei includes Xuzhou, Lianyungang, Yancheng, Suqian and Huai’an.

⁸ Wenzhou is a coastal prefecture level city of Zhejiang Province.

economy and market economy which provided a ‘third way’, rather than ‘shock therapy’, for the Chinese economy to transit from Mao-period to post-Mao period. Due to a particular set of external social, economic environment conditions, collective TVEs’ success was huge; but so was their fall. TVEs made a significant contribution to economic development, created millions of non-agricultural jobs and helped to speed up the industrialisation and urbanisation process in coastal areas of China. Even the collective ownerships in rural industry had mostly restructured to different forms of ownership, mainly private. The rise and fall of TVEs left intangible heritages, especially in management style. The influences of collective TVEs on labour relations will be fully discussed in Chapter 7, using Jiangsu as an example.

After three decades of reform, Chinese rural society had experienced dramatic changes. Relying on the surplus value produced by rural society, China had successfully industrialised. In 2006, agriculture, the primary industry, contribution to the total national GDP declined to 10.7% and in the same year, the central government abolished agricultural taxes. Agricultural subsidies were also on their way to rural China and the agricultural sector started to get support from central government. During the reform era, China’s rural society made a great contribution to economic growth, not only in terms of direct economic contribution, but also indirect economic contribution, especially the hundreds of millions of migrant workers moving from rural to industrialized areas whose labour fuelled economic growth. However, their social reproduction process did not take place in the places they were working. Rural society continued to take responsibility for these reproduction processes, including health care, education, caring for the aged and the youth, and so on. The increase in inequality between rural and urban areas is solid proof of exploitation of rural society. According to an investigation in 2013 (China Society of Economic Reform, 2014), the number of young rural residents had significantly decreased over the past 20 years; people aged over 46 made up just over 60% of farming labour in rural society. The non-agricultural labour staying in rural areas were mainly young males while the remainder of young labourers left to become migrant workers. This clearly shows that the structure of rural society had changed, deeply influencing the social-economic development of China.

2.3 Opening up and globalisation

Besides domestic reforms, another deeply influential process was opening up to the global market. After years of disorder, chaos and stagnation of Chinese society and economy it was imperative that the Chinese central government make up for the time lost from the turbulence. Deng Xiaoping mentioned the opening up in 1975: “We should introduce new technology and equipment from other countries and expand imports and exports”,⁹ and again in 1978:

[T]oday, as we work to achieve China's four modernisations, many conditions are present which were absent in Comrade Mao's time...After several years of effort, we have secured global conditions that are far better than before; they enable us to make use of capital from foreign countries and of their advanced technology and experience in business management”.¹⁰

The opening up which was promoted by the central government was not limited to the utilisation of foreign capital and technology but also targeted participation in international trade. It also expected to gain enough foreign reserves to buy the necessary means to support a stronger internal dynamic modernisation process (Harvey, 2005).

2.3.1 Opening up

The central government of China did not take just one action to achieve its aims. It was a gradual process. The prudent central government started the process in small experimental units in Guangdong Province, close to Hong Kong.

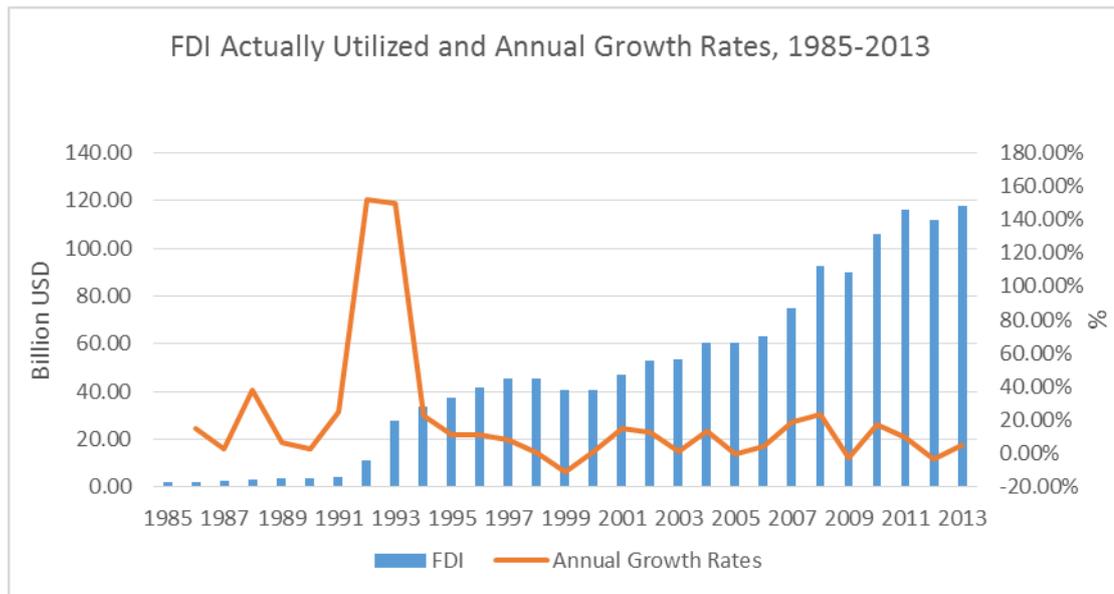
⁹ Selected Works of Deng Xiaoping, Volume 2, People's Press, 1978; ‘Some Comments On Industrial Development’, Original date: August 18, 1975

¹⁰ Selected Works of Deng Xiaoping, Volume 2, People's Press, 1978; ‘Hold High the Banner of Mao Zedong Thought and Adhere to the Principle of Seeking Truth from Facts’. Original date: September 16, 1978

In 1979, the establishment of Shekou¹¹ Industrial Zone became the curtain-raiser to the opening up. Shekou Industrial Zone utilized external resources through the processing trade – importing all or part of the raw materials, parts and components, accessories and packaging materials from foreign countries, processing them on the Chinese mainland, then re-exporting the finished products. The experiment in Shekou provided a successful example of the export-oriented economic development strategy. In 1980, Shekou’s preferential treatment was extended to the entire city of Shenzhen, as well as to Zhuhai and Shantou in Guangdong Province, and Xiamen in Fujian. Gradually, the opening up expanded from coastal areas to the frontier zones, riverside areas and capital cities of all provinces, and then to inland China since 1978. At the beginning of the opening up, the main source of foreign capital was foreign loans, not foreign direct investment. Between 1979 and 1986, China utilized 28.87 billion dollars of foreign capital, of which only 22.9% was foreign direct investment, mostly from Hong Kong. Foreign capital inflows remained modest during this period for several reasons. One was that China itself was still doubtful about the influences that an influx of foreign capital would have, especially capital from western capitalist countries. Another was that foreign investors remained cautious about the Chinese opening door policy. However, since 1992 and Deng Xiaoping’s South China tour, the inflows of foreign investment have dramatically increased. The increase in foreign investment inflows was also deeply influenced by the rise of neoliberalism, a worldwide trend that directed capital towards more profitable developing countries in the 1990s. China was one of the most attractive destinations of this wave and it has been the biggest host country of FDI among developing countries since 1993, the year that the amount of FDI exceeded foreign loans and became the largest foreign capital resource in China. Figure 5 shows that the FDI actually utilized in China increased from 1.96 billion dollars to 45.26 billion dollars by 1998. After a short adjustment period caused by the Asian economic crisis at the end of the 1990s, the trend in contracted FDI and FDI actually utilized reversed, stimulated by the prospects of China’s joining the WTO. As reported in the *Global Investment Trend Monitor* (UNCTAD, 2013), almost half (46%) of FDI flows to BRICs went to China between 1998 and 2012.

¹¹ The Shekou Industrial Zone is located in Nanshan District in Shenzhen, Guangdong Province.

Figure 5 FDI Actually Utilized and Annual Growth Rates, 1985-2013

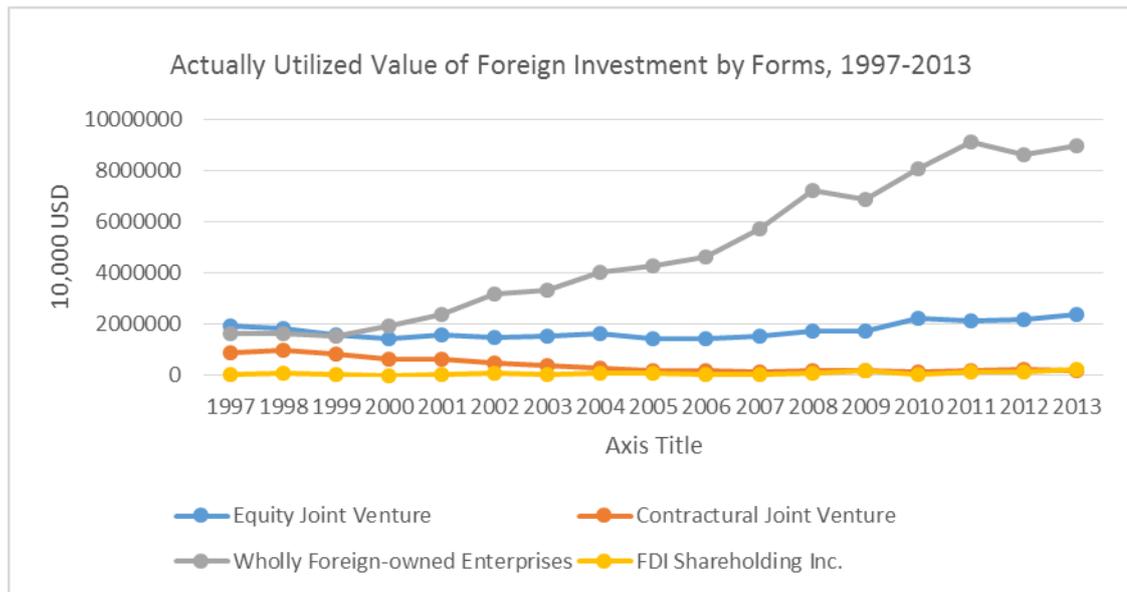


Source: China Statistical Yearbook 2014

The utilisation form of external sources expanded gradually. In the beginning, equity joint venture was the main form authorized by the Joint Venture law¹² in July 1979. Along with the deepening of opening up, the numbers of contracted joint ventures, wholly foreign firms and shareholding foreign-invested enterprises have begun to rise. Wholly foreign companies, which were authorized by the Foreign-Capital Enterprises Law, have become a particular favourite form of FDI since 1999 (Figure 6). This is because even though wholly foreign firms were by law, supposed to export at least 50% of their production and only produce technologically advanced goods, their managements almost all managed to find a way around these requirements (Lemoine, 2000).

¹² Law of the People's Republic of China on Chinese-Foreign Equity Joint Ventures.

Figure 6 Actually Utilized Value of Foreign Investment by Form (1997-2013)



Source: National Bureau of Statistics of China, <http://data.stats.gov.cn/english/easyquery.htm?cn=C01>

Meanwhile, total imports and exports also increased significantly, from 20.6 billion dollars in 1979 to 2209.6 billion dollars in 2013 (Figure 7).

Figure 7 Total Value of Imports and Exports of Goods (1978-2013)

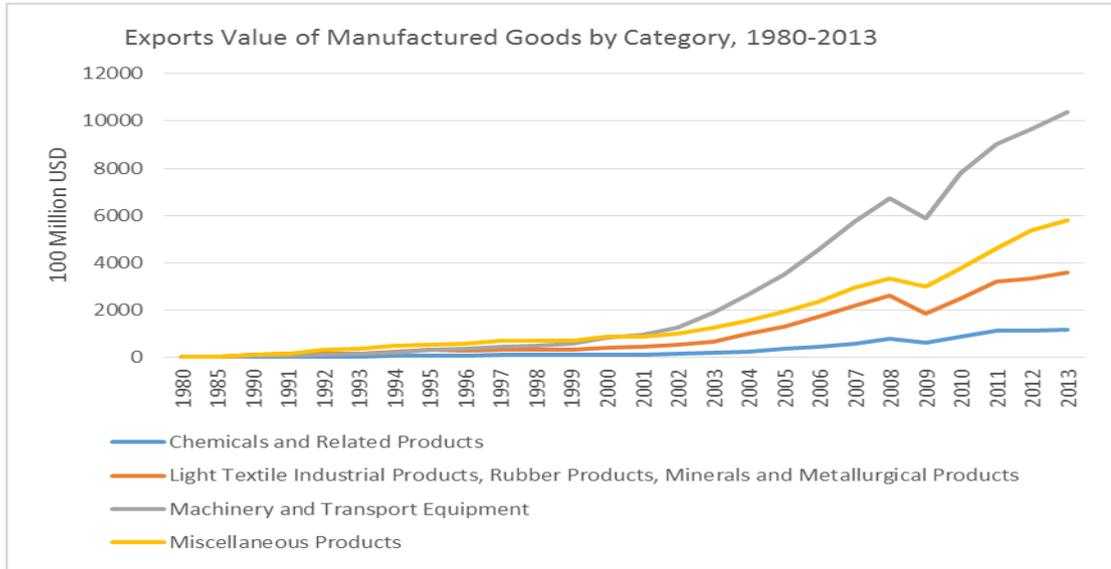


Source: China Statistical Yearbook 2014

As well as the rapid increase in exports and imports, the composition of foreign trade also improved regarding added value. In the 1980s, China successfully finished the

shift from mainly exporting primary products to mainly exporting manufactured goods. Machinery and transport equipment have led the manufactured goods sector since 1996 (Figure 8).

Figure 8 Exports Value of Manufactured Goods by Category (1980-2013)



Source: China Statistical Yearbook 2014

The balance of exports and imports strongly indicates the export-oriented development strategy of China. China has been a trading surplus country since 1994 and the balance increased ten-fold from 2004 to 2009 (Figure 9). The biggest trade surpluses were recorded with Hong Kong, the United States, Netherlands, Vietnam and the United Kingdom in 2014.

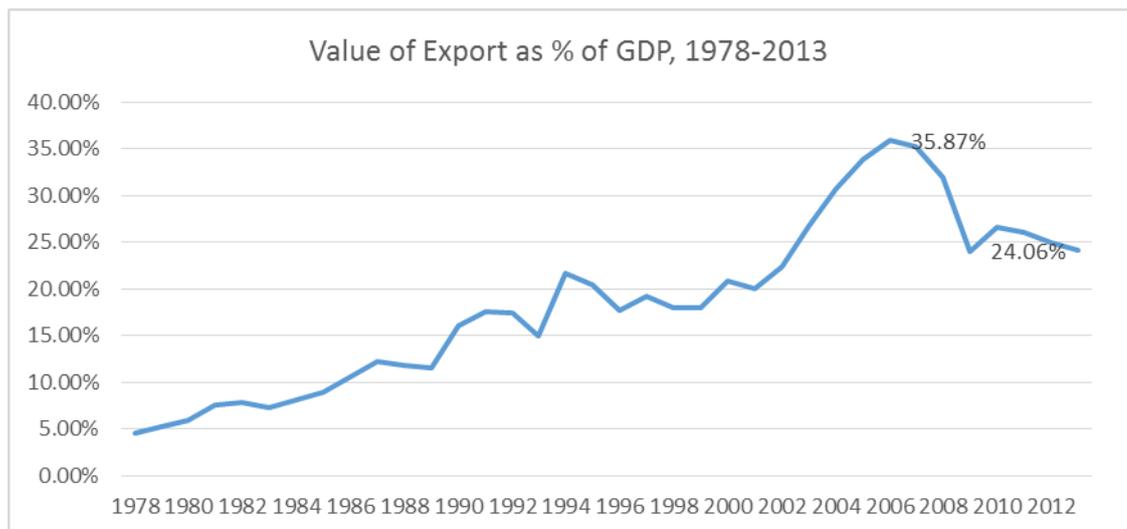
Figure 9 Balance of Exports and Imports (1979-2013)



Source: China Statistical Yearbook 2014

The opening up successfully fuelled the take-off of China’s economy. After three decades of export-oriented development, China emerged as the world’s largest manufacturer in 2010, overtaking the United States. In 2013, gross value added manufacturing accounted for 28.9% of the total GDP and the value of exports has become one of the most significant parts of GDP. As shown in Figure 10, it is clear that the importance of exports to GDP increased steadily, reaching a peak in 2006 when it accounted for more than one-third of the GDP, although there has since been a significant drop owing to the global economic recession.

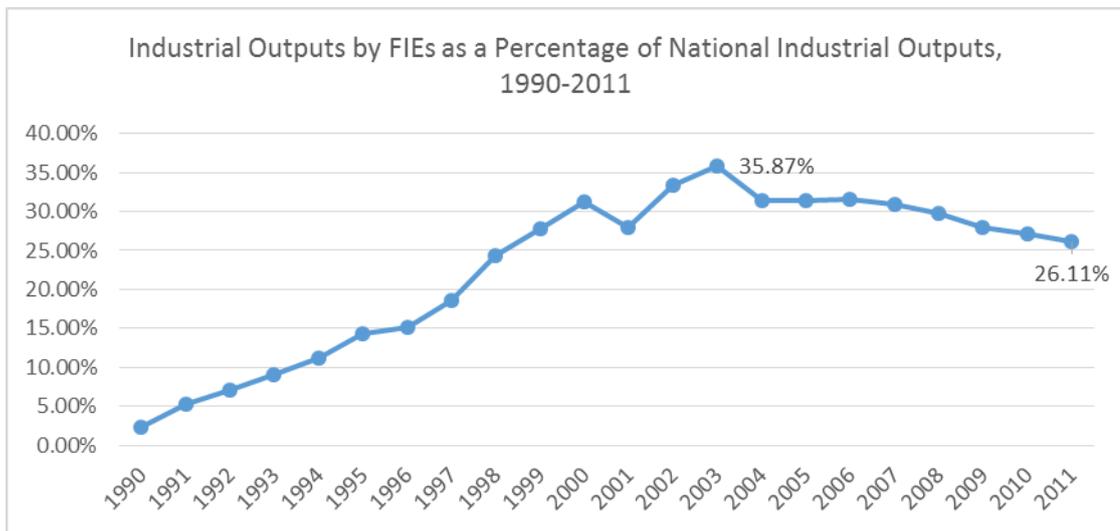
Figure 10 Value of Exports as % of GDP (1978-2013)



Source: China Statistical Yearbook 2014

FDI inflows to China also contributed to the improvement in China's productivity and rapid economic and trade growth. There were reportedly 445,962 foreign-invested enterprises registered in China in 2013, the majority of them wholly foreign-invested enterprises. As shown in Figure 11, FIEs' share of China's industrial output has increased significantly since 1990; from 2.28% in 1990, it reached its peak in 2003 at 35.87%, but then fell to 26.11% in 2011 (Invest in China, 2013).

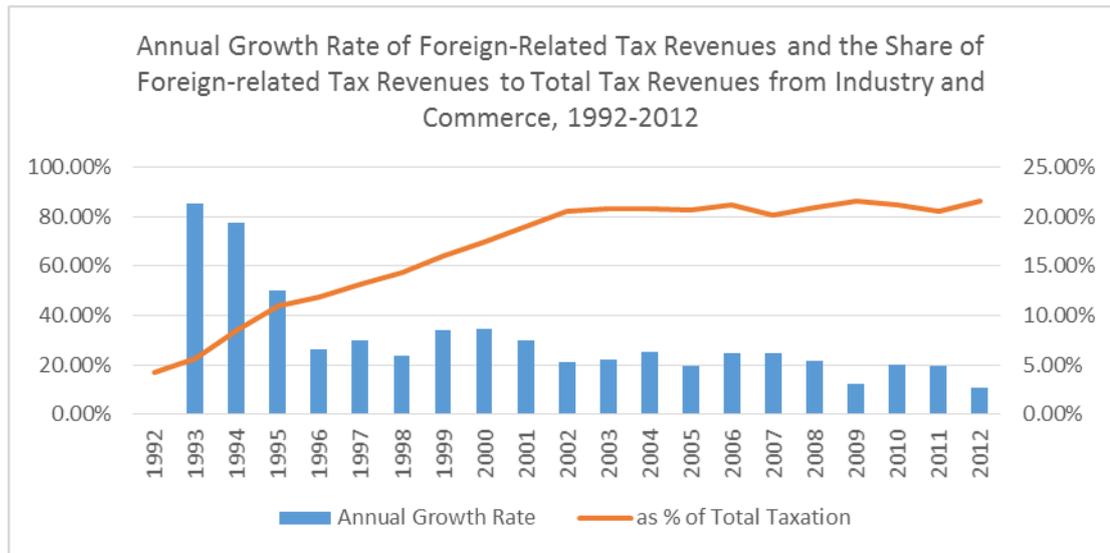
Figure 11 Industrial Outputs by FIEs as a Percentage of National Industrial Outputs (1990-2011)



Source: Invest in China, 2013 <http://www.fdi.gov.cn/>

FIEs are also essential to Chinese tax revenue. Figure 12 shows that FIEs have continually contributed more than one-fifth of total tax revenues since 2002.

Figure 12 Annual Growth Rate of Foreign-related Tax Revenues and the Share of Foreign-related Tax Revenues to Total Tax Revenues from Industry and Commerce (1992-2012)



Source: Invest in China, 2013 <http://www.fdi.gov.cn/>

Additionally, China’s fast-growing imports and exports are also deeply related to FIEs. In 2012, FIEs in China contributed 47.94% of China’s imports and 49.89% of its exports. In 2006, the share of FIEs of Chinese exports and imports reached its peak values of 58.2% and 59.70% respectively (Invest in China, 2013). Furthermore, FIEs dominate high-technology exports. From 2002 to 2010, the contribution to China’s high-tech exports by FIEs rose from 79% to 82%, while that of wholly owned foreign firms rose from 55% to 67% (Morrison, 2014).

2.3.2 Globalisation

The opening up since 1978 has increasingly incorporated neoliberal ideology. The opening up also ended China’s isolation from the global market and created the opportunity for its emergence as a world economic power. China has grabbed the chance to engage in the globalisation process and the term ‘globalisation’ has gained wide use in both popular and academic circles. The ‘long boom/golden age’ of the world economy in the 1950s and 1960s, was terminated by the subsequent crisis of accumulation which also catalysed both globalisation and the hegemonic ambitions of the neo-liberal project (Bernstein, 2007).

Globalisation involves the international expansion of market relations and the global pursuit of economic liberalism. It integrates an increasing proportion of the world's population directly into capitalist labour market. National and regional labour markets are increasingly integrated by international labour mobility (Overbeek, 2002). The decentring and de-materialisation of economic activities lead to 'placeless capital' and the 'homeless subject' (Papastergiadis, 2000). Bernstein (2007:2) defines globalisation as "conventional shorthand for the current phase of the restructuring of capital and its conditions of accumulation; manifested in new forms of the international centralisation and concentration; as well as mobility (and 'financialisation'), of capital". It supports and promotes the restructuring of capital and its modalities of accumulation. Globalisation has a central plank, namely deregulation, which is promoted in neo-liberal ideology as the expansion of freedom. For capital, deregulation means removing controls on its mobility and operations, including its modes of recruitment and training of labour. Capitalists made the simple calculation that it was more profitable to locate industries where labour was cheaper, political culture was most compliant, and environmental responsibilities were minimal. Capitalism does not define labour cost according to local needs but from the position of the lowest global cost. It tries to reduce its contributions to the social income of workers employed by particular companies and to the social reproduction fund generally financed through taxation and government spending on social provision (Silver & Arrighi, 2000). On the part of labour, deregulation means a loss of freedom in opportunities and terms of employment, and in claims on social income that supplement wages in various ways and to various degrees.

Globalisation and neo-liberalism advance the freedoms of capital and suppress the prospects and rights of labour; they also influence the flows of migration. In western states the social cost of labour is increasing and environmental regulation is tightening. It is much cheaper to relocate production to the periphery than to recruit labour from the centre as well as from the periphery. Capital moves closer to the periphery of cheap labour. Labour not only migrates to advanced capitalist economies in the global north but also moves to areas where rapid industrialisation

occurs, such as Asia and the Arab states. The global economy becomes dematerialised and deterritorialised. Investment is less and less affected by the material cost of goods and physical distance of transportation or by local laws and trade union demands, as it pursues economic optimisation and risk minimisation.

Against the background of global capital movements, the Chinese government enacted 'export-oriented' industrialisation as its development strategy in the 1990s. China had, and has, to compete for Foreign Direct Investment with other developing countries that also depend heavily on foreign investment to power their export growth strategy, hence Chinese governments, at all levels, have dedicated themselves to creating an attractive investment climate and providing freedom to repatriate profits without restriction. As a result, labour policies geared toward investors have become more and more entrenched in order to maintain FDI levels and export competitiveness. Also, although high-technology exports are increasing, the majority of China's production and export of goods is still heavily concentrated in the most standardised, lowest value-added portions of transnational production chains, mainly simple assembly operations. This technological dependency and concentration in low unit value-added production means that China's exporters are under continuous pressure to cut their unit costs and output process by any means necessary to ensure sufficiently high volumes. This, in turn, means that they must focus their 'innovation' efforts on short-term cost cutting (largely labour cost cutting), rather than "developing intellectual assets, production skills, modes of serving customers, or actual products that can be understood as in any way proprietary" (Hart-Landsberg & Burkett, 2005:617).

Moreover, the decentralisation of the economy and the devolution of authority and decision-making power to local government are critical characteristics of the Chinese reforms. Because of the central authority's strategy of decentralisation, local governments have to take charge of their fiscal authority and welfare responsibility (Lee, 2007). The local governments are also responsible for the creation of a business environment that will attract foreign investment and generate high levels of economic growth in their quasi-autonomous regions (Wang, et al., 2009). In many

cases, local authorities act as agents for FIEs, and the rights and concerns of workers are not part of their consideration. The incentives offered by local governments, both political and economic, to attract investment and export markets have led to an overwhelming emphasis on substantial autonomy from the central government and flexibility at the expense of workers' safety, health and rights (Gallagher, 2004).

2.4 Privatisation

Generally speaking, the reform and opening up process has been gradual and problem-solving in China. China did not experience the 'shock therapy', undergone by other previously communist states. The Chinese central government carefully began with the easiest reforms and on an experimental basis, then gradually expanded the experience to other areas based on its desire to push social transformation without losing power. In practice, it went "from small to large", "from east to middle and west", and from "non-SOEs to SOEs" (Kanamori & Zhao, 2004:13). The central government has successfully avoided disorder and turbulence, as well as maintained social and political stability during the transition process (ibid.). Hence, as State-Owned Enterprises (SOEs) were the dominant entity of Chinese planned economy, vested interests group, as well as the ideological and political environment at the beginning of reform, constrained full scale reform. The reform of SOEs started with small adjustments that did not affect the institutional foundation. Large-scale privatisation of SOEs occurred in the late 1990s, as the earlier attempts at reforms failed. If we turn our eyes from the struggling reform inside the system, we find the entity outside of the system – the private sector – which has developed dramatically since 1978. It has successfully turned itself from "being constrained or even forbidden to develop" to "being an essential constituent of the socialist market economy" (Yao et al., 2010:1). It creates enormous business opportunities and jobs, as well as economic added value. Unlike the reform of SOEs, it is more a bottom-up process, pushed by social forces. Certainly, the rapid development of the private sector has also been assisted by local states and local cadres, combining their own political and economic goals.

The privatisation process in China is bi-directional and interactive models of reforms include ‘from top to bottom’ – the reform of SOEs, and ‘from bottom to top’ – the mushrooming of the private sector (Zheng & Yang, 2009). Privatisation is a major step in economic transformation. Nowadays, the state sector has narrowed its contribution to the value of industrial output from 77.26% in 1978 to 26.2% in 2011, and its contribution to urban employment from 78.32% to 19.8% in 2011 (Fan et al., 2012). As the state sector has contracted, the private sector has been continually expanding; in 2013, its contribution to national GDP exceeded 60%. The number of private enterprises increased from 90,000 in 1989 to 12.54 million in 2013, accounting for 80.43% of the total number of industrial enterprises. The number of individual businesses (*ge ti hu* 个体户)¹³ increased from 12.47 million to 44.36 million during the same period (National Bureau of Statistics of China, 2014). Not only has the number of private enterprises increased dramatically, but employment in these private enterprises has also mushroomed: in 2013, the private sector created 219 million job opportunities (Xinhuanet, 2014).

With the spread of neoliberalism in the world, the composition of ownership in China has experienced significant changes, shifting from pure socialist public and collective ownership to mixed ownership. The central government believes that privatisation is the most efficient way to solve the low efficiency and profit rates of SOEs. This notion frequently appears in the media, supported by comments from government officials, to defend the privatisation process: private ownership is presented as inherently more efficient than state ownership. The majority of SOEs have been sold either to their previous managers or outsiders, especially the small ones released in late 1994 (Hart-Landsberg & Burkett, 2005). Other large and medium SOEs have been transformed into limited liability or shareholding companies, the state maintaining control only over the most important and largest. Collective enterprises, especially collective TVEs, as discussed in the previous section, have been also re-structured. The private sector strives for survival, unlike

¹³ *ge ti hu* means ‘self-employed individuals’. It can also use ‘...the terms ‘family business’ or ‘individual business’ to identify these units. They are unincorporated and not included in the category of ‘private firms’. Historically these family businesses have been limited to fewer than eight workers. However, in March 2011 the State Council, China’s cabinet, approved legislation eliminating limits on the number of workers these businesses may hire. “China’s Cabinet Approves Individual Business Legislation”. (Lardy & Subramanian, 2012:34)

SOEs which can be complacent because they are not dependent on market forces. However, with the rapid development of the private sector, the interest holders of the private economy are increasingly dissatisfied with the status quo – ‘the important component’ of the socialist market economy. They are pursuing more space, more resources and more power. Although it appears that the privatisation process is led by the CCP, it is, in reality, driven by the exercise of class power and the nature of the reform process itself (ibid.). It inevitably drives the whole economy, moving towards a neoliberal structure.

2.5 Regional Development and Decentralisation

2.5.1 Regional disparity

In China, the coastal areas, especially the south-eastern coastal areas, have taken the first step towards industrialisation and marketisation, as well as incorporation into globalisation, achieving enormous economic growth and development compared to China’s interior. There are ten coastal provinces or municipalities in mainland China: Liaoning, Hebei, Tianjin, Shandong, Jiangsu, Shanghai, Zhejiang, Fujian, Guangdong and Guangxi (see Figure 13).

Figure 13 Map of Coastal Provinces in China



Source: Made by Author based on online source:
<http://www.58pic.com/tupian/zhongguoditushiliangtu.html>

In 2013, six coastal provinces or municipalities were ranked in the Top Ten of GDP and eight in the Top Ten of GDP per capita in China (Tables 2&3).

Table 2 Top 10 provinces regarding GDP in 2013

Rank	Provinces	GDP (CN¥in millions)	Nominal GDP (US\$ in millions)	PPP GDP (intl.\$)	Share of total GDP (%)	Real growth (%)
	Mainland China	58801880	9494588	16185934	100.00	7.7
1	Guangdong	6216397	1003746	1711139	10.57	8.5
2	Jiangsu	5916175	955269	1628499	10.06	9.6
3	Shandong	5468433	882974	1505253	9.30	9.6
4	Zhejiang	3756849	606609	1034118	6.39	8.2
5	Henan	3215586	519212	885129	5.47	9.0
6	Hebei	2830141	456976	779031	4.81	8.2
7	Liaoning	2707765	437216	745345	4.60	8.7
8	Sichuan	2626077	424026	722860	4.47	12.5
9	Hubei	2466849	398316	679030	4.20	10.1
10	Hunan	2450167	395622	674438	4.17	10.1

Average rate: CN¥6.1932 per US dollar; CN¥3.6329 per Intl. Dollar based on PPP (IMF WEO Data Oct.2014)¹⁴ (PPP: abbreviation of purchasing power parity)

Source: China Statistical Yearbook 2014

¹⁴ World Economic Outlook Database,
<http://www.imf.org/external/pubs/ft/weo/2014/02/weodata/index.aspx>

Table 3 Top 10 provinces regarding per capita GDP in 2013

Rank	Provinces	Per Capita GDP(CN¥)				
		2009	2010	2011	2012	2013
1	Tianjin	62574	72994	85213	93173	99607
2	Shanghai	69164	76074	82560	85373	90092
3	Beijing	66940	73856	81658	87475	93213
4	Jiangsu	44253	52840	62290	68347	74607
5	Zhejiang	43842	51711	59249	63374	68462
6	Nei Mongol	39735	47347	57974	63886	67498
7	Guangdong	39436	44736	50807	54095	58540
8	Liaoning	35149	42355	50760	56649	61685.9
9	Fujian	33437	40025	47377	52763	57856
10	Shandong	35894	41106	47335	51768	56322.6
	Mainland China	25608	30015	35198	38459	41908

Source: China Statistical Yearbook 2014

When discussing the economic miracle of China's development, two economic zones always rise to the top of conversations – the Pearl River Delta¹⁵ (PRD) and the Yangtze River Delta (YRD).¹⁶

Since 1978, these two areas have experienced dramatic economic growth as they were at the frontier of reform and development. The PRD and YRD created RMB 9776 billion and RMB 5306 billion in 2013, 17.2% and 9.33% of the total GDP respectively. Meanwhile, the GDP per capita of these two areas were more than twice the national average (YRD was slightly higher than PRD). However, even though they have created similar economic growth, they have not gone down the

¹⁵ The Pearl River Delta is the area surrounding the estuary of the Pearl River in Guangdong Province. It refers to a network of cities, which include Guangzhou, Shenzhen, Dongguan, Foshan, Zhongshan, Zhuhai, Jiangmen, and parts of Huizhou and Zhaoqing.

¹⁶ The Yangtze River Delta economic zone refers to 16 cities in Shanghai, southern Jiangsu, and eastern and northern Zhejiang Provinces. They are Shanghai, Nanjing, Suzhou, Wuxi, Changzhou, Yangzhou, Zhenjiang, Nantong, Hangzhou, Ningbo, Huzhou, Jiaxing, Shaoxing, Zhoushan and Taizhou.

same developmental paths. Numerous pieces of research have tried to summarise the characters of the development models in PRD and YRD, explain the influential factors that guided these two areas onto different paths. The PRD was a central platform in China's experiment with the market economy and integration with the world economy (Swee-Hock & Wong, 2009, p3). Its rise was primarily based on export-led development: geographic advantages, supporting policies from central government, and the export-orientated foreign investment from Hong Kong, Macao and Taiwan combined with millions of cheap young migrant labourers to jointly fuel its economic development. Meanwhile, the economic development of the YRD post-1978 was mainly an endogenous growth. However, compared with the PRD, heterogeneity within the YRD is much higher. Shanghai Municipality, as the location of the East China Military and Political Committee, East China District and East China Bureau of the Communist Party of China and the central government since 1949, controlled the whole area of the Yangtze River Delta. Shanghai's importance means it is deeply involved in both the self-sufficient economy and the planned economy system. During the Mao period, over 90% of industries were state-owned. Hence, as reform began, the state still dominated the ownership structure which made Shanghai follow a 'conservative' path. The reform and development of Shanghai came about through a top to bottom system. However, at the same time, township enterprises and private companies rose as a new force and became a major promoter of economic growth in Zhejiang and Jiangsu.

The rapid development of coastal areas, as well as the increasing regional inequality in China, is linked to the role of local government in economic development. The active and vigorous local governments have attracted much attention from those analysing the Chinese socio-economic transformation. The positive role of local government in creating business and job opportunities, and an investment-friendly environment is impressive, inspiring other countries seeking their own development solutions to base them on the Chinese experience. On the other hand, the corruption, collusion between local cadres and business people, rent-seeking, environmental pollution, increasing disparity between the rich and the poor and other problems that distort the development process. However, no matter how uncertain the outcomes of local governments' participation in economic promoting are, it is undeniable that

local governments in China have played an irreplaceable role in the socio-economic transformation process.

2.5.2 Decentralisation

Over 30 years of reform and opening-up, Chinese local governments, at provincial, prefecture, district and county, and township levels, have pursued every possible source and tried every possible way to attract investment and push local development. The usual reason given for this is that financial incentives and political incentives are the main reasons that motivate local governors to dedicate themselves to increase local economic growth.

So far, the most influential theory that explains the Chinese economic growth miracle from a government system perspective is the hypothesis of 'Federalism, Chinese Style' (Montinola et al., 1995; Qian & Weingast, 1997) which points out that there are two fundamental reasons driving the effective incentives of local governments. The first is administrative decentralisation: the central government has delegated economic and administrative power to local governments since the 1980s, and this led to an increase in local governments' autonomous rights of economic decision-making. The second is fiscal decentralisation based on fiscal contract responsibility system reform: the central government delegated financial powers to local governments, which meant that the local governments started to share fiscal revenue with the central government. The higher the fiscal revenue, the more could be retained by local governments, including 100% of extra-budgetary revenue. These two mechanisms have motivated local governments to preserve markets and develop the economy. Hence, 'Federalism Chinese style' is also known as Market-Preserving Federalism. From a political incentive perspective, it has three names: Zhou (2005, 2007) sees it as political tournaments, Zhang (2005) calls it competition for economic growth while Xu (2005, 2007&2008) expresses it as the market of economic growth (Wang, Xu & Li, 2009).

Through administrative decentralisation, local governments gain more administrative power from central government. They obtain economic decision-making power and financial power, which consequently builds up their internal motivation to develop the local economy. In 1978, China started to reform the planned economy system of high centralisation. Administration devolution, administrative decentralisation and delegating the benefits were on the agenda and local governments began to act as interventionist states. The administrative decentralisation profoundly impacted property rights in China, leading to the situation of property rights localisation (Zheng & Wu, 1995). Property rights localisation is formed through the intervention procedure in local economy by local governments, which in turn binds local governments tightly to local economic growth (Li, 2008).

2.5.3 Fiscal Reform and Political Incentives

In the fiscal decentralisation aspect, central government has made different reforms and improvements in various periods since the founding of the People's Republic of China (Table 4).

Table 4 China's Fiscal System since 1950

	Year	Fiscal System
Tongshou tongzhi (total centralisation 统收统支)	1950	<i>Tongshou tongzhi</i> (total centralisation) 1: All local revenues turned over to the centre 2: All local expenditures disbursed by the centre 3: Lack of correspondence between revenue and expenditure
	1951-1957	<i>Tongyi lingdao, fenji guanli, shouru fenlei fencheng</i> (multilevel management, revenue-sharing by category and fixed rate) 1: Three levels of budgetary administration 2: Revenue sharing
	1958	Decentralized programme 1: New revenue sources for localities 2: Normal expenditure and extraordinary expenditure 3: Fixed five-year sharing rates
	1959-1967	<i>Dingshou dingzhi, shouzhi guagou, zongge fencheng, yinian yibian</i> (sharing total amount at annually adjusted rate) 1: Revenue sharing 2: Annual Adjustment 3: Interregional transfer
	1968-1976	Cultural revolution and fiscal turbulence 1: 1968: Total centralisation(the 1950 model) 2: 1969-1970:Modification of the 1969-67model 3: 1971-1973: Fixing revenue and expenditure, contracting surplus and deficits, annual adjustment 4: 1974-1975:Fixed revenue retention rate, sharing above plan surplus, contracting expenditure 5: 1976: Modification of the 1959-67model
	1977-1979	Fiscal experiments 1: The Jiangsu and Sichuan models 2: The Guangdong and Fujian experiments 3: Experiments with different revenue-sharing schemes

Fenzao chifan (serving meals to different diners from different pots 分灶吃饭)	1980-1985	<i>Huafen shouzhi Fenji baogan</i> (dividing revenues and expenditures, multilevel contracting) 1: <i>Fenzao chifan</i> (eating in separate kitchens) 2: Fixed five-year revenue-sharing rates 3: Fiscal decentralisation: Five central-provincial fiscal systems
	1985-1988	<i>Huafen shuizhong, heding shouzhi, fenji baogan</i> (dividing tax categories, checking revenues and expenditures, multilevel contracting) 1: Three types of revenues: central fixed, local fixed, and shared 2: Specific revenue sharing 3: Three central-provincial fiscal systems
	1988-1993	Five central-provincial fiscal systems 1: Basic sharing 2: Basic sharing with growth adjustment 3: Fixed quote delivery(fixed-sum transfer) 4: Fixed quote with growth adjustment 5: Fixed central subsidies
Fenshui zhi (tax assignment system 分税制)	1994-present	<i>Fenshui zhi</i> (tax assignment system) 1: Central taxes 2: Local taxes 3: Shared taxes

Source: Wei, 2000. Fiscal Systems, Investment and Regions. In: Regional Development in China: States, Globalisation and Inequality. New York: Taylor & Francis Group, pp. 48-51.

As shown in Table 4, in a change from the previous unitary system in which the central government had absolute control over revenue collection and budget appropriation (Lin & Liu, 2000), during the reform and opening-up period, “serving meals to different diners from different pots” (分灶吃饭 namely, the fiscal system of dividing revenue and expenditure between the central and local governments and holding each responsible for balancing their budgets) and the fiscal contract responsibility system were the norm from 1980 to 1993. Responsibilities for budget

allocations were clearly divided between the central government and local governments. Local governments undertook to remit a fixed tax amount to the central government, hence the central government did not interfere with revenue increasing and expenditure decreasing actions by local governments, thus enhancing the sustainable and stable power of local governments to distribute production resources and manage local enterprises. The fiscal contract responsibility system linked local economic development with local governments' fiscal revenues and encouraged local governments to play a role in speeding up economic growth to increase fiscal revenue. It also stimulated the local enterprises developed by local communities sharing an interest with local governments and local enterprises. Among the Central-Local-Enterprise tripartite relationship, the central government regularly gave up the direct administration of companies but turned to a mandatory of the operation of local governments and enterprises. Looking to strengthen their links to local development, local governments started to link closely with local firms (Liu, Zhou & Shao 2012).

The fiscal contract responsibility system made a great contribution to China's economic growth, but it also brought serious problems for central government's fiscal revenue. Between the late 1980s and early 1990s, the central government was in serious fiscal crisis. With the sharp decrease of the ratio between fiscal revenue and GDP, as well as the ratio between central government and total fiscal revenue, central government was facing an unprecedented situation of 'weak central'. Lack of central fiscal revenue resulted in the underdevelopment of national defence and infrastructure construction. During the rapid economic growth of 1980 to 1990, although the average annual GDP growth rate was 9.5%, the fiscal revenue did not increase. According to the Ministry of Finance, the ratio of central government fiscal revenue to GDP fell from 31% in 1978 to 14% in 1992. This sharp decline undermined the ability of central government to exert macroeconomic regulation and control (Liaowang, 2008). Therefore, in 1993, central government reformed the tax and fiscal systems, adjusted tax categories, and redistributed and reallocated financial and administration power:

- Based on the arrangement of expenditure duty of central and local government, fiscal revenue is allocated to the categories of tax. The categories of tax include central tax, local tax and shared tax. The most important central taxes are value added tax and consumption tax, while the most important local taxes are business tax and local income tax.
- Tax refund and transfer payment system.
- Establishment of national and local tax bureau for separate taxation.

The fiscal system reform helped central government to reclaim the fiscal power from local governments. However, the interest in economic development and subjective consciousness of local governments increased rather than decreased because of the added pressure on local fiscal expenditure and led to behaviour modifications by local governments as described below.

The value added tax created by enterprises is shared by central and local governments, and is directly collected by national tax bureaus. National tax bureaus are vertically managed and not linked with local governments. The central government takes 75% of the value added tax while local government receives 25%. All the preferential policies made by local governments to protect and promote local enterprises therefore lose efficiency in the eyes of local governments and so the enthusiasm to develop local industrial enterprises, one of the driving factors for the transformation of Town Owned Enterprises, is diminished (Liu, Zhou & Shao, 2012:69). The local governments then turn to business tax and off-budget revenue.¹⁷ The main source of business tax is the construction industry while off-budget revenue is mainly composed of land sales income – the reason local governments pay so much attention to land development. Land sales income has become the primary source of local revenue. Local governments acquire agricultural land from peasants, paying low levels of compensation based on crop prices. Then, utilizing the land as capital, local governments make efforts to attract investment, raise funds, and develop commercial housing, etc, which brings in large amounts of revenue. It is land-urbanisation without industrialisation and population urbanisation as

¹⁷ The off-budget revenue refers to revenue which is excluded from government's revenue. In China, the off-budget revenue is composed of social welfare income and road maintenance fees.

preconditions. Easily achieved with only a small budget, it allows local governors to gain political success but forces a large population of migrant workers and their families to live in the city as outsiders because they do not officially have urban residency. Even though migrant workers dedicate their productive labour to construct cities, they are denied the social welfare tied to the *hukou* or household registration system.

Overall, fiscal decentralisation is still the mainstream of central fiscal policy, even though since 1993 the central government has taken back fiscal power to some extent by reforming the tax-sharing system. Since the tax reform, the expenditures of local governments have been influenced by central government to a certain degree because of tax refunds and transfer payments. However, local governments have gained more administrative power and have developed an interest consciousness similar to that of businesses that encourages them to protect local interests and argue with the central government. Because social welfare and social reproduction are run by local governments, they tend to escape the responsibility of taking care of migrant workers who lack local *hukou* and therefore have difficulty in accessing social insurance, relevant public services and social welfare for migrant workers, such as housing, medical care and education. They are insecure. After spending their most productive years in cities, migrant workers have to return to their home towns for social reproduction. The local governments of their original home areas are normally less developed than the destination provinces and, lacking any production process, cannot afford the costs of social welfare, putting the social reproduction process at risk.

Not only fiscal, but political incentives also play a significant role in local economy development. During the reform and opening-up period, the central government set 'economic development' as its first goal to enhance its political legitimacy. As the total economic increase is composed of economic increases of different regions, the central government has demands on local economic development. Thus central government demands economic growth and local governments supply it. Thus, there is only one 'demander' and many providers in this market, which leads to intense

competition – tournament competition. The precondition of this tournament competition is political and personnel centralisation. Cadre promotion opportunities are a strong ‘cardio-tonic’, which motivate local governors to take part in the tournament competition.¹⁸ The competition is guided and pushed by superior governments, up to and including central government, thus combining personnel centralisation and political incentive. It does not rely on the revolution of the political regime. However, on the other hand, the competition has caused a series of distorted impacts, which obstruct the transformation of government functions and development strategies. To a great extent, the deficiencies of promotion tournament competition, the especially serious conflict between the goal of political incentives and the rational design of governmental functions, results in significant problems for current economic development. Local governments play not only the role of referees but also athletes in the economic growth competition game and this dual identity of local governments causes the failure of establishment of market order (Zhou, 2007).

Local governments only focus on economic development while ignoring public services and social welfare improvements. Those who are concerned about these public welfare issues have no power of appointment or removal of governors. Not limited by environmental pollution and consumption of energies, the comparative advantage and processing cost advantage are based on the unreasonable pricing of factors of production. Local governments lower land prices to attract more foreign investment, capital costs are twisted by low-interest rates and policy-based lending, the connivance of local governments ignores environmental costs, and labour costs are depressed by the ‘race to bottom’ and the *hukou* system (Zhou, 2007).

2.6 Conclusion

Generally speaking, China has moved from a socialist central planned economy to a socialist market economy over the past three decades. Through the liberalisation,

¹⁸ The promotion process is controlled by upper level government. One of the most important indexes for promotion is economic development. Therefore if cadres want to get promotion, they need to compete with each other for the limited positions available.

decentralisation, deregulation and privatisation processes, China is now deeply integrated into the neo-liberal order. In the foreseeable future, these processes will continue to move on. Both the social and economic atmospheres have experienced dramatic transformations. Although China's economic growth has encouraged other developing countries, it has not come without a price. China may have rapid economic development, but it also has many problems. Globally, the meeting of China's reform and opening up and neo-liberal policies has forcefully expanded the influences of neo-liberalism in the world. China's incredible wage labour advantages and investment-friendly environment allows it to successfully compete with other low-cost locations. It draws other developing countries to participate in a brutal price competition which further depresses the average wages of manufacturing workers in the world. Domestically, over-dependence on foreign investment and exports make the economic structure unstable and unsafe, causing China to be vulnerable to external economic changes in the global market and financial crises. Since 2008, the global economic recession has severely impacted the manufacturing industry, leading to labour protests related to the closure and relocation of factories. The uneven and unfair distribution of the economic growth outcomes creates gross income inequality and the flawed social re-distribution system further harms vulnerable social groups while the rigid and hysteretic authoritarian institutions are unable to resolve the accumulating social contradictions. China's workforce is forced to go through the proletarianisation process by the breaking of the 'iron rice bowl', evisceration of social protection, creation of a flexible labour market, avoidance of responsibility for the social reproduction process and the privatisation of assets formerly held in common (Harvey, 2005). Thus, these unresolved social problems have led to a wave of social protest and social movement.

Of the rounds of social protest, the most impressive are those of the peasants and migrant workers, who sometimes combine their actions. Migrant workers, previously peasants, hold a rural residence identity, working in the non-agricultural sector as waged-labourers. This workforce group has made a significant contribution to China's economic growth, as the primary supply of low-cost labour. Normally, the voice of migrant workers is non-existent in the grand narrative, official propaganda and public media. They are simplified to numbers in the statistical data,

unidentifiable faces in social news, or dehumanized objects of public policies. However, as the socio-economic transformation process deepens, there is emerging evidence that migrant workers are contributing to this process. Migrant workers are not only a factor of production, but also agents of socio-economic changes. In reality, they are actively participating in shaping and reshaping the socio-economic transformation. Firstly, their migration from rural area to urban areas itself is an active attempt to struggle with the rigid urban and rural dual-track system. Even as they confront capitalist repressions in the workplace and within their living spaces in cities from the local administration, they have penetrated every aspect of social life through their everyday activities. On the social side, faced with the pressure of their daily struggles, government control of rural-urban mobility has gradually been loosened. Secondly, even in the early mid-1980s and 1990s, migrant workers were not passive and obedient. On the labour regulation side, migrant workers' resistance to exploitation in the production process has forced the local state and capitalists to improve working conditions and enforce the minimum labour standards stipulated in China's first labour law of 1995. There is clear evidence that, since the beginning of this century, migrant workers have shown a new tendency, moving from defensive protests targeting government officials, to strikes aimed directly at employers, reflecting the emergence of class consciousness as expressed through collective strike action (Pringle, 2015:198). The struggle of migrant workers has become more than just short-lived, place-of-origin loyalties and wild-cat strikes and protests. The individual interests of migrant workers are more and more gathered and aggregated into class-oriented collective interests and their economic requirements progressively go beyond the minimum standards. Political interests are also gradually surfacing. Additionally, the imperceptible experiences of migrant workers in daily life also cause them to exert pressure on the existing regime controlled by the state and capital.

In the next chapter, I trace the making of migrant workers in China. The dynamic reactions between the state, capitalists and migrant workers have shaped and reshaped the making of migrant workers. It shows that the energy of mobility of migrant workers has pushed the state and capital to upgrade their control regime.

Chapter 3: The Making of Migrant Workers in China Since 1978

3.1 Introduction

As discussed in the previous chapter, Chinese society has undergone a dramatic transformation since 1978, which has affected the social, political, economic, and cultural environments. The state sector workforce, previously beneficiaries of the centrally planned economy, have gradually lost their advantages, and become the sacrificial lamb of privatisation. The entrepreneurs, or capitalists, are not only accumulating wealth but also gaining rising political status and powers. Peasants have been released from collective production teams and are no longer bonded to their farm lands. They are categorised as ‘rural surplus labour’ by economists and the media, as a consequence of production being redistributed to more economically advantageous places. From the top-down perspective, we can see the huge influences of the state on different social groups. However, on the ground, the daily praxis of various social groups is contending with and undercutting the range of existing institutions, continually reshaping the socio-political framework of China.

A rise in the number of rural-urban migrants has accompanied the reform and opening up, leading to a relaxation of controls over the socio-economic and political spheres. Millions of people have left from their home towns to seek new employment opportunities. Some journalists have even contended that this wave of human movement in China is the largest the world has ever seen (Xiaokang, 2007). Initially, foreign investment enterprises and collective town and village owned enterprises absorbed the floating population from rural areas and embedded them within the manufacturing plants. Utilising this plentiful supply of low-cost young migrant workers (*nongmingong* 农民工), China has transformed itself into the ‘world’s factory’, especially for light manufacturing products. Migrants subsequently entered into the so-called ‘secondary labour market’ in urban areas, taking informal, poorly paid, high turnover, high-exploitative, and dead-end industrial jobs. It is

extremely difficult for migrant workers to achieve meaningful improvements in skills, education, health and political and cultural participation (Hong, 2011). Moreover, the restrictions and unfair treatment are not limited to economic life, but affect all areas of their lives. They are ineligible for the rights and benefits that urban residents receive, for example, the right to education for their children, medical care, welfare benefits, pensions, and even the right to rent or buy flats in cities. Despite the significant contributions that migrants have made to the rapid economic development, they are still seen and treated by the state as ‘second class citizens’. The *hukou* (residence registration) system has successfully divided Chinese society into two parts: rural and urban and this is the primary reason for the disadvantaged institutional and social positions of migrant workers (Fan, 2008). Through the *hukou* system, the state controls the moving of people (see Section 3.2) and shapes the spatial separation of production and reproduction of rural labour.

This relentless exploitation has caused some unrest in the Chinese migrant worker sector, previously considered obedient and passive. Labour shortages in the Pearl River Delta, a series of strikes, and the rapid growth of labour disputes via legal systems, show the pervasiveness and intensification of this unrest. Migrant workers’ problems have attracted attention from both the Chinese central government and the general public because these problems have the potential to undermine state stability, economic development and social welfare. With the suicides of young workers at Foxconn¹⁹ and the wave of strikes in China led by migrant workers in their early twenties, young migrant workers suddenly came to the fore. Unlike their fathers’ generation, today’s young migrant workers have been exposed to urban lifestyles and values, and have higher expectations. However, the harsh reality is that they have limited opportunities to realise those desires in the face of urbanisation. Meanwhile, rural society has gradually disintegrated, severely limiting opportunities and spaces for young migrant workers to settle down. In short, they are facing disembeddedness from both rural and urban society (Huang, 2014). Young migrants are trapped by capitalist production system, which controls their life but does not allow them to

¹⁹ Foxconn is a Taiwan company belonging to Hon Hai / Foxconn Technology Group, which is founded in 1974 with US\$7,500, producing mechanical and electrical parts. It is a contract manufacturer, includes Apple, Blueberry, etc.

settle. Hence, they have to develop new strategies and tactics, different from those of their fathers, to gain living spaces and protect all their rights, not just labour rights.

This chapter begins by reviewing the migrant workers' pathway since 1978 and the exploitation of the general patterns of migrant workers in contemporary China. It examines the changing characteristics of migration to reveal the differences between the older generation and the young generation migrant workers. Finally, as labour dispute cases and strikes have become more frequent in recent years, this chapter analyses the trend in changes of the labour disputes cases, both individual and collective, as well as giving a general picture of the strikes and protests.

3.2 Migrant workers (*nongmingong*) in China

3.2.1 A brief review of migrant workers in China

The development of migrant workers as a 'class' is closely related to the 'reform and open-door policy' launched by the central government and their existence is inseparable from the *hukou* system. During the early 1950s, mobility into and out of the urban areas was relatively unrestricted. By the mid-1950s, however, the establishment of the *hukou* system segregated rural from urban areas and imposed strict controls on migration across regions, leading to a deep rural-urban division. Through the *hukou* system, the Chinese government has successfully created an institutional exclusion, which treats registered people differently "according to the different categories and locations of their registration...those registered are restricted in their migration between regions" (Wang, 2005:22). From birth, every Chinese is given a socio-political status and identity associated with the geographical location of their birth. The system was initially designed to aid in forward planning of future needs for industrial and agricultural labourers as well as for the provision of goods and services. It is utilised by modern intellectual and political elites as an efficient tool to transform the rural population into a culturally distinct and alien 'other', which facilitates the liberation process of the new socialist society (Cohen, 1993).

The utilisation of the *hukou* system in the reform era has contributed greatly to economic growth and socio-political stability. As a cornerstone of the CCP's one-party authoritarian political system, it functions admirably as a means of social control and the institutional exclusion of the rural population guarantees the maximum exploitation of this massive pool of unskilled and surplus rural labour.

The origin of the *hukou* system can be traced back thousands of years to Imperial China when it was based on community-oriented, regionally-based organisations of families and clans and used mostly for the purposes of taxation, farmland allocation and social control. This system also existed in many other traditional societies, as common mechanisms of ranked kinship and feudal classes (Fan, 2008; Wang, 2005; Solinger, 1999). The PRC's *hukou* system inherited both the operational characteristics and mechanisms and the legal framework and stipulations of the imperial system. The CCP wanted to follow a development strategy of 'direct industrialisation', i.e. putting the majority of state investment into heavy industry production and were aware that this would lead to severe shortages in the supply of consumption goods, services, amenities and housing in urban areas. Hence, the number of urban residents needed to be strictly controlled. The establishment of the *hukou* system during the 1950s was inseparable from the central planned economy and the political system of the CCP. In August 1950, the central government issued the first national regulation relating to the system, 'Provisional Regulation on the Management of Special People' (Wang, 2005:44) and in 1955, the State Council issued the formal legal basis and ordered local governments to establish a permanent *hukou* system. In 1958, the National People's Congress passed the 'Regulations on Household Registration in the People's Republic of China', which made the *hukou* system law nationwide. Henceforth, "residence status became an ascribed, inherited one, determining an individual's entire livelihood and welfare simply on the basis of where the registration was located" (Solinger, 1999:36).

The advent of reform and opening up seemed to create an obvious opportunity to abolish the *hukou* system. The rural household responsibility system had significantly increased productivity and so when the people's communes were

dissolved and farmers released from the land – allowing the rural population to regain the power to control their own labour, rural families made the decision to set off for towns and cities, to make a living. Economic reform policies encouraged rural labourers to leave rural areas and enter the non-agricultural sector, especially on the coast and in large cities. However, unlike the rapid economic system reform, the reform of social exclusion institutions lagged behind. Although the *hukou* system was deeply affected by the socio-economic transformation, it has continued to survive in the reform era, reflecting the deep legitimacy and resilience of the system and the CCP's fear of losing the power of social control. It is also a very cheap way for the state and new emerging capitalists in China to make use of the massive labour reserve army, the peasants, and to retain them as urban noncitizens (Solinger, 1999).

Initially, the central and local governments refused to loosen their control of the rural population's mobility. As the centrally planned economy had not been totally abolished, the governments believed that if the urban population growth rate outstripped the speed of urbanisation, it would have a negative effect on economic development and socio-political stability. Hence, the rural population were only permitted to enter cities temporarily and the state was not obliged to provide any welfare for them. In 1981, the State Council issued a document to prevent the peasants moving into cities (Zhang, 2001). However, the official ban did not do much to curb the re-emerging migration. The central committee of the CCP issued two important rulings, the 'State Council Notification on the Question of Peasants Entering Towns' in 1984 and 'Provisional Regulations on the Management of the Population Living Temporarily in the Cities' in 1985, with the effect that peasant workers who wanted to work, enter into business or engage in service trades were allowed to reside in urban areas if they could make arrangements for their own food supply. Thus, the 30-year-old employment management system restricting rural-urban migration was ended. It was the first time that Chinese farmers had the right to do business outside their home towns. However, the urban local governments still refused to take on the duty of accepting these 'outsiders' and so rural labourers were encouraged to work in nearby small towns where emerging TVEs were in need of labour. Meanwhile, market exchange gradually replaced central economic planning, and the de-collectivisation of agriculture was completed. The rural economy took off

because the township and village enterprises (TVEs) grew rapidly: between 1983 and 1988, 63 million peasant workers work for TVEs (Han, 2007:195). The migrant workers were described as ‘deserting the land but not leaving their home villages’ in that period. Meanwhile, in the Special Economic Zones (SEZs) rural factories, typically funded by investors from Hong Kong and Taiwan, preferred to hire less expensive migrant labours from the interior (Andreas, 2008) and the number of egress migrant workers increased rapidly from less than 2 million at the beginning of ‘reform and open-door’ to 30 million in 1989 (Han, 2007).

From 1988 to 1990, the Chinese government adopted various economic measures to control the inflation induced by the overheated economy. As a result, many construction projects were suspended or abandoned, and economic growth slowed significantly. To protect urban workers, many rural migrants were fired, which led to a reverse flow of urban to rural migration and the capacity of TVEs to absorb workers also declined: the numbers of rural migrants fell dramatically. However, the decline did not last long – by 1990-1991, the number of rural migrants had again reached those of 1988, and some areas even exceeded their previous levels (Wang & Cai, 2008).

The influx of foreign capital into coastal areas, as well as the mushrooming TVEs and private sectors created an urgent need for low-cost, docile, disposable rural migrant workers. The movement of rural populations, combined with the mechanism of the market, could not be prevented or stopped by urban officialdom. Millions of migrants moved inter-provincially, with or without official permission and this strong forward momentum forced the government to confront the failings of its control plan. In 1992, Chinese economic reforms began to deepen and address global integration. The CCP strongly encouraged the growth of the private capitalist sector and ‘zone fever’ developed nationwide as the preferential regional policies for FDI (foreign directed investment) and trade were expanded more widely (Gallagher, 2004). Wholly foreign-owned and joint ventures enterprises all grew rapidly, creating a dramatic increase in the demand for migrant workers. Growing income inequalities, the lack of employment opportunity, the reform of the urban *hukou*

system and the demise of the system of resource allocation and subsidisation to urbanites brought about by market forces and the reform of SOEs combined to lead to large-scale migration. In 1993, there were 62 million migrant workers, an increase of 32 million from 1989. Market reforms had also accelerated since China joined the WTO in 2001, subjecting Chinese enterprises to international competition: firms were under increasing pressure to reduce labour costs (Andreas, 2008) so companies, especially labour-intensive enterprises, preferred to use cheap migrant workers.

According to Pun, Chan and Chan (2010:136-137), the state promoted massive rural-urban labour migration, thus turning rural bodies into industrial waged labour. This process should be analysed on two levels, the structural and the individual/familial. On the structural level, the central government's segregation policies as shaped by the national development strategies, caused a deep rural-urban divide. To facilitate rapid urban economic growth and meet increasing demand for low-cost workers, rural authorities carried out the central government's direction by exploring inter-provincial labour cooperation and coordination programme initiatives (Pun, 2007): these strong state initiatives support the labour needs of emerging industries and facilitate labour supply flow to the manufacturing sites (Solinger 1999). On the individual/familial level the low prices of agricultural products and limited education and village employment opportunities mean that young rural men and women tend to move to cities to find more development chances. Some rural women want to escape arranged marriages, familial conflicts and patriarchal oppression, others to widen their horizons and experience modern life and cosmopolitan consumption styles in the cities. Thus, personal decisions in out-migration, shaped by the state-led pro-city development, strategy, support the goal of the state in channeling labour from rural areas to coastal industrial zones. The official categorisation of migrant workers, however, means that their social status and class identities are ambiguous. Chinese governments encourage them to migrate for work but refuses to grant them the right to permanent urban residence, and the maintenance of this distinction between permanent and temporary residents through the *hukou* system enables local governments to avoid the costs of social reproduction of migrant workers.

The *hukou* system has clearly undergone significant changes and adaptations, in response to market-oriented economic development, decentralisation of political authority and fiscal income, and importantly, the strong pressures of resistance by the rural population (Wang, 2005). In the 1990s, the central government encouraged local governments to provide services necessary to support the flow of migration; it also gave local governments increasing autonomy in local *hukou* management. Local governments turned from simply pushing migrant workers out to guiding the flow, composing ‘legitimate channels’ for movement and bringing migrants under official management.

By adjusting its control strategy over time, the state avoided losing the highly valuable political usefulness of *hukou*-based institutional exclusion and social control (Wang, 2005:52). However, the adaptations and changes that have taken place have done little to improve the living conditions of, or eliminate the discrimination against, migrant workers. The social control is only adjusted when facing unavoidable pressure and resistance. Hence, the visible adjustments of the *hukou* system, such as the emergence and extinction of temporary residence permits and the ‘blue seal’ *hukou*²⁰ from the 1990s to the 2010s (mainly present in south-eastern coastal provinces, and aimed at stimulating the housing market), the implementation of the points-based system²¹ (initially in Guangdong Province, and later in Beijing, Tianjin, and Shanghai), and the Ministry of Public Security’s (Beijing *Wanbao*, 2005) call to eliminate the classification division

²⁰ The Blue Seal *Hukou*, used by several cities, got its name because the official seal validating this type of registration uses blue ink as opposed to the usual red. It allows the holder the same rights and status as local *hukou* holders, with the possibility of becoming a permanent local *hukou* holder after five years of qualified residency (especially those changing from agricultural *hukou* to non-agricultural *hukou*). The criteria to obtain such a transitional *hukou* are, largely, wealth and education or skills. Self-sponsored applicants must be wealthy and capable of investing, whereas sponsored applicants must have an advanced education and skills that are in great demand or a record of high achievement (Luo, 2012:129), similar to international immigration policy. This particular type of *hukou* was finally abolished in 2014.

²¹ The points-based system allows migrant workers to get an urban *hukou* once they have earned sufficient points. It is based on ‘qualification’ and ‘quota’. Eligibility is assessed using a number of variables under multi-tiered categories. As local governments have autonomy to issue *hukous*, the criteria vary from place to place. However, quality attributes, such as educational attainment, professional qualifications and skills rank highly, as do property ownership, years of residence, participation in social security, investment and taxes paid. Differing from the ‘blue seal’ *hukou*, it is an evolved exclusionary strategy for inclusion of a selected few. The majority of migrant workers do not qualify (see Li, 2013).

between agricultural and non-agricultural *hukou*, occurs only when the *hukou* system is facing unavoidable resistance and pressure from the excluded and the rapid changing socio-economic environment. Firstly, the deepening of economic reform and development, combined with the spread of neo-liberalisation, created a strong combination of migrant workers and market economy and the marketisation process has proved irreversible and unstoppable. Additionally, the export-oriented strategy for development which made China the ‘world’s factory’, with its competitive advantage of low-cost labour also brought with it the requirements of the flexible and ‘free’ waged labour who constantly push the state to adjust the *hukou* system. Secondly, the one-child policy led to low birth rates. This, coupled with the ageing population (Golley & Tyers, 2006; Banister et al., 2010), means that the previously ‘inexhaustible’ supply of migrant workers is actually in danger of being exhausted. China is now facing a scenario of structural labour shortages (Carrillo, 2012): data collected by NBS shows that the annual growth rate of migrant workers is declining. Thirdly, the young generation migrant workers, the main body of migrant workers, unlike their parents’ generation, are less tolerant of abuse and injustice, and readier to defend their interests. Moreover, the shift from a farming lifestyle to a waged labour lifestyle creates the pre-condition for the rise of class consciousness.

Although the *hukou* system excludes migrant workers from official entitlement to ‘citizenship’, they act as citizens in metropolises, cities and towns, constantly reshaping the institutional framework through their daily activities. They contribute to breaking the state’s exclusive system and creating a smoother way for both themselves and those who follow them. It is highly unlikely that, in the foreseeable future, the state and capitalists will give up this efficient social control tool that is migrant workers’ mobility. Meanwhile, the migrant workers will not stop moving: their non-stop daily activities are their most powerful weapon to force the state to face the failure of the reforms of, and adjustments to, the *hukou* system.

3.2.2 Characteristics of Migrant Workers

Although the numbers and patterns of migrant workers are changing along with the development of the economy and transformation of society, they have been invisible and voiceless in public for a long time. They were considered as an amorphous flow of undifferentiated labourers without histories or personalities. Worse still, they were treated as a potential source of unrest (Selden & Perry, 2010). Therefore, it is difficult to obtain accurate data and information about migrants before the 1990s. Additionally, the concepts of migration, floating population, peasant workers and migrant workers are often confusing and overlapping. In China these concepts are inextricable from the *hukou* system. Normally, migration means people simply moving from one place to another. However, in China, migration (*qianyi* 迁移) means one needs to obtain an official change of permanent registration and this applies to all types of *hukou*. Moreover, a floating population, (*liudong* 流动) refers to the persons who, by official definition, are “engaged in partial temporary relocation” (Solinger, 1999:15), and lack official registration. The floating population moves in and out, without changing their official registration. In reality, the majority of the floating population are peasants. Peasant workers (*nongmingong*), according to the definition of the National Bureau of Statistics of China, are those with a rural *hukou* who work in the non-agricultural sector in the local area or migrate for work for more than six months. ‘Local migrant workers’ are those who do not leave their towns of residential registration and do non-agricultural jobs (National Statistics Bureau, 2015). ‘Out-going migrant workers’ refers to those who work outside their town’s boundaries. In many contexts, peasant workers and migrant workers are seen as interchangeable concepts. However, the term ‘migrant workers’ is now gradually taking the place of ‘peasant workers’, as the latter is considered a discriminatory label. However, it is not the label itself which attracts the discrimination, but rather the social and political power relations which create the label to define meaning and order in the social world (Li, 2001:24). People who hold rural *hukou* and work in urban areas are excluded from the rights and benefits linked to urban *hukou*: they are named and categorised as ‘outsiders’.

At the beginning of the reform era, the re-emergence of migrants in the urban areas did not immediately trigger a systematic official control. However, as increasing numbers moved to cities and towns, their destinations' local governments began to change their strategy to manage the migrant population. The state and the local states tried to build a 'net' to capture these mobile subjects. Labour and construction bureaus, public security, the Industrial and Commercial Administration Bureau, and offices in charge of civil affairs, family planning, taxes, public health, housing, commerce, transportation and grain all became involved in the administration of migrants' affairs, collecting data and information (Solinger, 1999). This overlapping of the management of migrants not only set up numerous obstacles to migrants' lives in cities and towns, but also brought about confusion in the statistical data and information relating to them. The 1990 national census was the first to introduce systematic information about migration, but as the definition of migration excluded some of the short-term migrants (it defined migrants as those who left their hometown for more than a year), it resulted in an underestimation of the amount of migration. The definition of short-term migrants was changed from one year to six months in the 2000 national census. Other authoritative sources include administrative registration records from the Ministry of Public Security and the National Population and Family Planning Commission, large-scale sample surveys conducted by the National Bureau of Statistics, and statistical data collected by the Ministry of Agriculture. However, as the definition of migrants varies across these data sources, this, too, has led to inconsistency and incomparability problems regarding coverage and enumeration methods and conflicting estimates of the size of the floating population (Wei & Zhang, 2012). However, overall, the statistical data from these sources can provide us with a general overview and movement history of migrants in cities and towns.

Migrant workers' contributions to the rapid economic development of urban areas are also counteracting negative images of them, as 'trouble makers' and 'urban resources grabbers'. More importantly, migrant workers have made unremitting efforts to earn spaces and rights in the places where they live and work and their daily actions are also reshaping the social order. As a result, they are increasingly being watched by not only the public, but also the authoritarian state. Departments

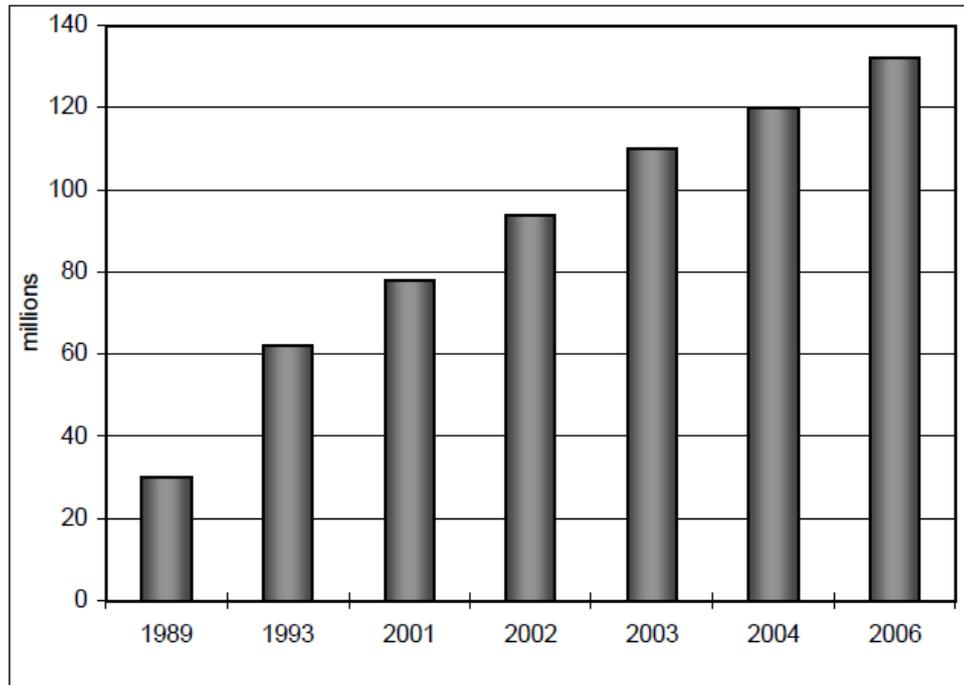
specifically targeting migrant workers have been created in different ministries and the Bureau of National Statistics of China established a statistical and monitoring system which has annual statistical data and analysis of migrant workers since 2008.

Generally, the volume of migrants has increased during the reform era, despite experiencing some fluctuations caused by the economic situation and administrative restrictions. Rough estimates suggest that the number of migrant workers in the late 1970s was less than 2 million (Li, 2008). By the end of the 1980s, with the development of rural industry and consequent increase in numbers employed by TVEs, approximately 95 million migrant workers were employed by TVEs alone (NBS, 1992, cited in Li, 2008). Meanwhile, the influx of foreign investment, especially from Hong Kong and Taiwan to coastal areas, also led to increased employment of migrant workers. According to one survey conducted in the Pearl River Delta (Li, 1994), there was 156,000 migrant workers in Dongguan, 22.4% of the total labour force in this area. Then it increased to 369,000 in 1988, (51.3%) and 656,000 in 1990, a staggering 90% of the labour force. The total number of migrant workers increased four-fold from 1986 to 1990 in Dongguan (Li, 1994).

In the 1990s, the number of migrant workers continued to grow, but with the slowdown in the growth of TVEs, more of them left their home towns for urban areas. Since 1992, stimulated and encouraged by Deng Xiaoping's South China Tour, the reform and opening up had deepened and speeded up. City governments changed their attitude to migrant workers, especially those experiencing a labour shortage, such as Shenzhen. Meanwhile, the big cities, which suffered from unemployment and an increasing number of laid-off workers due to the reform of SOEs, maintained their negative and restrictive policies. As a result, the increase in rural migrant workers slowed in the late 1990s. According to estimates, around 30 million rural migrant workers moved into large and medium cities in 1994, increasing to around 50 million in 1999 (Yang & Yang, 2009). With the dawn of the New Millennium, the growth in migrant worker numbers again increased rapidly in line with the rapid growth of foreign investment enterprises and the private sector. In 2004, around 120 million migrant workers worked and lived away from their home towns for more

than three months, increasing to 132 million in 2006. Figure 14 shows the increase in migrant workers since 1989.

Figure 14 Number of Rural Migrant Workers in China, 1989-2006



Source: Li, 2006, cited in Li, 2008:5.

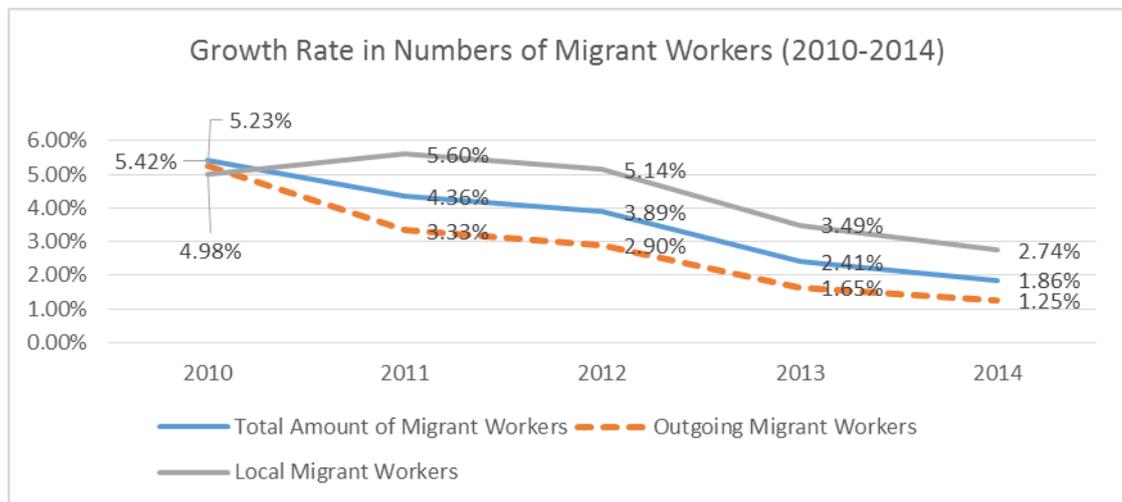
Table 5 shows that the number of migrant workers reached 229.78 million in 2008 and continued to grow slowly over the next five years to 273.95 million in 2014. The growth rate slowed, not because of administrative restrictions or economic restructuring but simply because the majority of the so-called rural surplus labourers had *already* transferred from rural to urban areas in the reform era. Moreover, the growth rate of local migrant workers exceeded that of outgoing migrant workers in 2010, reflecting their changing characteristics.

Table 5 Number of migrant workers (2009-2014)

Number of Migrant Workers (10,000)	Year					
	2009	2010	2011	2012	2013	2014
Total number of migrant workers	22978	24223	25278	26261	26894	27395
1. Outgoing Migrant workers	14533	15335	15863	16336	16610	16821
1a). Migrating individually	11567	12264	12584	12961	13085	13243
1b). Migrating as a family	2966	3071	3279	3375	3525	3578
2. Local Migrant workers	8445	8888	9415	9925	10284	10574

Source: NBS, 2009, 2015

Figure 15 Growth Rate in Numbers of Migrant Workers (2010-2014)



Source: Calculated based on data in Table 5

China's administration is divided into several government levels: provincial (*shengji* 省级), prefectural (*shiji* 市级), county (*xianji* 县级), township (*xiangji* 乡级) and village (*cunji* 村级). Thus, the spatial level of migration can also be divided into different levels: inter-village, inter-township, inter-county, inter-prefectural, and inter-provincial migration. Normally, movement between villages is not reflected in the statistical data. As economic development varies between regions and the income gap between rural and urban areas is enormous, it is not surprising that the destinations of migration are the economically active regions. In the 1980s, cities attracted 56.6% of inter-county and 50.8% of inter-provincial migrants. The 1990s

also saw an increase in migration: the 2000 census reports cities and towns attracting 57% of inter-provincial rural-urban migrants. Migrants were also moving further: inter-provincial migrants accounted for over 40% of the total of inter-county migrants, which means that more migrants moved between provinces (Fan, 2005a).

When looking at the regional distribution of rural migrants' destinations, it is clear that in this period (1980s-1990s) the eastern region was the most attractive destination. According to the census figures for these two decades, the eastern region accounted for 57% and 78.4% respectively of the total inter-provincial in-migration. The eastern, central and western regions refer to three economic belts, providing a convenient scheme to reveal regional disparities and inequalities (Fan, 2008). The eastern region includes all the coastal provinces, the most advanced economic areas in China, and it benefits from the high positive net migration figures. The central and western regions, in contrast, are losing their active labour force.

Between 1995 and 2000, 13,303,080 migrants moved from the central to the eastern region, while 5,812,370 moved from the western to the eastern region. This was a significant increase on the 1985-1990 numbers of 2,263,270 and 1,238,890 (see Figure 15). Also, almost six million migrants moved within the eastern region during the same period. Within the eastern area, Guangdong was the most attractive province; according to the 1990 and 2000 censuses, its net in-migration numbers were 911,000 and 11,062, accounting for 46.6% and 64.5% respectively of total net in-migration in the eastern area. In 2004, 34 million migrant workers constituted 44% of the total provincial population. Jiangsu Province also showed positive rates of in-migration: 248,000 and 667,000 in 1990 and 2000 respectively. Zhejiang, another rapidly developing province in the Yangtze River Delta, showed an interesting inversion between 1990 and 2000. In 1990, Zhejiang was a province with more out-migration than in-migration: a total of 626,000 migrants left and only 321,000 arrived. However, in 2000, the net in-migration rates turned positive, with 2,714,000 migrants in and 968,000 out. Overall, Guangdong, Zhejiang and Jiangsu were the most attractive destinations for migrant workers in the eastern region, receiving 45% of the total migration between 2000 and 2005.

In the first decade of the new millennium, the eastern region maintained its advantage, attracting the majority of migrant workers. Guangdong continued in the lead, followed by Zhejiang, Jiangsu and Shandong, all of which also placed in the top ranks of GDP in China. Henan, Anhui, and Sichuan, with their large rural populations, provided the greatest amount of migrant workers. However, the situation has changed slightly since 2010. According to the statistical data, the proportion of migrant workers in eastern regions has decreased slightly, from 66.9% in 2010 to 60% in 2014, while numbers in the central and western regions are increasing (NBS, 2009, 2011, 2015). In 2011, for the first time, the number of inter-provincial migrant workers was less than intra-provincial migration (NBS, 2012). This was because firstly, the income gap between the eastern region and the other two regions had decreased to almost zero: wages in the eastern region were growing slowly and the cost of living cost was going up quickly, while income in the central and western regions grew significantly. Secondly, the inflow of capital into inland regions of China had created more jobs. More and more factories chose to relocate to areas with rich labour resources, low land prices and strong support from local governments. Moreover, the age range of migrant workers had changed, with the average age increasing from 34 in 2008 to 38.3 in 2014. The heavy family burden on migrant workers, such as taking care of parents and children, the education of children, health care of the whole family, and housing needs, kept them closer to their home town. Of the intra-provincial migration, towns attracted nearly half of the total (46.1%), while the prefecture-level cities attracted 28.9% in 2014.

As discussed above, migrant workers normally work in the manufacturing, construction and service industries. In urban areas they fill the positions known as ‘3-D’ jobs (dirty, dangerous and demeaning). The 2000 census showed that migrant workers filled 68% of jobs in manufacturing, 80% in construction and over half in the service sector (Li, 2008). They continued to form the largest employee group in manufacturing until 2014, although their numbers decreased from 37.2% in 2008 to 31.3% in 2014 (NBS, 2010, 2015). Also, manufacturing jobs are concentrated in the eastern region: 43.1% of migrants there work in manufacturing, compared to only

20.1% and 13.2% in the central and western regions. As shown in Table 6, the proportion of migrant workers in the construction industry has increased since 2008 although this rise is not spread evenly over the regions. In 2013, as mentioned above, the eastern region migrant workers gravitated towards manufacturing, but construction accounted for 30% of migrant workers in the western region and 20.1% in the central region. It is noteworthy, too, that the volume of self-employed migrants is increasing: in 2009, only 6.4% of the total migrants were self-employed but this figure rose to 17% in 2014.

Table 6 Distribution of rural migrant workers by industry, 2008-2014

Industry Classification (%)	2008	2009	2010	2011	2012	2013	2014
Manufacturing	37.2	36.1	36.7	36	35.7	31.4	31.3
Construction	13.8	15.2	16.1	17.7	18.4	22.2	22.3
Transport, Storage and Post	6.4	6.8	6.9	6.6	6.6	6.3	6.5
Wholesale and Retail Trades	9	10	10	10.1	9.8	11.3	11.4
Hotels and Catering Services	5.5	6	6	5.3	5.2	5.9	6
Services to Households, Repair and Other Services	12.2	12.7	12.7	12.2	12.2	10.6	10.2

Sources: NBS, 2013, 2015

When looking at gender composition, we see that that significantly more males than females leave their home town to be migrant workers: two-thirds of migrant workers are male and only one-third female. There are also gender differences in employment. More male migrants work in the construction industry while more female migrants work in the retail and service industries. This is closely related to the gender division of labour within the household where women take more responsibility for the family, caring for children and parents. The gender split is also affected by migrant workers' lack of access to public service and social welfare: schooling, health care, housing, pregnancy and giving birth, all the most important events of the social reproduction process, have to take place in their home registration areas, which means that the majority of rural females stay in their home towns.

Another popular stereotype of migrant workers is their low educational attainment. In 2004, 65% of migrant workers had completed China's nine years of compulsory education (typically ages 6-14), 18% had only attained a primary school level (ages 6-11), some of whom did not even finish, while 12% had completed upper-middle school (ages 15-17). Only 5% went on to higher education (NBS, 2006). Ten years later, the situation had improved: 16.1% finished upper-middle school and 6.7% entered higher education. Migrant workers were also increasingly participating in occupational training. Although generally the educational background of migrant workers is weaker than that of urban residents, it is higher than those who remain at home which leads to rural society experiencing 'hollowing', losing its young, active, and educated labourers.

3.2.3 Features of young generation migrant workers

As the average age of migrant workers has increased over the years, so the number of migrant workers under the age of 40 has decreased: the pool of surplus rural labourers is beginning to dry up. China's one-child family planning policy dramatically decreased the birthrate, leading to a decline in the population growth rate. The young generation migrant workers exhibit different characteristics and group features to their parents' generation. The ACFTU survey and the National Bureau of Statistics of China survey, both carried out in 2010, revealed key differences between the 'young' and 'old' generation migrant workers:

- The young generation have more education and job training: 31.1% of the young generation of migrant workers, aged between 21 and 25 had completed upper-middle school education or above and 36.9% of young generation migrant workers had undertaken job training compared to 22.9% of the old generation.
- They have less experience of agricultural work than the old generation: only 11% of young generation had agricultural work experience against 35.7% for the old generation.

- There is a slight shift in employment patterns: more young generation migrant workers worked in the manufacturing and service industries, and fewer in construction. See Table 7
- On average, new generation workers changed employers once every four years, while older migrants did so only once every ten years.

Table 7 Employment patterns of young vs older generation migrant workers

Industry Classification (%)	Egress migrant workers		
	Total	Older generation	New generation
Manufacturing industry	39.1	31.5	44.4
Construction industry	17.3	27.8	9.8
Transportation, warehousing and postal services	5.9	7.1	5.0
Wholesale and Retail Trade	7.8	6.9	8.4
Accommodation and Catering Services	7.8	5.9	9.2
Resident Services and other services industry	11.8	11.0	12.4
Others	10.3	9.8	10.8

Source: National Bureau of Statistics of China, 2010

The young generation workers have greater individualism, attraction to urban consumer culture (Pun 2005), higher job turnover rates and less loyalty to their work (Pun, Chan & Chan, 2010). During their job selection process, they focus on not only the ‘hardware-wage’ but also ‘software-welfare’, such as factory environment, company reputations, and even individual development chances. They prefer to choose jobs with more respect, greater security and better development perspectives. Also, they are more likely than their parents to seek additional education and skills training to improve their job opportunities and their career.

They are children of the reform era, treated well by their parents because the families only had one, or perhaps two, children. Their expectations for their career and future are higher than their parents and they rarely consider returning to the countryside as farmers. Instead, they are more acclimated to the city life (Gallagher, 2010). They identify far more with urban culture and have a stronger desire to forge a career and life for themselves in the city. Another significant feature of young generation migrant workers is their familiarity with the internet, social networking tools and

mobile telecommunications. This plays a significant role in the life of young generation migrant workers, helping them to get information and resources, contact their peers, even to organise worker protests. They have made good use of QQ (a Chinese instant online chat programme), *weibo* (Chinese Twitter) and other social networking tools to share information, send out real time updates to their co-workers, and to attract media attention to, and public support of, protests that have taken place since entering into the new century.

A common socioeconomic environment and the same migrant worker status, has made young generation migrant workers to face many similar problems with the older generation of migrant workers, such as discrimination and numerous institutional barriers based on a farmer's status. They are confronting increasing oppression by global capitalism, nation-state power and other cultural factors, such as familial patriarchy, which puts heavy stress on female migrant workers (Pun, 2005). They are still confronted with many difficulties (NBS, 2010; ACFTU, 2010):

- Low incomes and heavy labour intensity: the average monthly income of migrant workers was RMB 1417 in 2009, and young generation migrant workers earned RMB 1328. Young generation workers worked 26 days every month, usually for 9 hours a day. A small, but significant number (6.4%) of young generation migrant workers worked 11-12 hours every day.
- Low rate of signed contracts: 54.4% of young generation migrant workers did not have a signed labour contract with their employers.
- Gap between individual occupational skills and labour market demands: despite a higher level of education and more professional skills, their occupational skills can not completely meet the demands of urban labour markets. This is an obstacle to getting long-term stable employment in cities.
- Gap between individual expectations and harsh reality: young generation migrant workers are more eager to settle down in the cities. However, because of the *hukou* system, they face numerous institutional barriers to access social welfare such as children's education, medical care and housing.
- Confusion of identity: the young generation lack a sense of belonging to the cities, yet they are not willing to return to their home towns as farmers. They live and work in cities without the identity of 'citizen'. It appears that they belong nowhere.

The young generation migrant workers are facing ‘double disembodiedness’ from rural and urban society, and ‘atomisation’. The concept of ‘embeddedness’, pioneered by Polanyi, refers to the different conditions within which various modes of social action take place and upon which they depend. According to Polanyi (1944), in all human societies, production and distribution are ensured by certain principles of socioeconomic integration, including redistribution and reciprocity, as well as exchange (Bugra, 2007:2). Huang (2014) applied the concept of embeddedness to his analysis of young generation migrant workers in China. He found that, firstly, young generation migrant workers, especially those who used to be ‘the left-behind children in rural China’ (留守儿童), have fewer cultural, emotional, and ethical connections with rural society compared to their parents’ generation. The traditional rural society is disintegrating and can no longer support the embeddedness of the young generation. Secondly, having arrived at their ‘economic destinations’, young generation migrant workers have little opportunity to progress in the labour market and their career. Even though they are more educated, the jobs offered to them have not been upgraded. They still need to struggle within the so-called ‘secondary labour market’. Hence, they are also disembodied from urban society, where they live and work.

3.3 Conclusion

In this chapter, I have reviewed the making of migrants during the reform era. This review of the migration history in China during the reform era has revealed the economic development path, as well as the mobility of the so-called floating population consisting of mainly surplus rural labourers. The combination of the spread of neoliberal projects and the reform and opening up policies in China created the structural background for the making of migrant workers. The state and capital worked together to seize the moving bodies of migrants and transfer their living labour into the wage labour system. The long-lasting and stubborn *hukou* system has caused migrants to be institutionally excluded from the social welfare system and treated as second-class citizens in urban areas. The desire of capital to utilise the

benefits of relocation of production bases has led to the ‘super-exploitation’ of migrant workers. The central government’s desire to achieve economic growth and maintain social stability led to its connivance with capital and suppression of labour while local governments competing to attract investment in order to pursue local economic growth, conspire with capital. The working force is considered to be in a weak position in the transition period (Pringle, 2015).

However, it is not enough to understand the making of the domestic migrants and their relationship with Chinese development only from the perspective of structural forces. China’s development strategy is not only a response to the needs of capitalists, but also deeply influenced by labour struggles. The struggles and resistance of migrant workers have forced the state and capital to search for different modes of articulating capital relations. How to frame the relationship of migrant workers and development from the perspective of migrant workers? How to trace the struggles and the entanglements between the state, capital and labour centred on control over migrant workers’ moving bodies and labour power? In the next chapter, I discuss the rise of labour disputes and strikes involving migrant workers and offer a new perspective on the study of migrant workers in China: the autonomy of migration. The chapter also discusses the strategy of capital to control migrant workers, mediated by both the central and local state, through the design and implementation of institutions, policies, regimes and development strategies.

Chapter 4 Theoretical Location

4.1 Introduction

As discussed in previous chapters, rapid socio-economic transformation has brought significant changes in every aspect of social life in China. The making of migrant workers is closely linked to this profound process. The coincidental meeting of the emergence of neo-liberal ideology and the reform and opening-up in China successfully stimulated marketisation and liberalisation. It then led to the demise of a paternalistic labour regime of state-sector workers. At the same time, the demand for low-cost migrant workers increased significantly in the private sector. To pursue economic growth, the state and capitalists conspired to absorb the surplus rural labourers into the fast growing private sector, while maintaining the segmentation of the labour market by utilising administrative (*hukou*) and legal institutions. Compared with the powerful authoritarian state and aggressive capital, it appears that migrant workers are in a weak position in the transition period. However, there is evidence that migrant workers are actually playing an important role on the socio-economic transformation.

Although migrant workers have made a great contribution to both the economic development and social transformation in China since 1978, they remained ‘invisible’ and ‘silent’ in the sphere of public discourse for an extended period. They have gradually gained attention from the public because their mobility and daily activities have given them a concrete existence in Chinese society which can no longer be ignored or avoided. Scholars have studied, developed and improved the theoretical understandings of ‘*nongmingong*’ (peasant worker) from different aspects and perspectives. The change in terminology used to refer to migrant workers generally in the academic field and public discourse reveals these research outcomes and policy changes. Initially they were called *mangliu* (盲流, blind flows), and then *liudongrenkou* (流动人口, floating population), a term related to the public

administration and sociological sphere. The name *nongmingong* (农民工, peasant workers) embodies the dual identity of migrant workers, as peasant and worker. In recent years, *wailai wugongrenyuan* (外来务工人员, migrant workers) has become popular with the media and government reports, reflecting the attempt of both governments and scholars to do away with the discrimination attached to the label of ‘peasants’, as well as the attempts to involve migrant workers within the so-called ‘citizenship’ context. Additionally, increasingly researchers are using class-based analysis in their study of Chinese migrant workers. These researchers bring the analysis of labour process, the labour regime, class formation, class consciousness and the class struggle back to the centre of analysis. Such research provides us with a variety of perspectives with which to understand the making of the migrant working class and the relationship between migrant workers and China’s development.

This chapter will firstly reveal the changing features of the labour disputes and strikes involving migrant workers. It then discusses the studies of migrant workers in China so far. A gap remains between the understanding of migrant workers in academia and in reality, largely due to the migration theories only partially explaining the migrant workers phenomenon in China. This chapter will introduce two mainstream migration theories and explain their limitations. These limitations make it worthwhile bringing a new perspective to the study of the making of migrant workers in China, and the relationship between the socio-economic transformation and migrant workers that is the autonomy of migration approach. This new perspective treats migrant workers not just as a social group or status targeted by public administration and a cheap human resource for the ‘world’s factory’, but as active and live labour with subjectivities and consciousness. Their activities are one of the main engines driving the state and capital to adjust their control regime to maintain capitalist production process. Viewed through the autonomy of migration lens, the state and capital constantly try to contain their ‘living labour’ using the existing control regime. Having seized the opportunity to turn the newly released-from-the-land farmers into waged-labour in the early age of capitalism, capitalism always attempts to subordinate labourers to capital. Subordination, including formal and real subordination, follows containment or is the ultimate aim of containment and it always attempts to control people’s mobility. On the other hand, labourers always try to escape from the containment of the control regime and insubordinate to

capital. Strategies of subordination are constantly being upgraded and adjusted in order to respond to the resistance of workers. This chapter discusses subordination as a control regime of mobile labourers and then provides a pathway to understand the subordination of Chinese migrant workers to capital, in other words, the making of a new 'proletariat'. It also reveals how the escape of migrant workers shapes and reshapes the control regime and the socio-economic transformation process in China.

4.2 Trends in labour disputes after the 1980s in China

There have always been acts of resistance by migrant workers during the reform era and their form continues to change. The number of protests and strikes by migrant workers in the private sector has grown significantly while state-sector workers' protests declined between 2000 and 2010. The Honda auto parts workers' strikes in mid-2010 epitomized the escalating struggle by migrant workers (Lin, 2015). Although basic labour rights remain at the core of migrant workers' protests, better wages and working conditions, as well as political representation, have become a focus of the strikes and protests. Migrant workers are more likely to engage in collective actions to protect and fight for their rights and their strategies and tactics have developed as they accumulate more experience. The information technology innovation has also provided a new and grassroots platform for migrant workers to organise activities, share information and experiences, request help from the media and generally draw public attention to their struggles.

4.2.1 Labour Disputes

Official statistics from various departments attest to the pervasiveness and intensification of labour unrest throughout the country since the early 1990s. Initially, labour disputes were concentrated on basic economic interests such as wages. As discussed above, to maintain a competitive advantage in the global production chain, the salaries of migrant workers were kept unreasonably low. There is a paucity of data on the pay of migrant workers at the beginning of the reform era and scholars have had to rely on secondary data in different databases. As shown in Figure 16,

Lu's (2011) research indicates only a slow growth in the wages of migrant workers from 1995 to 2010. It is also not uncommon for migrants to experience delayed wage payment, another major cause of labour disputes, especially in the construction industry.

Figure 16 China's migrant workers' wages from 1995 to 2010

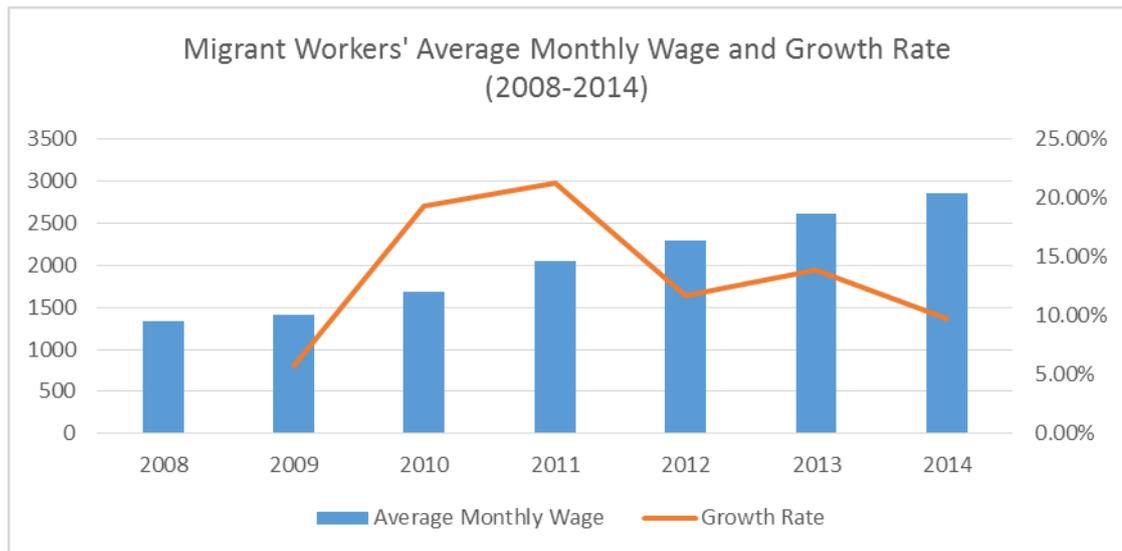


Source: Lu, F., 2011. *Numerical Estimation of China's Migrant Workers' Wages*. Beijing, China Centre for Economic Research, Peking University.

Recently, the average pay of migrant workers has gone up significantly (see Figure 17). However, when comparing the growth rate of wages and the Consumer Price Index (CPI),²² it is clear that migrant workers have not enjoyed the fruits of economic development.

²² The Chinese Consumer Price Index shows the change in prices of a standard package of goods and services which Chinese households purchase for consumption. In order to measure inflation, an assessment is made of how much the CPI has risen in percentage terms over a given period compared to the CPI in a preceding period. If prices have fallen this is called deflation (negative inflation) (Online: <http://www.global-rates.com/economic-indicators/inflation/consumer-prices/cpi/china.aspx>).

Figure 17 Migrant Workers' Average Monthly Wage and Growth Rate, 2008-2014



Source: NBS, 2014, 2015

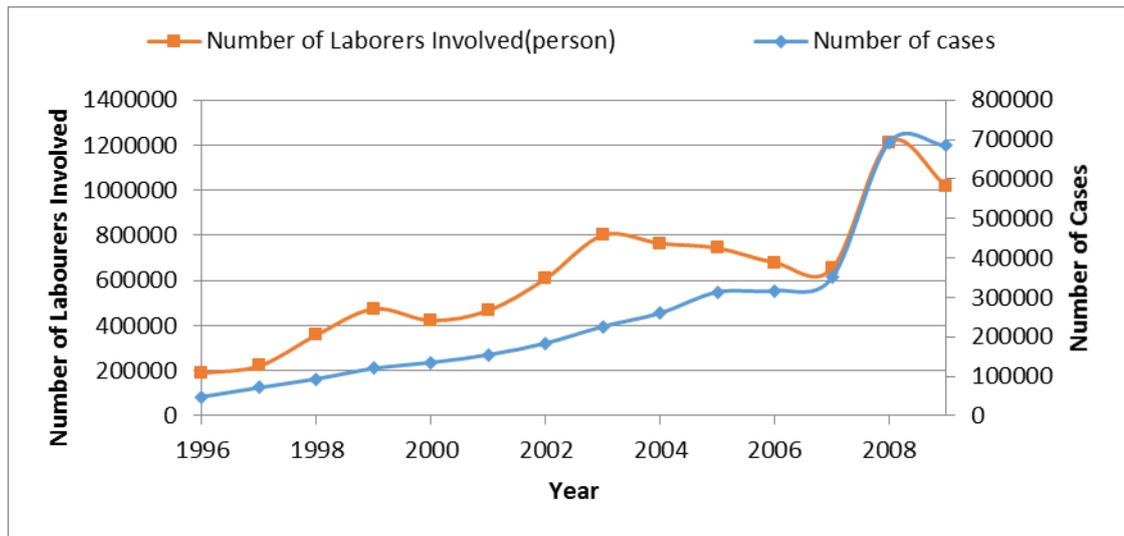
Since 2000, more labour disputes have turned to multi-requirements, such social insurances, changes to contracts, ability to renegotiate or terminate contracts, confirmation of contracts, economic compensation, and occupational injury compensation. What is more, the changing patterns of labour disputes are closely related to establishment of dispute-handling legal institutions in China. Government authorities have designed a series of institutions and procedures to handle the increasing labour disputes, creating a sophisticated hierarchy of institutions and procedures for the resolution of labour disputes, namely mediation, arbitration and adjudication. In 2008, the new labour contract law was enacted to improve and perfect the labour contract system, a manifestation of the CCP's desire to create the legal framework necessary for stable economic growth. The trend in labour disputes can be partly explained by examining the number of labour disputes accepted and settled by the mediation, arbitration and adjudication system set up.

Before 1993, most disputes were handled by enterprises themselves through their internal mediation mechanisms. It was estimated that out of a total of one million labour disputes in China between 1986-1992, 710,000 were settled in internal mediation committees. However, from 1996 to 2001, the reported numbers of labour disputes mediated within enterprises declined sharply as a result of the transformation of China's state economy (Fu & Choy, 2004). Although market

exchange gradually replaced planning and the economic reform was deepening after 1984, enterprises, especially SOEs, still accepted the responsibility to take care of their employees' whole life, including housing, health care, primary and secondary schools for employees' children, and vocational schools for employees. Employees still trusted trade unions in enterprises. After 1991, the reform of SOEs speeded up, and the CCP decided to 'hold the big, release the small'. Many state and collective enterprises were sold, reorganised or liquidated. Most of them drastically reduced their workforces and about 40% of the public enterprise workforce lost their jobs (Andreas, 2008). At the same time, mediation committees were abandoned by SOEs, and newly established enterprises have either been slow to establish their own mediation committees or have simply refused to do so (Fu & Choy, 2004). Those mediation committees that did exist lacked the credibility and ability to mediate the conflict between workers and their employers. The framework for enterprise mediation was union-centred and union leaders play the principal role in organising and participating in labour dispute mediation. The role of union leaders in the process as designed by the Labour Dispute Regulations was not to represent the workers but to be an intermediary between employees and their employer, aiming to protect the interests of all –the state, the enterprises and the workers (Xu, 1997). However, in practice, union leaders and the enterprise mediators under them were effectively 'captured' by the management and the union leaders usually served as senior administrative personnel of the enterprise concerned.

Since 1997, the sharp decline of enterprise mediation has been accompanied by a rise in cases handled by arbitration. Arbitration committees accepted 184,116 cases in 2002, an almost 66-fold increase over the 10,326 cases accepted in 1989 (Fu & Choy, 2004); this figure increased to 684,379 in 2009 (see Figure 18).

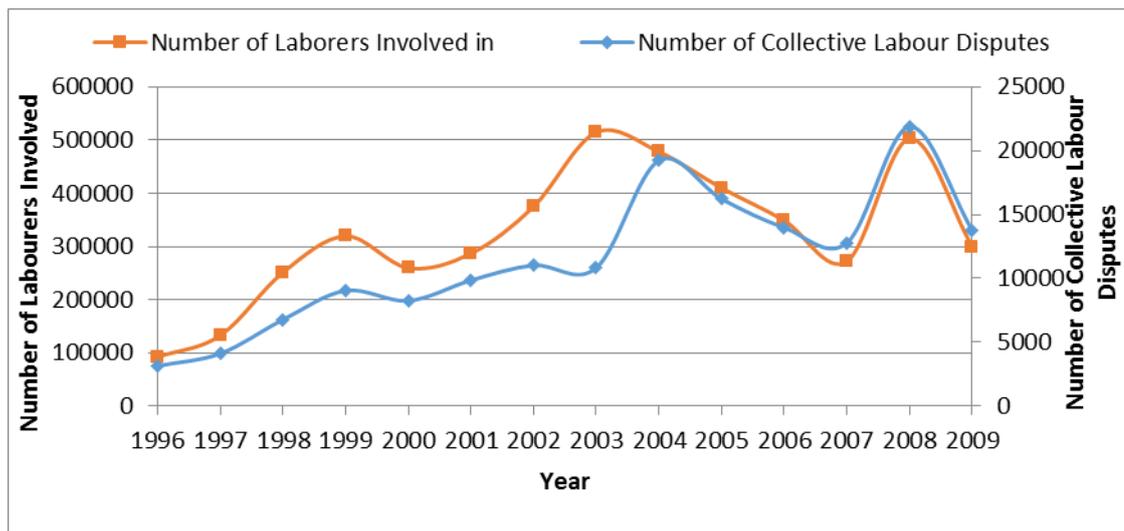
Figure 18 Number of Arbitration Cases and Number of Labourers Involved, 1996-2009



Source: China Labour Statistical Yearbook 2010

The number of collective labour disputes handled through official channels increased dramatically from 3,150 in 1996 to 19,241 in 2004. It then declined gradually to around 13,000 during 2005-2009, with the exception of a blip in 2008 which saw 21,880 collective cases (Figure 19). The decline was almost entirely due to the common practice of dividing collective cases into individual ones and handling them separately.

Figure 19 Number of Collective Labour Disputes and Labourers Involved, 1996-2009



Source: China Labour Statistical Yearbook, 2010

According to Fu & Choy (2004), the government's published annual statistics on labour arbitration suggest that China's growing labour disputes are concentrated in the coastal regions, reflecting the fact that they are closely related to migrant workers and that they have become more antagonistic. Statistics show that over the years there has been a gradual decline in cases settled through mediation by the arbitration committee, and both parties have become less willing to compromise through mediation (Fu & Choy, 2004). Another interesting finding is the visible gender disparity in complainants. Although the majority of migrant workers are female, they rarely take their employers to arbitration. Also, arbitral awards predominantly favour labourers over employers. The figures also reveal that sector plays a factor; labour from the private sector, for example, has a better chance of succeeding than those from public bodies or SOEs.

Salary issues are the most common form of dispute experienced by migrant workers, with employers refusing to pay wages, paying only a portion of workers' premised salary, or failing to pay overtime (Becker, 2014), especially in the construction industry. This issue had been ongoing for decades until, in 2003, Premier Wen personally intervened in an unpaid wages case; this led to the introduction of new policies making all levels of government responsible for dealing with such issues. It is difficult to trace statistical data regarding unpaid wages during the 1980s and 1990s, but as each Chinese New Year approached, it was common to read news reports on the subject (People.cn, 2004).²³ Since 2001, according to the statistical data, remuneration issues have accounted for around one third of the total labour dispute cases registered (NBS, 2012). The issue of wage arrears deeply harms the migrant workers, which triggers countless protests by migrant workers. Some of the measures taken are extreme –suicide, threatened suicide, and the kidnapping of bosses. As a national issue, migrants' wage arrears have been mentioned prominently in the central government's policy documents, especially since 2003. In 2003, former Premier Wen Jiabao was on an inspection tour in Yunyang County in Sichuan. A local woman, Xiong Deming told Wen that her husband was a migrant worker in the construction industry and he was owed RMB 2000 in unpaid wages. Soon after this meeting, her husband and his workmates received their arrears. This,

²³ <http://www.people.com.cn/GB/shizheng/8198/30572/30574/index.html>

however, was not the end of the story. As the issue of wage arrears had begun to significantly influence economic development and social stability, the central government started to invest significant government resources and increased public attention on the subject over short bursts of time and soon issued a flurry of policy documents and legislation. As summarised by Becker (2014:67-70), in September 2003, the Ministry of Labour and Social Security (MoLSS) and the Ministry of Construction jointly issued the ‘Circular on Resolving Migrant Worker Wage Arrears Issues in the Construction Industry’, which required local labour bureaus to establish an information system in local enterprises to verify the disbursement of wages (Ministry of Labour and Social Security and Ministry of Construction, 2003) which was followed by the State Council’s ‘Circular of the General Office of the State Council on Settlement of Delinquent Construction Project Costs in the Construction Business’ (Circular no.93) the next year (State Council of the People’s Republic of China, 2003). In February 2004, the Ministry of Construction issued ‘An Urgent Circular on Stepping Up the Resolution of the Issue of Migrant Labour Wages’. September 2004 saw a joint circular from the Ministry of Construction and the MoLSS entitled Joint Circular on Provisional Methods for Managing Wage Payment to Peasant Workers in the Construction Sector. In 2006, the most comprehensive migrant labour policy document to date was published, ‘Some Opinions of the State Council on Resolving the Problems Faced by Migrant Workers’ (State Council of the People’s Republic of China, 2006). Between 2003 and 2006, the central government stressed the importance of resolving the wage arrears issue, by providing legal and rhetorical cover for migrant workers. The achievement was noticeable. According to an investigation conducted by Wang Meiyang (2006) who compared data from 2001 and 2005 in Shanghai, Wuhan, Shenyang, Fuzhou and Xi’an, the incidents of wage arrears declined significantly, from 12.1% in 2001 to 2.38% in 2005. The results of these policies can also be seen in the amount of owed remuneration paid to migrant workers. In 2006, 2.8 million migrant workers received outstanding wages of RMB 1.31 billion with the help of the trade union at various levels (Guangmingwang, 2006).²⁴ According to the MoLSS, in 2010, 1.5 million migrant workers received nearly RMB 3 billion in back

²⁴ National Trade Union helps Migrant Recover 1.3 Billion Wages (*Quanguo gonghui wei nongmingong zhuihui tuoqian gongzi 13 yiyuan 全国工会为农民工追回拖欠工资 13 亿元*) http://www.gmw.cn/01gmr/2006-12/27/content_527801.htm

pay with the help of different levels of governments (Xinhuanet, 2011).²⁵ In 2011, the trade union again helped almost one million migrant workers retrieve around RMB 2.2 billion in wages over the first seven months of 2011 alone (Xinhuanet, 2011).²⁶ However, the problem of wage arrears has not been solved completely as the informal and diffuse employment structure provides ample opportunities for exploitation. Also, the system of contracting and subcontracting still exists in the construction industry (Pun & Lu, 2009). Therefore, the wage arrears issue remains at the centre of labour disputes cases. In 2014, 0.8% of migrant workers were owed an average of RMB 9511 per worker (NBS, 2015).

4.2.2 Strikes and Protests

There are an increasing number of undocumented strikes and large-scale labour protests. Most are dealt with by the authorities in a spontaneous and *ad hoc* manner: local governments seek to intervene and resolve them as quickly as possible. Government officials often seek to initiate dialogue and negotiation between employers and employees, putting pressure on the workers to abandon the strike and on employers to make concessions: these activities are not included in the total number of labour disputes mentioned above. A report conducted by the China Labour Bulletin (2012:15-28) identifies several characteristics of modern worker protests. First, protests occur in profitable companies, especially wholly foreign-owned and joint venture companies in the manufacturing sector. This is because workers cannot share in the profits of these firms while senior and mid-level managers can, leading to lingering resentment and a sense of injustice. The second is that strikes are clustered in specific industries and regions. Indeed, there were reportedly more than 20 strikes in auto parts suppliers in the Pearl River Delta area alone in the two months from May 2010 to July 2010. These industry- and region-specific strikes tend to have near identical demands and grievances: workers from different companies in the same industry learn from each other about strikes, both

²⁵ Ministry of Human Resources and Social Security: Migrant Worker Wage Arrears Phenomenon Effectively Curbed (*Renli ziyuan yu shehui baozhangbu: nongmingong gongzi tuoqian xianxiang dedao youxiao ezhi*, 人力资源部: 农民工工资拖欠现象得到有效遏制) http://news.xinhuanet.com/2011-03/22/c_121217474.htm

²⁶ National Trade Union System of Wage Arrears Helps Migrants Recover 2.2 Billion (*quanguo gonghui xitong qian 7 yue wei nongmingong zhuihui tuoqian gongzi 22 yi yuan* 全国工会系统前7月为弄明追回拖欠工资22亿元) http://news.xinhuanet.com/2011-08/17/c_121873501.htm

tactics and demands. Third, isolated incidents can trigger broader industrial action, highlighting the stressful and fragile labour relations in many Chinese workplaces. Longstanding resentment over low pay, welfare benefits, working and living conditions can very easily blow up into public protest precisely because the workers have no other means of resolving their grievances. Fourth, higher wages remain the principal goal as many labour-intensive enterprises have sought to cut costs by either laying off workers or reducing salaries and eliminating bonuses, allowances and welfare benefits because of the global economic crisis. Workers also refuse to accept the huge disparity between their pay and that of top management. These strikes also show that workers have lost confidence in enterprise unions and union officials, and also developed a stronger sense of their collective identity. Workers want to elect their representatives from frontline workers to lead them in negotiations with management.

The rise of labour dispute cases shows that migrant workers are increasingly challenging capitalist super-exploitation and the state has developed a body of laws and regulations in response. It attempts to absorb the turbulence of industrial relations into a controlled legal framework, to draw the migrant workers on the street back to arbitration and the courts. However, this has not been entirely successful, partly because the legal framework of labour relations is framed more to protect the stability of the development environment, rather than migrant labourers' rights. Additionally, decentralisation has created tensions between the central and local governments. While the central government is trying to raise the bar via new legal standards on contracts and labour dispute resolution procedures, the local governments are reducing it back down to what they deem a manageable height (Pringle, 2011). Therefore, there has been a 'normalisation' of strikes. Migrant workers accept the fact that strikes are by far the quickest and most effective way to obtain labour rights (Pringle, 2011). The collective actions, along with the daily activities of migrant workers, have forced the state and capitalists to make compromises in individual cases and adjustments in the labour regulation regime and even administrative institutions. The emerging new labour movement inspires us to think about Chinese development from the perspective of migrant workers, rather than from the top-down structural perspective. The following sections examine

current migrant workers studies and explain why we need to study migrant workers from a new perspective.

4.3 Studies of Migrant Workers in China

Research on migrant workers has grown rapidly in recent years and scholars have tried to explain the phenomenon of migrant workers in different ways. According to Xu Fayin (2015), there are four main paradigms in the study of migrant workers in China. Of course, the research questions in these four paradigms overlap and are syncretic, as various key factors of social-economic background, policies, and institutional regime are common to the centre of the study of migrant workers, such as the *hukou* system, labour contract law, and so on.

The first paradigm mainly studies migrant workers as ‘migrants’, focusing on migrants’ behaviours before, during and after migration (Fan, 2005a, 2005b, 2008; Fan & Sun, 2008; Gallagher, 2011 Zhang, 2001). The research questions include cost-benefit calculations, family structure, rural land renting, social networks, land system reform, *hukou* system reform, urban-rural income gap, labour market supply and demand, the social insurance system and disparities between different regions. They try to answer two key questions: the motivation behind and the background to migration, including the social, economic, historical and political spheres. The suggested answers are developed around popular migration theories, the push and pull, neoclassical and dependency theories (detailed in China as the dual labour market theory) and so on. Migrant workers are pushed by structural forces, such as the division of urban-rural dualistic structure and the disparities of regional development (Lu, 2003; Whyte, 2010; Huang, 2011), inherited from the previous planned economy system. Domestic migration in China is mainly rural to urban, from less-developed inland provinces to coastal areas, from the central and western regions to the eastern. The rapid developing provinces, such as Guangdong, Beijing, and Tianjin, are the most popular destinations, while the south-central and south-western provinces, such as Hunan, Sichuan, and Guizhou, which are among the poorest regions in China, emerged as the most prominent sources of migrants (Fan, 2005).

Although the explanation of the motivation of migration varies from individual level to household level (household strategy), migrant workers here are seen as rational agents, influenced by the outside socio-economic environment and structure. The migration perspective research provides us with general features of domestic migrant workers in China. The collection of statistical data on migrant workers can reveal the general trends in migration, how their characteristics differ across generations and the institutional factors closely linked with their everyday lives, thus supplying us with a top-down perspective of the migration regulation regime. However, the study of migrant workers should not be limited to this litany of statistical data and structural factors. Migrants are not just rational individuals/families who calculate whether or not to migrate based on benefits and costs, nor are they impotent objects of economic development structures and policies. Also, it should not be forgotten that migrant workers' lives are not only about the production process, but also about their reproduction process. Hence, the migration paradigm should be expanded to a broader context.

The second paradigm studies migrant workers from the perspective of citizenship (Chan, 2009, 2010; Huang, 2011; Solinger, 1999), i.e. in the sociological sphere. Urbanisation in China is 'incomplete'; it allows "temporary" migration (of a 'floating population') to cities but den[ies] the migrant access to urban welfare and many other benefits" (Chan, 2010:66). The urbanisation and citizenisation of migrant workers in China cannot be isolated from *hukou* system which, in effect, acts as the principal mechanism by which migrant workers are excluded from the entitlements of urban citizenship. This exclusion reduces the cost and speeds up the process of urbanisation. The *hukou* system, as an efficient tool, always serves the purpose of national industrialisation in China. Of course, urbanisation and citizenisation are influenced by macro factors, such as demographic structure transformation, technological innovation and the labour market but from the micro perspective, they focus on the living conditions of migrant workers in urban areas, as well as their 'subjective identity' of citizenship. 'Living conditions' does not just refer to housing, but involves the whole social reproduction process of migrant workers and their families. Subjective identity emphasises how they integrate into the citizen (urban) society, looking at physical space, social, and cultural aspects.

This second paradigm implies a foundational hypothesis that citizenisation is the destination for migrant workers, based on modernisation experiences in Western developed countries. It assumes that all migrant workers should be citizenised and should be entitled to be 'citizens', blaming the grievous situation of migrant workers, (working in the secondary labour market - mainly in labour intensive industries-, low wages, unstable employment, long working hours, appalling working conditions, lack of social insurance, living in the 'village in city' and lack of public services for families), on their lack of entitlement of 'citizenship'. Again the migrant workers in this paradigm are considered as one social group, 'outliers' to the urban areas and without the representation and rights enjoyed by urban residents. In this paradigm, it is the government which takes charge of the initiative to citizenise migrant workers, by reforming the *hukou* system or making innovations in administrative capacities and the migrant workers' own actions are partly ignored. The diversities within the group of migrant workers are also neglected and the production process of migrant workers is invisible as this paradigm attempts to provide a 'one size fits all' solution..

The third paradigm echoes the appeal of scholars that use class in their analysis of migrant workers. The core of this paradigm focuses on the transformation process from 'class in itself' to 'class for itself', that is the making of the migrant working class and the rise of class consciousness of migrant workers. According to Shen (2006), the class formation of migrant workers can be analysed by following the Marx-type labour unrest model, which refers to, as Silver (2003:20) put it, "the struggles of newly emerging working classes that are successively made and strengthened as an unintended outcome of the development of historical capitalism are being unmade". Silver (2003) also believes that the rapid industrialisation and proletarianisation China has been experiencing has led to the increase in industrial labour unrest and that in the future China will become the global centre of labour unrest. Workers in different industries have varying amounts of bargaining power, with those in core industries (such as car manufacturing) possessing more than, for example, those in service or retail. Exploitation is at the heart of Marx's class theory, accompanied by commodification and proletarianisation: however, as migrant workers in China still have rights of land use in rural areas, the proletarianisation of migrant workers is still ongoing (Lee, 2007; Friedman & Lee, 2010; Huang, 2014;

Pun & Lu, 2010). Migrant workers, especially the young generation migrant workers, are found to be disembedded from the rural and urban society.

The rising of class consciousness through collective struggles of migrant workers is mainly studied through analysis of their collective actions. As China abandoned its planned economy system where workers in SOEs had priority status over other social classes, especially peasants in rural areas, the effects of privatisation and liberalisation were first felt by the 'iron rice bowl' system, resulting in protests by the laid-off workers. Attempting to protect production, and therefore the economy, the state had technically designed a re-structure of the SOEs which prohibited non laid-off workers from striking in support of the laid-off worker and this severely limited the power and duration of the laid-off workers' protests. At the same time, scholars "contrasted the scattered, street-based 'protests of desperation' of SOE workers in 'rustbelt' industries with the 'protests against discrimination' of migrant workers denied the same rights as urban workers" (Pringle, 2015:197). The struggles of migrant workers are considered to be citizenship-based, i.e. fighting for equal rights with urban workers (Lee, 2007). Based on case studies of migrant workers' strikes and struggles, some scholars argue that they show that migrant workers are also fighting as 'workers', not only as 'migrants' and their struggles have shown a degree of class consciousness within a capitalist structure, albeit they are still without institutional class organisations. This may be explained by the significant shifting of trends in collective actions by migrant workers. Firstly, migrant workers have been able to move from defensive protests targeting government officials to strikes aimed directly at employers. Secondly, their demands go beyond the minimum standards stipulated by labour law; they want better working conditions, higher salaries and better welfare. Thirdly, migrant workers are increasingly likely to prefer strikes, protests and sit-ins instead of going through the legal channels, as they believe that collective actions are more efficient than the judicial process. These collective actions also extend beyond the walls of individual factories. Workers in the same industrial zone, company group or sector band together to struggle based on their collective interests. Also, with the rise of the young generation of migrant workers has come a better understanding of the factory system and the laws. Widespread access to information and communications technology has helped migrant workers to understand both their strong bargaining position in the global

production chains and how to organise labour actions more effectively (Chan, 2009, 2010; Chan & Pun, 2009; Pringle, 2010, 2015; Pun et al., 2009; Pun & Lu, 2010; Ren & Pun, 2006,).

The last paradigm is the now increasingly valued concept of labour or factory regime (which is also present in the previous three paradigms). The labour regime takes us into the factory plants to examine the interaction between the politics of production process and the working class struggles. It also emphasises the apparatuses of the state which strongly influence the shaping of factory regimes. The factory regime, as Burawoy (1985) stated, is about the political practices and ideological assumptions embedded in the labour process and related aspects of production are shaped by, and shape, the experience of labour on the shop floor and the development of working class struggles within capitalist societies (Burawoy, 1985, cited in Smith, 1990:367). The process of production is understood as a political regime. The character of factory regimes shows the institutional relationship between the factory apparatuses and the state apparatuses. Lee (2007) linked Burawoy's notion of 'labour regime' with the study of migrant workers in China, as,

[It] is a powerful analytical tool linking state regulations of labour (through legislation on contracts, minimum wage, social insurance, collective bargaining, and the like) and the social reproduction of labour power (i.e. means of subsistence, daily and generational reproduction of the capacity to labour) to workplace control and workers' capacity for resistance. (Lee, 2007:21-22)

For migrant workers, the rural household registrations endow them with land use rights, which can be an asset or a liability. The rural household registration reproduces the labour power of migrant workers while compelling their participation in waged employment. The state, conspiring with the factories, shapes the dual identities of migrant workers as peasants and workers. The labour regime not only shapes the production process within factories, but also shapes workers' sense of personal identification. It makes the migrant workers accept the '*dagong*' (打工 'selling labour to the bosses') as a way of life (Lee, 2007:204).

The class based paradigm and the labour regime paradigm both consider the labour process of migrant workers. They provide a comprehensive understanding of labour relations between the state, capital and the migrant workers. Against the background of neoliberalisation and globalisation, the Chinese state, at both central and local levels, dedicates itself to promoting economic growth. Migrant workers are subjected to super-exploitation by capital, by the fundamental mediation of the state. Their identity is framed based on not only the institutional structure but also the factory regime. Facing this super-exploitation, migrant workers increasingly engage in collective actions and labour disputes to fight for their labour rights. Through their participation in these activities, migrant workers have begun to realise their collective interests and their collective power. As marketisation deepens, so does the conflict between capital and migrant workers. Reasons for labour disputes are becoming more complicated and workers are demanding more. Additionally, some migrant workers wish to settle in urban areas, but the urban and rural household registration systems' regulations rule out their ever gaining equal social status with urban residents and so they will continue to fight for better-working conditions, higher payment and better welfare. Although the series of strikes that took place since 2000 were informal and unorganised, they taught migrant workers the power of collective action and honed their claim tactics. Successful strikes led to higher wages, better working conditions and more generous welfare benefits and the accumulation of experience and young generation migrant workers' gradual maturity allowed them to be more active and better organised. Trade unions have also been stimulated to re-evaluate their functions.

These studies are valuable but only partially explain the relationship between migrant workers and development in China. They assume that effective development of the political power of labour begins when labourers are transformed into workers, that is, when the whole of the conditions of society confront them as capital. Capital comes first and the migrant workers follow. The struggles of migrant workers take place in the framework of the existing capitalist production system and capitalist power has a real domination over society in general. Migrant workers are subject to the labour regime rather than the producers of the regime. The conduct of the labour regime is decided by the state and capital, and influenced by the socio-economic and political environments. It should also be noted that the resistances of migrant

workers also contribute to the shaping and reshaping of labour regimes and control regimes. They do not passively accept the edits of the regimes but actively push them to adjust and change. Also, the class-based perspective and labour regime theory literature both view migrants through the lens of citizenship. Migrants are always reflected in the mirror of citizen workers, described in terms of something they are or something they are deprived of. It appears that what migrant workers lack, rather than what they are, makes them struggle in the above mentioned literatures. The dichotomist view of migrants-as-passive and workers-as-active needs to be overcome. These literatures describe a transformation of migrants from improper to proper social agents by taking on the image of a citizen. 'Fixity not mobility as the source of activism'. They argue that migrant workers fight or resist because they are *not* citizens. And when migrant workers achieve citizenship, then the struggle has succeeded and the process is finished. It views the struggles of migrant workers as a fixed process, not a dynamic one, the struggle's only goal attaining citizenship. These limitations in the literatures on migrant workers in China are all embedded in mainstream theories on migration. In next section, I discuss two mainstream migration theories and their shortcomings, revealing why they are limited in their explanations of the migration in China.

4.4 Critiques of the Mainstream Migration Theories

The shortcomings in studies of China's migrant workers are largely due to the limitations of existing migration theories. This section mainly discusses two of the most influential migration theories, neo-classical migration theory and dependency theory. The neo-classical theory ignores the migrant's agency, treating migration as a reflection of economic disparities, without considering the preconditions and structural factors of these disparities, whereas dependency theory (also known as the structuralism approach) emphasizes the structural factors.

Migration of people to other countries and regions in search of employment has occurred throughout history; it is by no means a new phenomenon. In recent years, the movement of labour has exhibited distinctive features within an increasingly

globalised and interconnected world. At the beginning of the 21st century, migration continues to attract attention from mass media, different communities and policy makers, as well as scholars. During the past decades, the patterns of movement, namely, the countries of origin and countries of destination have changed dramatically. After World War II, only a few industrialised countries were ‘countries of destinations’ and, equally, only a few countries were ‘countries of origin’. Nowadays, most countries can be identified as countries of origin, transit and destination. Meanwhile, there has been a diversification of migratory behaviours including short-term relocation, longer-term temporary assignments, permanent migration, and multi-stage migration itineraries, which eventually lead back to the point of origin. These new patterns of migration are influenced by economic transformation and new forms of political crises.

Although migration experiences may differ across the world, there are several common characteristics nowadays (Massey et al., 1998:6-7). Firstly, most immigrants come from countries with “a limited supply of capital, low rates of job creation and abundant reserves of labour”. The imbalance between labour supply and demand results “not only from a relative scarcity of capital and investment but from a disarticulation between demographic conditions and economic limits that in earlier periods had constrained them”. Secondly, today’s immigrant-receiving societies are “far more intensive in capital and much less intensive in land” than past destination countries and regions. Today’s technology allows farms and factories to be more productive with less labour, resulting in job losses in many sectors in industrialised countries. ‘International migrants are now filling marginal niches within a labour market that is highly segmented’ (Piore, 1979, cited in Massey et al. 1999:6). Receiving societies treat immigrants as a “social and political problem [which has] to be managed” and restrictively controlled. The last significant characteristic is the sheer size in the disparities that exist between sending and receiving societies – in wealth, income, power, size, growth, and culture (Massey et al., 1999).

Human migration has a long history and has attracted numerous scholars to the field who, initially, attempted to explain the phenomenon more or less abstracted from its specific manifestation. However, the diverse human behaviours involved in the migration process mean that migration cannot be explained by a single theory. The

'law of migration', developed by Ernest George Ravenstein, is the beginning of modern thinking about migration. Throughout the 1960s and 1970s, and even into the early 1980s, the causes and consequences of migration were heavily emphasised. Two models prevailed: the 'neo-classical explanation' and 'the historical-structural theory' (Massey et al., 1998), (also known as 'voluntarist' and 'structuralist') (Papastergiadis, 2000).

The neo-classical explanations for migration are based on familiar tenets from neo-classical economics, such as rational choice, utility maximisation, expected net returns, factor mobility and wage differentials. Migration is explained as a combination of the micro-perspective of individual decision-making and the macro-counter part of structural determinants. The most influential theory of neo-classical explanation is the 'push-pull' model, which states that migration is caused by two counterbalancing forces: people being 'pushed' out of their original areas and 'pulled' towards more developed destinations. At the micro level, migration is caused by individual decisions made by rational actors who seek to improve their well-being by moving to places of higher wages than at home which are sufficient to offset the tangible and intangible costs involved in the move. It is, therefore, an individual spontaneous and voluntary act, which results from the comparison between the present situation of the actor and the expected net gain of moving, and arises from a cost-benefit calculus (Todaro, 1969, 1976). At the macro level, spatial redistribution of the factors of production responds to different relative prices (Ranis & Fei, 1961; Todaro, 1976). Migration is caused by the uneven geographical distribution of labour and capital. Workers tend to go from countries or regions with abundant labour and lower wages to labour-scarce countries with higher wages, which leads to the redistribution of production factors and the equalisation of wages between countries and regions in the long run.

However, the neo-classical explanation is not reflected in reality. It cannot explain why so few people move despite the huge income difference between regions and nations. Although migration is clearly related to differentials in income, economic disparities alone are not enough to explain it. Migration is treated as a homogeneous and static process in the neo-classical explanation, which assumes that migrants are homogeneous in taste and risk – and so it is unable to explain the diversity of

migration in different countries or regions with similar structural conditions. Also, it only explains migration in one dimension, ignoring other important aspects, such as the political dimension, personal characteristics and non-economic influences. Worse, the neo-classical perspective treats labour as a factor of production driven by the market, ignoring the exploitation of migrant workers during the migration process.

Dependency theory (or 'historical-structural theory' as defined by Massey, and 'structuralist' as defined by Papastergiadis) sees migration as a flight from misery "caused by global wide capitalist expansion and is therefore inherently unable to resolve the structural conditions that cause migration" (De Haas, 2010). The revolution of capitalism has given way to an international order composed of core industrialised countries and peripheral agrarian ones linked by uneven and asymmetrical relations and this leads to the growing developmental, demographic and democratic disparities which provide migrants with powerful incentives to move. Within the high-income economies, there is increasing segmentation of labour markets. Migrant workers are considered as mobile labour potential or the 'reserve army of labour', which keep labour costs low and fill the 'dangerous', 'dirty' or 'difficult' positions refused by indigenous workers. Migrant workers accept these '3-D' jobs mainly because they are excluded from other workspaces, while unemployment has increased or remained at a stable but high level in large parts of the developing world.

Additionally, there is a selective migration of talented and educated people from poor to wealthy countries which means the poor countries lose the healthiest, most dynamic and productive members of their society, depleting their already meagre supplies of skilled manpower (Papademetriou, 1985). By attracting the most productive workers from developing countries, core countries obtain the critical human resources for future economic growth, while developing countries bear the social costs. Developing countries are doubly undermined: not only do they lose the most dynamic members of their labour force, but they are not compensated for the 'reproduction costs' incurred by these migrants as they grow up (Massay, et.al., 1998).

“The agency of the migrant was largely seen as subordinate to, and determined by, the structures of ‘state-capitalism’” (Papastergiadis, 1999:32). However, the dependency approach overstates “the role of structure – the constraining or enabling general political, institutional, economic social and cultural context in which migration takes place” and ignores “the *limited but real* capacity of individuals to overcome constraints and potentially reshape structure” (De Haas, 2005, n.p., emphasis in original). Its proponents consider migrant workers as passive victims, who are unable to respond organisationally to the market forces assigned to them, thus ignoring the workers’ contribution to both their ‘sending’ and ‘receiving’ society, and the transformative role of migration.

Post 1980, migration theories have increasingly acknowledged the heterogeneous, non-deterministic nature of migration and turned towards more pluralist, hybrid approaches, simultaneously taking agency and structure into account. These newly emerged theories include new economics of migration, dual labour market theory, world-system, social networks, etc. These theories either focus on empirical research or present an eclectic theoretical model combining the neo-classical explanation and dependency approach. Even though these migration theories have different basic assumptions and analysis of the driving factors of the migration process, they all affirm that it is the “imbalances, either in wages, opportunities, social structures, levels of capitalist penetration, and so forth”, which cause the migration (Bakewell, 2007:12). Papastergiadis (1999) criticises most contemporary theories of migration for still focusing on single major factors and track the consequences of dominant structures. He points out that there has been a fundamental shift away from traditional destinations, an expansion in the types of people who migrate and the imposition of increasing restrictions on conditions of entry settlement. “In the absence of structured patterns of global migration, with direct causes and effects”, he writes, “turbulence is the best formulation for the mobile processes of complex self-organisation that are now occurring” (Papastergiadis, 1999:4). These migration theories all treat migration as derivative of social, cultural and economic structures. They describe migrants as bystanders or byproducts of social changes or, at best, economic participants in social changes (ibid., 1999: 3-21). Therefore, they have limited energy to explain the multi-layered relations between development and migrants.

Migrants are not purely passive victims of the structure or purely rational individuals pursuing benefits maximisation, without any subjectivity. Their mass protests and general strikes across the world have prompted scholars to link the emerging forms of subjectivity to mobility (Andrijasevic & Anderson, 2009). Migrants' crossing of borders and their protests and strikes in Europe, the United States and Australia have led to scholars rethinking the relationship between migration, labour and citizenship. The migrants' mobility is a form of energy to escape existing disciplines and rules. When employing the lens of citizenship to study migrants, mainstream studies often contend that migrants want to become citizens and their struggles target citizenship. However, when looking through the lens of the autonomy of migration, the migrants – regular or irregular – act as citizens and insist that they are already citizens. Actors of citizenship, the migrants make practices and claims for justice, using the already existing legal and political framework (Isin, 2009). Also, although it is generally believed that it is difficult for migrants to form traditional unionized format organisations as they are segmented and informalised in the labour market, migrant workers can produce a new form of political subjectivity through their informal networks. These informal networks are embedded in their daily life, expansions of specific subjectivity. Therefore, the study of migrants' struggles for free movement and labour rights should involve a political reading, rather than just dismissing these struggles as disordered mass incidents caused by economic desperation and individuals' destitution. The reading of collective migrant subjectivity does not conceive mobility in terms of coercion, but focuses on its real political dynamics and on the ruptures it produces within the existing order (Andrijasevic & Anderson, 2009). The theory of autonomy of migration provides us a different perspective to analyse the migration process. It emphasises that the agency of migrants should not be ignored, as it is a fundamental force of social, cultural and economic transformation (Mezzadra, 2010). The next section discusses this approach in detail.

4.5 The Autonomy of Migration Approach

4.5.1 Introducing the Autonomy of Migration

The autonomy of migration approach focuses on contemporary migration movements and state policies that attempt to regulate such movements. It also follows migrants' practices and subjective demands that express themselves over and above the 'objective causes' that determined them. What distinguishes it from an 'economistic' perspective and a 'dependency' approach is its emphasis on the subjectivity of living labour as a constitutive and antagonistic element of capital relations (Mezzadra, 2010).

The theory of autonomy of migration (Mezzadra, 2010) treats "migration as a constituent creative force which fuels social, cultural and economic transformations" (Papadopoulos et al., 2008:xviii). Migration has been (and continues to be) an elemental power throughout the formation of modern polity. The exodus from the zones of misery is understood as political articulation and genuine social struggle when seen from the perspective of the autonomy of migration. Moreover, "the refusal and subversion of imperceptible subjectivities trigger social transformation first, and any conversion of the state follows this social change" (Papadopoulos et al., 2008:13). Mitropoulos argues that viewing,

migrants as subjects deprived of rights and citizenship means that they are presented as indicators of a political exclusion, as well as a sign of the inexorable necessity of the nation-state...[t]he concept of autonomy of migration is an insistence that politics does not need to be the property of the state and those who – however implicitly and by dint of a claim to belong to it, as the subject that is *proper to it* (its property) – can claim to reserve for themselves the thought and action that is deemed to be properly political. (2006:10, emphasis in original)

According to the autonomy of migration approach, migration is a strategy undertaken in and against the cramped spaces of the global political economies of work, gender and desire. The flight from devastation can be akin to a strike for higher pay and the withdrawal of one's labour from impoverished layers of the

market. It “adapts differently to each particular context, links unexpected social actors together, absorbs and reshapes the sovereign dynamics targeting its control” (Papadopoulos & Tsianos, 2007:226). Tsianos (2007) considers that mobility and exit play the role of protagonist in challenging and forcing each particular historical configuration of social and political control. Papadopoulos, et al. (2008:xviii) understand migration as “a force which evades the policing practices of subjectivity”. Mezzadra (2010) stresses the importance of considering migratory movements and conflicts in terms that prioritize the subjective practices, desires, expectations and behaviours of the migrants themselves, i.e. focusing on the subjectivity of migrants.

Hence, the autonomy of migration theory differs from other migration theories in that it seeks to understand migration itself as a social and political movement in the literal sense of the works, not as a mere response to economic and social malaise (Papadopoulos et al., 2008:202). Migrants use their knowledge of mobility, infrastructure of connectivity, diverse forms of transnational communities of justice, and politics of care to build a mobile commons. The ‘mobile commons’ refers to the common sense of ‘we’, recognized by migrant workers. The identity of ‘we’ links to “the world of knowledge, of information, of tricks for survival, of mutual care, of social relations, of services exchange, of solidarity and sociability that can be shared, used and where people contribute to sustain and expand it” (Papadopoulos & Tsianos, 2013:190). Migrants utilize the spaces of the camps and of migrant neighbourhoods, as well as virtual spaces such as chatrooms, Facebook and email to stay mobile, collect information about routes, possibilities for survival and learn tactics of existence (Panagiotidis & Tsianos, 2006, cited in Papadopoulos & Tsianos, 2013:190). This knowledge and information can help migrants to remain mobile, thus continuing to expand and circulate this knowledge for future migrants. The mobile commons is assembled and materialised in everyday life (Papadopoulos & Tsianos, 2013), from their subjective practices, desires, expectations, behaviours and daily struggles. Moreover, the migration regime is constantly reshaped under the pressure of labour movements and struggles (Mezzadra, 2011). It opens the possibility of analytically and practically connecting various struggles within the context of migration and for understanding the social transformation.

4.5.2 The Autonomy of Migration and Capitalism

Looking through the lens of autonomy of migration, we can see a structural tension for capitalism between the entirety of subjective practices of migration and the attempt by capital to despotically control them. Labour mobility is a historical compromise design to integrate the newly released, disorganised and wandering workforce into a new regime of productivity (Papadopoulos & Tsianos, 2007:233; Tsianos, 2007:161). Mobility becomes the first and primary area of control and gives birth to the system of the labour market (based on free wage labour). Wage labour is more an ordering principle of the surplus of workers' freedom than a mere mechanism of oppression (Papadopoulos, Stephenson & Tsianos, 2008). The freedom of wage labour comprises two elements. Firstly, labourers are no longer part of the means of production themselves, so they are 'free' of any direct proprietorial rights exercised over them. Secondly, they no longer own their own means of production and subsistence and, therefore, are unencumbered by their own tools or land. They are free, but they have to sell their labour in the market in order to acquire necessities (Cohen, 2006). Wage labour transformed its freedom to be mobile into a fixed and stable workforce market. Later, capitalism transformed the force of the freedom of mobility into competitively organised upward social mobility (Papadopoulos, et al., 2008:204). The establishment of the wage labour system attempted to translate the freedom of the transient masses into a productive, utilisable, and exploitable workforce.

Marx shows that the 'industrial reserve army' or 'surplus working population' is not only the necessary product of capital accumulation and the associated increase in labour productivity, but also at the same time "the lever of capitalist accumulation", and "a condition of existence of capitalist mode of production" (Marx, 1990:784). Capitalists accumulate capital by bringing ever more workers into the production process, using the industrial reserve army to keep wages down and profits up and they increase working hours and working intensity wherever possible to increase surplus values. This super-exploitation of capital production always meets resistance from labourers. Labour movements in western countries, post World War II, forced capitalist system to aim for continuous expansion and full employment at any price (Castles & Kosack, 1980). Hence capitalism has to find a substitute for the

traditional form of reserve army, for without it capitalist accumulation is impossible. The unemployed masses of developing areas form a 'latent surplus-population' or reserve army. One of the reasons for the employment of immigrants is to make considerable savings in the costs of labour and the social reproduction of the workforce. Immigrants employed in core areas are primarily young and productive. It is possible to avoid paying the costs of 'rearing' workers and the maintenance costs after the end of their working lives. Restrictive immigration policies mean the majority of immigrants are single and so capital avoids paying the costs of reproduction of families. In addition, the conditions of reproduction of the immigrants themselves, as well as any families accompanying them, are below the average standards of indigenous workers.

The mobility of the sellers of labour power is the greatest threat to capitalist development. It is why mobility has been such a concentrated target of state regulation and state intervention (Tsianos, 2007). Historically, the control of mobility was a reaction to the escape of the masses from enslavement and indentureship. The freedom to move is the largest source of productivity and the main target of control. Escape here refers to people's mobility, which is a "betrayal of existing forms of representation, forms of representation that regulate everyday life through the co-option and domestication of people's struggles" (Papadopoulos, et al., 2008:xv) and is "primarily imperceptible" (ibid.:xiii). It is a mode of social change which can challenge the present configuration of control elusively and forcefully. The escape of people comes first before the response of control regime. Capitalism transformed the force of the freedom of mobility into competitively organised upward social mobility (Papadopoulos, et al., 2008). There is no capitalism without migration. The regime which attempts to control labour mobility plays a strategic role in the constitution of capitalism and class relations. The control of mobility affects the movement of migrant workers as well as the totality of labour relations. The movements and struggles of irregular migrants, as well as the politics of control which targets them, are associated with the flexibilisation of the labour market and the 'precarisation' of labour. The process of illegalisation or irregularisation of migrant workers is linked to the exploitation of migrant labour. Neo-liberalism is the market-driven institutionalisation of insecurity; it leads to the decline of normal wage labour and constant expansion of zones of insecure

employment relations. The flexibilisation of the labour market generates a multiplication of insecure and non-standardised forms of employment. Jobs increasingly become contract-based, part-time or short term, many of them product-oriented and paid by the quality of the product the worker delivers. Additionally, it tries to exit the framework of social welfare and to avoid the responsibility of social reproduction. The precarisation of labour also dismisses the attempts by workers to associate and to unionize. The illegalisation or irregularisation is an effective institutional tool to make the migration flow controllable. Immigration policies are used to restrict the status, rights and entitlements that migrants can claim once they are within national states. The growing number of migrants without legal documents are forced to work in the secondary labour market. Because they are excluded by the existing legal and political framework, migrant workers are normally employed in a 'clandestine' manner within the informal economy. The labour market is broken down and stratified. Migrant workers are assigned to a hierarchy of status categories. The economic conditions for 'irregular' migration are consolidated in industrialised countries in order to facilitate the supply of cheap, flexible and compliant labour (Mezzadra, 2010). Moulier Boutang (1997, cited in Tsianos, 2007) compared the mobility of labour to slavery. The contractual agreements are no different to non-economic violence, which forces slaves to work, and they make labour dependent on the process of production of capital. Capitalism supplies freedom to workers to enter a dependent labour relation, rather than to leave such a relation freely. The valorisation and containment of labour mobility, as well as the specific form of subjectivity which correspond to practices of mobility, result in the structural tension of capitalism (Mezzadra, 2010).

The mobility of labour has always been a contested field in historical capitalism. Historically, capitalism has always attempted to impose a 'despotic' control over the ensemble of subjective practices through which the mobility of labour expresses itself, by means of the fundamental mediation of the state (Cobarrubias, Cortes & Pickles, 2011). These subjective practices are responses to the continuous overturning of traditional social structures brought about by capitalist development. The dominance and exploitation relations in capitalist society are shaped by the management of mobility. Capital's solicitation of labour mobility has always gone hand-in-hand with manifold attempts to filter, curb and even block it. As discussed

above, after absorbing the escaping rural peasants into the waged labour regime, capitalist production system continues to absorb the energy of escape of labourers, by subordinating them under capital. Subordination of living labour under capital follows the containment of labour mobility, and this plays a strategic role in the constitution of capitalism and class relations. The next section discusses the containment of labour mobility through the strategy of subordination.

4.6 Subordination of the Working Class under Capital

The establishment of the early capitalist mode of production was not only founded on the production and circulation of commodities and a new system of labour productivity, but also on the necessity of turning itinerant bodies to wage labour. At the beginning, manufacturing and proto-capitalist production followed the transient masses, who had escaped the feudal system. Then the peasants were squeezed from the land to form the new “free proletariat” (Marx, 1990:896) and were disciplined and absorbed by the new regime of control – the wage labour system. Free labourers sold their own labour power, as a commodity, to the owners of money in the market, earning wages to support the reproduction and maintenance of themselves and their families. A ‘free’ wage labour has a double meaning, that “as a free individual he can dispose of his labour-power as his own commodity”, but also “he has no other commodity for sale” (Marx, 1990:272).

4.6.1 Formal and Real Subordination

Exploitation of wage labourers, according to Marx, forms the foundation of capitalism system. One portion of the labour process of labourers is to produce the value of means of subsistence, i.e. to maintain the existence of the labourers. The rest of the labour process is no longer necessary labour, (termed by Marx as surplus labour), and is extracted by owners of the production means to create surplus value. Exploitation of wage labourers is based on the extraction of surplus labour, sometimes referred to as unpaid work. The rate of surplus value is the amount of time the worker puts into reproducing the elements of her wages compared with the amount of time the worker devotes to enriching capitalists. “The rate of surplus-

value is, therefore, an exact expression for the degree of exploitation of labour-power by capital, or of the labourers by capitalist” (Marx, 1990:326). Capital has one single life impulse that is to create value and surplus value, absorbing the greatest possible amount of surplus labour. To raise the rate of exploitation, that is increasing the surplus labour, the owners of production means can make the workers work more hours to extract an absolute surplus value. When the excessive length of working hours meets resistance from workers, capitalists change their strategy to extract the surplus labour by improving the general productivity and increasing the intensity of work for more relative surplus value.

Capitalist class project of proletarianisation is the centre of Marx’s theory of class development. For Marx, it occurs by the subsumption or subordination of labour process under capital’s valorisation process and the subordination of labour to capital. When looking through the lens of the autonomy of migration approach, it is clear this subordination process is the control regime of labour mobility, with the aim of containment of labour into capitalist production system. There are two stages for the subordination mechanism, formal and real subordination, which are closely associated with those of absolute and relative surplus-value. The first stage, formal subordination, refers to the process in which labourers turn to wage labour. People lose their independent means of subsistence and become sellers of the temporary use of their labour capacity. The labour process, which remains the same as before from the perspective of the technological point of view, becomes subordinate to capital. Capital extracts surplus value from the labour process with its given productivity of labour. The formal subordination of labour process to capital does not affect the character of the actual labour process, the actual mode of working (Marx, 1990:1021), hence it can only acquire absolute surplus value by an absolute extension of the social working day.

The second stage is real subordination, which relies on the increase in labour productivity. Higher productivity means that less labour is required to produce the necessities of subsistence, allowing capitalists more unpaid working hours to extract surplus value. It can be achieved by cooperation and division of labour within workshops, the use of machinery, and, in general, by the transformation of production by the conscious use of the sciences, mechanics and technology, and

through the enormous increase of scale corresponding to such developments, which is the entire development of the productive forces of socialised labour (Marx, 1990:1024). The real subordination of labour process under capital is for reproduction of the real surplus value. Additionally, “with the real subsumption of labour under capital a complete revolution takes place in the mode of production itself, in the productivity of labour, and in the relation-within production-between capitalist and the worker, as also in the social relation between them” (Marx, 2002:n.p.).

Through formal subordination, labourers are transformed to be dependent and exploitable by capital. Formal subordination entails a coercive workplace discipline to control and suppress the labour’s power, autonomy and resistance. It leads to the widespread existence of the wage labour system. Through real subordination, labourers are dehumanised and deskilled, reduced to ‘living appendages’ of machines. The process of real subordination does not simply revolutionise the organisation of work within the factory, but extends the power and control of capital over society. It is not only simply extending the exploitative relations of the factory into society: ‘the social factory’ (Negri, 1988), but is the reconstitution of all social relations in the form of society (Dinerstein & Neary, 2002a:237). Real subordination is a real qualitative social change in which not only does capital become the totalizing and the process intrinsically capitalist, but labour becomes the constituent source of its domination (Postone, 1993, cited in Dinerstein & Neary, 2002a:237). Under the coercive concept of the power of subordination, labour is forced to sell its labour power to survive, and its everyday movement is controlled, even outside the workplace. The formation of a well-formed and circumstantially homogeneous working class is the result of ‘real subordination’ driven by industrialisation (Neilson, 2007). The formal subordination process draws people together from different class origins over a long historical period. It meets resistance from these people. The project of real subordination follows up with the uneven pattern while also meeting ongoing struggles. Secondly, in historical practice, the projects of subordination vary and proceed unevenly across time, space, sector and function. Additionally, the dynamic economic and political environment, accompanied by dynamic labour’s resistance and movement limits the spread of subordination projects.

4.6.2 Subordination and Mobility

When briefly introducing the historical stages of subordination, corresponding with the emergence and development of capitalism, we can see the tension between labour's mobility and the attempt of containment. It started with the decreasing requirements for agricultural labour because of the increase in agricultural productivity. These rural surplus labourers were then absorbed by workshops and factories. In the manufacturing sector, craftsmen and small capitalists were overwhelmed by the newly emerging production process of large-scale industrialisation and increase in global trade. With the loss of their means of production, and with only their labour force left, they became wage-dependent labour. The expanded reproduction of capital leads capital continuously to destroy the livelihoods of petty commodity and subsistence producers (Clarke, 2002). The rise of capital production leads to supremacy and subordination in the process of production, which supplant 'independence' (Marx, 1990:1028). Additionally, the formal subordination not only extends the waged labour system to the labour process, but also tries to undermine people's will and capacity to independently and directly meet their needs through their own unwaged activity by ensuring that the mobility of labourers was controlled so that they remained in the waged-labour system. Even though the mobility of labour still exists, it is limited within the expanding capitalist production process. The labour can choose to work in this factory or in that factory, but he cannot escape the vicious circle of selling out his labour power to survive. As discussed above, the mobile workers were disciplined and forced into the strictly regulated system of wage labour. The formal subordination is introduced as a new regime of control, responding to the escape of workers, which appropriate their energy and transform it into a new manageable social subjectivity. The discipline of migrants to be waged labour is about control of mobility. The labour process of workers is directly subordinated to capital. But at this stage, capital "has not yet succeeded in becoming the dominant force, capable of determining the form of society as a whole" (Marx, 1990:1023).

Capitalism's attempt to make labour formally subordinate to capital met constant resistance from labour. The workers gathered to fight against the extension of working hours. Also, as the jobs had not yet been reduced to homogenous pieces,

skilled workers and craftsmen organised strikes and protests against capitalists. Stopping work implies a refusal of the command of capital as the organiser of production.

In order to destabilise the organisation of workers, capitalists introduced 'scientific management' and mass production. The competition-driven development and refinement of capitalist large-scale production impelled capitalists to improve their tactics to acquire more surplus value. Machinery was introduced to increase productivity, work tasks were reduced and equalised to an identical level and wages reduced to a standardised low level. The differences between workers' work, skill and lifestyle were obliterated. The US-Taylorism system is a typical example of real subordination: work was deskilled and real subordination intensified as jobs became "rigorously determined by the configuration of the machine system" (Aglietta, 1979:118). Moreover, neo-Fordist Taylorism, pioneered by Toyota, continued down this path by further reducing complex tasks to substitutable and interchangeable ones. Work is reduced to abstract labour power and workers' every bodily movement is controlled and subordinated to the production machinery. Differences of lifestyle outside the factories are also obliterated as the various interests and conditions of life within the ranks of the proletariat become equalized, as machinery obliterates all distinctions of labour (Marx, 1952:54, cited in Neilson, 2007:96). Taylorism and neo-Fordist Taylorism, mediated by the 'welfare state' and Keynesian social and economic policies, including full employment, institutionalized bargaining power, and full covered social welfare, not only control workers' bodily movements, but also require the mental involvement of self-regulation and commitment by workers. Trust is a key disciplinary device to ensure workers channel their mental energies as well as their bodily energies towards the productivity goals of the firm. Immobility is the heart of the Fordist regime. Mature Fordism is simply institutionalised insubordination.

However, Fordism declined and went into crisis in the 1970s. Explaining the fall of Fordism, we can see that, firstly, within the Fordism system, workers are expected to be involved in the labour process both physically and mentally. To gain workers' trust, companies need to guarantee full employment, employee welfare and security, however some believe that these undermine workplace discipline and to drive

continuing nominal wage increases (Armstrong et al., 1984, cited in Neilson, 2007). Under pressure from global intensification of inter-firm competition, companies are forced to pay more attention to multiple dimensions of competitiveness, including costs reduction. Secondly, the increasing use of subcontracting companies generates flexibility and reduced wages. The subcontracting companies are often located in newly industrializing countries, with low-wage labourers as their competitive advantage.

Attempts to overcome the crisis of the Fordist production system and re-capture the escaping bodies of workers, led to the opening up of the space for capital's neoliberal counter-revolution. The wide spread of national neoliberal projects, accompanied by the wave of globalisation, have facilitated capital's global mobility and fuelled the labour division in the global market. The neoliberal projects and globalisation have successfully undermined wage increases and intensified competition and segmentation between and within nationally located workforces. Nation states are increasingly committed to the subordination projects in their desire to gain competitiveness over other nation states. Through the competition mechanism, national states and their workforces are deeply subordinated to the will of capital (Petit, 1999). These nation states have implemented a series of strategies to directly facilitate the renewal and deepening of labour's subordination to capital. Capitalists made the simple calculation that it was more profitable to locate industries where labour was cheaper, political culture was most compliant, and environment responsibilities were minimal. Capitalism does not define labour cost according to local needs but from the position of the lowest global cost. It tries to reduce its contributions to the social income of workers employed by particular companies and to the social reproduction fund generally through taxation and government spending on social provision (Silver & Arrighi, 2000).

The labour market is increasingly informalised and liberalised, in both well-developed capitalist countries and developing countries, which implies increased formal subordination by more and more of the world's population. Particularly in the newly industrialised countries, formal subordination is even more intense, and the forms of real subordination have tended to be pre-Toyotist. Although the more established newly industrialised countries have moved towards more fully fledged

lean production systems, this is countered by the free mobility of capital to search for even lower-wage workforces in even newer industrialising countries (Neilson, 2007). On the international level, the emergence of an international structure of industrial proletarian segmentation continues to differentiate the workforces of the advanced capitalist economies from the low-wage workforces of newly industrialising countries. On a national level, in advanced capitalist economies, the security of the core is declining and the flexibility of the labour market increasing. More and more of the workforce are involved in the service sector, a sector that is inherently difficult to industrialise and is not directly amenable to mass-production techniques. In the newly industrialising countries, the various projects of subordination lead to the stratification of the proletariat. There are informal workers, self-employed workers, short-contract workers, and workers in production systems closer to Fordism or 'bloodier' forms of the machine system without social protection. Subordination of migrant workers to capital is a control regime by capital to capture labour mobility.

4.6.3 Escape and Insubordination

Based on the review of subordination strategies, it is clear that within capitalist society, the proletariat has never stopped escaping and subverting the exploitation relations. As mentioned above, escape is a betrayal of existing forms of control regimes of the mobility of people. *Escape* of labour take different forms, the actual escape and insubordination. The actual escape can be understood as a fight against the formal subordination or protests against the attempts to turn the living labour into wage labour during the formal subordination. Actual escape also includes the escape from the certain containment system of living labour. The subordination of labour under capital is the continuum of containment, therefore, the insubordination of labour is a form of escape. The insubordination, unlike actual escape, takes place more within capital relations: labour refuse to work for capital on its terms, that is, profitable terms (Cleaver, 2011:58). Extreme manifestations of escape include suicide, autotomy, unemployment and vagrancy; an extreme radicalised manifestation might even go so far as revolution. The conflict between subordination and insubordination is reflected in the escape of labour from the existing control regime and their hot pursuit of it within capital system. The resistance and agency of

the oppressed obstruct existing ruling relations and force the elaboration of new strategies of ruling (Kinsman, 2004). The workforce should not be reduced to an object of capitalism, but acknowledged as an active subject making the internal transformation of capitalist. The struggles of workers are the dynamic, initiating social forces of production. Capitalists often develop technological transformations, management technology innovations and global financial systems in response to working class struggles and attempt to weaken or absorb the energy of struggle. Initially, capitalists lengthened the working day to increase their exploitation rate, but were blocked by the struggles of working class. Hence, they were forced to develop technology, invent machines, and formulate new forms of 'scientific management' to increase productivity to exploit more relative surplus value. The working class struggle is within and against capital and carries the possibility to break it. The working class is in a dynamic process of remaking itself and being remade. Large scale factory production and scientific management (disrupted the power of the organisations of craft workers, and then reformed them into the mass and industrial workers. In response to strong trade unions and association power of mass and industrial workers, neo-liberalism has been brought in to informalise and fragment the working class. The control of capital did not stay within the factories but came out to organise and shape the community and everyday life through state and social relations. Workers are led to real subordination to capital. As mentioned above, escape, is used by workers as a powerful strategy to fight back against the existing control regime, which in turn forces capital and state to follow (Kinsman, 2004).

4.7 Application in China-Subordination and Insubordination of Migrant Workers

In their book, *Escape Route*, Papadopoulos, Stephenson and Tsianos (2008) see the escape of people as an act of struggle, subversion, desertion, sabotage, and a refusal to accept existing political structures of power. It forces the existing control regime to respond to the new situation which escaping people create. Capitalism has been reintroduced to China. Rural labourers have been transferred into the secondary and tertiary industries. Along with the deepening of reform and opening up, education,

medical care, housing and other reproduction resources have been marketised and involved in the monetary payment system. Peasants are no longer able to survive in their land and have no choice but to become wage-dependent proletarians. At the state level, economic development has been considered as top priority. Migrant workers, concentrated in labour-intensive industries, have fuelled the economic take-off. At the factory level, capital utilises lengthening of working hours and improving productivity to exploit more surplus value. It is not only attempting to control migrant workers in the labour process, but also in their daily life. Capital is creative (Hardt & Negri, 2001); it follows escape, using it as the engine of its development (Tronti, 1966). Based on different pre-conditions for capitalist development, subordination strategies vary from place to place in the coastal areas of China, leading to the various stages of proletarianisation of migrant workers. The escape of migrant workers is followed by the innovation of subordination strategy and control regime. The escape taking place now in China by migrant workers includes two forms, one is the actual escape from containment and insubordination. The escape from containment, historically, includes escape from the bonds of people's commune system and the *hukou* system. The insubordination of migrant workers in China is more within capital relation, which is fighting against complete subjection to capitalist production process. It is the workers who are the living and inventive force within capitalism, not capitalists. The composition of the working class is deeply influenced by the different strategies of subordination. Hence, it is feasible to analyse the formation of the migrant working class in China using analysis of the strategies of subordination projects in different historical periods and geographic locations.

Although capitalism seeks to subordinate everyone's life to work, from the traditional factory proletariat to peasants, housewives and students, also it should not be forgotten that all these people's struggles involve both resistance to this subordination and efforts to construct alternative ways of being (Cleaver, 2011:54). The *hukou* system is considered as an effective tool, allocating representations and rights to different groups of people based on their birthplace. Urban residents are automatically granted 'citizenship' and the rights that go with it, while rural peasants are excluded from such rights. The *hukou* is operated like a de facto passport within China. When rural peasants move away from rural areas to urban areas, their

mobility becomes the target of the control regime. The state and the emerging capitalist market economy utilise the *hukou* system to maintain the supply of low-cost labour, which in turn fuels the development of the export-oriented economy. However, migrant workers are not obedient and submissive objects of such control regime. When we look at the Chinese context, we can see how the escape of rural peasants to urban areas as migrant workers triggers adjustments in the *hukou* system. Their mobility and daily activities are the most powerful weapon to force the state to make changes as evidenced by the recent loosening of the *hukou* system. Before the launch of reform and opening up, peasants had already actively moved across the rural-urban borders, even under the strict mobility control regime. Within the SOEs, subject to tight recruitment controls by the state, 8.5% of employees were recruited from rural areas purely because they could be paid less than urban employees. Since 1978, economic reform has stimulated the demands of low-cost rural migrant workers. Faced with the migrant workers' strong desires to move from rural to urban areas, the prohibition on moving gradually loses its power. Facing the surge of migrant workers, urban administrators realised that the rigid planned economic institution was no longer adequate to prevent the floating of the rural population. To cope with the migrant worker tide, a new administrative framework was gradually built up across different government departments. However, as the new framework was more of a 'stop-gap measure', the interests of various government departments were not unified, and the responsibilities of different government departments were not clarified. This allowed migrant workers to make use of regulatory loopholes to their own benefit. The administration was not efficient enough to prevent the moving bodies of migrant workers. For example, while the labour bureaus control the recruitment of migrant workers in formal enterprises, they cannot control the migrant workers working in the informal labour market, domestic workers, peddlers, carpenters, and so on. Although the state attempted to keep migrant workers under the purview of some government departments, as they had with the 'urban citizens', it failed to do so. The disadvantages of not being 'urban citizens' sometimes became an advantage of 'freedom' from the 'gaze' of control regime.

Of course, the state still held a powerful instrument to absorb these energies of mobility: the *hukou* system is still a very effective tool of 'exclusion'. However, it is gradually changing. Along with the deepening of socio-economic transformation and

the daily activities of migrant workers, it has adjusted to maintain its function of control. Recently, the ‘points-based’ system, implemented in several cities and metropolises including Beijing, Shanghai and Shenzhen, shows the new trend in reform of the *hukou* system. However, it is unthinkable that the state will give up such an efficient tool in the foreseeable future. It is more likely that the seesaw battle between the mobility of migrants and the state will carry on. The *hukou* system is a typical example of the control regime of migrant workers in China. Analysis of the autonomy of migrant workers in other aspects of the interactions between the control regime of the state, such as the legal institutions (the construction of a regulatory labour relations framework), and the control regime within factories, and the attempts of migrant workers to escape capitalist domination can provide us with a more comprehensive view to understand the relations between Chinese development and migrant workers.

In the next three empirical chapters, covering Guangdong, Zhejiang and Jiangsu respectively, we can see how the different pre-conditions of capitalist development lead to different strategies to subordinate migrant workers to capital, and how capital’s subordination project meets resistance from migrant workers. It should be noted that although capitalist development of China in the reform era has taken place under the umbrella of neo-liberalism, the subordination projects in these three different coastal areas actually are more of a mixture. As discussed above, neo-liberalism has greatly facilitated the mobility of capital, and so to its relocation and further divisions of labour worldwide. In China, the subordination of migrant workers began with formal subordination but was even more intensive. Along with the development of capitalism along different pathways in different provinces, there is evidence of upgrading to more fully fledged lean-production systems. This tendency shows real subordination of migrant workers to the global capital. Therefore, the different stages of subordination of migrant workers encounter different forms of escape of migrant workers. Capital’s subordination projects and the state’s apparatuses, such as the *hukou* system and legal institutional regime, have been deeply influenced by the mobility and agency of migrant workers. In the next three chapters, the relationship between the development in different provinces and migrant workers is presented and analysed in detail before going to reveal how the pattern of capitalist development was determined by working-class negativity

(blocking and forcing changes) and attempts of capital to stem and cooperate with these struggles in different contexts.

Chapter 5 One Step Ahead Development, One Step Ahead Labour Relation

5.1 Introduction

Since 1978, Guangdong has been used as a test area for reform and opening up. The economic miracle of Special Economic Zones proved the efficiency of the export-oriented development strategy. This export-oriented development then spread to the Pearl River Delta, where its success became known as the ‘Pearl River Model’. The Pearl River Model (PRM) is characterized by the combination of Foreign Direct Investment (FDI), local resources and the processing trade.²⁷ Alongside this development strategy, another key factor in Guangdong’s success has been capturing an enormous amount of low cost labour or migrant workers. The subordination of rural migrant workers, who escaped the previous strict urban-rural migration control regime, to capital, has fuelled the development of capitalism in Guangdong.

The inflow of foreign investment has to be understood in light of the global division of labour: the spread of neo-liberal projects stimulated the relocation of global capital in the developing world. The subordination strategies applied in Guangdong, especially in PRD, are mixed. Firstly, the manufacturing industry in PRD is closely related to ‘subcontracting’. Migrant workers in subcontracted firms are experiencing production systems closer to US-Taylorism, or even earlier and ‘bloodier’ forms, but without the social protections associated with the Fordist era. They are facing intensive formal subordination related to the extraction of absolute surplus value. The subcontracted firms may be foreign direct invested companies or private

27 Processing trade refers to “the business activity of importing all or part of the raw and auxiliary materials, parts and components, accessories, and packaging materials from abroad in bond, and re-exporting the finished products after processing or assembly by enterprises within the mainland. It includes processing with supplied materials and processing with imported materials. Under processing with supplied materials, the imported materials and parts are supplied by the foreign party which is also responsible for selling the finished products. The business enterprise does not have to make foreign exchange payment for the imports and only charges the foreign party a processing fee. Under processing with imported materials, the business enterprise makes foreign exchange payment for the imported materials and parts and exports the finished products after processing” (China-trade-research.hktdc.com, 2015).

enterprises which rely on foreign orders. An increasing number of giant transnational companies (for example, in the auto and electronics industries) are integrating their activities in the PRD into their lean production strategies. They have relocated their production bases to the PRD, to benefit from the low-cost and disciplined migrant workers and the investment-friendly environment. These production bases are no longer sites of the earlier bloodier machine system but neoliberal versions of Toyotism; the tasks are deskilled and homogenized, while the wage relation is flexibilised, resulting in migrant workers' real subordination to capital.

The one-step-ahead capitalist development in this region goes in parallel with one-step-ahead labour relations. The rapidly developing socioeconomic environment has shaped labour relations. Equally, the constantly changing relations between the state, labour and capital have led to significant social transformation in Guangdong. Subordination strategies are constantly resisted by migrant workers as evidenced by the increasing number of labour disputes, as well as strikes and protests. Migrant workers, especially the young generation migrant workers, are increasingly aware of their rights. The unceasing fights and struggles have not only forced capital to change its exploitation mechanisms, but also compelled the state to adjust its labour regime. Through struggling and fighting, migrant workers study the secret of the production process, accumulate struggle experiences, learn new strategies, build social networks, and create new tactics. Political, social and economic factors shape their actions as these actions shape the external environment. They are a constituent part of Guangdong's social transformation and a creative force which fuels the social transformation.

This chapter examines the socioeconomic development of the Pearl River Delta (PRD) in which the rise of labour movement is embedded. The development path of the PRD reveals the process of subordination of migrant workers to capital. The practice of subordination process in Guangdong is also closely related to the mediation of the state apparatus. The local state plays an important role in facilitating capital's capture of the energies of escape of migrant workers and so the reform and adjustment taken by the state is also discussed. After tracing the escape pathway of migrant workers, the current situation of younger generation migrant workers is

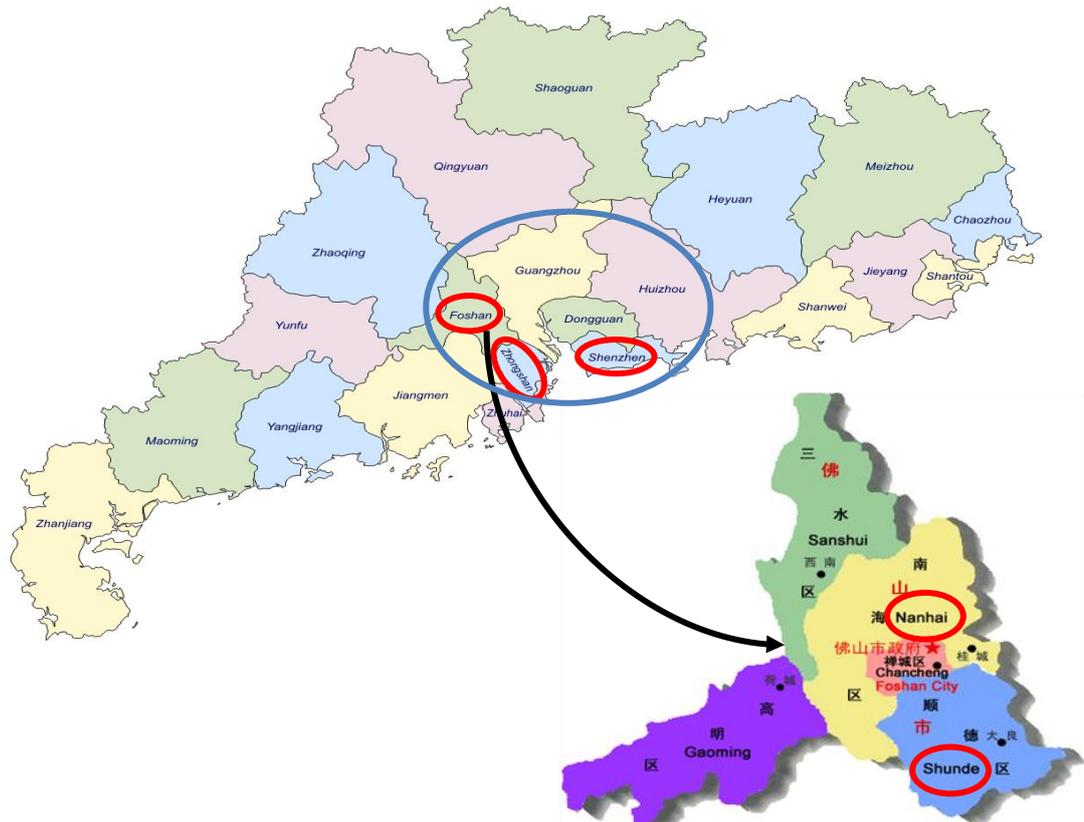
considered. Migrant workers are struggling with the socio-economic environment. Since the dawn of the new century, several significant strikes and labour movements have had profound influences. This chapter uses two of them as case studies in order to analyse the interaction between control and escape of migrant workers. It then goes on to address the question of how the subordination of migrant workers by capital and the state, and the insubordination of migrant workers shape and reshape each other in the concrete context of the PRD area.

5.2 The Rapidly Changing Social-Economic Circumstances in the Pearl River Delta since 1978

1978 was the first year of reform and the opening-up era in China. Guangdong, where numerous unprecedented innovations have subsequently sprung up (e.g., the first export-oriented economy development area, the first Special Economic Zone-Shenzhen, the first *san lai yi bu* (三来一补 Three Import and Compensation Trade)²⁸ enterprise, the first implementation of labour contract system and foreign exchange swap, etc), fully embodies the achievements and profound impacts of reform and opening-up policy. Following in the footsteps of the Asian Tigers, the PRD provides a Chinese-style development-model for economic take-off. It not only includes the world-famous ‘Shenzhen Speed’, but also different development patterns based on different regional advantages and characteristics. Dongguan, Shunde, Nanhai, and Zhongshan were named the ‘Guangdong Tigers’ after the four ‘Asian Tigers’ to indicate their rapid economic achievements. The location of these cities/areas can be seen in the map in Figure 20.

²⁸ The enterprises that process raw materials according to clients' requests, assemble parts and process according to client samples, and engage in compensation trade. Compensation trade is a form of trade where foreign businessmen provide the equipment and technology, and commit to buying back from the Chinese party a certain amount of products for export. The cost of equipment and technology may either be paid back in instalments or with other products. The compensation trade formula is applied to both processing and assembly operations (The Office of Taiwan Affairs of Tianjin Municipal Government, 2015).

Figure 20: The Pearl River Delta area (blue circle), and Dongguan, Zhongshan, Shunde and Nanhai (red circles)

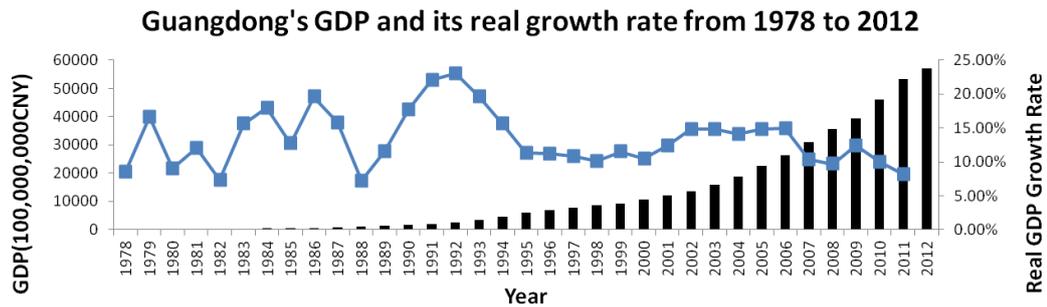


Source: Author made based on online source:
<http://www.58pic.com/tupian/zhongguoditushiliangtu.html>

5.2.1 The Achievement of Development in Guangdong since 1978

Distinctive geographic and environmental advantages (being adjacent to Hong Kong and Macau), special preferential policies enacted by central government, export-oriented development strategy and a continuous supply of cheap labour, are the foundation and condition of all the above development models. The development strategy fuelled the PRD economy's take-off. As shown in Figure 21, from 1979 to 1990 the Guangdong GDP annual growth rate averaged 12.7%. From 1991 to 2002 it was 14.6% and from 2003 to 2012, 12.2% (Guangdong Statistics Bureau, 2013). Moreover, Guangdong has had the biggest regional economy in China since 1989, accounting for around one tenth of the Chinese economy.

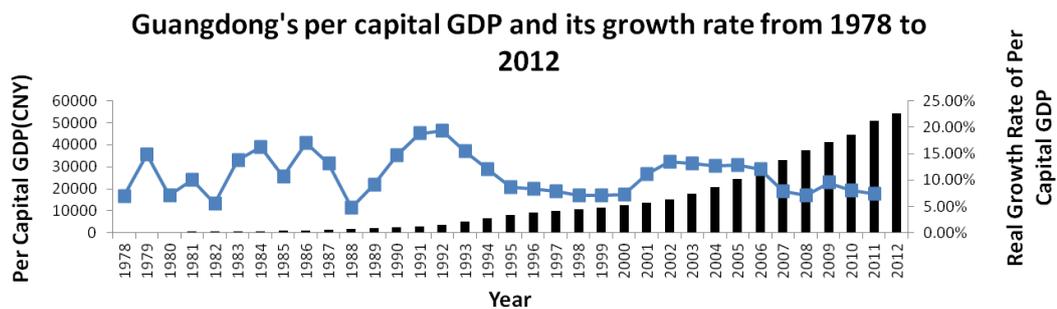
Figure 21 Guangdong's GDP and its Real Growth Rate (1978-2012)



Source: Guangdong statistical yearbook (2006-2013) Statistic Bureau of Guangdong.

The growth of per capita GDP has been impressive (Figure 22), with an average growth rate of 16% from 1978 to 2012. It is gradually approaching the standard of a middle income country (\$10,000).

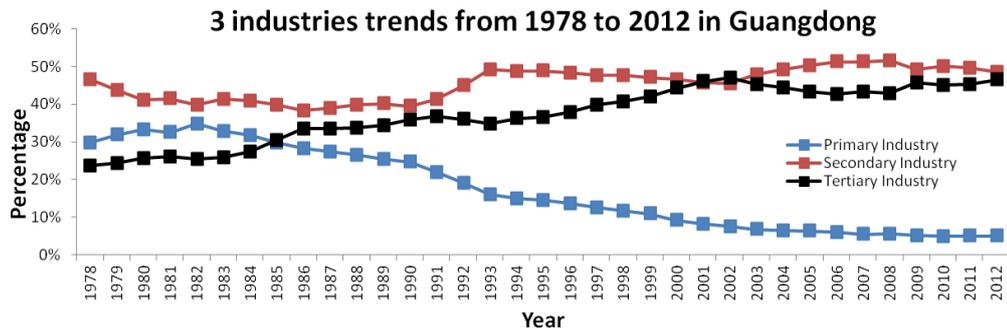
Figure 22 Guangdong's per capita GDP and its real growth rate (1978-2012)



Resource: Guangdong Statistical Yearbook (2006-2013) Statistics Bureau of Guangdong.

The industrial structure of Guangdong has also experienced significant transformation (Figure 23). Primary industry has been in a constant decline, from 48.7% in 1952, to 29.76% in 1978, and to 4.99% in 2012. Meanwhile the secondary and (especially) tertiary industries continue to grow. Since the 1970s, the secondary has replaced the primary industry as the leading force of economic growth, contributing one half of the GDP. The tertiary industry has almost doubled from 23.63% in 1978 to 46.47% in 2012.

Figure 23 Industry Trends from 1978 to 2012 in Guangdong.



Resource: Guangdong statistical yearbook (2006-2013) Statistic Bureau of Guangdong.

The PRD has played an important role in Guangdong’s economic development, its contribution rate reaching a peak value of 81.3% in 2001 (Guangdong Statistics Official Website, 2006) (shown in Tables 8&9).

Table 8 Contribution Ratio of Top 4 Cities to Guangdong’s Economic Growth, 1990-2005

City	Rank	Contribution ratio (%)
Shenzhen	1	21.4
Guangzhou	2	20.6
Foshan	3	11.5
Dongguan	4	10.0
Total		63.4

Table 9 Contribution of Different Areas to Guangdong's Economic Growth

Year	Pearl River Delta (%)	East (%)	West (%)	Mountain (%)
1990	71.5	7.3	13.9	7.4
1995	70.4	13.2	11.2	5.1
2000	80.9	6.0	8.0	5.1
2001	86.4	1.9	6.9	4.8
2002	84.6	4.4	6.2	4.8
2003	84.3	4.8	5.7	5.2
2004	83.8	4.7	6.3	5.2
2005	81.3	5.8	6.7	6.2

Source: Guangdong Statistic Bureau, 2006

The implementation of reform and opening-up policy certainly benefited from the central government leaders' decisions and strong desire for development. However, in fact, China had no alternative as it was facing harsh socioeconomic conditions and tense international political relations. From 1958 to 1978, urban residents' per capita disposable income increased by less than RMB 4, while rural residents gained a mere RMB 2.6 over 20 years. Social commodities were in short supply and enterprises lacked vitality (Wu, 2007:28). Guangdong was even poorer. Agricultural development in Guangdong lagged behind the national average and 20% of its population were starving. Poverty and starvation naturally created discontent among the population and the huge gap in living standards between Hong Kong and mainland China triggered a large amount of human trafficking. Statistics from 1954 to 1978, record 565,000 attempts to escape to Hong Kong, of which 146,800 succeeded. This workforce exodus resulted in 90,000 mu²⁹ of agricultural land being abandoned, exacerbating the already low agricultural production (Liu, 2010). In 1978, two important events signalled the beginning of reform: a discussion on the 'standard of truth' and high-level central government officials visiting Western developed countries to learn new techniques. On March 26, 1978, the People's Daily published a series of articles about the standard of truth which kick-started an

²⁹ Chinese units of measurement, 1 mu ≈ 666.66 m².

extensive discussion and debate which eventually concluded that “the standard of establishing truth is practice rather than ideology, and even Maoism needs to be tested by a yardstick of practice” (Lin, 2008:39) and Hua’s principle of ‘Two Whatevers’³⁰ was seriously criticised. The discussion enabled people to liberate their thoughts and subsequently personal individual thinking has become active in China (Song, 2013). ‘Practice establishes truth’ became the principle of reform and opening up and Guangdong was its first experiment.

5.2.2 Special Economic Zones

If the rural household contract responsibility system reveals the bottom-up reform force, the establishment and development of Special Economic Zone (SEZs) reflects the huge influences of central government’s preferential policies. On 31 January 1979, the first economic development zone was established in Shekou, Shenzhen. In July, central government authorized the Guangdong government to implement special policies and flexible measures. This included Guangdong’s keeping any foreign exchange and fiscal revenue above a certain amount, which was set every five years; appropriate market regulation on materials and commodities based on the guidance of central government; autonomous rights of authority regarding economic planning, commodity prices, labour wages, enterprise management and foreign economic activities (Duan, 2008). In May 1980, four special exporting zones, Shenzhen, Zhuhai, Shantou and Xiamen were designated as SEZs. Shenzhen is the most significant and successful SEZ in China.

Shenzhen SEZ used to be the county seat of Bao’an County which, in 1978 had a GDP of only RMB 60 million. In 1979, the Hong Kong China Merchants Group used one square kilometre of wasteland to build the first export-oriented economy development area in Shekou with 23 factories and a wharf linked directly to Hong Kong. The following year, funded by RMB30 million of bank loans and local government’s financial funds, the Guangdong Provincial Committee for the

³⁰ A principle of guidance stated by the previous Chairman Hua Guofeng. “Whatever decisions made by Chairman Mao, we should implement” and “Whatever instruction is given by Chairman Mao, we should follow with determination”. (Song, 2013:134, 300)

Administration of Special Economic Zones built tourist accommodations and financial and commercial facilities for foreign investors over almost a square kilometre in Luohu District. Profits earned from this initial development were utilized to further develop the area's infrastructure (Duan, 2008).

The development of the Luohu special zone was crucially driven by four governmental decrees: the construction funds were based on foreign investment; foreign investment companies were the main body of economy; economic operation was based on market regulation; and products were mainly designated for export. Over the past 35 years the Pearl River Delta development model has been based mainly on the export-oriented strategy. In the Shenzhen SEZ, the government enacted a series of policies preferential to foreign investors. Companies' operation, taxation, land utilizing, employment system, foreign exchange management, products sale and immigration administration were all released from state control (Li, 1996):

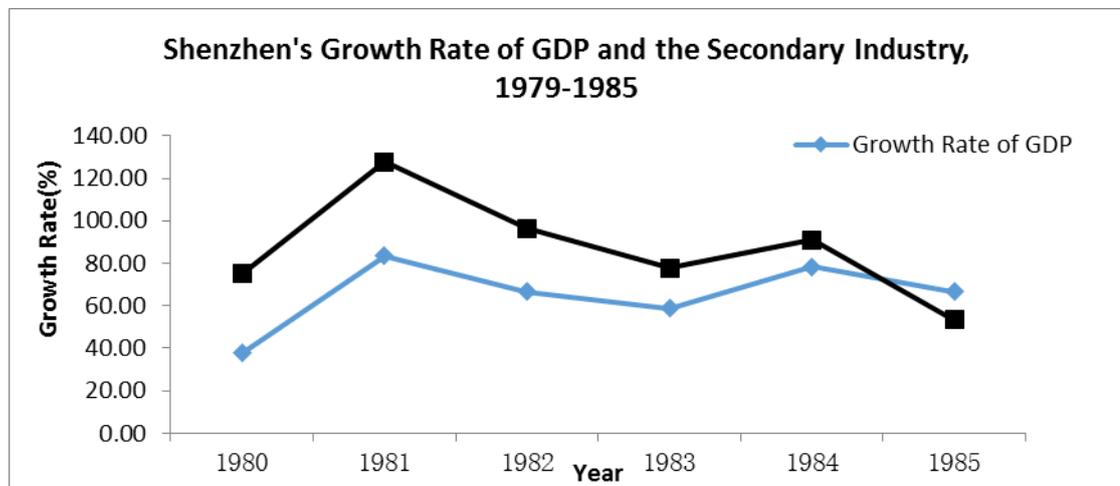
- Taxes were low with several preferential reductions and exemptions.
- Land was rented to foreign investors for long periods at low fees with minimal administrative interventions.
- Enterprises were allowed to retain foreign exchange from their exports and the operational income. Additionally, foreign businesses could obtain foreign exchange at the Shenzhen Centre for Foreign Exchange Adjustment.
- Foreign business could arrange their own means of export or employ agents to export their goods in accordance with government regulations.
- The SEZ was independent in terms of its own revenue and expenditures.

Reforms and innovations were experimented with first in these Special Economic Zones. Once proved useful and efficient, they were then promoted in the entire Pearl River Delta and then across the country. For instance, the land utilisation fee was first introduced in Shenzhen. In 1982 Shenzhen SEZ began to charge the land utilisation fee, its rates set according to different quality and location; this separated the ownership of land and the right to use land. The right to use land would no longer be administratively allocated by state nor would it come free and for an unlimited period of time. The change to a paid for and time-limited right meant that land could

now be counted as capital. Furthermore, following the State Council permission for ‘paid transfer of land use right’ in April 1987, Shenzhen sold a 50-year lease of a 5000m² area in September. The income generated from land leases has been the most important portion of local governments’ fiscal revenue (Duan, 2008)..

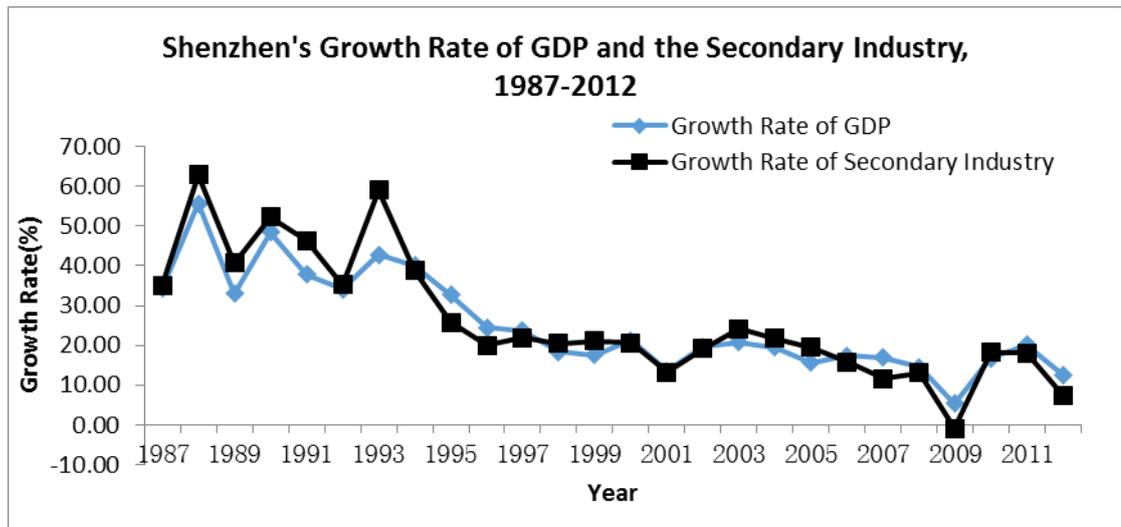
These experiments successfully pushed the development of the manufacturing industry. As Figure 24 shows, the growth rate of secondary industry in Shenzhen is higher than that of the general GDP, generally over 80% despite the development of SEZs dropping dramatically from 1985-1987 due to the mismatch between built infrastructure and slower attraction of factories to the zone. Figure 25 shows the data from 1987 to 2012. Although the growth rate is lower than in the previous period, it remained at around 20%. Factoring in the ever increasing economic aggregate, the growth rate of 20% is surprisingly rapid.

Figure 24 Shenzhen's Growth Rate of GDP and the Secondary Industry, 1979-1985



Sources: Shenzhen Statistic Yearbook 2013, Shenzhen Statistics Bureau

Figure 25 Shenzhen's Growth Rate of GDP and the Secondary Industry, 1987-2012



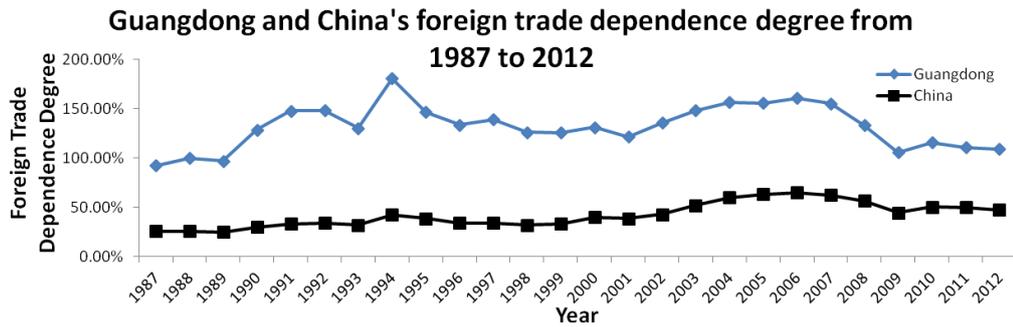
Sources: Shenzhen Statistic Yearbook 2013, Shenzhen Statistics Bureau

The success of the experiments in the Shenzhen Special Economic Zone proved the feasibility of integration of global inflowing capital and cheap peasant workers in China. The export-oriented development strategy soon spread to the PRD area, with the boom in manufacturing in the labour-intensive light industry.

5.2.3 Foreign Capital and Foreign Invested Enterprises of Three Import and Compensation Trade and Three Kinds of Foreign-Funded Enterprises

Export-oriented development strategy is the key factor of the Guangdong economic success. By processing materials and designs and assembling components all supplied by foreign clients, and engaging in the compensation trade (*san lai yi bu* 三来一补), joint ventures, contractual joint ventures, wholly foreign ventures and leasing business (*san zi* 三资), the Pearl River Delta attracted a large-scale flow of foreign capital to fuel its economic growth. Guangdong, especially the Pearl River Delta area is extremely dependent on foreign investment. Figure 26 clearly shows the difference in foreign trade dependence degree of Guangdong and the rest of China: Guangdong is nearly three times as reliant. Figure 27 shows that the net export of Guangdong province has increased constantly since 1987 apart from a small fluctuation in 2009 due to the global economic recession.

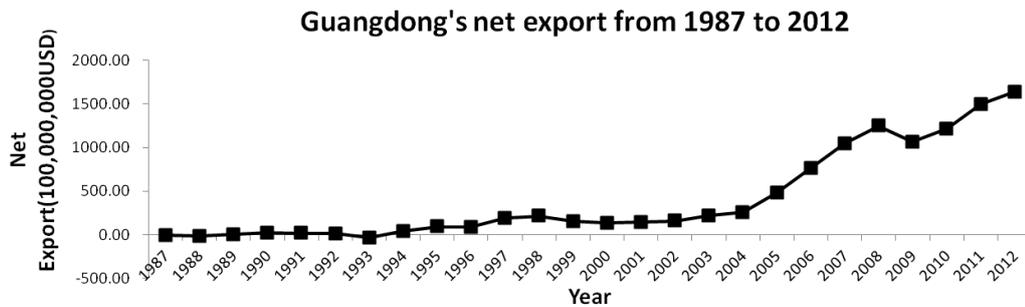
Figure 26 Guangdong and China's foreign trade dependence, 1987-2012



Sources: Guangdong Statistical Yearbook (2006-2012), Guangdong Statistics Bureau; National Statistical Yearbook (1996-2013), National Statistics Bureau.

$$\text{Foreign Trade Dependence Degree} = (\text{Export} + \text{Import}) / \text{GDP}$$

Figure 27 Guangdong's net exports, 1987-2012



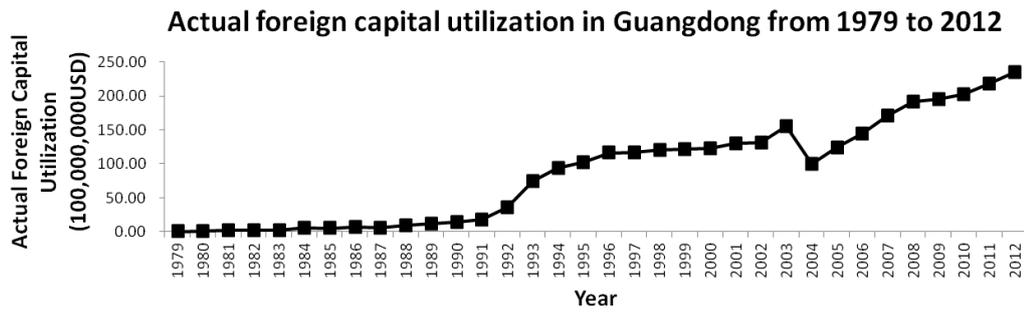
Source: Guangdong Statistical Yearbook (2006-2012), Guangdong Statistics Bureau.

$$\text{Net Export} = \text{Export} - \text{Import}$$

The inflow of foreign capital flow has played a very important role in the growth of Guangdong's economy and manufacturing industry. From 1978 to 2012, the average annual GDF growth was 13.35%, and the average annual industrial added value 13.44%. Taking statistical data in 2005 as an example, the gross industrial production of foreign invested enterprises accounted for over 60% of all above designed size enterprises³¹ in Guangdong. In Huizhou, the rate reached 90% in the same year (Liang & Chen, 2013).

³¹ "Above-designed size" enterprises here refers to certain industrial enterprises fitting the following criteria. From 1998-2006: non-state owned enterprises whose revenue from principal business was less than 5 million Yuan; from 2007-2010, those whose revenue from principal business was above 5 million Yuan; and, since 2011, above 20 million Yuan. Small industrial enterprises are excluded from the above criteria (National Bureau of Statistics, China).

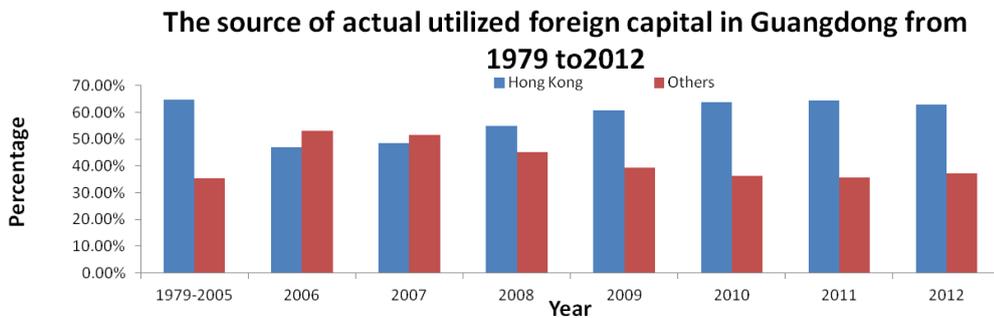
Figure 28 Actual foreign capital utilisation in Guangdong, 1979-2012



Source: Guangdong Statistical Yearbook (2006-2012), Guangdong Statistics Bureau.

The largest source of foreign investment is Hong Kong, from where an annual average of 55% of the whole FDI comes (Figure 29). Cheap labour and land costs and other preferential policies attracted numerous Hong Kong manufacturers to Guangdong, especially to the Pearl River Delta area. From 1979 to 2012, the cumulative actual Hong Kong capital utilisation in Guangdong was USD 184.7 billion, 61.81% of the total capital utilisation.

Figure 29 Foreign capital utilisation in Guangdong, 1979-2012

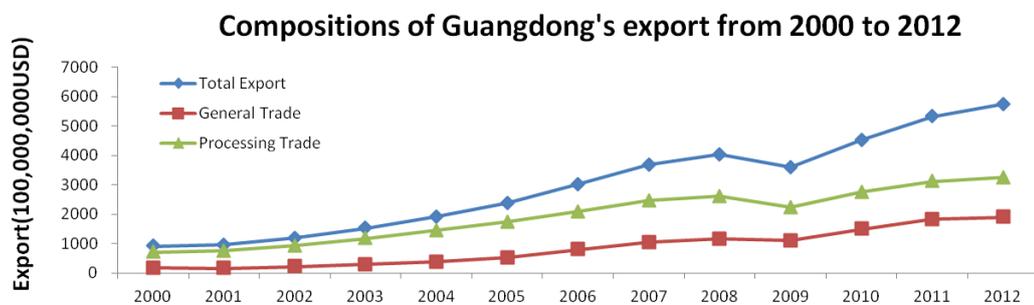


Source: Guangdong Statistical Yearbook (2006-2012), Guangdong Statistics Bureau.

Capital-utilizing mode of ‘having stores in front and factories behind’ (*qian dian hou chang*, 前店后厂) is the main business methods used in Pearl River Delta. The concrete forms of this mode include *san lai yi bu* (三来一补) – ‘Enterprises of Processing Industries and Compensation Trade’ and *san zi* (三资) – ‘Three Kinds of Foreign-Funded Enterprises’. ‘Enterprises of Processing Industries and Compensation Trade’ means these enterprises process materials supplied by foreign merchants, use designs supplied by foreign merchants, assemble components supplied by foreign merchants,

and engage in compensation trade. Foreign merchants provide the raw materials and take charge of production and sales. In theory, Chinese enterprises or Chinese shareholders of enterprises provide the plants, machinery equipment and technicians, but in practice the machines and technical support are also provided by foreign merchants as the simplest way to utilize foreign capital. It was an experiment in the beginning of the reform and opening-up era. During the Mao period, Guangdong was not a key industrial site and had neither support nor attention from the central government. There was little industrial development in the area and so it was a weak foundation for the export-oriented manufacturing industry. ‘Enterprises of Processing Industries and Compensation Trade’ is a primitive form of this and is not well-organised: it only charges processing fees, which only account for 8% of the total processing value (Fang & Luo, 1999). Moreover, it is so dependent on the skills and technologies brought in by foreign merchants that Chinese business owners have no incentive or motivation to improve their management skills and marketing capacities. Later it has gradually been replaced by ‘Three Kinds of Foreign-Funded Enterprises’ – joint ventures, contractual joint ventures, and wholly foreign ventures. Three kinds of foreign-funded enterprises has brought in advanced management experience and improved techniques, while providing a large number of jobs since the 1990s. The vast majority of Guangdong’s export trade comes from its processing trade (Figure 30). Similarly, the three kinds of foreign-funded enterprises, compared with other forms of ownership, make up the majority of the export trade in Guangdong (Figure 31).

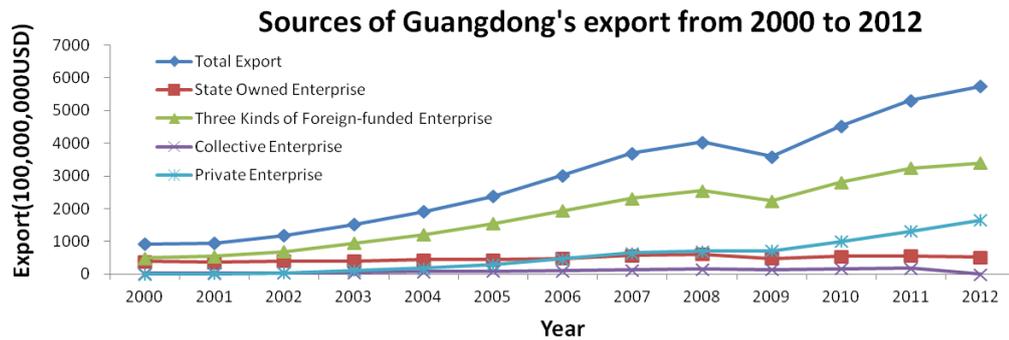
Figure 30 Composition of Guangdong’s exports, 2000-2012



Sources: Guangdong Statistical Yearbook (2006-2012), Guangdong Statistics Bureau.

The processing trade includes processing materials supplied by foreign merchants, processing with designs supplied by foreign merchants, and assembling components supplied by foreign merchants.

Figure 31 Sources of Guangdong's exports, 2000-2012



Source: Guangdong Statistical Yearbook (2006-2012), Guangdong Statistics Bureau.

Foreign-invested enterprises have made large contributions to the economic development of Guangdong. In reality, the success of foreign invested enterprises is the combination of profit-seeking capital and unorganized low-cost unskilled migrant workers from rural areas of Guangdong or other inland China provinces. Profit-seeking capital is also attracted by the cheap raw materials and rent and capital-friendly policies. FDI mainly flows into labour-intensive industries, located at the low-end of global value chains. Enterprises operate on very narrow profit margins and small changes in production costs result in big changes in profits. The majority of processing enterprises and foreign-funded enterprises are characterised by no brand, low added-value, and weak bargaining power which, to avoid risks, tend to rely on technological imitation rather than innovation and creation. This reliance on the comparative advantage of cheap labour and land has delayed any industrial upgrading of the region. Narrow profit margins force factory owners to strictly control labour costs, which leads to a ‘race to bottom’ of working conditions and wages. Consequently, a large number of young migrant workers are doing harsh and repetitive work for extremely long hours in terrible working conditions for very low wages in these enterprises. In addition, the processing trade’s tight ties to exports make the economy vulnerable to the ups and downs of the global market. Since the economic recession in 2008, the decreasing demands of traditional export markets (such as the United States, Europe and Japan), increasing production costs, and the adjustment of export trade policies have resulted in some serious challenges to economic growth. Under-production and even closure can result from a drop in orders. Underpayments, wage arrears and runaway factory owners have triggered an

increasing number of labour disputes and collective actions: according to a labour activist in Guangdong, over 60% of entities involved in labour dispute cases are Enterprises of Processing Industries and Compensation Trade and Three Kinds of Foreign-Funded Enterprises (Chinanews, 2008).

5.2.4 Decentralisation in Guangdong

The impacts of decentralisation have been embodied in the economic miracle in Guangdong. Administrative decentralisation and fiscal decentralisation went side by side. The administrative decentralisation was implemented level by level gradually. At the beginning of the reform and opening-up period, the central government permitted different preferential policies for three SEZs (Shenzhen, Zhuhai and Shantou) and other regions of Guangdong. Compared with other regions, SEZs have more preferential policies and flexible measures. As the SEZs proved the feasibility of the experiments, central government extended the special policies to more regions in Guangdong (Jiang, 2009). There are three levels of decentralisation in Guangdong: provincial government delegates powers to prefecture-level cities; prefecture-level cities to districts and counties; and districts and counties to towns. Thus the prefecture-level cities are participants in, organisers of and decision-makers in important economic activities. The most direct and efficient way to decentralize is to upgrade the administrative levels and adjust administrative divisions. After the decision was made in 1985 to open up the Pearl River Delta area, Guangdong added two county-level cities: Dongguan and Zhongshan. With this promotion, local governments acquired more authority over flows of funds and city infrastructure funds, and received more funding for government officials. They also had more opportunity to gain special projects and special funds from provincial governments and reduce their administration constraints. The city level governments also enjoy more preferential tax policies, customs, and quarantine and land utilisation than county level ones, which facilitates the attraction of foreign investment. Furthermore, Dongguan and Zhongshan were upgraded again to prefecture-level cities, gaining even more autonomous rights.

The prefecture-level cities and counties delegate power to township level governments, which in turn have played an important role in promoting the development of Town and Village Enterprises (TVEs) which combined the interests of enterprises and local governments: TVE managers were directly appointed by local governments; county-level governments directly guided and monitored their direction of development; and the distribution system of TVEs was decided by local governments. The township-level governments were the owners and operators of TVEs. The fiscal revenue brought in by TVEs was the main source and major motivation of local governments to develop local economy. The township-level governments are the most widely distributed local governments and their combined efforts led to the rapid economic development in the Pearl River Delta area. Every village and household was involved in building up TVEs and pushing economic growth. This is the most important pattern of economic development and institutional reform in the Pearl River Delta area and all levels of local governments in Guangdong have thrown themselves into development with great enthusiasm. It also shows the thoroughness of the decentralisation – from central government to village.

Guangdong was part of the unitary fiscal system like other provinces in China until the launch of the reform and opening-up policy. After the central government began to delegate power to Guangdong, the province proposed the '*da bao gan*' (大包干) fiscal system reform six months before the national fiscal system reform. It was approved by the State Council in 1979, allowing Guangdong to retain all fiscal revenues collected from provincial sources over and above the remittance of an annual sum of RMB1.2 billion for a period of five years. Compared to the national fiscal system reform of 1980, Guangdong's 1979 fiscal reform was much more aggressive. Moreover, the remittance sum was subsequently reduced to RMB1 billion in 1980, then further to RMB778 million from 1985 to 1987. In 1988, the system was adjusted from '*da bao gan*' to a fixed base figure with an annual percentage increase in order to extract more revenue from Guangdong to central government (Li, 1998:97). Although the fiscal system was slightly modified between 1980 and 1993, the fiscal responsibility system was the driving force behind Guangdong's economic development. It has broken up the state-monopolized

revenue and expenditure system and aroused the enthusiasm of local development. Local governments have autonomy local economic activities and measures to accelerate local economic growth. The fiscal revenue of Guangdong was RMB3.625 billion in 1979, which increased to RMB20 billion in 1992. ‘*Da bao gan*’ allowed the Guangdong government to shoulder the wage, price and other costs involved in this reform (Xie, 2009). Even though the tax-sharing system reform in 1993 re-centralized fiscal power, Guangdong local governments still have a large degree of administrative and fiscal autonomy.

The socioeconomic environment in Guangdong has changed and developed rapidly since 1978. The decentralisation of administrative and fiscal power stimulated enthusiasm to develop the local economy and reshaped the central-local government relationship. Fiscal administrative decentralisation and tax-sharing system reform resulted in much land being leased for manufacturing purposes, and commercial housing and commercial sectors, leading to land urbanisation and the avoidance of the social responsibility of people without local *hukou*. Millions of migrant workers are not the target of the social care provided by local governments. Guangdong, especially the Pearl River Delta area, is the pioneer of reform and opening-up, the experimental guinea-pig of economic development, as well as institutional reform and political reform. Export-oriented economic development strategy not only guides economic growth, but also shapes labour relations in the Pearl River Delta.

5.3 The Making of Migrant Workers to Capital in Guangdong

Socio-economic development in contemporary China, out of which new institutions, policies, development strategies and cultures emerge, continues to influence different stages of the migratory experience. The very early stage of migration in the Pearl River Delta showed the pattern of ‘leaving the land without leaving the home land’. Peasants were directly employed by Town and Village Enterprises (TVEs); for instance, the Tai Ping Handbag Factory, was the first ‘*san lai yi bu*’ (三来一补) factory

in Guangdong and had mainly employed local workers from Humen³² from 1978 to 1986. In the late 1980s, TVEs were rapidly developing in Guangdong's coastal area and SEZs had started being constructed, both of which required a large number of workers. To meet the requirements of capital, central government encouraged the movement of migrant workers to SEZs: they were allowed to enter cities as long as they were self-sufficient in food. In the 1990s, millions of migrant workers from other provinces and cities started flowing into factories in the Pearl River Delta, unlocking the largest domestic rural-urban migration in the 20th century. The relaxation of migration control led to an excess of migrant workers in urban areas and Guangdong found itself unable to absorb so many migrant workers. In 1991, the State Council issued an emergency announcement to control rural-urban migration and stop the unofficial migratory flow. The amount of migrant workers dramatically declined during this period, but however tightened, migration control could not completely stop the flow of migrants.

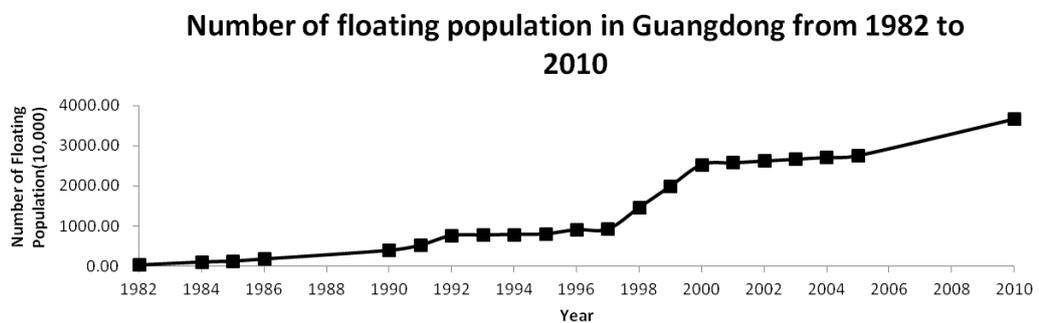
In 1992, Deng's tour of Southern China (南巡) made the Pearl River Delta into the busiest construction site in the world. Tens of thousands of migrant workers from other provinces rushed into Guangdong and, at the time, it was common to see huge number of migrants gathered at railway stations, coach stops, and harbours. Factory work was the job of choice in those years, as it came with free food and accommodation. However, the food and accommodation supplied was of the lowest standard and the only jobs offered to migrant workers were those refused by urban workers. The division of the rural-urban household registration system shunted rural migrant workers into the secondary labour market and onto the margins of urban societies. Living in the accommodation supplied by employers reduced living costs and minimised the upward pressure on their wages but their time, both working and non-working, was easily controlled and arranged by factories. Although the Chinese Labour Law (1994) stipulates that working hours should not exceed eight hours per day and workers should have at least one day rest per week, factory owners rarely complied with the labour laws. The only choice migrant workers had which factory to work in, although almost all had the same working conditions and wages. During

³² Humen Town is under the jurisdiction of Dongguan, in Guangdong.

the 1990s, migrant workers in foreign invested and private factories were acknowledged as the major labour force. Migrant workers were also subject to control by the local states. They were required to obtain temporary residence permits (暂住证) in order to work in cities or face the possibility that they would be arrested, repatriated and deported to their home town by the police. The top two worries of migrant workers in those days were wage arrears and repatriation. The temporary resident permit system and the ‘shelter and repatriation’ system caused migrant workers numerous harms until they were abolished in 2003.

Although the shortcomings of the statistical data available in China makes it difficult to estimate the exact number of migrant workers working in Guangdong, research has shown that there was a clear upward trend between 1982 and 2010 (Zhang, Li & Zhao, 2011).

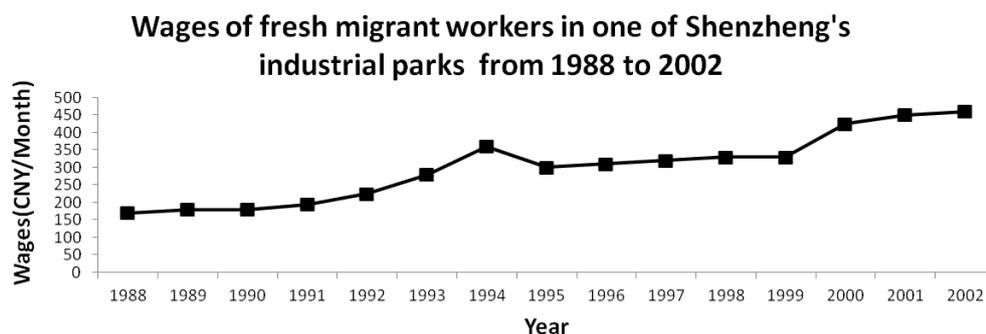
Figure 32 Number of floating population in Guangdong, 1982-2010 based on the estimation of Zhang, Li and Zhao.



Source: Zhang, J., Li, N. & Zhao, X., 2011. The Impacts of the Floating Population Changes on the Births in Guangdong. *South China Population*, Volume 26, pp. 56-62.

In real terms wages increased only slowly during the reform and opening-up period. Employers in Guangdong tried every possible method to keep their labour costs low: records from one special industrial park which was the recipient of Japanese investment (Lu, 2011) from 1988 to 2002, wages only increased from 170 yuan in 1988 to 460 yuan in 1994, fell to 330 yuan in 1999 and only then began to climb slowly again.

Figure 33 Wages of fresh migrant workers in one of Shenzhen's industrial parks from 1988 to 2002 based on the data collected by a Japanese entrepreneur, Mr Ishii.



Source: Lu, F., 2011. *Numerical Estimation of China's Migrant Workers' Wages*. Beijing, China Center for Economic Research, Peking University.

As real salaries are based on the minimum salary standards stipulated by local governments, the data of minimum wage standards of different cities shows the general trend of sluggish wage increase (Table 10).

Table 10 Minimum wage in Guangdong Province, Guangzhou City, Shenzhen City and Dongguan City

Year	Guangdong	Shenzhen		Guangzhou	Dongguan
		Guannei	Guanwai		
1992	-	245	245	-	-
1993		286	286	250	
1994		338	300	320	
1995	190-320	380	300	450	350
1996	220-380	398	310		
1997		420	320		
1998		430	330		
1999	250-450	547	419		
2000	547	419			
2001	270-480	574	440	450	450
2002	280-510	595	460		
2003		600	465		
2004	352-684	610	480	684	574
2005		690	580		
2006	450-780	810	700	780	690
2007		850	750		
2008	530-860	1000	900	860	770

2009		1000	900		
2010	660-1030	1100		1100	920
2011	850-1300	1320		1300	1100
2012		1500		1300	
2013	1010-1550	1600		1550	1310

Sources: Labournet.com.cn, 2005. *China minimum wage*; Chen, M, 2011. *Dongguan minimum wages*; Laodongfa120.com, 2012. *Shenzhen minimum wages*; Guangzhou Local newspaper, 2012. *Guangzhou minimum wages 1993-2012*.

The subordination of migrant workers to capital in Guangdong is mainly driven by the export-oriented development strategy. The influent FDI not only brings in investment, technologies and management methods, but also the extension of global production chain. Capital internationally segments its operation in order to take advantage of differentials including different labour-force characteristics, such as skills, price, compliance and flexibility (Neilson, 2007). Guangdong Province, ‘virgin territory’ for global capital, is very attractive to the internationally moving capital, with its ‘unlimited’ supply of rural surplus labour, incomplete legal institutions especially labour law, cheap raw materials and the support of the state. The central state and the local states have deliberately tried to create and maintain an ‘investment-friendly’ environment which directly facilitated the deepening of migrant workers’ subordination to capital’s requirements.

Migrant workers firstly escaped from rural China, from the restrict control of mobility of the previous planned economy, to the coastal areas, searching for new opportunities. The mobility of migrant workers then became the target of the cooperation of capital and the state. They were captured into the factories, becoming low-cost labourers. The first generation of migrant workers in the PRD faced intensive formal subordination under capital, with extreme long working hours and bad working conditions. The oversupply of labour was a leading cause of the ignoring of labour rights and none or late payment of wages (Chan, 2010a, 2010b; Golley & Meng, 2011; Knight et al., 2011; Wang, 2010; Zhang et al., 2011): business owners felt that Guangdong had an unlimited source of migrant labour supply. .

Along with the building up of the industrial system in PRD there have been more and more transnational cooperation relocating their production base to the PRD. Local private enterprises are forced to improve their competitiveness, competing with companies in other Chinese locations and other countries. An increasing number of factories in the PRD have moved to a lean-production system as a new strategy of real subordination. The newly introduced lean-production system not only attempts to control the migrant workers' life within factories, but also attempts to control their daily life. The migrant workers' bodies are tightly bonded with the production process. In next section, I will trace the agency of migrant workers, namely their attempts to escape the existing system of containment, and how this insubordination forces the state and capital to adjust their control regimes. It will discuss one of the landmark strikes-Naihai Honda strike in 2010. The strike is considered a sign of the workers' movement reaching a critical juncture (CLB, 2012). Based on the study of this case and the interviews in the field, the next section will reveal the escape of migrant workers in the PRD and the adjustment of the local state's and capital's control regime.

5.4 Insubordination of Migrant Workers and Reshaping of Control Regime in Guangdong

Under the subordination process, migrant workers in Guangdong are not passive. They actively escape from the containment and insubordinate to capital relation. Migrant workers' agencies of insubordination have reshaped labour relations and control regimes, as well as the developmental strategies in Guangdong. A strong indicator of this can be seen in the labour shortage of migrant workers in the PRD area since 2004. In this section, I will analyse the agency of migrant workers in Guangdong and how it shapes and reshapes the development strategies and control regimes.

5.4.1 Migrant Workers' Agency and Its Influence on Control Regimes

It was only from 2004 that Guangdong began to suffer from a shortage of migrant workers. Nearly one third of factories in the region were under-staffed and operating at less than full capacity and recruitment advertisements were posted all around the streets and labour markets (Chinatimes.cc, 2010).³³ The shift in supply and demand in the labour market also influenced the patterns of labour disputes. For many years it was thought that there was an unlimited supply of migrant workers. However, on the premise of stabilizing a low fertility level, China will soon achieve a gradual transition from a low population growth rate to zero growth, and finally negative growth. China is experiencing what is known as the 'demographic transition' – the transition from a largely rural agrarian society with high fertility and mortality rates to a predominantly urban industrial society with low fertility and mortality rates. Because of its 'one child policy', fertility rates fell, leading to fewer young mouths to feed. During this period, the labour force temporarily grew more rapidly than the population dependent on it, freeing up resources for investment in economic development and family welfare. Other things being equal, per capita income grew more rapidly too (Lee & Mason, 2006).

In the early 2000s migrant workers began to vote with their feet (用脚投票), exercising their structural power. As the working conditions were bad and wage increases low, increasing numbers of migrant workers chose not to go to the PRD. Also, there are more and more job opportunities created in in-land China. Increasing number of factories and companies locate themselves in the provinces, like Sichuan, Hunan, Shanxi, which provide the most amount of migrants.³⁴ Migrant workers preferred to work near their hometown for several reasons. Firstly, the wage in PRD was not as attractive as before, because the low wage increases meant that the wage level in factories near their hometown was more or less the same. Secondly, the living cost in PRD was high. It is not only about the prices of daily necessities, housing and other

³³ The shortage of migrant workers may trigger the wave of closures of factories in PRD (Yonggonghuang huozhi zhusanjiao xian qiye daobichao 用工荒或致珠三角企业现企业倒闭潮) <http://www.chinatimes.cc/article/12276.html>

³⁴ See: Why the labour shortage appears frequently in PRD? (zhusanjiao weihe lvxian yonggonghuang? 珠三角为何屡现用工荒?) <http://www.chinanews.com/tbch/cj/2010/02/89.shtml>

living expenses for migrant workers themselves, but also the living cost of their children and parents. Working in factories nearby is easier for migrant workers to take care of their family members. Also, it is more convenient to access to public service, as they have local *hukou*. As two migrant workers explained:

There are factories building in towns near my home village. A lot of villagers didn't come out this year. They go to work in factories in town and also plan to buy flats there. It is good for the education of their children. They can stay with the children and take care of them. I am single and I want to see the world outside. But I think I will go back when I have children.³⁵

Now a lot of factories are closing. I know several leather products factories that are secretly removing their equipment and machines. I heard that they want to move to Moming,³⁶ or even to inland provinces. Factory owners said they couldn't afford the increasing wages. And a lot of migrant workers I know choose not to come here to find jobs. They can get jobs in their hometown or near their hometown. And some of them go back home to do farming. The wage here is not attractive at all.³⁷

The labour shortage forced factory owners to increase wages and improve working conditions. It also undermined the interest-based relationship between local governments and capital; and local governments shifted their attention to migrant workers' livelihoods and working conditions. This was reflected in semantic changes as well. As an official of sub district administration organisation of Xiagang Street illustrated:

Now we don't use the term of 'dagongzai' (打工仔), or 'nongmingong' (农民工) to call migrant workers. We use wai lai wu gong ren yuan (外来务工人员) or 'xin guang zhou ren' (新广州人) to call them. We want to build an environment that make them feel that they are at home. Migrant workers now can apply to get the *hukou* here. Although they cannot share the same benefits as local

³⁵ Interviewee No.: GD-06212013-1, worker in Luogang district, Guangzhou

³⁶ Maoming is a city located in western Guangdong, with relative slow economic development compared to PRD.

³⁷ Interviewee No.:GD-02112013-1, Labour NGO official, Guangzhou

residents do, they can enjoy at least some extent benefits. They can buy houses here.³⁸

The shortage of migrant workers lasted until the financial crisis in 2008. However, it remains debateable what kind of a shortage the term ‘labour shortage’ should denote. Based on my research in Guangdong,³⁹ it became evident that there was not so much a shortage of migrant workers per se, but rather a shortage of migrant workers that would not exceed a certain labour cost. As the owner of a factory in Luogang District in Guangzhou explained:

I cannot hire enough workers these years. They require higher wages. Nowadays is not the same as before. They (migrant workers) would rather not work if the wage is not as good as they expect. There are a lot of migrants around this area. And they also ask me questions about the food, the living conditions, and bonuses and allowances. They require more than before. It is not good for us (factory owners).⁴⁰

That is, there was a mismatching of the demands of migrant workers and the requirements of jobs. Workers’ demands are no longer limited to basic economic rights, such as receiving their full due wages. Their demands are based on labour laws and their own analysis of their entitlements and interests, which have extended to cover diverse issues such as compensation, overtime payment, paid holidays and social insurance schemes. Furthermore, migrant workers have begun to express political demands, such as the right to directly elect workers’ representatives in enterprise trade unions and the release of workers’ representatives who have been arrested because of collective actions (CLB, 2011). The young generation of migrant workers has higher expectations of salary and less patience with poor working conditions. A young migrant worker in Foshan explained:

³⁸ Interviewee No.: GD-10262012-1, official of sub district administration organisation of Xiagang Street, Luogang District, Guangzhou

³⁹ Summarized from interviews conducted in Guangdong Province between October, 2012 and July, 2013.

⁴⁰ Interviewee NO.: GD-10282012-1, factory owner, Guangzhou

When I was a child, I lived with them [his parents] where they work. I am more familiar with life in cities than with life in my hometown. I want to live in city in the future. I want to find an appropriate job with good pay and clean working conditions. I can wait before I get the job I like. If it is too hard to get such kind of a job, then I will consider to go back to school or get some training.⁴¹

The young generation of migrants are very aware that their parents' generation have found it very difficult to obtain work as they got older, hence they are more focused on personal development and skills training in order to further their career prospects.

I want to learn some skills. But the factories that are desperately looking for workers can only offer jobs with low skills. It is a waste of time to work there. I can learn nothing. ... I am an only child – my parents can support me while I am looking for jobs.⁴²

Therefore low-paid manual jobs are failing to attract enough applicants. Positions with high pay and good working conditions are also remaining unfilled because applicants lack the skills required. The Pearl River Delta area is suffering from structural unemployment. The young generation of workers are active and have a positive attitude, but they have high expectations. Hence, factory owners often complain that it is difficult to manage young migrant workers. A factor owner in one Shenzhen industrial zone⁴³ complain that

[W]orkers are not disciplined, obedient or responsible; that they[migrant workers] refuse to work overtime even when offered double or triple pay; that they are selfish and individualistic with no sense of 'dedication' or 'collective sense of honour'; if they decide they do not like their working conditions they simply leave.

Another factory owner in Guangzhou⁴⁴ also complain that:

⁴¹ Interviewee NO.: GD-06212013-1, worker, Foshan

⁴² Interviewee NO.: GD-06212013-2, worker, Foshan

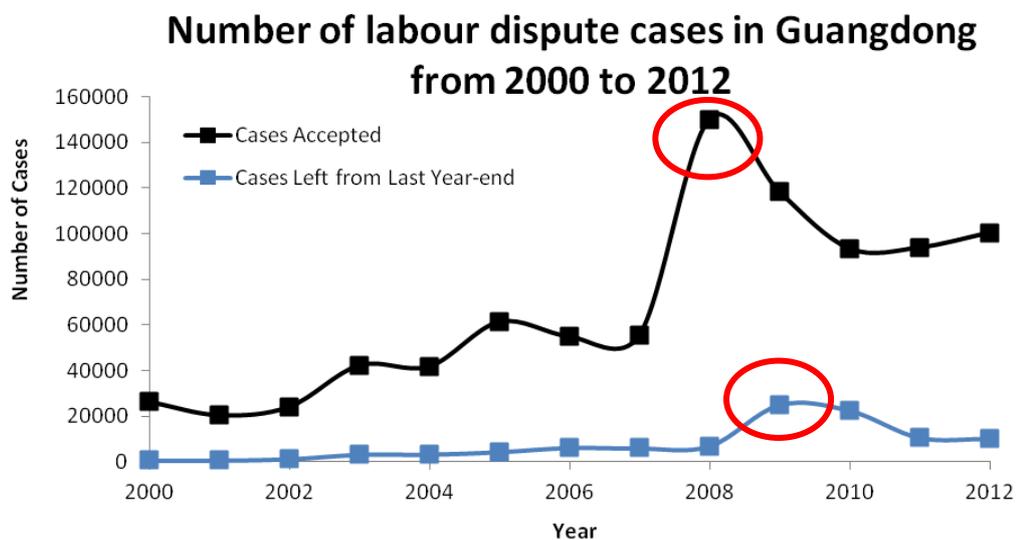
⁴³ Interviewee NO.: GD-06272013-1, factory owner, Shenzhen

⁴⁴ Interviewee NO.: GD-10282013-1, factory owner, Guangzhou

It is difficult to recruit workers to do dirty and difficult jobs, such as in rubber products factories; even high salaries cannot attract workers. The choice made by migrant workers forces us to increase salaries, improve working conditions and reduce compulsory overtime.

Besides the labour shortage, the rising labour disputes cases, strikes, and protests of migrant workers also push the local state to adjust their control regime and development strategies. As shown in Figure 34, we can see a dramatic increase of labour disputes cases in 2008. This is largely due to the Labour Contract Law having been enacted that year, which initiated a steep increase in labour disputes being addressed through legal channels. But we should be aware that the introduction of new laws merely channels existing conflicts into legal frameworks rather than the opposite, i.e. the introduction of labour laws triggering more conflicts.

Figure 34 Number of Labour Disputes Cases in Guangdong from 2000 to 2012



Source: China Labour Statistical Yearbook (2000-2012)

Strikes in Guangdong have become increasingly obvious since 2000. Migrant workers increasingly chose to take collective action in order to protect and fight for their rights. In 2010, the Nanhai Honda strike was considered a milestone for the labour movement in China, triggering a series of adjustments of the control regime

of migrant workers in Guangdong. I will analyse this case in next section in detail. In this section, I will mainly discuss the reactions of the state and the factory owners to the strikes and the influences of strikes to the development in Guangdong. The labour dispute cases in Guangdong not only rise in terms of number, but also in terms of the complexity of demands of migrant workers. As a migrant worker explained:

Before I went to the labour bureau and Arbitration Court, I went to the legal assistant. I wanted to know how much I could claim back. I also read the labour contract law. I have claimed everything that I can claim.⁴⁵

An official at the arbitration court confirmed this situation:

The complexity of the labour disputes is increasing. Before, migrant workers did not claim allowances for work at high temperatures (over 35 °C), or for overtime pay for work on weekends. Now migrant workers are more familiar with the labour law and labour contract law. The labour law system is not complete – there are always new situations. We need to explore this by ourselves, as Guangdong is the frontline of practices of labour law. We do not have previous examples to follow.⁴⁶

Of course, the rising of number of labour disputes cases and strikes is caused by the interaction of migrant workers' struggles and the changing external environment. The economic recession and financial crisis reduced the scale of production in most factories, many of which had to suspend production or simply close down. When economic recession occurs, factories are forced to reduce or stop their production line, which causes an inversion in the balance of demand and supply of labour market. The rapid increases in production costs, tighter regulations on labour law execution and the implementation of the 'Dual Track Transformation' strategy⁴⁷ have forced labour-intensive factories move out of the Pearl River Delta area to

⁴⁵ Interviewee NO.: 07032013-1, worker, Shenzhen

⁴⁶ Interviewee NO.: 07262013-1, official of arbitration court of labour disputes, Dongguan

⁴⁷ The 'Dual Track Transformation' strategy fosters industrial upgrading with the relocation of low-end and high-polluting manufacturing activities away from the PRD and replacing them with high-value added industries, the so-called 'empty the cage for new birds' (腾笼换鸟) strategy in Chinese.

Central and Western China, areas such as Chongqing, Sichuan, Henan, Jiangxi and Anhui which used to be the source of migrants, and in some cases, even to Southeast Asia. Hence, at some point, the gentle measures of Guangdong's local governments in dealing with labour disputes and those collective actions which are limited to economic demands may be considered as a strategy to drive up the cost of production in the PRD in order to force low-end labour intensive factories out in an attempt to finally 'empty the cage for the new birds' (*teng long huan niao*). Interviews with local officials reflected this attitude of local labour bureaus to labour unrest and disputes. An official of the Dongguan labour arbitration department claimed the following:

The labour disputes and collective actions which target economic rights and interests would be resolved as pure labour-capital conflicts. The risk of arrest for workers taking part in collective actions is declining. The labour disputes that go through the legal procedures are usually put forward by migrant workers after acts of infringement have occurred. Previously, complaints about compensation and unpaid holiday were generally not fully supported by the arbitration committees or courts – but this has now changed. Also demands for back pays of social insurance are emerging.⁴⁸

However, for cases in areas with more high-tech, high value-added companies, things are different. For example, an official in the labour arbitration department of Tianhe District in Guangzhou, where many companies have located their corporate headquarters, stated that:

When labour disputes involving transnational groups, big businesses or high-tech companies occurred, we would not have the autonomous power to solve the labour disputes, because superior level government leaders would intervene. These bigger companies are 'favourites' of the Guangdong government, often having been 'courted' by senior government leaders to establish their business in the province. Hence, it is difficult to ensure complete impartiality to deal with the labour disputes.⁴⁹

48 Interviewee No.: GD-06242013-1 Labour Bureau Officials in Dongguan.

49 Interviewee No. :GD-10252012-1 officials of Arbitration Court of Tianhe District, Guangzhou

At the beginning of the reform era, factory owners in the PRD tried their best to reduce labour costs in order to control production costs and take any opportunity to avoid their responsibilities under the labour law. Hence when labour disputes happen, factory owners tend to resolve the labour disputes privately. Of course, their first reaction normally is to reject the migrant workers' demands. Even when involved in legal procedures, factory owners utilize their close relationship with local governments' officials to disrupt the mediation and arbitration process. They also utilize legal procedures to delay agreed reimbursements to migrant workers. Although the Labour Contract Law has existed for over five years, the majority of factories in the Pearl River Delta area are still violating its regulations. The best working conditions are usually only up to the minimum standards. But the constant struggles of migrant workers and the changing economic environment forced factory owners to change their attitudes and strategies.

With the expansion of economic system reform and advances in marketing, competition is increasingly intense. Factory owners start to pay more attention to improving market competitiveness and to *'the establishment and maintenance of relationships with business partners and clients'*.⁵⁰ In interviews, factory owners said that *'although we are still devoting time to our relationship with governments, our priorities are expanding business, improving product quality and developing new products.'*⁵¹

Factory owners have also adjusted their strategies to deal with the rise in collective actions. In the past, local governments stressed 'maintenance of stability' and they continue to be extremely sensitive to mass incidents including strikes and other labour collective actions. Factory owners are familiar with the 'rules of the game' and have attempted to utilize the 'maintenance of stability' as leverage to force local governments to resolve these collective actions. Mass incidents bring conspicuous pressure on and political risks to local governors in whose jurisdictions they take

50 Interviewee NO.: GD-06252013-1, factory owner, Dongguan

51 Interviewee NO.:GD-01032013-1, factory owner, Guangzhou

place. Local governments attempt to put an end to mass incidents as quickly as possible and exert significant pressures on both the workers taking part in the collective actions and the factory owners to make concessions. In addition, some local governors are investors in the affected factories and so natural allies of the owners. However, socioeconomic circumstances have changed. The industrial upgrading strategy has introduced factors of disharmony into the close relations between local governments and factory owners. In addition, the central government has turned its attention from rapid economic development to the improvement of people's livelihoods. The central government also defines the nature of labour collective actions as 'labour disputes' but not as 'factors affecting social stability'. The rise of new media and social networking software, like *weibo* (Chinese Twitter), QQ (instant chat software), etc. have increased the moral and credibility risks attached to local governments' actions to protect capital. Local governments are becoming increasingly cautious in their dealings with labour disputes and collective action (CLB, 2013) and asking them to intervene is no longer the most efficient solution. Therefore more and more factory owners are willing to sit down and negotiate with workers when strikes and collective actions occur. The migrant workers' association and the workers' increasing bargaining power force factory owners to make concessions in order to resume normal production. A labour lawyer working for a grassroots labour NGO, summarised that

Factory owners accept collective bargaining because above all, they want to avoid any disruption in the factory production. Workers are not going to make requests which are beyond factory owners' ability to deliver. The collective negotiation regime is beneficial for factory owners inasmuch as it allows them to keep production stable and reduce the costs of strikes, sabotage, or other collective actions. Local governments and trade unions have promoted the collective negotiation regime to every factory in the Pearl River Delta area and many factory owners have accepted suggestions and assistance from labour lawyers and grassroots NGOs regarding collective negotiation and collective bargaining.⁵²

We can also see local states shifting their mobility control policies. To recruit desirable migrants for the 'Dual Track Transformation' development strategy, who

52 Interviewee NO.: GD-06212013-1, Labour NGO official, Shenzhen

are educated, have a stable employment history and are willing to work for the salaries offered, and exclude unwanted migrants, Guangdong local governments have experimented with a succession of new *hukou* policies, including the point based system (see Chapter 3). Guangzhou, for example, offers migrants who have a bachelor's, master's or doctoral degree 80, 90 or 100 points respectively in the education attainment and skills category, while those who only completed junior or senior high school receive a mere 5 or 20 points.⁵³ The system is based on 'qualification' and 'quota' (of qualified people) controls (Zhang, 2013). The new policy features a credit system to evaluate the quality of migrant labour instead of applying restrictions to certain professions. Migrant workers who accumulate a certain score can file an application for a local *hukou*. However, in reality it only accepts skilled and well-educated applicants: migrant workers rarely qualify for an urban *hukou* and even if they do, they do not receive the same social welfare as local people. In *Xiangxue* Community in the Luogang district of Guangzhou,⁵⁴ migrants who qualified for a local *hukou* were nevertheless denied the necessary certification to access the free education and medical care available to holders of 'natal' *hukous* as the social welfare is supplied by the collective economy. Obstacles such as these inhibit the settlement process and further development.

5.4.2 The Nanhai Honda Strike

In 2010, workers staged a strike at the Honda Auto Parts Manufacturing Ltd (CHAM) in Foshan; this went on to be considered an iconic event in the labour movement in China. It was one of a wave of strikes taking place (Chan, 2010, 2014; Chan & Hui, 2012; CLB, 2012; IHLO, 2010). Honda entered China in 1992, initially with technological cooperation and later manufacturing motorcycle parts with the state-owned company, the Dongfeng Motor Corporation (IHLO, 2010). The development of Honda was stimulated and facilitated by the support of governments and the expansion of the auto market in China. It gradually built up a closed supply network, with a high in-house sourcing ratio. CHAM workers (more than 2000) are mostly

53 For more details see Zhang (2013), 'Citizenship in urban China: the case of points systems' Presented at the Day-Long Conference on China's Domestic Challenges, Shanghai.

54 Summarized from interviews conducted in Xiangxue Community, June 2013, Guangzhou, Guangdong.

migrant workers originating from the inland provinces and less developed areas in Guangdong. The expansion of business and high profit margins did not, however, benefit the Honda workers. Wages were low and grew only slowly, based on the de-skilling and low-cost labour in lean production. Interns' wages were even lower even though they were doing the same jobs. Interns were mainly students from vocational secondary schools who usually went on to work in labour-intensive industries. To further reduce their production costs, CHAM increased the labour intensity, brought in longer working hours and made wide use of interns and temporary workers. It also used the income gap between management and production line workers, as well as between Chinese and expatriate workers to segment workers within the factories. It utilized a combination of intensive formal and real subordination strategies to make higher profits.

The strike began in May 2010. Begun by student workers from the transmission assembly division, it quickly spread to over 1,900 workers, including permanent full-time workers and vocational school interns. The strike lasted 19 days. Even though the demands of the strikes developed through the strike duration, there were two core demands. The first was for a wage increase of RMB 800 per month for all workers. '*We want equal treatment. You cannot just increase the managers' wage*'.⁵⁵ Workers also demanded a democratic reform of trade unions, as the existing '*trade unions did not represent our interests*'.⁵⁶ In fact, during the strike, 200 members from the district trade union attacked the striking workers. In the beginning, the company refused to negotiate with the workers. It threatened them, fired two activists, and pushed student interns to sign a document undertaking that they would not lead, organize or participate in any strikes and mobilized their teachers to pressure them. This was their first strategy to recapture escaping and insubordinate migrant workers back to the tight control regime. However, migrant workers, who had realized their power and position in the 'just-in-time' and zero inventory system (Chan & Hui, 2012), continued the strike to '*force the company to negotiate with us*'.⁵⁷ In the end, workers' wages were increased from RMB 1544 to RMB 2044. The request for the

55 GD-06212013-1, worker involved in Nanhai Strike, Foshan

56 GD-06212013-1, worker involved in Nanhai Strike, Foshan

57 GD-06212013-1, worker involved in Nanhai Strike, Foshan

reform of trade union elections also received a response from the Guangdong Federation of Trade Unions (GDFTU). The vice president of the GDFTU revealed there were plans to organise union elections and collective bargaining in the auto industry (Hui & Chan, 2015).

Strikes not only have direct consequences for migrant workers; they create further opportunities for labour agency (Chan, 2014). The flurry of strikes that included the Honda strike forced the government to increase significantly the minimum wage rate. Also, the strikes had forced the state to take the issue of trade union reform more seriously. In June, 2010, the ACFTU issued a document, 'Further Strengthen the Building of Workplace Trade Unions and Give Them Full Play' (cited in Hui & Chan, 2014:662). The state and the trade union attempted to introduce a legal framework for workplace collective consultation. Current institutions and traditional ideas have restricted the function of trade unions in China to representation only. Basic level trade unions, those found in factories and companies, in effect play the role of management assistant and provider of entertainment and employee welfare. Faced with the increasing number of labour disputes, collective actions and expansion of workers' demands, the All-China Federation of Trade Unions (ACFTU) has seriously rethought a change in function of trade unions at all levels. However it is still conservative to act as workers' representative. Guangdong, the site of the majority of labour disputes and collective actions, has begun, to a certain degree, to react positively to migrant workers' demands. The leaders of the Guangdong and Guangzhou ACFTUs have been heavily involved in this trade union reform, pushing for it to return to its original function, representing and protecting workers. The pressure of increasing labour disputes and collective actions as well as top-down reform have pushed the trade unions at city, district/county and town level to change their traditional ideas. Trade union officials have started to actively participate in protecting workers' rights and to play an important role in collective negotiations and bargaining: they stand by the workers' side. This is just the beginning of the trade union reform and is heavily influenced by the leaders' knowledge and working style: when active and positive leaders leave the trade union, it is unlikely that their working style and ideas will be carried on by their successors. However, the trade

unions have started on the path to reform, encouraged by both bottom-up and top-down sectors.

In the Honda case, the insubordination of migrant workers to the containment of control regime broke the intensive formal and real subordination of capital. Capital and the state had to face the pressure brought about by the strikes and continual resistance from migrant workers; they were forced to make compromise in order to maintain production and reduce the losses incurred because of these struggles. Migrant workers utilized the advantages of their position in the lean production system, accompanied by an upgrading of struggle strategies and tactics, using electronic communication technologies, such as smart phones to access the internet, QQ (a Chinese instant messaging software) and blogs, as well as seeking external support from the media and local and international civil society in the form of scholars and labour NGOs (Chan & Hui, 2014). Labour NGOs in Guangdong have played an important role in assisting the resistances of migrant workers and this is discussed in detail in the next sections.

Beyond the instant compromises aimed at relieving the anger and recovering the production lines, capital and the state have to adjust their control regime to recapture escaping labour. The company, after the strikes, had taken a series of adjustments to avoid further strikes and to tighten monitoring and control over workers. As one line-manger in Honda, who used to participate in the strike, said:

We now have collective negotiation twice each year. The representatives of managers, the representatives of trade union and representatives of workers all participate in the negotiation. We have trade union groups in each plant, and I am the leader of our group. I take responsibility to collect the opinions and suggestions of production line workers, and then present this information to the trade union. But this information doesn't affect the negotiation process. The monitoring of workers has also been tightened. There was one worker attempt to stop the production line, like in the previous strikes (he refers to the strike in 2010). The managers

immediately found out and fired that worker. It even did not last more than half a day. The managers also make great effort to divide the workers, as we have different ranks between workers. They target the first level workers (first level is the lowest), telling them that strikes are illegal. And the company is keeping on recruiting workers to replace the ones that have partaken in a strike. The wage of our company is better, much better than at other private companies. They can easily recruit workers.⁵⁸

The state, both the central and the local states, also try to adjust the institutional regime to absorb the grievances and resistances of migrant workers. The experiments of the election of workplace trade union committees, emphasis on ensuring effective implementation of the Labour Code, trade union law and the labour contract law in business, as well as the introduction of legal frameworks for workplace collective consultation are attempts to guide and channel the turbulent collective actions of migrant workers into a controllable institutional frame. Additionally, as civil society had played an important role in the strikes, the state started to tighten its control over media reports on strikes, and the organisation and operation of labour NGOs (Chan & Hui, 2014).

5.4.3 Grassroots labour NGOs⁵⁹

In the Pearl River Delta area, grassroots NGOs have played an increasingly important role in labour rights protection and gathering of migrant workers. From the late 1990s, grassroots labour NGOs ('NGOs' in the following) began to appear in the public arena. They emerged first in South-Eastern China, which had attracted the majority of migrant workers at that time. NGOs provided migrants with social networking support in their search for jobs and accommodation, and also offered emotional support and legal assistance. NGOs in the coastal area mainly provide humanistic care, occupational training, entertainment and legal assistance. Different NGOs focus on different areas based on the actual situation. In recent years, some NGOs in the Pearl River Delta area have changed from offering individual legal

⁵⁸ Interviewee NO.:GD-06262013-1, production group leader of Naihui Honda, involved in the strike, Foshan

⁵⁹ Summarized from interviews with labour NGO officials in Guangzhou, Shenzhen, Foshan and Dongguan between October 2012 to July 2013.

assistance and personal living services to participation in collective actions and collective bargaining. Service-oriented NGOs provide entertainments, community life, training, legal advocacy and pastoral care for workers, for example, visiting those who have suffered an occupational injury in hospital to provide practical help and assistance. Rights-protection-oriented NGOs attempt to assist workers to protect their labour rights. They provide legal consultancy and assistance services and both concrete and emotional support for workers going through the legal procedures. These NGOs attempt to improve the legal consciousness and rights protection consciousness of migrant workers. Labour movement oriented NGOs assist migrant workers to fight and struggle for labour rights not covered by the labour laws. They target all migrant workers as the working class in order to improve the whole class's social status and economic status. Hence they not only offer individual migrant workers training or assistance, but also collective bargaining training and assistance, and advice on the election of worker representatives, guidance of labour collective actions and protection of labour representatives (Li & Duan, 2014).

The fieldwork survey revealed that NGOs play different roles in assisting migrant workers:

- Coach: training migrant workers in different areas, such as labour law, legal procedures, labour control regime, government functions, computer skills, occupational training, security training and other useful skills. There is no training system for migrant workers before migration or once they have secured a job.
- Discoverer: discovering occupational injuries and other infringements through visiting hospitals and communicating with migrant workers
- Legal assistant: directly involved in labour dispute cases, both individual and collective, acting as legal agencies of migrant workers and providing the necessary legal assistance
- Coordinator: building communication platforms for workers; arranging meetings for workers involved in collective actions and collective bargaining; generalizing and summarizing the common demands of workers in order to formulate reasonable and acceptable requests for collective bargaining;

coordinating relations among workers and workers' representatives; encouraging workers to elect representatives, training representatives in bargaining skills and building self-confidence.

- Information collector: collecting information necessary for collective bargaining and labour dispute cases, such as average industrial salaries, factory production arrangements and industrial profit margins.
- Guide: infusing the concepts of class and class consciousness, assisting migrant workers to realize their class situation, class interests and class position; catalyzing the process of formation of class consciousness;
- Emotional supporter: providing emotional support to migrant workers when they have frustrations and difficulties struggling and fighting;
- Innovator: actively involved in promoting labour policies, labour regime and labour law reform, and innovation.

The development of grassroots NGOs are influenced by the changing demands of migrant workers, but they are also restricted by the institutional environment. The NGOs in the Pearl River area are born and developed at the request of migrant workers. The old generation of migrant workers of the 1980s were only interested in how much they could earn: they considered cities as places of work, but not as places to live, as their roots were in rural communities. Their consumption levels were of the bare minimum, with no expenditure on entertainment, shopping or learning. They considered their stay in cities as temporary and purely for the sake of work; they had no desire to change and improve their working and living conditions and so did not fight or struggle for labour rights protection. The only issue that caused a reaction was if their wages were withheld. The NGOs had no survival soil to grow out. By the 1990s, along with the implementation of the Labour Law, migrant workers had become more aware of their labour rights and resolved to resist their exploitation and terrible working conditions. Their search for assistance resulted in the birth of labour NGOs. In recent years, the young generation migrant workers have been actively involved in the rise of the labour movement in the Pearl River Delta area. They do not confine themselves to areas covered by the labour law acts but pursue higher level labour rights and more opportunities. The growth of the young generation migrant workers' rights consciousness is also causing the transformation of NGOs as

they fight and struggle for labour rights. They are also more likely to take collective action like strikes and demonstrations to declare their interests and struggle for rights. The formation of this new generation of migrant working class and the growing class consciousness has motivated the labour NGOs to change from service-oriented NGOs to labour-movement-oriented NGOs.

The promulgation of the Labour Law in 1994 and the Labour Contract Law in 2008, and the changing attitudes of central government to grassroots NGOs have had an enormous impact on the development and possible activity space of NGOs. Local governments have proposed integrating grassroots NGOs into current institutions in order to regulate and monitor their functions. Meanwhile, local governments have also encouraged the development of social workers and outsourced various public services to registered NGOs. Registered NGOs are those who have governmental permission and certification to provide social and public services and this is rarely given to grassroots legal assistance and labour-movement-oriented labour NGOs. Government constantly improving labour legislation, labour law enforcement and the administration of justice so as to better protect migrant workers' labour rights, as well as provide legal advocacy and assistance in an attempt to encourage migrant workers to solve labour disputes through legal channels. Compared with the grassroots NGOs, the public services provided by governments certainly appear to have greater effectiveness and credibility. Migrant workers tend to trust the local governments and registered NGOs more than non-registered NGOs: the increasing investment in registered NGOs is beginning to squeeze the living space of the grassroots labour NGOs.

Labour NGOs' development is also entwined with their geographic location. The Pearl River Delta is close to Hong Kong and the inflow of capital from there has also spurred inflows of rights consciousness and citizenship consciousness. Labour NGOs based in Hong Kong have actively participated in the process of relocation of Hong Kong capital, which inspire the development of labour NGOs in the Pearl River Delta area. Hong Kong based NGOs have also taken on the responsibilities of

training and supervising labour NGOs. Hence the importance of Hong Kong based NGOs should not be ignored.

5.5 Conclusion

Guangdong, especially the PRD, is at the frontline of opening up and the experimental site of reform policies. This is partly due to its geographic location – close to Hong Kong and Communist Party due to its historical conditions – and its weak state-owned industrial basis. With the fall of the Fordist system and the rising of neo-liberal projects, large amounts of capital were invested in the PRD to take advantage of its cheap raw materials and low cost workers. Migrant workers, initially from inland China and less developed areas of Guangdong, also congregated in the PRD to find jobs and earn money. They became the targets of capital and the local state who attempted to drive the migrant workers into the wage labour system, forcing them to sell their labour power and become reliant on wages for their livelihood. The beginning of the subordination projects started with intensive formal subordination, that is long working hours, low wages, despotic workplace discipline and the ability to hire and fire at will. Migrant workers, excluded by the *hukou* system, had to remain in the secondary labour market, enduring super exploitation from capital. Additionally, along with the development of the PRD, the deepening of reform and opening up and the spread of neoliberalism, increasing numbers of transnational companies relocated their production base to the PRD. Also, because of the intensive competition for investment and markets, capitalists were driven to innovate and automate. This led to the implementation of the real subordination project. The new production lines reduced jobs into deskilled and exchangeable pieces and workers were deskilled and subordinated to the machines. The auto industry, for example, embraced the lean production system to further reduce costs and raise profits. The lean production system not only subordinates migrant workers' labour power but also controlled the migrant workers' lives as they were chained to factory production schedules. However, the formal and real subordination of migrant workers to the wage labour system was and is resisted by the escape and insubordination of migrant workers as they organised constant resistance in workplaces. The migrant workers shortage in the 2000s revealed the power of the

mobility of migrant workers and their collective actions applied strong pressure on the state and capital to adjust their subordination strategies.

Based on the analysis of the Nanhai Honda strike, considered one of the most important events in the Chinese labour movement, we see how the insubordination of migrant workers forced capital and the state to make compromises. The lean production system tightly controls the bodies of migrant workers, but the 'just-in-time' system also 'empowers' the migrant workers insubordination, as any disruption in the supply of transmissions will seriously affect the production chain of Honda automotive factories. Migrant workers utilized their advantage, forcing the company to negotiate with them. Responding to the struggles of migrant workers, the company and the local government made several adjustments to the control regime. At the company level, a tighter supervision and administration system was instigated to monitor the workers: as soon as there was any hint of a strike being organised or complaints being voiced, the new special resolution system would immediately swing into action. Honda is considering plans to expand its production chain to inland China or even Southeast Asian countries, where labour costs are lower and the investment environment is more relaxed. At the local state level, firstly it tried to introduce the legal framework of collective bargaining in order to absorb the insubordination of migrant workers into a controllable institutional channel. Secondly, it increased the minimum wage to improve the conditions of migrant workers to relieve the grievances of migrant workers and maintain social stability. It also tried to squeeze the spaces of the media and the labour NGOs, who have played an important supportive role in the insubordination of migrant workers. We can see that the insubordination of migrant workers has significantly influenced the development strategies of Guangdong, with following of capital and the state. They try to drag migrant workers back into capitalist production system and to obtain their surplus values. The adjustments to the control regime have only inflamed the subordination of migrant workers to capital. The battle between subordination and insubordination will continue in the future.

Chapter 6 Endogenous Development, Harmonious Labour Relations and Collective Consultancy in Zhejiang Province

6.1 Introduction

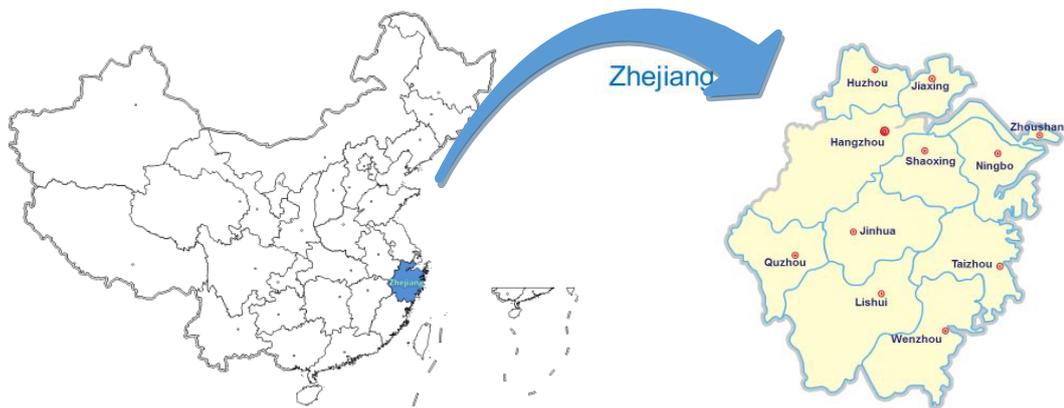
The development of Zhejiang Province is characterized by “a heavy reliance on private initiatives, a non-interventionist government style in the management of firms, and a supportive credit policy stance toward private companies” (Huang, 2008). Zhejiang economy is mainly based on family-run firms (Zhang & Fu, 2009). The ‘Wenzhou Model’, first noted in 1986 by Fei Xiaotong, China's most prominent sociologist, is probably the most famous product of the Zhejiang development model. Wenzhou is a city in the south of Zhejiang that today accounts for a disproportionate share of wealthy entrepreneurs, asset owners, and China's manufacturing prowess (Huang, 2008). Fei summarised the Wenzhou Model as ‘Small Commodities, Big Market’, indicating the structure of Wenzhou's production and distribution model; thousands of family firms relying on specialised markets (Fei, 1986, cited in Wang, 2008:25). Hence, this kind of developmental model is endogenous, small-scale, family-based and domestic market, especially township markets, oriented. It not only leads to the comparatively equal distribution of economic growth outcomes among different social groups, but also illustrates the relatively balanced power relations among labour, capital and government in Zhejiang compared with other advanced development areas in China. The particular social-economic factors in Zhejiang and special patterns of capitalist development have had a significant influence in shaping labour relations. Moreover, migrant workers in Zhejiang, unlike in the PRD, mainly originate from rural areas of the province. Hence, labour disputes in Zhejiang also differ to those in other provinces. One of their significant features is the utilization of collective consultancy (*ji ti xie shang* 集体协商). *Xinhe*, a woollen sweater manufacturing town, successfully took and the initiative and implemented a sectoral collective agreement at the local level; this has been rapidly extended to the whole province, supported by the Zhejiang Labour Bureaus and Zhejiang Federation of Trade Unions.

In this chapter, Zhejiang's reform path is analysed to trace capitalist development trajectory. It pays great attention to the Wenzhou Model. Migrants have made significant contributions to the province's rapid economic growth, while at the same time facing harsh environments. The story of their background and current situation reveals the subordination project of local private capital to migrant workers. It is clear that the Wenzhou Model is based on the formal subordination of migrant workers to capital, with long working hours and low-paid jobs. But, the subversion, refusal and escape of migrant workers were born out of the existing political structure. Migrant workers take advantage of their position in the labour market to escape from the containment of capital and the local state and insubordinate to capital relation. The state and current ruling class attempt to disrupt the workers becoming a collective force. Zhejiang's local trade union has implemented novel ideas in collective consultancy to solve challenges arising from increasing labour militancy. However, it should be noted that it is not the working class leads innovation in the trade union. Rather it is an upgrade of a regime of control, which continually attempts to absorb the energy of subversion, refusal and escape. The changing global economic environment and the deepening of capitalist development has brought and will bring new challenges.

6.2 Small Commodities and Big Market (小商品大市场)

6.2.1 Living traditions of mercantilism?

Figure 35: Map of Zhejiang in China



Source: Author made based on online source:

<http://www.58pic.com/tupian/zhongguoditushiliangtu.html>

Zhejiang is located in the eastern coastal area in China. Traditionally, it was rich in rice, silk, tea and china, and one of the most prosperous areas, especially since the Song Dynasty.⁶⁰ As well as having thriving agricultural and handicrafts sectors, Zhejiang was also known as being a prosperous domestic and foreign trade centre. Foreign trade in Zhejiang began during the Eastern Han Dynasty,⁶¹ grew during the Tang, boomed during the Song and Yuan and was banned officially during the Ming (1368–1644) and Qing (1644–1911) dynasties. However, despite the official ban, foreign trade continued to take place ‘under the table’.

A booming commodity economy and flourishing foreign trade greatly stimulated the development of the handicraft industry. From the Yuan Dynasty onwards, large numbers of craft workshops were established and began to hire dozens of labourers to work for them. The relationship between the merchants and the labourers was

⁶⁰ The Song Dynasty was an era of Chinese history from 960-1279; it included the Northern Song (960-1127) and Southern Song (1127-1279).

⁶¹ The Eastern Han Dynasty (25-220). The question of when foreign trade began in Zhejiang is still a debatable issue. Some scholars argue it started in the Spring and Autumn Period (770-476 B.C.) while others argue that it was in the Han Dynasty (Lin, 2003).

comparatively loose, without personal reliability. These labourers were initially silkworm farmers. They were employed as full-time labourers and paid either by the day or by the job. During the Ming and Qing dynasties some workshops were so large that they hired hundreds of labourers. Hence there used to be a popular agreement that the seeds of capitalism sprouted in Zhejiang in this era.⁶²

This brief introduction to the commercial and handicraft industries and foreign trade of Zhejiang reveals the historical continuity of the developmental model in this area. Taking Wenzhou as an example, during the Mao era the collectivisation programme required people to remain on the land to farm, alienating craftsmen and long-distance traders. However, this did not stop specialized craft production and long-distance trade. By the end of Mao's era, rural Wenzhou had, by and large, returned to pre-communist practices (Liu, 1992). As reported in *Renmin Ribao* (1977), in Wenzhou, collectivization had turned into private farming. Black markets emerged while collective enterprises collapsed. Collective enterprises were replaced by “underground factories” and “underground labor markets” (Xinhuashe jizhe, 1977; cited in Liu, 1992: 698) and this led to the economic ‘take-off’ of Wenzhou in the reform era. Zhang Renshou, who started to analyse the Wenzhou Model in the early

⁶² However, since 2000, new debates have sprung up around whether the seeds of capitalism existed in China during the Ming and Qing dynasties (Cao, 2006, 2008; Li, 2000, 2001; Wu, 2006; Yang, 2005; Zhong, 2003; Zhou, 2010). Scholars who disagree claim that even though the productive relations in these handicraft workshops shared the same patterns as the beginning of capitalism in England the fundamental differences between them should not be forgotten. In China, the ‘powerful state’ began during the Eastern Zhou Dynasty (770-256 BC) and was firmly established in the Qin Dynasty. Centralism of absolutism was headed by Emperor, administering politics effectively and maintaining the operation of the bureaucratic system, and necessary links to the bureaucratic system even the political system, showing intense vitality. The power of the state peaked during the Ming and Qing periods. During this time, there were no independent cities that could provide physical and political spaces for independent citizens and free labour (Zhou, 2010). Analysing from the perspective of productivity, Li Bozhong (2000, 2001) argues that the main driving force of economic development of Zhejiang in the Ming and Qing eras was the division of labour and specialization, known as ‘Smithian dynamics’, i.e. market pushes development. The scale of the market only determines the division of labour. Increase in the market also leads to increase in opportunities. Albert-Feuerwerker (1992) summarizes the characteristics of ‘Smithian Growth’ which is directed by ‘Smithian dynamics’. In ‘Smithian Growth’, there is no technical breakthrough and innovation, which was the critical factor in the Industrial Revolution in England, the essential element of modern industrialization. Also, as E.A.Wrigley (1988, cited in Li, 2001) claimed, modern industrialization is a transition process from ‘advanced organic economy’ to ‘mineral-based energy economy’. A Wrigley-defined industrial revolution should not take its raw materials and energy from the finite surface of the land, but should be based on coal and other ‘inorganic’ raw materials such as iron, steel and bricks (Bohstedt, 1990). Zhejiang is lacking in coal and other ‘inorganic raw materials’ and so it is unlikely that it would develop modern industrialization automatically. It was not until the late 19th century, after the intervention of western countries, that capitalist development began in Zhejiang. It continues to be superior in economic competition, and has become one of the heartlands of industrialization.

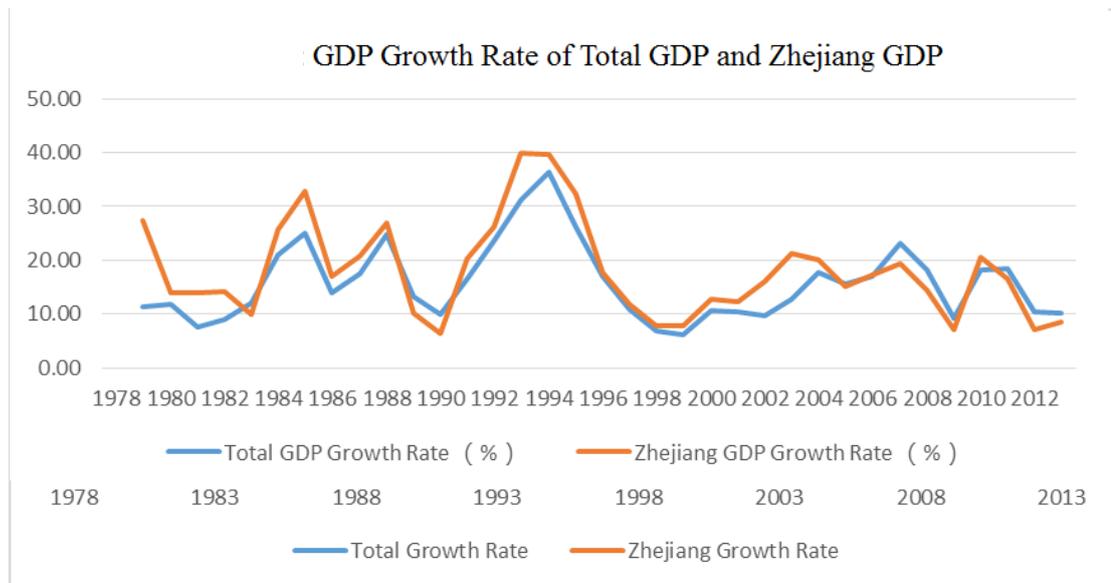
1980s, writes that there are four principal components of regional culture which impact on the formation of a regional developmental model (Zhang&Li, 1990). They are traditional culture, foreign cultures from western developed countries, culture formed under the planned economy system, and the culture that has developed under the market economy since 1978. Zhejiang is heavily influenced by its traditional commercial culture, which is different from traditional Confucianism and has shown robust endogenous creativity in economic development after its release from the planned economy system.

6.2.2 Socio-economic Changes in Zhejiang since 1978

During the Mao-era, Zhejiang received very little investment from the central government, partly due to its geographical location (it was considered that its proximity to Taiwan made it vulnerable to the threat of invasion) and partly due to its commercial tradition that was antithetical to collectivization and socialist enterprise. From 1950 to 1978, the state invested, on average, 600 RMB per capita, but only 240 RMB per capita in Zhejiang (Chen, 2009). Consequently, economic development in Zhejiang was much slower than in surrounding areas such as Jiangsu and Shanghai.

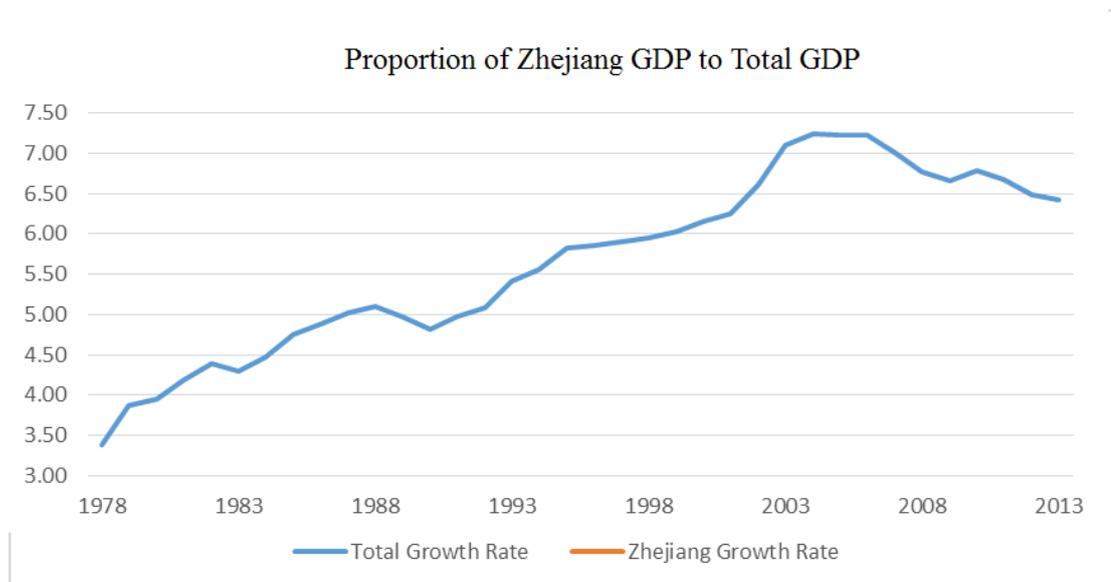
After the reform and opening up, Zhejiang was not as valued as the Pearl River Delta by the central government and was not offered the same preferential policy and investment. The province was also mainly ignored by foreign investment. Thus Zhejiang's post-1978 development is mainly based on local people and local capital. With little investment from the state or foreign investors, Zhejiang has made impressive achievements in economic development. As Figure 36 shows, for the majority of the time in the period 1978-2013 Zhejiang's growth rate was higher than the total growth rate in terms of GDP. Zhejiang's GDP grew from 12.37 billion RMB in 1978 (3.39% of total GDP) to 3756.85 billion RMB (6.4%) (see Figure 37).

Figure 36 GDP Growth Rate of Total GDP and Zhejiang GDP



Sources: National Bureau of Statistics of the People’s Republic of China; Zhejiang Provincial Bureau of Statistics

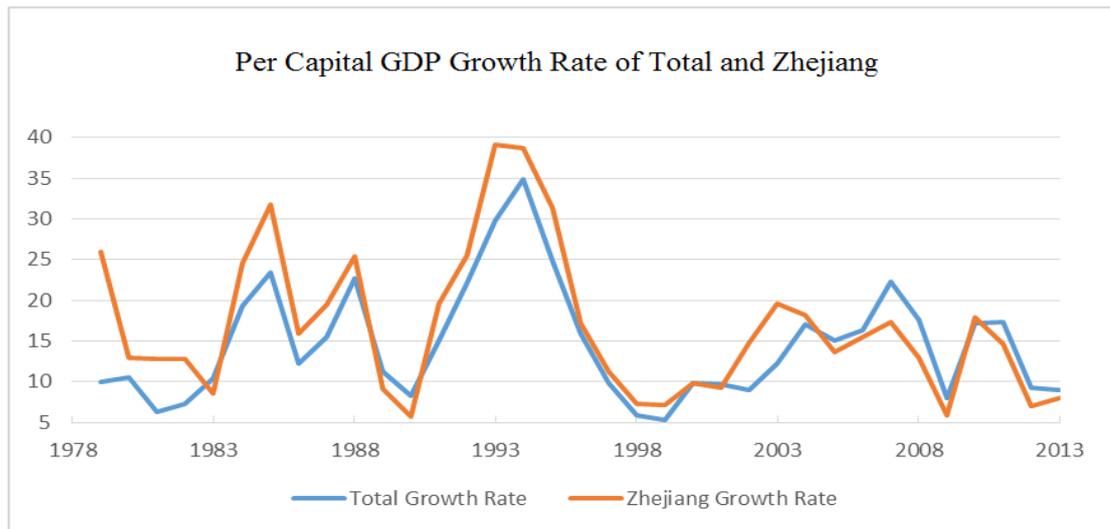
Figure 37 Proportion of Zhejiang’s GDP to Total GDP



Sources: National Bureau of Statistics of the People’s Republic of China; Zhejiang Provincial Bureau of Statistics

The growth of per capita GDP is also sharp, sharper than the total growth rate most of the time before 2004 (Figure 38):

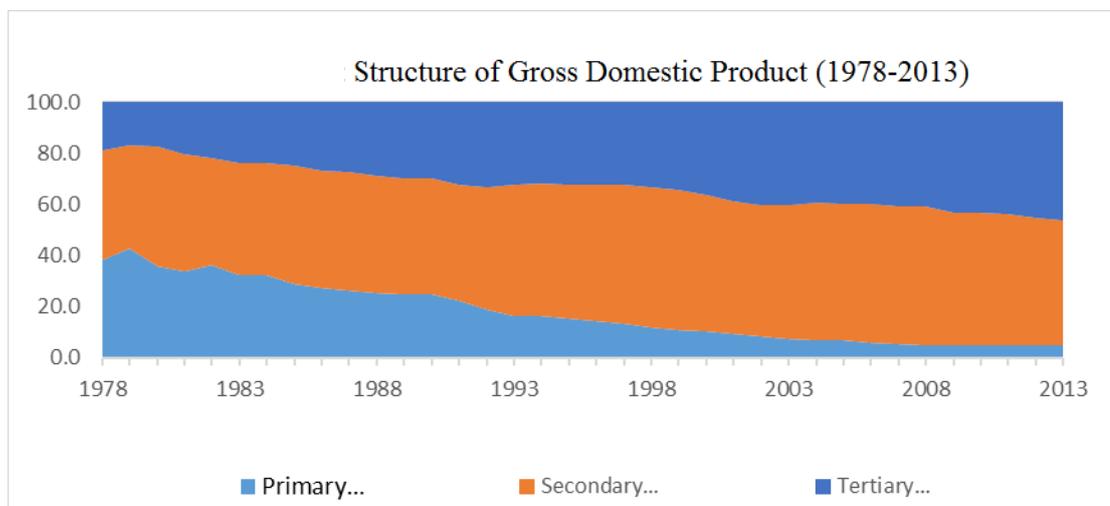
Figure 38 Per Capita GDP Growth Rate of Total and Zhejiang



Sources: National Bureau of Statistics of the People's Republic of China Zhejiang Provincial Bureau of Statistics

Rapid economic development is closely related to industrialization. Since 1978, secondary industry in Zhejiang has experienced rapid growth. It relies on the rapid development of the private economy based on family-based industrial plants. Rural labourers left their lands to work in factories or engaged in business. As shown in Figure 39, the contribution by primary industry has steadily declined; secondary industry has maintained its dominant position; and the contribution of tertiary industry to the whole economy, which creates even more jobs and profits, has increases sharply from less than 20% in 1978 to nearly 50% in 2013 (see Figure 6.5).

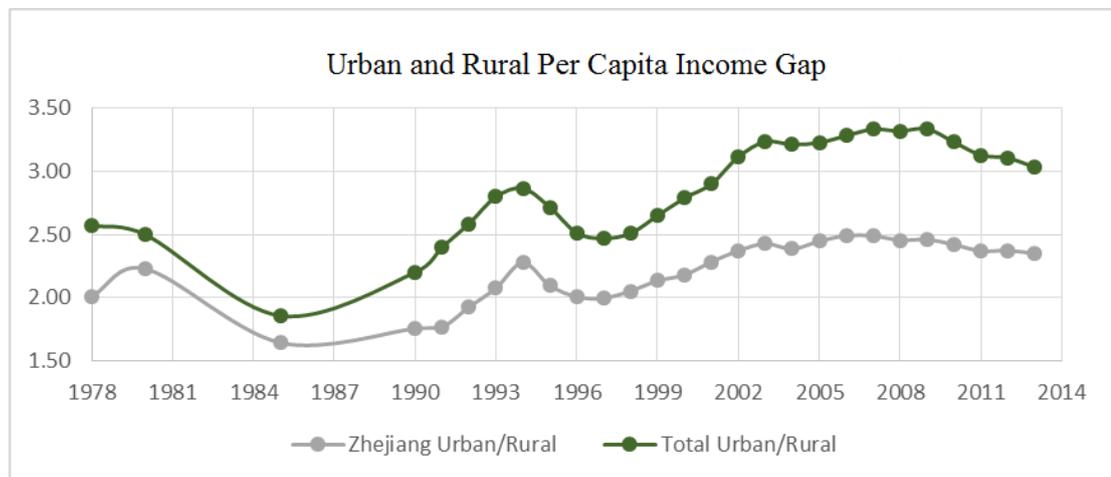
Figure 39 Figure 6.5: Structure of Gross Domestic Product (1978-2013)



Source: Zhejiang Statistic Yearbook 2014

The rural reform stimulates the rapid growth of non-agricultural industries in rural areas, which increases rural family income dramatically and reduces the gap between urban and rural areas in Zhejiang. It shows that rural households also benefit from economic development. As illustrated in Figure 40, it is clear that the gap between urban and rural income in Zhejiang is lower than the national level during the reform period. The rapid development of the private sector in rural areas, especially TVEs and *ge ti hu* (individual entrepreneurs), has efficiently balanced the uneven development between urban and rural areas. However, it should be noticed that the gap increased slightly after 2000. The growth in the income gap in Zhejiang is influenced by changes in the social-economic environment. Since 2000, Zhejiang has become more integrated with global investment as FDI began to flow in, influencing the development of local private capital. The 2008 financial crisis cut demand from developed countries, and consequently China's exports fell dramatically, slowing its economic development and income growth.

Figure 40 Urban and Rural per Capita Income Gap



Sources: China Statistic Yearbook 2014 and Zhejiang Statistic Yearbook 2014

The explosive growth in Zhejiang's economic production and trade since 1978 attests to the historical and cultural habitus of its commercial and maritime culture (Yang, 2008). The commercial tradition stimulated the rapid growth of family-based industrial plants, which fuelled the take-off of Zhejiang. During the reform era, Zhejiang transformed itself from an under-developed province to one of the richest in China. The family-based industrial plants not only contribute to rapid

industrialization, but also improve the rural households' lives. The income gap between urban and rural residents is narrowed down significantly. In the next section the details of Zhejiang's development path are explored.

6.2.3 Capitalist Development of Zhejiang

Rural Reform

A discussion of China's reform and opening up is not complete without the mentioning of *bao chan dao hu* (包产到户) or the allocating of land to households and fixing output quotas on a household basis) which officially originated in Xiaogang village in Anhui in 1978. Although the family contract responsibility system (*jia ting lian chan cheng bao* 家庭联产承包) had been experimented with in Yongjia town (in Wenzhou) as a solution to problems caused by collective production groups in 1956, in the era of socialist reform in terms of the ownership of means of production, it seemed like swimming against the tide. Upper level governments disapproved and the system was abandoned. Even in 1979, the household responsibility system was still an amorphous concept, suspected by cadres and the masses. County-level government banned the practice in the production brigades of Jinyun Town (Lishui City) (Yang, 2010), but in Changchen Commune in Changxing Town (Huzhou City) it was implemented successfully and this came to be considered as the prologue to Zhejiang's rural reform. By 1982, all 5001 communes and production brigades in Changxing Town had implemented the family contract responsibility system (Xinhua Net, 2008).

Thus, the family contract responsibility system, which allocates land to separate families and fixes farm output quotas for each household, was an essential element of rural reform in Zhejiang, as in the rest of the country. It enhanced productivity per unit area: with a high population density and a long history of mercantile tradition, the rural people released from collective agricultures, began to raise capital based on their existing social networks, including family members, relatives and friends. This capital was immediately invested in family-based industrial plants. As the province's

population were short on skills and money, it could only focus on labour-intensive and low-technology light industries. Initially, the products produced in Zhejiang took advantage of merchandise shortages in the domestic market caused by the planned economy (Wang, 2008), and utilised vast numbers of salesman teams and their corresponding business networks (Lu & Wang, 2008). In fact, rural people in Zhejiang were enthusiastic about commercial business even during the period of the People's Commune. Despite the danger, such as *ge zi ben zhu yi wei ba* (割资本主义尾巴 purging all remnants of capitalism), they made every effort to follow their commercial traditions, by fair means or foul. Yiwu⁶³ peasants were famous for *ji mao huan tang* (鸡毛换糖 exchanging sugar for chicken feathers; chicken feathers being used for further products, like brooms). This activity was judged as 'tou ji dao ba' (投机倒把 engaging in speculation), which was a serious economic crime in planned economy system until it was finally abolished in 1997. Unauthorised production was considered a crime because it (supposedly) damaged the existing economic order – the planned economic order during the Mao period. In Wenzhou, peasants forged official seals, fabricated introduction letters from *dan wei* (work units, which, in those days were all state-owned or collective owned) and left their household registered location without permission for business – all crimes at the time. There was an enormous black market economy, such as illegal construction teams, black market goods, long distance transportation and business, loan-sharking and contraband, etc. (Luo & Xu, 2006). Therefore, once the handcuffs were taken off, the Zhejiang people enthusiastically put their ideas and abilities to work in the open.

The Growth of the Private Sector

In 1978, the central government weakening of constraints on rural industry and commerce generated an increase in the number of both family-based industrial plants and self-employed individuals. The first self-employed individual license (*ge ti hu*) was issued to a peddler from Wenzhou named Zhang Huamei: by 1980, there were over 3000 self-employed individuals in Wenzhou. They were encouraged by the central government's statement on private economy: 'encourage and support

⁶³ Yiwu is in the middle of Jinhua City, which lies in the middle of Zhejiang Province.

appropriate development of private and self-employed economy, diverse economic-forms can compete on the same stage, all law-abiding individual workers should gain social respect' (News of Communist Party of China, 2006). Boosted by emerging specialised markets, the dedicated family-based industrial plants also grew quickly. The largest ones in each industry were termed '*da wang*' (大王) or 'king', and so there were the King of Electrical Appliances, King of Screws, King of Miner's Lights, King of Coils, etc. However, the lingering prestige of ideology of planned economy and working class had not completely faded, and it still subtly influenced Chinese society, from the government to private individuals: were these self-employed individuals and workshops 'capitalism'? Based on a misunderstanding of Marx's analysis of surplus value in *Capital: Critique of Political Economy* (1990:423) the dividing line between the exploiting class and the working class, capitalist and the 'small master' (*ge ti hu*) in China was absurdly set as if you employed up to seven workers you were a 'small master', while eight or more meant you were a capitalist. The respective passage reads:

To live only twice as well as an ordinary worker and, as well as that, turn half of the surplus-value produced into capital, he would have to multiply the number of workers and the minimum of capital advanced by eight. Of course he can, like the man who is working for him, participate directly in the process of production, but then he is only a hybrid, a man between capitalist and worker, a 'small master'.

When The Fool's Sunflower Seeds (*sha zi gua zi* 傻子瓜子), a snack company founded by Nian Guangjiu, a peasant from Anhui, hired 12 workers, people criticised him as a capitalist and this ultimately led to a national debate on *ge ti hu*. In 1981, government suddenly did a complete about-face from its previous economic position, and this rapidly slowed the construction of the private economy. Excoriated as Tou Ji Dao Ba,⁶⁴ the booming growth of private economy was believed to be endangering economic orders and 'pillaging' the raw materials, sales markets and technicians that used to belong to state-owned enterprises. The 'Kings' mentioned above were

⁶⁴*jia qiang shi chang guan li ,da ji tou ji dao ba he zou si huo dong de zhi shi* (加强市场管理， 打击投机倒把和走私活动的指示 Instructions for strengthening market management, cracking down on speculative trading and smuggling) and *guan yu tiao zheng nong cun shedui qi ye gong shang shui shou fu dan de ruo gan gui ding* (关于调整农村社队企业工商税收负担的若干规定 The Rules of adjustment of tax burden of commune and brigade run enterprises).

arrested and jailed or wanted by the central government. Consequently, industrial growth in Wenzhou suffered a severe setback, dropping from 31.5% in 1980 to -1.7% in 1982. This economic turndown had the effect of making local governments more flexible and likely to approve local protectionism. Then, the industrial growth of Zhejiang had recovered to 35% in 1985. Experimental and innovative systems of new ownership of enterprises were supported by local governments, including the rural shareholding cooperative enterprise in 1987.⁶⁵ As the subjective interest shareholders, local governments played an important role in facilitating and protecting the development of the private sector in Zhejiang.

It is widely believed that the political environment influences economic growth (Petraikos, et al., 2007) – and economic development in China is inevitably influenced by the guiding ideology and policies of the central government. After a short period of recovery, the private economy again experienced turbulence in 1989. Factories were shut down for restructuring and the market was plunged into confusion: monetary squeeze, cooling consumption, underproduction, rising unemployment and increasing numbers of business failure, etc. A difficult external environment, the inherent defects of lack of investment, labour-intensive family-based industrial plants and the extremely low quality of products from Zhejiang, caused a nationwide large-scale boycott and dragged Zhejiang into the economic doldrums. In an attempt to boost local development through the private economy local people again showed their ingenuity, ‘creating’ ‘red cap’ enterprises. ‘Red cap’ refers to the reputation and operational benefits a private enterprise enjoys by becoming attached to a government department and doing business in the name of a state-run or collective-run enterprise. Benefits include “lower tax rates, easier approval procedures, less restrictions on the size and operations of the business, and shelter against possible reversal in the political fortunes of the reformers” (Woo, Parker & Sachs, 1997:315). People used these businesses as a temporary method of taking advantage of the benefits on offer. As the reform developed further and central

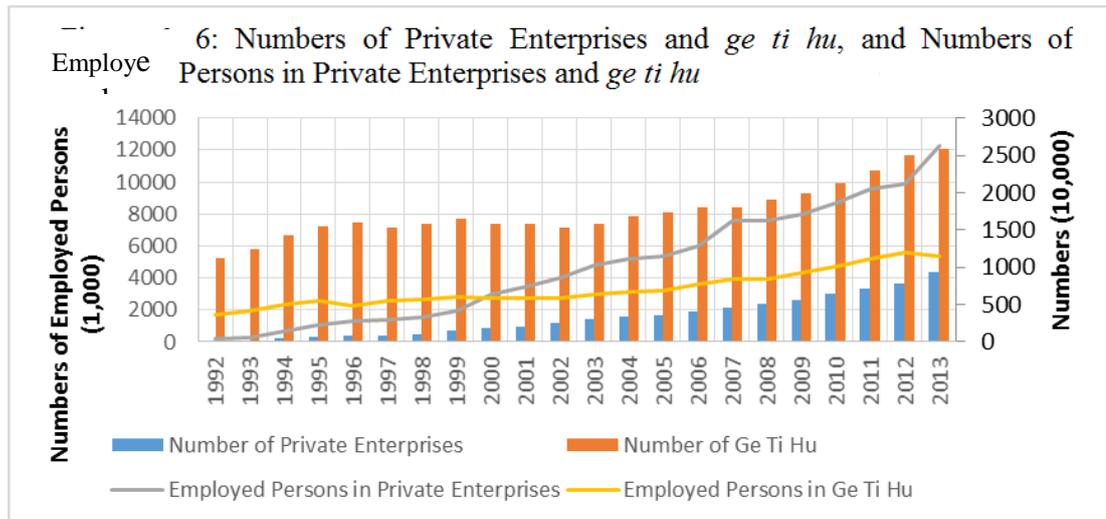
⁶⁵ guayu nongcun gufen hezuo qiye ruogan wenti de zanxing guiding (关于农村股份合作企业若干问题的暂行规定 Provisional Regulations On Several Issues: The Rural Shareholding Cooperative Enterprises) by People’s Government of Wenzhou Municipality, 1987.

government control relaxed and local governments increased their support,⁶⁶ the private sector in Zhejiang returned to the fast track of development.

In 1978, there were only 8,901 *ge ti hu* employing 8,690 persons in Zhejiang, and no private enterprises (*si ying qi ye* 私营企业). The number of private companies experienced a dramatic increase of 103.8% in the 1990s, from 87,712 in 1996 to 178,771 in 2000. Of these, 14% were developed from *ge ti hu*, and 2.9% developed from foreign-invested enterprises. Also, the portions of private enterprises built in 1990s, 1980s and late 1970s are 67.1%, 30% and 2.9% of the number in existence in 2000 respectively. In 2001, the number of *ge ti hu* had increased to 1,580,300, employing 2,773,300 people, and 208,800 private businesses employed 3,471,100. In 2006, 406,400 private enterprises and 1,798,000 *ge ti hu* created a gross output of 1,254.7 billion RMB, revenue of 984.7 billion RMB, retail sales of consumer goods of 436.8 billion RMB and exports of 250.7 billion RMB. From 1978 to 2007, the GDP of Zhejiang increased from 12.4 billion RMB to 1,800 billion RMB, 70% of which was contributed by the private economy, including *ge ti hu*. Private economy is the outstanding characteristic of the Zhejiang Model; and it is the engine of Zhejiang economic development. In 2013, there are 25.9 million *ge ti hu* and 936,000 private enterprises, responsible for 5.38 million and 12.23 million jobs respectively, or about one-third of the total number of jobs created in Zhejiang (see Figure 41).

⁶⁶ In 1993, the Zhejiang Provincial Committee of the CPC and the Zhejiang Provincial Government jointly issued a document to Promote The Development Of Private Economy – ‘*guan yu cu jin ge ti , si ying jing ji jian kang fa zhan de tong zhi*’ (关于促进个体私营经济健康发展的通知 Notifications of promoting the development of private enterprises and *ge ti hu*).

Figure 41 Numbers of Private Enterprises and *ge ti hu*, and Numbers of Employed Persons in Private Enterprises and *ge ti hu*



Source: China Statistic Yearbook 2014 and Zhejiang Statistic Yearbook 2014

As shown in Table 11, the gross output created by non-state owned and non-foreign invested economy accounted for 60%-70% of GDP from 2000 to 2012. The contribution of the private economy experienced significant growth with the shrinking of the collective economy. In 2012, non-state owned and non-foreign invested economy (including individual and private enterprise, and collectively-owned enterprises) created a gross output of 2,211 billion RMB or 63.8% of GDP. Of this, 2,010.7 billion RMB was created by private economy (individual and private enterprises) which accounted for 58% of GDP and played a significant role in the economy.

Table 11 Private Economy in Zhejiang in 2000-2012

Year	Economic Value Added (¥100 million)			Growth Rate	GDP Proportion (%)		
	Total	Individual & Private Enterprise	Collective		Total	Individual & Private Enterprise	Collective
2000	4250	2512	1738		69.2	40.9	28.3
2001	4712	3118	1594	10.9	68.3	45.2	23.1
2002	5346	3986	1361	13.5	66.8	49.8	17
2003	6415	5221	1194	20.0	66.1	53.8	12.3
2004	7629	6518	1111	18.9	65.5	56	9.5
2005	8682	7533	1148	13.8	64.7	56.1	8.6
2006	9887	8629	1257	13.9	62.9	54.9	8
2007	11552	10217	1319	16.8	61.6	54.5	7
2008	13121	11829	1292	13.6	61.1	55.1	6
2009	14301	12876	1425	9.0	62.2	56	6.2
2010	17210	15559	1651	20.3	62.1	56.1	6
2011	20381	18516	1865	18.4	63.1	57.3	5.8
2012	22111	20107	2004	8.5	63.8	58	5.8

Source: Zhejiang Statistic Year Book 2014

The development of the private economy in Zhejiang is impressive not only because of the numbers of *ge ti hu* and private enterprises, but also their high quality. In 2012, there 142 private companies from Zhejiang were listed in China's top 500 private companies, with a total operational revenue of RMB 2123.2 billion (ACFIC,⁶⁷ 2013).

Industry Cluster and Specialised Markets⁶⁸ – Small Commodities, Big Market

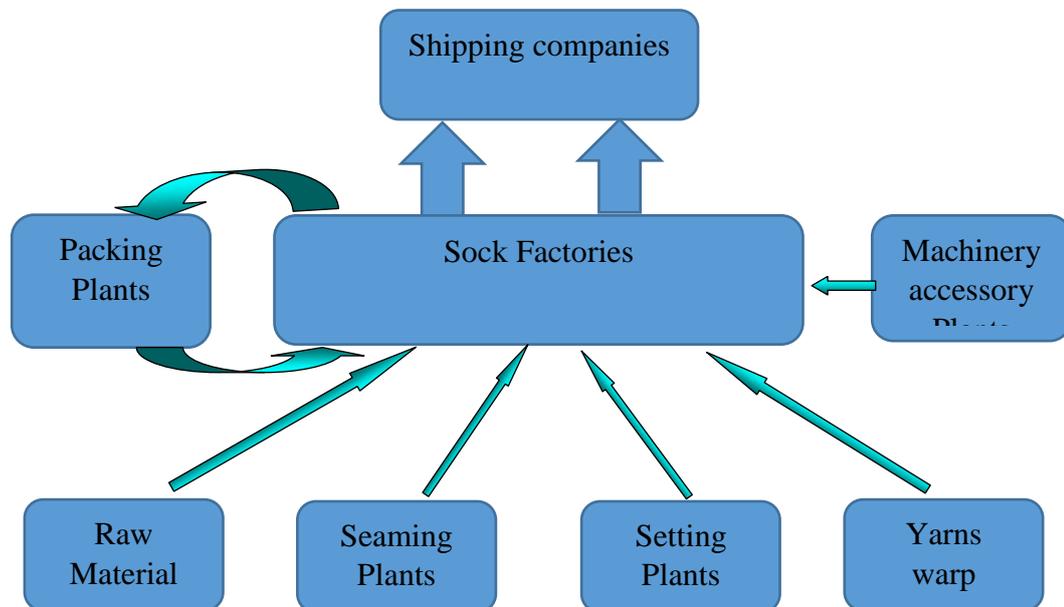
One of most significant characteristics of the Zhejiang Model is its agglomerated and clustered industries (Chen, L, 2002; Chen, Y, 2009; Lu & Wang, 2008; Luo & Xu, 2006; Wang, 2008; Yang, 2008; Zhang & Lu, 2003). The original family-based

⁶⁷ ACFIC: All-China Federation of Industry & Commerce.

⁶⁸ *tese shichang or zhuan ye shichang* 特色市场或专业市场, a place containing stalls and shops for marketing and production of particular and similar products.

industry and family enterprises, ‘*yi cun yi pin, yi xiang yi ye*’ (一村一品, 一乡一业 – one village one product, one town, one industry) have become the primary economic pattern of the Zhejiang Model. The production process is not organised in one factory, but within one village or one town. Exploiting the tight ties between Zhejiang rural people of blood, geography and work, labour division and co-operation is smoothly organised across millions of families. Small producers first worked in family-based workshops or factories, and subsequently in industrial plants, and then agglomerated within a village or township (Wang, 2006). In Datang Town, Zhuji City (a county-level city), there are at least ten thousand sock workshops and factories, each on average having two employees and eight hosiery machines. The town produced over 12 billion socks in 2006, accounting for two-thirds of China’s total output and one-third of global total production. Supporting the sock factories, are more than 1000 raw materials processing plants, 400 yarns warp knitting plants, 300 seaming plants, 100 shape fixing plants, 300 packing plants, and machinery accessory plants, as well as 100 shipping service companies and 600 sale agencies as of the town (Figure 42).

Figure 42 Organisation of Sock Production in Datang Town



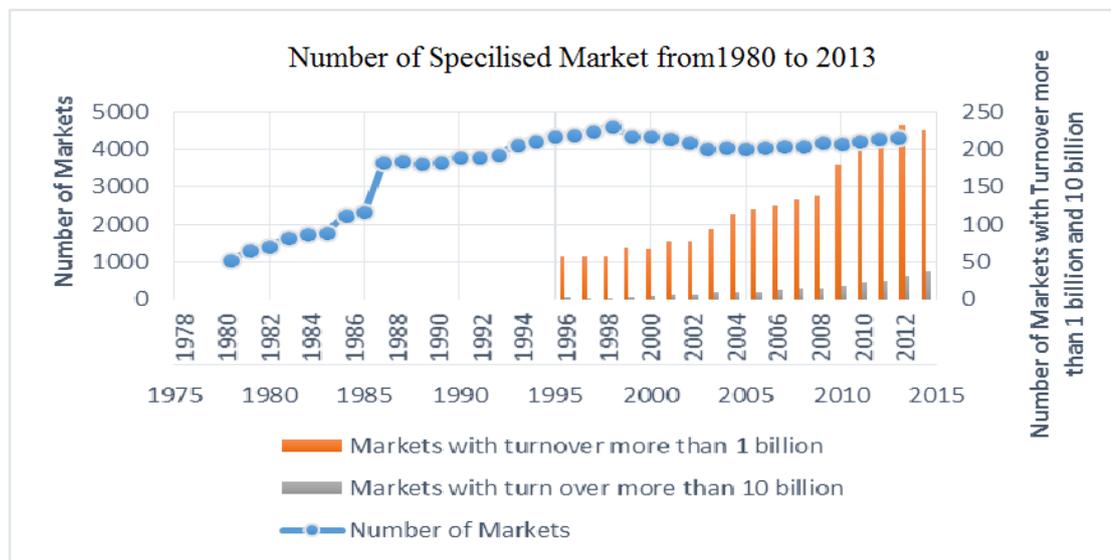
Source: Made based on the research of Wang, 2006

Similar production process organising can be found in other parts of Zhejiang, such as the feather and down industry in Xiaoshan, Hangzhou, chemical fibre and textile industry in Shaoxing, necktie industry in Shengzhou, leather industry in Haining, plastic industry in Yuyao, hardware industry in Yongkang, clothes, glasses and leather shoes industry in Wenzhou, etc. (Chen, 2002; Wang, 2008; Yang, 2008). The integration of family-based industrial plants, specialised markets, raw material suppliers and sales agencies have created the agglomeration and clustering economy in Zhejiang (Wang, 2008).

The formation, growth and development of clustered industry in Zhejiang was tied to the development of specialised markets. Thus, the complementary relations between the specialised markets and the industrial clusters, combined with the developing private sector, determined the organisation of economic activities around family-based industries and the commercial trade of daily necessities (Bellandi & Lombardi, 2012; Lu & Yu, 2010; Sheng & Zheng, 2004; Wang, 2006, 2008). The specialised markets had existed for hundreds of years before the local industry cluster formed, the result of traditional commercial. Peddlers travelled together to trade agricultural goods in rural markets, even sometimes engaging in long-distance trade over China based on local collective support (such as merchants *hui-kuan* 会馆 in different destinations). Over time, inter-province connections were established based on merchant networks. Merchants also utilised the networks to collect information about high demand goods. Information about which goods were in high demand was passed to producers in their hometowns, to family-based workshops and factories, who then manufactured the goods. Merchants started their own businesses based on trade in these daily necessities (Bellandi & Lombardi, 2012). Along with the dramatic increase in family-based industrial plants, specialised markets also have experienced sharp growth. Local governments also involved in actively. In 1979, the ban of agricultural products' trade was lifted in cities entirely by Zhejiang provincial government, leading to the development of urban and rural markets of agricultural goods. In 1982, Zhejiang government formally instituted specialised market. In response, Luqiao market (路桥市场), in Taizhou, became the first small commodity market of Zhejiang. At the same time, Yiwu Small Commodity Markets, Yongjia Qiaotou Button Market, Shaoxing Textile Markets all joined in. From 1982 to 1984,

the number of small commodities specialised markets grew from 58 to 252 (Sheng & Zheng, 2004). In 1986, ‘Small commodities, big market’, summarized by Fei Xiaotong after a detailed fieldwork in Wenzhou, made Wenzhou Model entering into the spotlight of the public stage. Since then, the development of the specialised market has been the significant role of economic development of Zhejiang, as well as catalysed institutional innovations to offset the lack of market institutions (Bellandi & Lombardi, 2012). In 1978, the number was 1051, then it experienced continuous growth, peaking at 4619 in 1998, then holding at around 4000 after entering the new century (see Figure 43).

Figure 43 Number of Specialised Markets from 1980 to 2013



Source: Zhejiang Statistic Year Book 2014

Zhejiang owns the most specialised markets with the biggest volume of transaction value in China. It can be clearly seen in tables below: Zhejiang comes to the top 1 in number index.

Table 12 Basic Statistics on Commodity Exchange Markets of Transaction Value over 100 Million RMB by Region in 2013

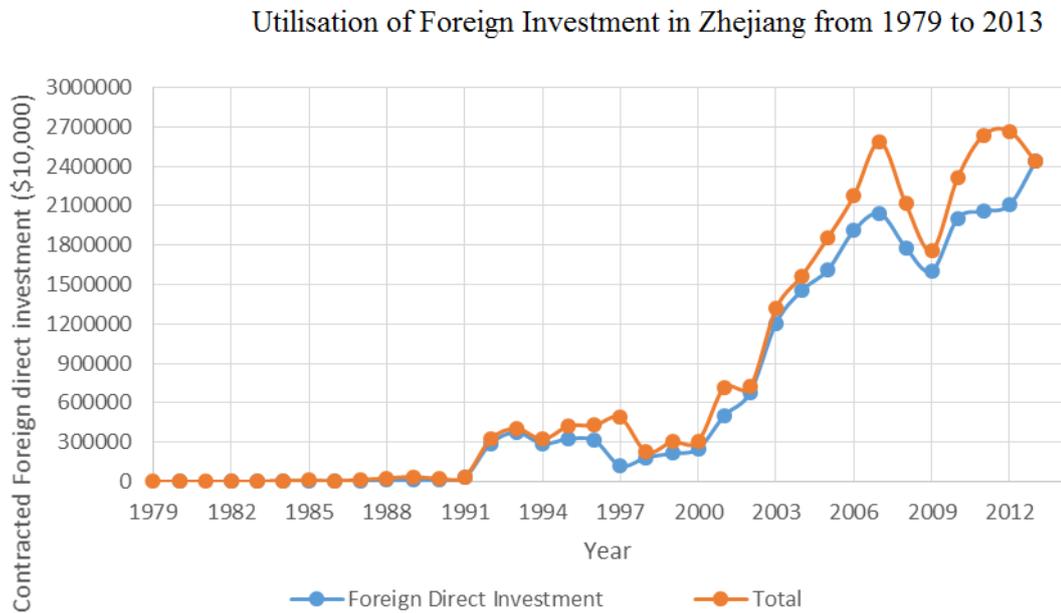
Region	Number of Markets (unit)	Transaction Value over 100 Million RMB by Region Booths (Unit)	Area (10,000 sq.m)	Turnover (100 million RMB)	Wholesale	Retail
Total	5089	3488170	28868.33	98365.10	84628.3	13736.83
Zhejiang	767	463648	2980.47	14840.33	12441.90	2398.43
Shandong	558	390642	3890.30	9039.01	8040.21	998.80
Jiangsu	547	351917	3294.69	16595.82	14532.82	2063.00
Guangdong	364	214964	1962.10	5418.15	4697.39	720.77
Hunan	327	185758	1058.73	3169.15	2367.06	802.10

Source: Zhu Wenfeng, 2013, The Formation, Development And Transformation Of Specialised Market In Zhejiang, A Theoretical Review (zhejiang zhuan ye shi ch ang de xing ch eng, fazhan yu zhuanxing, yige lilun pingshu 浙江专业市场的形成、发展与转型一个理论评述), *Commercial Times (China)*, 2013 (12).

Foreign Investment

Since China joined the WTO in 2002, it has become common trends that local economy is integrating with global flowing capital. Zhejiang also began to pay more attention to foreign investment. Figure 44 shows the dramatic increase after 2000. The global economy recession also had a great impact on the utilization of foreign investment in Zhejiang; there was a sharp drop during the recession period.

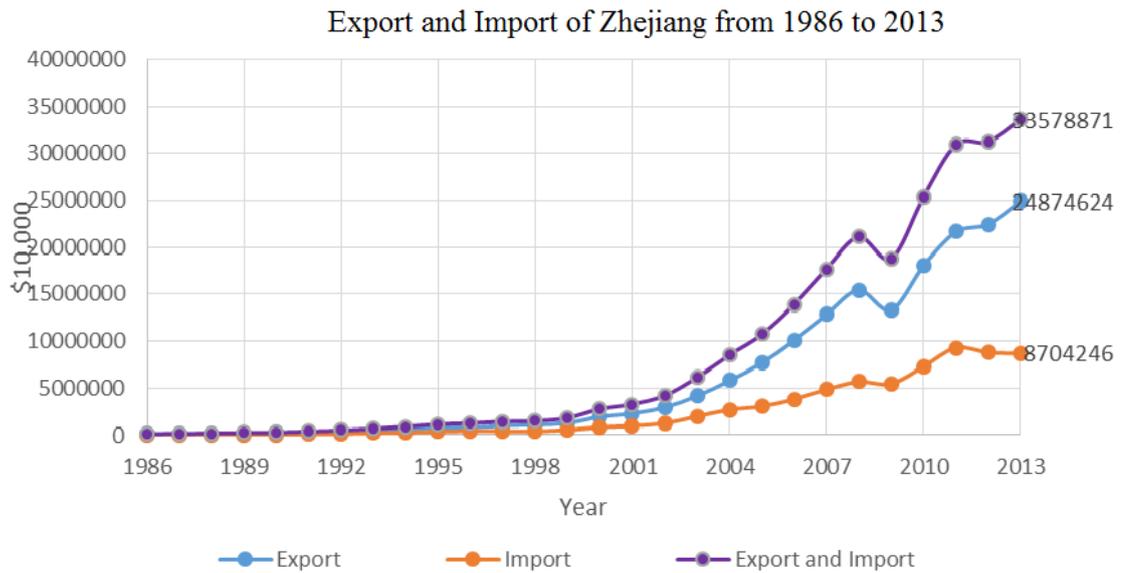
Figure 44 Utilisation of Foreign Investment in Zhejiang, 1979-2013



Source: Zhejiang Statistic Year Book 2014

The total trade volume of exports and imports has also grown dramatically since 2000, from US2.8 million in 2000 to US33.6 million in 2013. Exports enjoyed a sharper growth than imports. Based on the flourishing light industry, general accounts for the majority of Zhejiang’s exports (80%). General trade is unlike the processing and assembling trade, which creates a technical spill over effect to drive economic growth in processing locations. The majority of Zhejiang’s export goods are daily necessities (clothes, shoes, plastic products, etc.), related to the industrial structure (Figure 45).

Figure 45 Zhejiang's Exports and Imports, 1986-2013



Source: Zhejiang Statistic Year Book 2014

In China's economic reform era of the past two decades, the Wenzhou Model of rural development, based on small household industries, joint-stock firms, and restless entrepreneurs has expanded across the whole of China. Even before the official promulgation of the economic reforms in 1978, many parts of rural Wenzhou had already quietly and secretly de-collectivized agriculture. With virtually no state, foreign, or overseas Chinese investment, Zhejiang transformed itself from an underdeveloped province to an economically dynamic, prosperous, and rapidly industrializing and urbanizing region (Zhang 1998:1032; Yang 2008). The Wenzhou or Zhejiang Model is a different from the PRD and Jiangsu. From the perspective of relationship between government and market, Feng (2004) claims that the Zhejiang Model is a market model and self-organising model, in which governments are not playing an economic management role, but a promoting and supporting role. The state takes the responsibility to maintain the market order while minimizing interventions, which is the route followed by the Zhejiang governments at different levels since 1978. Lu and Wang (2008) have further elaborated on the Zhejiang Model in detail. In the early stage of reform and opening up, Zhejiang's economic development was based on private entrepreneurship by a wide variety of social groups without relying on government investment and foreign capital. It is domestic-market-oriented, mainly in the labour-intensive industry of small wares, textiles and

consumer goods. The formation of new industries and specialized markets are closely linked with the local traditional handicraft industry, culture and social networks (Lu & Wang, 2008).

The implementation of subordination projects by local private capitalists and the local state is influenced by the particular path of capitalist development. The combination of local capital and local migrant workers, especially the *ge ti hu*, blurs the line between capitalists and workers to some extent. But, the industrial clusters and specialized markets encouraged the gathering of small-scale workshops and family-based plants concentrated in labour-intensive and low-tech industries. The local migrant workers, although they had social network links with local capitalists, still faced intensive formal subordination projects. The particular development path has a significant impact on the shaping of labour relations.

6.3 The making of migrant workers in Zhejiang Province

6.3.1 Migrant Workers in Zhejiang in the Reform era

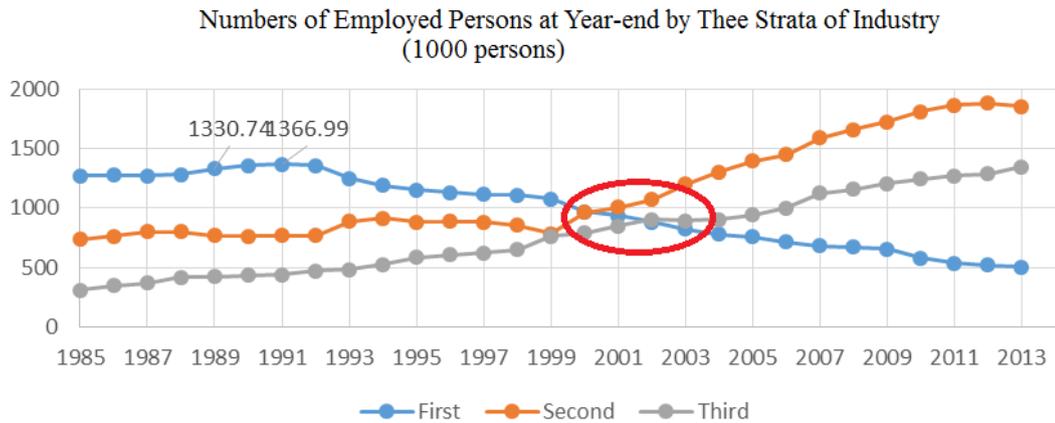
Inner provincial migration

Peasants, during the planned economy period, as a social group were excluded from the assignment of rights and representation. They were tied to the land by the people's commune system. However, even the strong mobility control regime embedded in the *hukou* system could not prevent people from moving. As discussed above, peasants in Zhejiang, with a long history of commerce and trade, continued to move out of their hometown to make a living in other places, both inside and outside China. The enormous underground black economy had started primitive accumulation of capital to a certain degree. As a large population with relatively little arable land, meagre natural resources, and a weak industrial base, peasants in Zhejiang have been displaced from their land and engaged in the private sector since 1978.

The transfer of the rural labour force firstly occurred as local and inner-provincial transfers. Town and Village Enterprises, both collective and private, absorbed the majority of the rural labour force. As shown in Figures 46 and 47, the number in agricultural employment decreased from 12,732,500 in 1985 to 5,069,500 in 2013, while the proportion of primary industry employment has declined sharply from 54.9% to 13.67% in the past 28 years.

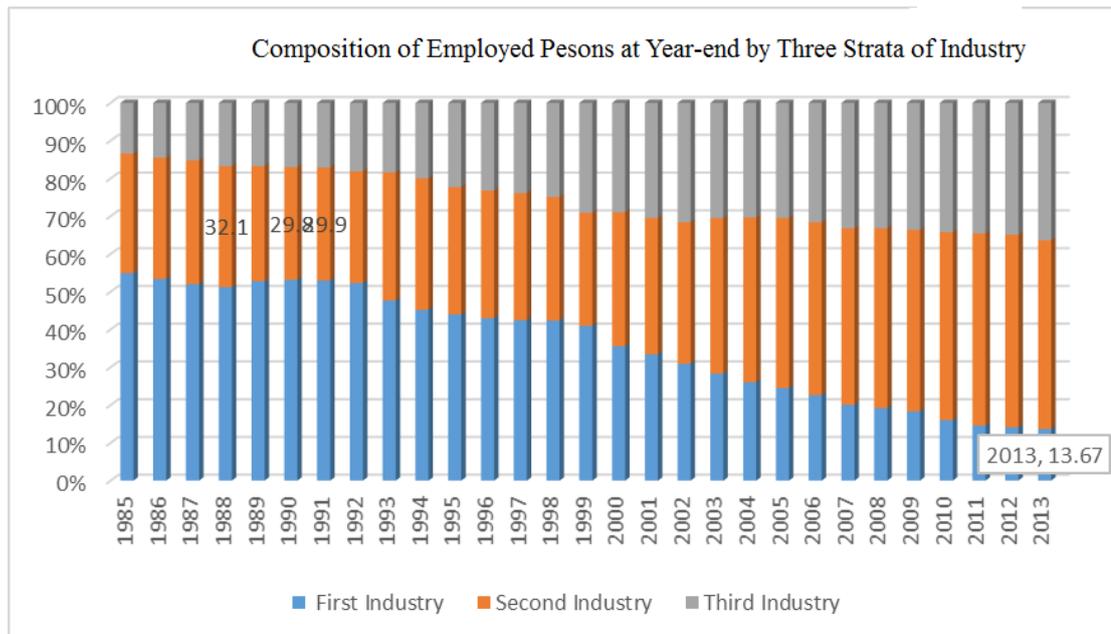
As discussed above, economic development is deeply influenced by the central government's ideology and policies. So was the migration of rural labour in Zhejiang. From 1978 to 1988, accompanied by the rapid development of rural industry, the proportion of the agricultural labour force of the total rural labour force had dropped from 88.73% to 63.3% between 1978 and 1988 (Figure 46). However, in 1989, with political turbulence and tightened controls over migrant workers, the transfer stagnated. According to a rural household sample survey (Shao, 1994), four to five times as many migrant workers returned from the non-agricultural to the agricultural sector from 1989 to 1991 when compared with the previous period (Figure 46). There were only 837,000 out-provincial migrants, 38.1% of the total migrants, who had been born in Zhejiang in 1993, which means rural labour was primarily transferring locally (Shao, 1994). In 1995, 62.4% of total Zhejiang migrants transferred inside the province, increasing to 69.8% in 2003 and 70.3% in 2004 (Zhu & Huang, 2009). As the development of private economy in Zhejiang was revitalized by loosening controls and local governments' support from 1992 onwards, rural labour began to move again even more strongly. As shown in Figure 47 and 48, over a million peasants moved from the agricultural to the non-agricultural sector in 1993. Henceforward, the numbers of the agricultural labour force constantly and smoothly falls by 4.36% annually from 1994 to 2013. At the beginning of the new century, the number of people employed in the secondary and tertiary industries exceeded that in the primary industry (which had fallen below 100,000).

Figure 46 Numbers of Employed Persons at Year-end by Thee Strata of Industry (1000 persons)



Source: Zhejiang Statistics Yearbook 2014

Figure 47 Composition of Employed Persons at Year-end by Three Strata of Industry



Source: Zhejiang Statistics Yearbook 2014

Migration into Zhejiang from other provinces

Since the beginning of the 21st century, with the rapid development of private economy in Zhejiang, which created numerous jobs, migrants from other provinces began to flood into Zhejiang (Figure 48). The number of migrants, or ‘floating population’ in statistics, in Zhejiang since 2001 has been the second highest in China after Guangdong. Influenced by the global economic recession, numbers fell

somewhat in 2008, but the total amount of floating population has continued to grow. In 2010, as shown by the Sixth Population Census of China (National Bureau of Statistics, 2012), the floating population in Zhejiang numbered 19,900,853, including 11,823,977 from outside Zhejiang. The total population of Zhejiang in 2010 was 544,269,000, which means that at least one in five residents were not local. The destinations of floating population are mainly concentrated in developed areas in Zhejiang, such as Hangzhou (14.74% of total in Zhejiang), Ningbo (16.7%), Wenzhou (23.04%), Taizhou (10.3%) and Jinhua (10.4%). In less-developed areas of Zhejiang, people tended to move to other cities in the province or even out of Zhejiang (Zhang, 2006; Zhu & Huang 2009). Almost 90% of the floating population into Zhejiang are between 15-59 years old, and members of the active labour force. There are 8.44 million young adults (20-44 years old), accounting for 71.4% of total migrants. Nearly every province in China is represented in the floating population, although four in particular provide more than half of the total migrants – Anhui (2.29 million, 19.33%), Jiangxi (1.53 million, 12.94%), Guizhou (1.50 million, 12.68%) and Sichuan (1.24 million, 10.49%) (Hangzhou Bureau of Statistics, 2012).

Figure 48 Floating Population into Zhejiang from other provinces, 1982-2011



Source: Hangzhou Bureau of Statistics, 2012

The educational background of migrants in Zhejiang is shown in Table 6.3 and clearly demonstrates the educational attainment of different social groups in Zhejiang. The education background of innerprovincial migrants is the highest of all the groups while interprovincial migrants perform worse than others. Of migrants from other provinces, 85.55% did not enter into senior secondary school (see

Table13). Low education and skill levels, as well as lack of occupational training, leave limited occupational choice for migrants.

Table 13 Education Background of Floating Population and Residents in Zhejiang

Group	Total %	No school	Primary School	Junior Secondary School	Senior Secondary School	College	Bachelor Degree & Higher Level
Residents ⁶⁹	100	6.55	30.47	38.77	14.34	5.45	4.41
Floating population	100	2.70	22.81	44.36	17.3	6.99	5.85
Includes: Inner provincial	100	3.3	19.27	31.62	24.17	11.44	10.21
Inter-provincial	100	2.1	26.35	57.1	10.43	2.54	1.48

Source: The Sixth National Census, (cited by Hangzhou Bureau of Statistics, 2012)

Employment characteristics

A substantial number of young active labourers flooded into Zhejiang and made significant contributions to its economic development, especially the development of the manufacturing and service industries. As the statistical data show in 2014, 9.91 million migrants from other provinces moved to Zhejiang for work or otherwise engaging in business, 83.84% of all interprovincial migrants. A further 10.13% were accompanying family members. Moreover, 75.7% of interprovincial migrants work in the secondary industry with only 1.2% and 23.1% in the primary and tertiary industries respectively. Rural migrant workers make up over 80% of employees in mining, manufacturing, construction, hotels and catering, household repair and other services. Moreover, in the manufacturing industry, the percentage exceeds 90% in the manufacture of textile, apparel and accessories; manufacture of leather, fur, feather and related products and footwear; processing of timber, manufacture of

⁶⁹ The small enterprises here refer to industrial enterprises below a designated size. From 1998-2006, the definition was non-state owned enterprises with revenue from principal business under 5 million RMB; from 2007-2010, revenue from principal business under 5 million RMB; and, since 2011, under 20 million RMB. The enterprises excluded by the criteria listed above are industrial enterprises above designated size.

wood, bamboo, rattan, palm and straw products; manufacture of furniture; manufacture of articles for culture, education, arts and crafts, sport and entertainment activities, manufacture of rubber and plastics products, as well as utilization of waste resources (Zhejiang Provincial Bureau of Statistics, 2014a, 2014b). It is evident that all these manufacturing industries are labour-intensive and low-tech. The employment patterns of rural migrant workers are closely related to the economic growth pattern of Zhejiang. Zhejiang's economic development is based on the growth of *ge ti hu* and private enterprises, those who set sail with small capital and technical investment, leading to a kind of extensive development. They are concentrated in daily necessities and small wares. The competitive advantage of Zhejiang is not based on advanced technology, innovation or reasonable industrial layout, but rather on regional industry chain integration and the production network of intermediate goods, which encourages vertical integration and specialization, and ultimately reduces product prices. It also relies on huge numbers of young migrant workers working long hours and being paid cheap wages. The parsimony of enterprises in Zhejiang with investment in technology and skills, as well as workers, leads to relatively low productivity. In 2010, 0.13 people were needed to create RMB 10,000 GDP in the manufacturing industry; Zhejiang ranked 28th out of all provinces in China, only higher than Anhui, Guangxi and Guizhou. It is 0.01 people/RMB 10,000 higher than the national level, illustrating that more labour is needed in order to create the same amount GDP in Zhejiang compared to other provinces (Zhejiang Provincial Bureau of Statistics, 2014a).

It is obvious that the majority of factories and workshops have no need for higher-educated and high-skilled workers. According to an analysis of supply and demand in the human resource market in some counties of Zhejiang, job vacancies, which require low-skilled workers (those which ask for no qualifications, preliminary skills only or preliminary professional certification) accounted for 89.6%, 93.2% and 89% of the total job vacancies in 2008, 2009 and 2010 respectively. Positions that only required a low educational background (no schooling, primary school and junior secondary school) accounted for 68%, 72.1%, and 72.7% of total vacancies in 2008, 2009 and 2010 respectively (Zhejiang Provincial Bureau of Statistics, 2014a). Since 2009, the migrant worker shortage in the PRD and YRD has forced businesses to relax their recruitment requirements. Even so, the manufacturing industry in

Zhejiang is still suffering from a lack of workers. In 2013, the manufacturing industry was responsible for more than one-half of the total demand, followed by tertiary industry at 44.87 % (Zhejiang Human Resources and Social Security Bureau, 2014).

6.3.2 Working conditions

According to data collected in 2005 (Zhang, Zhou & Shen, 2006), there were 17.83 million rural migrant workers in Zhejiang, including 12.60 million inner provincial migrants and 5.23 inter-provincial migrants. The secondary industry employed 71.03% of all rural migrant workers, 87.06% of them being employed by *ge ti hu* and private businesses. Their average (54.91) working hours exceeded the legal maximum; 63.69% of migrant workers work over 50 hours per week, while inter-provincial migrant workers work even more – 60 hours per week. Over 77% of migrant workers lack a proper labour contract, and only 26.5% of inner provincial and 7.84% of interprovincial migrant workers pay into the social insurance system.

In 2009, the Zhejiang Academy of Social Science surveyed four cities, eight districts/counties and 16 sub-districts/towns, collecting 1159 samples (Yang, 2010). The survey showed similar results to previous ones: 63.0% of rural migrants work seven days a week without any vacation, averaging 9.89 ± 0.19 hours per day. Less than half of them have signed labour contracts. Moreover, 15.2% of rural migrant workers had been involved in labour disputes because of low wages and poor working conditions in the last two years, twice the rate of other social groups. Over 70% of rural migrant workers only earned between RMB 6000-24,000 per year. The average salary of employed workers of Zhejiang Province in 2009 was RMB 27,480, but salaries in the private sector are significantly lower than in other sectors. In the manufacturing industry, the average salary in private businesses is RMB 19,202 per year, considerably less than the RMB 25,287 per year paid in other non-private sectors (Zhejiang Provincial Bureau of Statistics). Many migrant workers' salaries do not even meet the social minimum monthly wage standard of 2009 (see Table 14)

Table 14 Minimum Monthly Salary in Zhejiang, 1994-2014

Implementation date	Minimum monthly salary			
	(RMB)			
28/07/1994	200			
01/10/1995	230			
01/01/1997	270	250	230	
01/07/1999	380			
01/07/2001	440			
01/09/2003	520	480	430	390
01/10/2004	620	560	510	440
01/12/2005	670	610	560	490
01/09/2006	750	670	620	540
01/09/2007	850	750	700	620
01/09/2008	960	850	780	690
01/04/2010	1100	980	900	800
01/04/2011	1310	1160	1060	950
01/01/2013	1470	1310	1200	1080
01/08/2014	1650	1470	1350	1220

Source: Zhejiang Provincial Human Resources and Social Security Bureau website: <http://www.zjhrss.gov.cn/>⁷⁰

Now, the young generation migrant workers are the main body of migrant workers in Zhejiang. According to surveys conducted in 2010 (Zhejiang Communist Youth League of China Provincial Committee, 2010), 2011 (Zhong, 2012)⁷¹ and 2012 (Survey Office of the National Bureau of Statistics, 2012)⁷² although there are a few differences on some results details (such as the proportion of only children in young generation migrant workers), they generally agreed on the particular characteristics of this social group. Over 60% of migrant workers are youth and there are slightly

⁷⁰ Since 2003, the minimum monthly salary of Zhejiang Province has been divided into four grades, based on the economic conditions in different cities and districts. In 2014, as an example, the first grade applied to Hangzhou, Yuhang District of Hangzhou, Ningbo, and Wenzhou.

⁷¹ This survey was sponsored by Zhejiang Planning Office of Philosophy and Social Science, Project No.: 10CGYD87YBM, Higher Education Academy of China, Project No.: 2010YHE006; Zhejiang Jiaxing Planning project of technology, Project No. 2010AY301. It collects 2600 samples in all cities of Zhejiang.

⁷² This survey covered three districts/counties: Yuhang District (Hangzhou City), Shaoxing County (Shaoxing City) and Qingtian County (Lishui City), collecting 618 samples.

more males than females. One of the significant differences between the old and young generations was their educational background (Table 15). Over 90% of young generation migrant workers have finished China’s nine-year compulsory education, and 17.6% have gained diploma and even higher education qualifications. Even if their educational background is not the same as of their urban peers, they perform much better than their rural peers.

Table 15 Education Background of Migrant Workers

	No School (%)	Primary School (%)	Junior Secondary School (%)	Senior Secondary School (%)	College & Higher Level (%)	Average Years of Education
Young Generation Migrant workers	0.2	4.6	54.9	23.6	17.6	10.78
Elder Generation Migrant Workers	2.0	17.2	52.2	23.2	5.4	9.38
Urban Peers of YGMW	0.1	20.2	29.5	29.9	39.2	12.49
Rural Peers of YGMW	10	11.7	62.9	18.0	6.4	9.55

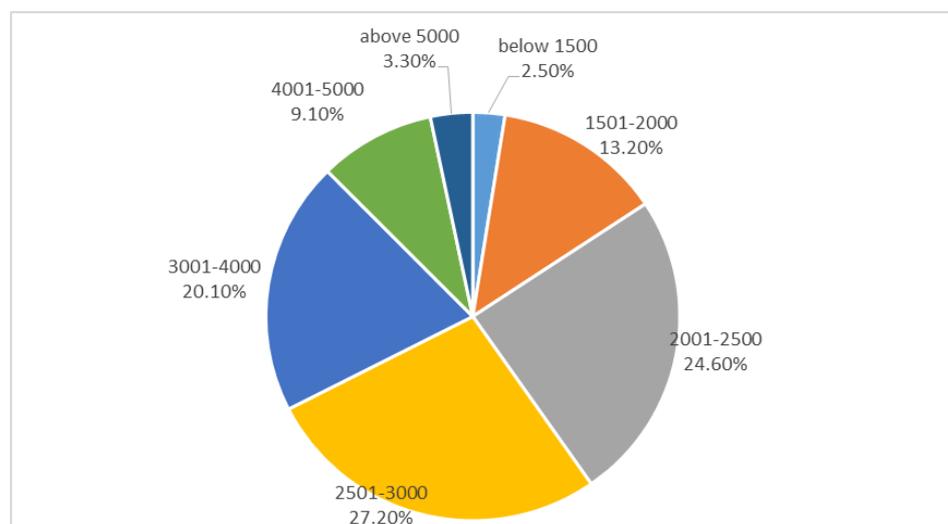
Source: (Survey Office of the National Bureau of Statistics, 2012)

Education, as well as migration, has also postponed marriage age. Young generation migrant workers tend to marry later than their rural peers, which has a strong influence on their social reproduction process. More often than not, they have to deal with their ‘life-changing events’ – falling in love, getting married, having babies, children’s education and retirement in the locations where they are working and living. When asking about their future plans, 35.6% of young migrant workers make a firm statement that they want to settle down in the places they are working, or that they have already settled down. Moreover, nearly 60% want to continue to work in Zhejiang, and only 1% want to return to their home town to be farmers. The desire to settle down in urban areas impels young generation migrant workers to pursue greater income, more stable employment and more long-term career plan as well as long-term family plans.

Increasingly young migrant workers leave their homes not only to make more money, but also to accumulate work experiences, expand their horizon, and for personal development, etc. However, the majority of jobs they are offered are located in the subordinate labour market, which offers little space for further personal development and career planning. The majority of young migrant workers value the opportunity for personal and career development over higher salaries when looking for jobs (Zhong, 2012).

The salary for young migrant workers is lower than the local average monthly wage. In the 2010 survey, 62.53% of young migrants earned RMB 1001-2000 per month, while according to the National Bureau of Statistics survey in 2012, more than 50% of young migrants earned RMB 2000-3000 per month (Figure 49). The average monthly salary was estimated at RMB 2850 per month, RMB 1000 higher than minimum monthly salary in 2012, but lower than the mean salary of all employees of Zhejiang (RMB 3340 per month) and also lower than the average local wage (RMB 4665 in Yuhang District, RMB 4157 in Qingtian County, RMB 3746 in Shaoxing County). In addition, because they prioritise work experiences and skills improvement, young generation migrant workers earn slightly less than the old generation. Females also earn less than male migrant workers. Fewer young workers are satisfied with their current salary (25.5%) than old migrants (38.1%).

Figure 49 Average Monthly Salary of Young Generation Migrant Workers in Zhejiang in 2012



Source: Survey Office of the National Bureau of Statistics (2012).

Although there have been improvements in labour conditions to a certain extent (such as improvement in living conditions, increase of labour contract signing rate and social insurance participation rate and a reduction in wage arrears), young generation migrant workers are still suffering grave violations of their labour rights, as well as conflicts between self-identity and reality. Piece-rate payment forces them to endure long working hours with only a small amount of overtime pay. Overtime is prized by young migrants looking to increase their income. One factory owner even claimed that:

They [migrant workers] like to work overtime because they want to earn more money. Nowadays, young workers only focus on money. They even request overtime in order to make money. They do not care about learning skills, just about earning money.⁷³

It is, however, doubtful that migrant workers work overtime because they “like” to. It is rather the case that if they do not work overtime the basic wage is not enough for surviving. It is a tactic for capitalists to lengthen working hours, in order to extract more (absolute) surplus value. A migrant worker explained:

I can only earn a basic wage of RMB 1800 per month if I don't work overtime. The rest of the wage is based on how many pieces I have made. I need to work fast so that I can earn more.⁷⁴

Therefore, although the wage of migrant workers in Zhejiang is relatively higher than in the PRD (Xu, 2003), they still work long hours under bad working conditions. This has to do with the industrial structure that is in the lower end of the global production chain, low-tech, and small-scale. Migrant workers face intensive formal and real subordination process in Zhejiang. In next section, I will discuss the subordination of migrant workers by the local state and capital.

⁷³ Interviewee NO.: ZJ-07062013-1, factory owner, Hangzhou

⁷⁴ Interviewee NO.: ZJ-07152013-3, workers, Yiwu

6.3.3 The Subordination of Migrant Workers in Zhejiang

Large numbers of migrant workers working in these private enterprises and *ge ti hu* are in the process of leaving the land, which means

They still have access to land in their hometown and they still have the ability to farm. Migrant workers in Yongkang, even some of the young migrant workers, still do farming. I went back to my hometown every year to do the heaviest jobs of farming like seeding and harvest.⁷⁵

The workers in my factory are all from this village (where the factory is located). They work in my factory and take care of the farmland at the same time. They choose to have a job in the factory for having social insurance – so that after retirement they can enjoy a pension.⁷⁶

Another important aspect is the control over everyday life: migrant workers in Zhejiang, especially workers in the private sectors, usually live in rented houses in villages or towns. Their life remains at a distance from the full control and containment by capitalism. On the other hand, the reform and opening up is integrating China with the global market, which drives the coastal areas to become ideal areas for global capital to exploit cheap raw materials, loose local policies, an incomplete legal system, aspirant local government officials, and of course a cheap and unlimited supply of peasant workers. Zhejiang, although it has a history of local, private economy development targeted at domestic markets, is becoming progressively more engaged in globalization. The *ge ti hu* and private businesses embed themselves in a local industrial cluster, which plays the role of mass social production and then joins the global industry chain.

Generally speaking, the private sector in Zhejiang separates workers into small-scale industrial plants. Although these industrial plants are integrated into specific industrial clusters, workers are dispersed and solidarity is weak. The dispersal of workers is also solidified by the spread of neo-liberalism in Zhejiang: local capital tends to lengthen working hours and increase labour intensity to create more surplus

⁷⁵ Interviewee NO.: ZJ-07222013-2, Official of Labour NGO, who used to be a migrant worker, Yongkang, Zhejiang

⁷⁶ Interviewee NO.: ZJ-07042013-1, Factory owner, Hangzhou

value. With the increase in industrial integration, intermediate costs have been greatly reduced, allowing opportunities and spaces for low-tech and labour-intensive factories to arise.

Local capital and local *laoban* (老板 Boss-Capitalist)

In Zhejiang, the local economy grew from local capital and roots in local communities, especially in the South-Eastern area of Zhejiang. The local business network is linked on the basis of kin, geographic and occupational relationships (Xu, 2003; Yang, 2009). Retracing the development path of the private sector, a deep entanglement between local traditional relationships i.e. patriarchal clan and family system, and modern industrialization, can be seen. Local capital has been benefiting from close ties with local governments, communities and industrial clusters. Therefore, local capital pursues profits with a long-term commitment to operating the business in the local area. Compared with international and state investment, as well as domestic investment from other provinces, local capital has lower volatility.

Local private enterprise owners are familiar with the party state's political establishment and generally supportive of the current power structure. This is not only because of the difficulties in effectively opposing China's one-party-state structure, but also because local, private capital holders are favoured by state-led development policies (McNally & Wright, 2010). Hence, local private enterprise owners tie themselves closely to the current political structure. Local private entrepreneurs join government-sponsored business associations, such as the Private Enterprises' Association and the Industrial and Commercial Federation as they believe these institutions will represent their interests (Dickson, 2003:24).

In Zhejiang, private capital holders also utilize the People's Congress System to participate in the political establishment. In the five year term from 2003-2008 of the Tenth People's Congress of Zhejiang there were 164 representatives belonging to the group of private capital holders (25.87%) (Lang, 2012), while Guangdong had 93

representatives in this group, out of a total of 780 representatives.⁷⁷ In the areas that are most economically developed and where privatization has advanced the furthest, private entrepreneurs are more likely to view themselves as partners, not adversaries of the party-state. “The views of private entrepreneurs have converged with those of local party and government officials regarding the roles and policy influence of business associations” (Dickson, 2003:57). This view is also supported by Lang’s investigation. Private capital holders account for 39.20%, 32.26% and 31.80% respectively of representatives in the Jinhua, Taizhou and Hangzhou constituencies.

Local capital holders also see village level elections as an opportunity to be part of the local governing structure. In China, village elections are under the principle of villagers’ autonomy. Local capital holders can easily participate in elections and gain positions on village committees. In 2002, over 65% of members of the village committee in Yiwu were local private capital holders, similar to Yongkang, Ruian and Dongyang, etc. (in south-eastern Zhejiang).

Therefore, as concluded by McNally and Wright (2010), Chinese private capital holders are thickly embedded in the party-state via *guanxi* (social networkers, connections, influential relationships) and kinship ties. This facilitates their ability to gain information, access credit, procure licenses, avoid onerous taxes and obtain land (Tsai, 2007:84; Dickson, 2003:106). This phenomenon is very obvious in Zhejiang and plays an important role in its economic development. As analysed by Tsai (2007), in Zhejiang, especially in the Wenzhou Model, local government is especially supportive of the development of private sector and there is evidence of this in capitalist development of Zhejiang Province in the reform era. When the central government attempted to control and restrict the development of *ge ti hu* and private enterprises, it was the local cadres who provided strong support to protect them. Hence, local capital holders and local government share community interests. Thick embeddedness allows local capital holders to support current political status quo and means that they are more likely to accept advice and orders from local governments and other quasi-government organizations such as trade unions, the Private

⁷⁷ The representatives of the Tenth People’s Congress of Guangdong had higher qualifications and better structure (*Guangdong sheng di shijie renda daibiao jiao wangjie sushi genggao jiegou geng heli* 广东省第十届人大代表较往届素质更高结构更合理)
<http://news.sohu.com/37/56/news205675637.shtml>

Enterprises' Association and the Industrial and Commercial Federation. In the case of introducing collective consultancy into the woollen industry in Wenling,⁷⁸ it is evident that the active trade union cadres and the private enterprises' association officers played crucial roles. The Wenling case is analysed in detail in the next section.

Local migrant workers

The first generation migrant workers in Zhejiang were mainly local peasants and the majority of first generation *ge ti hu* and private enterprise owners were local residents. Within each private enterprise, owners and managers are normally family members. Broadly speaking, people inside one village or even one town are connected by kinship. Kinship and geographic relationships also expand to include the relationship between employers and employees and recruitment takes place via relatives, fellow villagers and friends. The close relationships, i.e. blood relationships, between employer and employees at the beginning of economic development have become the lubricant of tense labour relations. This traditional network of relations has created a special 'corporate culture'. When disputes occur, it they are more likely to be solved by *guanxi*. Business is like family, with the owners and managers acting as patriarchs and employees as children (Xu, 2003). The patriarch has absolute authority over his 'children' within the business, but also the responsibility of taking care of the 'children'. If owners are willing to shoulder the responsibility of taking care of workers, it will lead to the so-called 'harmonious labour relations' in businesses (Xu, 2003).

As noted by Smart and Lin (2007), local citizenship, or the possession of a local *hukou*, allows local peasant workers to access more benefits in the workplace. This explanation provides a reasonable way to understand the specificity of Zhejiang's labour relations. Localism is a major characteristic of economic development in Zhejiang – local capital and local peasant workers, and supportive local governments. Local peasant workers, who have close relations with enterprise owners and deep-rooted connections with the local community, have more social resources compared to the non-local group to argue for better working conditions and higher wages.

⁷⁸ Wenling is in the southeast of Zhejiang Province, and forms part of Taizhou City.

Meanwhile, local capital's long-term commitment leads to search for a stable employee base and good business reputations (Xu, 2009).

Their deep embedding in the local community allows local workers to force business owners to take a gentle and flexible management strategy. Also, with over 60% of migrant workers living at home or in private rentals, employers have much less control over their workers than those whose workforce are tied to factory accommodation. Non-local migrant workers also benefit from this empowerment. Like a migrant workers said:

I have been here for six years. I stay in this place but I have changed my jobs for more than 10 times. I just leave whenever I feel unsatisfied with the job.⁷⁹

The 'local citizenship' has supported the insubordination of migrant. Frequent job-hopping, slowdowns, and absenteeism of migrant workers at peak time (e.g. in the woollen industry in Wenling, Zhejiang) have forced local government and local business owners to introduce collective consultancy in order to maintain production.

Atomized migrant workers

At the beginning of the reform era, the fact that the majority of migrant workers were from local areas balanced the power relation between capital and labour to some extent. However, it should be noted that migrant workers in Zhejiang are still facing destructive exploitation because the manufacturing factories in Zhejiang do not only compete in the local or domestic market but also against companies in other areas and countries that also have numerous low-cost labourers. The benefits of a local *hukou* cannot dispel the global neo-liberal projects of capital, which is to increasingly subordinate people to capital and take advantage of national differences. Also, along with the increase of non-local migrant workers and the deepening of global integration, migrant workers are being pushed into an increasing unstable, insecure and informal position in labour relations.

79 Interviewee NO.:ZJ-07222013-2, migrant workers, Yongkang

Although the market determines wages to a great extent in Zhejiang, labour has little power to influence this ‘free market’. Skilled, experienced workers can benefit from higher wage and more security, but workers with little or even no skills are confined to positions with much lower wages and less security. Also, even though local migrant workers are empowered by local citizenship, local capital has much more social resources and it is common to observe thick embeddedness of local capital with the current political system. A labour NGO official said:

Migrant workers feel that factory owners are powerful, because they know people in the government. They don’t want to directly fight with factory owners. Also migrant workers in one and the same factory do not have the same level of wages. It is hard to act together because they all have different anticipations. Migrant workers do not consider themselves to be ‘workers’.

He continued:

The labour relation here is far behind what is happening in Guangdong. The factories here are small-scale, with nearly no skill requirements. You can learn the whole progress in one week and become an ‘experienced worker’. The salary is not bad but the working conditions are too harsh. Occupational injuries are common.⁸⁰

Private enterprise owners often unite to determine wages within their industry in an attempt to control the high turnover rate during peak times and reduce workers’ ability to demand higher wages. They are usually supported by local governments and quasi-state organizations such as trade unions, the Private Enterprises’ Association and the Industrial and Commercial Federation (Xu, 2003; 2009). I will discuss this experiment in next section in detail.

In contrast to the active attitude of private enterprise owners, migrant workers have little interest in integrating into the current political system and show no desire to, for example, join the CPC party or Community Youth League. Moreover, they are indifferent to the official trade union.

The ramifications of becoming a trade union member or understanding the functions of trade unions are not taken into

80 Interviewee NO.: ZJ-07152013-1, Official of labour NGOs, Yiwu, Zhejiang

account by workers, especially migrant workers. We [trade unions in Zhejiang] have built a lot of occupational service centres with computers, books and other facilities. Generally, they [migrant workers] like the facilities but are not interested in joining the union. There have been cases of migrant workers becoming trade union representatives on the enterprise level, but they didn't have the power and resources to negotiate with managers. Therefore, other migrant workers were discouraged to play a role in the trade union.⁸¹

Collective consultations and collective contracts are widely implemented in Zhejiang. However, research has shown that over half the workers have no idea of the content of their collective contract, and indeed, have no idea whether there is a collective contract (Friedman, 2014). Yet, even though they do not make use of the official trade, migrant workers also rarely form other forms of associations or participate in collective activities. The trade union, women's federation, and collective actions are not used, or at least not mentioned by young generation migrant workers (Survey Office of the National Bureau of Statistics, 2012).

Industrial clusters based on geographic distribution disperse migrant workers into small-scale private enterprises and *ge ti hu*, which inhibits the formation of workers' associations. Also, there is a hierarchy within the group: local workers and non-local workers, skilled workers and unskilled workers, contract workers and temporary workers all occupy different positions in the system and it is difficult to find shared interests among the various groups even though they are all being exploited by capital (China Labour Bulletin, 2012).

Educational background is another import factor that influences labour rights protection. Statistical data shows that 62.1% of migrant workers did not go to senior high school or vocational high school, and only 8% of them gained a diploma or degree (Propaganda Department of CPC Zhejiang Provincial Committee, 2008). Occupational training is not available for all migrant workers. Along with the development of Zhejiang's private sector, the demand for high-skilled workers is increasing. However, the majority of migrant workers are unskilled workers and there is a glut of these in the labour market. This lack of training opportunities

81 Interviewee NO.: ZJ-07062013-1 Official of Trade Union of an industrial park, Hangzhou

suppresses migrant workers' ability to enter the primary labour market and earn promotion. It also weakens the bargaining power of migrant workers because each individual worker can be easily replaced.

6.4 Insubordination of Migrant Workers in Zhejiang

The patterns of Zhejiang's labour disputes and labour unrests show characteristics different from other economically advanced areas in China related to the province's unique economic development path. Local people have played the most important role in driving economic development, resulting in relatively equal distribution between urban and rural residents and relatively harmonious labour relations between employers and employees. Nevertheless, development is a dynamic process. Along with deeper integration in the global economy, increasing productivity of labour and regular resistance from labour, the subordination of migrant workers is becoming increasingly hybrid and intense. The deepening of the subordination projects triggers the upgrading of migrant workers' insubordination and so the conflict between capital and the labour worsens. This is shown by the growing numbers of labour disputes cases and labour unrest, as well as the complication of the rights claims of labour. In this section, I first analyse the situation of labour disputes and strikes in Zhejiang before using the Xinhe collective consultancy case as an example to reveal the conflict between the subordination project and the insubordination of migrant workers, and how this conflict leads to the adjustment of the control regime by the state, the quasi state-trade union and capital.

6.4.1 Labour Disputes and Strikes

Labour disputes

Although the number of labour disputes has increased dramatically over the past two decades, labour relations in Zhejiang are considered as 'relatively harmonious' compared with other economically advanced provinces and areas (Xu, 2009). One index that supports this statement is the ratio between the number of labour disputes and annual GDP (shown in Table 16).

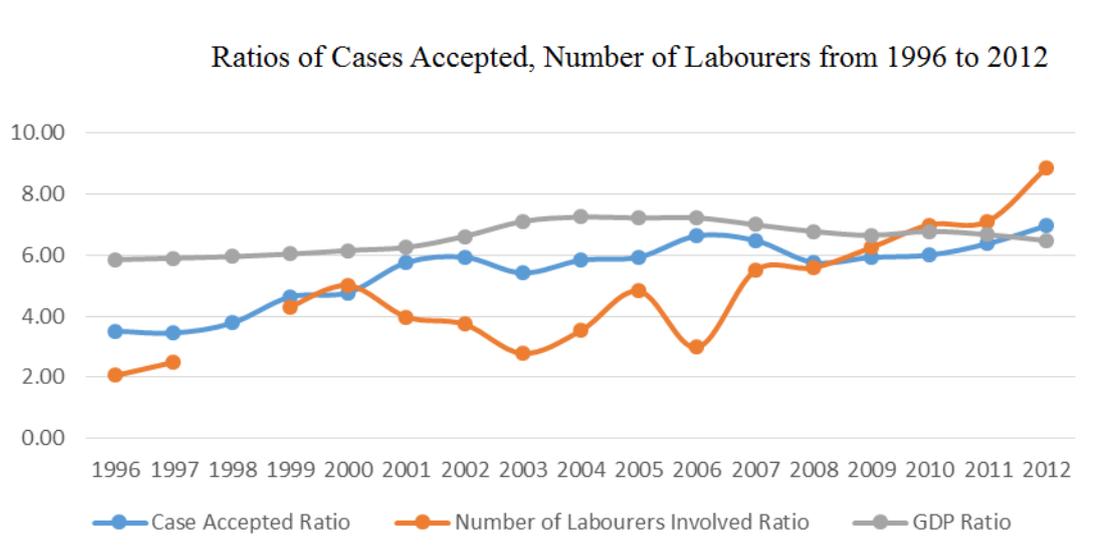
Table 16 Labour Disputes Case Features of Zhejiang, 1996-2012

Year	Cases Accepted			Number of Laborers Involved(person)			GDP(100,000,000 Yuan)		
	China	Zhejiang	Zhejiang/China (%)	China	Zhejiang	Zhejiang/China (%)	China	Zhejiang	Zhejiang/China (%)
1996	48121	1691	3.51	189120	3892	2.06	71572	4188.53	5.85
1997	71524	2469	3.45	221115	5514	2.49	79430	4686.11	5.9
1998	93649	3536	3.78	358531		0	84884	5052.62	5.95
1999	120191	5568	4.63	473957	20376	4.3	90188	5443.92	6.04
2000	135206	6454	4.77	422617	21175	5.01	99776	6141.03	6.15
2001	154621	8902	5.76	467150	18575	3.98	110270	6898.34	6.26
2002	184116	10928	5.94	608396	22751	3.74	121002	8003.67	6.61
2003	226391	12263	5.42	801042	22293	2.78	136565	9705.02	7.11
2004	260471	15192	5.83	764981	26960	3.52	160714	11648.7	7.25
2005	313773	18624	5.94	744195	35886	4.82	185896	13417.68	7.22
2006	317162	21036	6.63	679312	20244	2.98	217657	15718.47	7.22
2007	350182	22705	6.48	653472	35919	5.5	268019	18753.73	7
2008	693465	39954	5.76	1214328	67880	5.59	316752	21462.69	6.78
2009	684379	40560	5.93	1016922	63593	6.25	345629	22990.35	6.65
2010	600865	36080	6	815121	57009	6.99	408903	27722.31	6.78
2011	589244	37579	6.38	779490	55431	7.11	484124	32318.85	6.68
2012	641202	44632	6.96	882487	78068	8.85	534123	34606.3	6.48

Source: China Labour Statistic Yearbook from 1996 to 2013

The data clearly show that the ratio between Zhejiang and China in terms of number of accepted cases and numbers of labourers involved are lower than the one in terms of GDP before 2010: Zhejiang creates more GDP with fewer labour dispute cases compared with the national average level. However, it should be noticed that the first two ratios keep on approaching to, or even exceed the last one. (Figure 50).

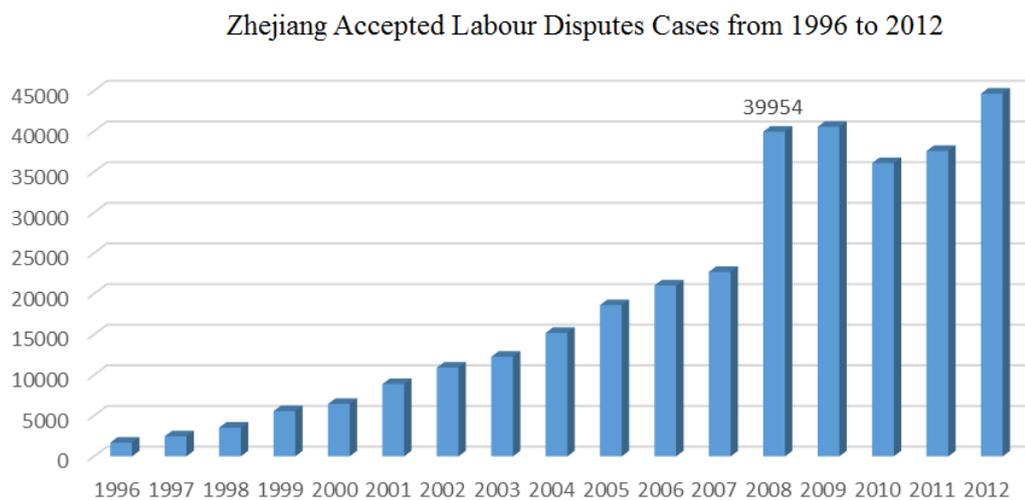
Figure 50 Table 17 Ratios of Cases Accepted, Number of Labourers, 1996-2012



Sources: China Labour Statistics Yearbook from 1996 to 2013

The number of labour dispute cases accepted by the Zhejiang Labour Dispute Arbitration Committee in 2008 showed a sharp increase compared with previous decades. Numbers fell slightly in 2010 and then continued to grow. Before 2008, over 80% of labour disputes cases were about salary payments, but increasing numbers of disputes are being filed regarding overtime payments, economic compensation, salary raises, social insurance payments, equal pay, and holiday pay. Several social-economic factors have influenced the sharp increase of labour disputes cases (Zhejiang Higher People Court, 2013, shown in Figure 51). The first is that the global economic recession placed considerable pressure on business' operation. Although Zhejiang's economic growth is not driven by foreign investment, its exports are one of the most significant components of GDP. The economic downturn has seriously affected enterprises, especially private companies lacking risk management expertise. Businesses facing difficulties in their operations, react by increasing labour intensity and working hours, reducing wages and benefits (sometimes even delaying or refusing to pay salaries), downsizing and laying off staff and, if all these measures fail, closing the business.

Figure 51 Zhejiang Accepted Labour Dispute Cases, 1996-2012



Source: China Labour Statistics Yearbook, 1996 to 2013

The second influential factor is the development strategy transformation dominated by local governments. Industrial upgrades are new projects for local governments,

driven by pressures of both the economic transition and environmental pollution. In Hangzhou East Software Park, the trade union officer reported:

Here we only have collective strikes caused by the relocation of factories. The park is a high-tech industrial development zone, where Alibaba, Huawei, Lenovo, Zhongxing and so on⁸² are located. Hence chemical factories and other heavy polluting factories are ordered to move out, which causes mass incidents. However, there have been no other mass incidents or collective labour disputes during the past few years in this park.⁸³

The third factor is the implementation of the Labour Contract Law in 2008, which stimulated a dramatic increase in formal labour disputes. When going through legal channels migrant workers face a lot of obstacles in protecting their labour rights, as the local governments adjust the practical principles to avoid the turbulence of labour disputes. As a labour NGO official clarified:

Cumbersome judicial procedures are time-consuming and inefficient and they [migrant workers] find it hard to protect and fight for their labour rights through legal procedures. Here in Yongkang, every labour disputes case must go through the mediation process. Once you have the mediation agreement, then you can go to the next stage: arbitration. If you can't accept the arbitration results, then you go to the court in the first instance, and then the second. It is extremely time consuming. Migrant workers generally cannot wait that long. They need to work and feed their family. But the mediation agreements only reach, in general, 60% of your requirements. You cannot get the full amount of money back.⁸⁴

Poor working conditions and lack of labour protection has resulted in much damage to migrant workers' physical and mental health and numerous occupational injuries, which often leave migrant workers and their families in dire situations. The low participation rate in employment injury insurance leaves migrants at risk. Often their bosses refuse to take responsibility for the incident and even threaten and intimidate workers into giving up their claims against them.

⁸² The companies mentioned here are all famous Chinese internet companies. Alibaba is listed in the U.S., with market capitalization of US 250 billion, the highest of any Chinese public company.

⁸³ Interviewee NO.: ZJ-07062013-2, official of Trade union of an industrial park, Hangzhou

⁸⁴ Interviewee NO.:ZJ-07152013-1,Labour NGO official, Yiwu

Strikes

Unlike in Guangdong, strikes in Zhejiang rarely come to people's attention. Those that are recorded and broadcast are much fewer in numbers and make less diverse demands. However, Zhejiang is not the business 'paradise' that this might suggest: based on incomplete statistics compiled by the China Labour Bulletin, 177 strikes took place from 2011 to May 2015. Unlike those in Guangdong where 36.2% of strikes occur in foreign invested enterprises (including Sino-foreign joint venture enterprises), over 50% of Zhejiang's strikes take place in private companies. In the manufacturing industry, the difference is even more apparent with over 50% of strikes taking place in foreign-invested enterprises in Guangdong while 67% are in private enterprises in Zhejiang. The records list 53 strikes as occurring in enterprises of an 'unknown' ownership type, 22 involving taxi drivers. In Zhejiang, the majority of strikes (65%) are caused by salary arrears or demands for higher payment. This figure rises to 75% for the manufacturing industry. The increasing of number of strikes relates to wider and deeper extent of labour rights, even political rights. The characteristics of strikes and labour disputes in Zhejiang are influenced by the social-economic environment, as well as the general patterns of workers, especially migrant workers.

However, the written records do not tell the whole story as not all strikes are recorded nor are non-strike forms of labour unrest. The latter are more difficult to record as struggles and fights take place all the time. Non-strike forms of labour unrest are as important as strikes: 'slowdowns, absenteeism, sabotage to demonstrations, riots and factory occupations are all manifestations of non-strike forms of labour unrest' (Silver, 2003:35). For migrant workers in Zhejiang, 'voting by feet' is their most powerful weapon against control from capital, whether direct or via the state acting as an intermediary or as an agent of capital. The legitimacy of the strike is ambiguity, and workers are forbidden to organize trade unions. As Silver states, anonymous or hidden forms of struggle are especially significant in institutions where strikes are illegal and open confrontation is difficult or impossible.

6.4.2 Zhejiang Model of Collective Consultancy (集体协商)

Trade unions in China are “an integral part of the state socialist system, not as representatives of the interests of workers” (Clarke, 2005:3). The All-China Federation of Trade Unions (ACFTU) has been the recipient of many criticisms and queries as to its independence (Tim, 2011:1) and its social control functions (Liu, 2010). Hence its fundamental goal is not to “identify and organise workers common interests according to their immediate position in the system of production” (Papadopoulos, Stephenson & Tsianos, 2008:240) but to integrate workers into the state socialist system (Clarke, 2005). ‘Non-official’ trade unions or other grassroots organisations are strictly prohibited, leaving extremely limited political space for workers’ associations and labour NGOs. Increasingly pressured to reduce labour militancy and stabilise intensive labour relations, the ACFTU and local trade unions are forced to seek appropriate innovations and creations within the current political regime. The most successful attempt in Zhejiang is the industry collective consultancy, created primarily by local trade unions and local private entrepreneurs association and supported by local governments (Xu, 2009; Liu, 2010; Pringle, 2011; Long, 2013; Friedman, 2014).

Wenling, a county-level city of Taizhou prefecture-level city located in south-east Zhejiang, has received much attention because of its innovation of collective consultancy by local trade unions. ‘Wenling collective consultancy’ originated in the Xinhe Town Woollen Sweater Industry. Once the collective consultancy in Xinhe was seen to have a considerable positive impact on stabilising labour relations and reducing labour disputes and strikes, it was taught and promoted to other industries, mainly composed of private, especially small-scale enterprises, first in Wenling, and then province-wide.

Case Study: Xinhe Woollen Sweater Industry Collective Consultancy

In Xinhe, more than 110 woollen sweater factories employing over 12,000 employees have formed a pillar industrial cluster (Pringle, 2011, Long, 2013). The peak manufacturing season was between April and December, no orders being received from January to March. Since 2011, the majority of migrant workers have come from other provinces whereas previously local migrant workers were in the majority.

Skilled and experienced workers were urgently needed. The competition among private enterprises to attract and retain skilled and experienced workers was intense during the peak season. Employers used different strategies to retain skilled workers – wage arrears, illegal job deposits, keeping workers' ID cards, paying higher wages, etc. They also offered higher wages to try to pilfer skilled workers from other competitors. However, these actions did not yield the expected results (stable production), but rather led to a more severe tension between employers and workers. Workers, especially those with skills and experience, took advantage of their bargaining power to request higher wages. If their demands were not satisfied, they immediately became involved in job hopping, sabotage and strikes.

Facing the pressure of massive labour unrest, the local private entrepreneurs' association, Xinhe Woollen Sweater Manufacturers, firstly attempted to reach an agreement on wages. However, the competition for skilled workers was too intense to overcome so the agreement failed. They then turned to a local trade union, the Xinhe Federation of Trade Unions. Led by active and motivated trade union officials, a sectoral trade union, the Xinhe Woollen Sweater Sector Trade Union, was formed in 2003, and played an important role in collective consultancy (especially for wages) in following years.

The first collective consultancy process was led by the sectoral trade union with the participation of relative interest groups – Wenling City Labour Bureau, representatives of private entrepreneurs, workers representatives and Xinhe Trade Union officials. Consultancy was mainly focused on wage rates. Following six formal consultancies and ten meetings, as well as investigations based on over five hundred documents containing suggestions and amendments from relative interest groups, a new wage rate was agreed and a formal document, 'Wenling City Xinhe Town Changyu Woollen Sweater Sector Workers Wage (Wage Rate) Consultation Agreement' was issued (Pringle, 2011:126). In 2004, a second collective consultancy took place, directly led by the sectoral trade union. After eight formal consultancies, twelve meetings and investigations based on over eight hundred standard 'opinion forms', an upgraded wage rate table was agreed and signed as a formal document.

Since 2003, sectoral collective consultancy has stabilized labour relations and reduced labour unrest. Wages, the focus of collective consultancy, have increased year on year at a stable rate. Governments, from top to bottom, have spoken highly of this innovation led by a local trade union. It was absorbed by the government and has been piloted in similar industries in Zhejiang.

A clear and positive result was seen after the implication of the new wage rate standard (Table 6.7). Other similar industries in Zhejiang soon followed in the footsteps of the Xinhe woollen sweater industry model (See cases analysed by Liu, 2011 and Friedman, 2014). Their first step is to build up a sectoral trade union, led by the local trade union and encourage active participation by related interest groups. Then the sectoral trade union executed a collective consultancy function to reach agreement among the interest groups. To achieve this goal, several rounds of formal consultancies, meetings, and concrete investigations are required, tolerating and respecting the different views and opinions expressed. The agreement is then formally signed by all participants and put on record at the local labour and social security bureau. Once approved by the bureau, it becomes effective.

Table 17 Comparison of Labour Disputes Cases accepted by Wenling Labour and Social Security Bureau between the Woollen Sweater Industry and Shoe Industry

Year	Labour Disputes in Woollen Sweater Industry			Labour Disputes in Shoe Industry		
	Cases	Number of Labourers involved	Repay Wages (RMB)	Cases	Number of Labourers involved	Repay Wages (RMB)
2001	-			17	43	30318
2002	3	67	154700	30	97	67762
2003	1	13	43269	58	211	278798
2004	1	4	3872	51	192	355814

Source: Lin, 2007

The rise of the collective consultancy model in Zhejiang cannot be separated from its specific social-economic environment. The Wenzhou Model development strategy provides a localized market. Developed from family-based industrial plants, industrial clusters with a lot of private, usually small-scale enterprises and *ge ti hu*, are concentrated in a particular geographical area, thus creating similarities in

working conditions and working processes in one industrial cluster. Hence, the tight labour market empowers skilled workers to bargain with employers. Moreover, the majority of private enterprises in Zhejiang are small-scale, hiring only a few, high turnover, workers. This erects barriers to building up enterprise-level trade unions that can do something useful to protect workers' rights. Meanwhile, the localisation of capital also has a close relationship with the 'thick embeddedness' of private enterprises owners in the current political regime, which prompts local entrepreneurs to cooperate with local trade unions. In addition, as discussed by Pringle (2011) in the Xinhe Woollen Sweater Industry case and Liu (2010) in the Zeguo Water Pump Industry case, motivated and innovative local trade union cadres are skillfully transforming the union's administrative power into substantial bargaining power and utilising political resources gained from local government support. This specialized environment has given birth to the sectoral trade union, which can keep its distance from the control of capital and "transform the union's administrative power and government support into substantive bargaining power" (Liu, 2010:45).

Of course not all experiments in collective consultancy in Zhejiang have delivered equivalent positive results. As observed by Friedman (2014) in the Rui'an eyeglass industry, migrant workers were not aware of the collective agreement in place while few managers abided by the agreement. High turnover and intense competition for skilled workers continues to annoy numerous private enterprises' managers and owners. Agreements are not well enforced, mainly because workers are excluded from the process of collective consultancy. The Rui'an glass industry, for example, has remained true to its previous style: workers come and go freely during peak season, enterprises compete to retain skilled workers, the agreement of collective negotiation remains pure paper work.

From the perspective of trade union reform and innovation, collective consultancy is an effective attempt to solve the complex challenge of increasing labour unrest in a tight labour market (Pringle, 2011). Sandwiched between the state's demand for 'maintenance of stability' and 'economic development' and labour's demand for 'protection of labour rights' and 'representatives of interests', the local trade union in Xinhe broke with traditional practice and found a new way to solve problems. Similar industries in nearby towns learnt from this and the practice gradually spread

across the province. The ACFTU and central government have admitted that the experiment has been a success and that it may offer a possible path for trade union reform in the future.

6.5 Conclusion

The state's (including quasi-government organisations such as trade unions and entrepreneurs' associations) and employers' view is only one side of the story. The history of Zhejiang clearly charts the unyielding escape of peasants from the existing containment control, from the powerful central government. In the Mao-period, people were divided into rural residents and urban residents and their mobility was strictly controlled. The control regime was implemented to maintain the existing political and economic order. However, peasants in Zhejiang did not stop trying to escape the bondage of the people's commune system. They left their registered residences without authorisation and engaged in commercial business, smuggling, long distance transportation, loan-sharking and contraband, all of which were strictly banned by the central government. They refused to be reduced to an object of state control, but were active subjects. The central government's response to the escape of peasants was to try to absorb the energies of moving people. However, harsh punishments for 'illegal mobility' proved less than effective. In fact, private enterprises and *ge ti hu* already existed in the 1970s – before reform and opening up. Facing the energy created by escape, which is rupturing the equilibrium of the existing regime of control, a new regime of control needs to be established in order to appropriate this energy and transform it into a new manageable social subjectivity (Papadopoulos, Stephenson & Tsianos, 2008:52).

Zhejiang's reliance on local capital and local migrant workers has created a unique social-economic environment. Local migrant workers were released from the bondage of land and the commune system, and the majority of them were absorbed by local private small-scale family-based industrial plants. Within this process, migrant workers in Zhejiang were involved in the subordination project of local capital and local state. Local citizenship empowered them to gain more benefits in the workplace. Deep embeddedness with the local community provided them with

more social support and more emotional connection with the owners of private businesses. Generally, the conflict between capital and labour was eased by blood relations, neighbourhood relations, and kinships. It is apparent that during the formal subordination process of local migrant workers to capital, the state's exclusive institution did not play a significant role. However, with the deepening of capitalist development the conflict has become more intense. Capital lengthens working hours, reduces workers' wages and increases labour intensity to exploit more surplus value. The surge of non-local migrant workers into Zhejiang deepened the division of labour on the one hand, and brought in new struggle strategies and tactics on the other. As non-local migrant workers have fewer benefits and less power than local workers as well as less '*guanxi*' in workplaces, all because of the *hukou* system, they tend to struggle for their rights by taking advantage of the labour market (Pringle, 2011:125). The insubordination of migrant workers within capital relations has pushed capital and the local states to introduce new regime to absorb their mobility.

Insubordination is a mode of social change that is forceful enough to challenge the present configuration of control (Papadopoulos et al., 2008:xiv) and force the control regime to reorganise itself. In case of the Xinhe Woollen Sweater Industry, the insubordination of migrant workers preceded the innovation of the trade union. A tight labour market leads to a shortage of skilled, experienced workers who take advantage of the situation via strikes, sabotage, job-hopping, protests, and other forms of struggle. Their energy of escaping ruptures the equilibrium of the existing regime of control and their struggle disrupts normal production and slows down economic growth. Migrant workers' insubordination to capital, including job-hopping, slowdown, sabotage, marching, protests and strikes, has forced business owners and local governments to create new regimes to absorb and transfer such forceful energy and one possible solution to the problem is the newly created collective consultancy system. The trade union, as a quasi-government organisation, actively involves itself in this process to respond to migrant workers' struggles. The process of collective consultancy and the building up of a sectoral trade union are a direct measure taken to calm labour militancy. However, when closely observed, it becomes apparent that the goal of collective consultancy is not to represent workers' interests but rather to stabilise labour market and production. Its fundamental objective is to establish a new regime of control in response to workers' 'chaotic'

refusal of work and to re-make migrant workers into a more manageable and controllable labour force. It limits the mobility of labour. Migrant workers have now been absorbed in sectoral trade unions that restrict their political space and the possibility of a real association. The escape of migrant workers is channelled into a legal process recognised by the government while other forms of struggle are deemed 'illegal' and 'unreasonable'.

The reorganisation of the regime of control is a process to consolidate control over escaping subjects. It is targeted at migrant workers who are excluded by the innovation process. It cannot protect migrant workers' rights and representation, but to attacks and fragments their struggles. As shown in the Rui'an eyeglasses industry, migrant workers continue to take advantage of the current labour market to fight for their labour rights, as the collective consultancy is an advanced regime to control them.

Reform and opening up has brought capitalism to China, resulting in dramatic economic development and dynamic transformation. Zhejiang's development path, represented by the Wenzhou Model, relies on local capital and local migrant workers, which in turn benefits the local community. Thick embeddedness of local capital in the current political structure encourages private capital holders to cooperate with the local governments and quasi-governments. Local citizenship also provides local migrant workers with more social support to confront capital. Labour relations in Zhejiang have been 'relatively harmonious'. However, as the social-economic environment transforms, labour relations in Zhejiang are beginning to exhibit new characteristics. The development of capitalism tightens the screws of the labour process, which increasingly pushes migrant workers towards the formal subordination. As they lose their means of subsistence they are sucked into capitalist exploitation relations. Deepening integration with the domestic and global markets increases competition between and stress on local, private enterprises. Demographic changes have reduced the labour supply and encouraged the arrival of more non-local migrants. All these changes impact on the characteristics of labour relations in Zhejiang.

Migrant workers in Xinhe and other areas with similar conditions have taken advantage of their position in the labour market to fight for their rights, forcing private enterprise owners and local authorities to solve the challenge they present. It is the migrant workers' escape that leads to the innovation of regime of control. Trade union innovation is another attempt to absorb the energy of insubordination. Based on the preconditions of its particular social-economic environment, Zhejiang's local trade union experimented with a sectoral collective consultancy which proved to have a strong stabilising effect on the local labour market and may be considered as the future path for further trade union reform. On the one hand, the state and capital cooperate to introduce a new framework of collective consultancy to absorb the resistances of migrant workers. On the other hand, as discussed in the previous section, Zhejiang Province and individual capitalists are considering bringing in automation to replace migrant workers and improve productivity, thus revealing the state and capital's plans to further deepen the subordination of migrant workers.

Chapter 7 Jiangsu Province- Local State, Daily Struggle and Collective Actions

7.1 Introduction

The development of TVEs in Jiangsu has significantly driven economic growth and speeded up the urbanisation process in the province. It has created a particular development path in Jiangsu, known as ‘Sunan Model’, which is parallel with the Pearl River Model in Guangdong Province and the Wenzhou Model in Zhejiang Province. The speciality of the development path of Sunan also has greatly influenced the pattern of the labour disputes and collective actions of migrant workers. Jiangsu has a stronger foundation of manufacturing industry than the other two provinces. Since the reform and opening up, the economic growth of Jiangsu, especially south Jiangsu, has been based on the accumulation of collective economy and dominant of local states. At the beginning of the reform and opening up era, the collective economy remained, providing workers with social welfare and good pay, which actually buffered the escape of migrant workers from containment and the insubordination of migrant workers to capital relations. The remaining of the collective economy helped local states to keep their authority over economic relations. Since 2000, after the restructuring of collective TVEs, FIEs and private enterprises have become the main body of the private economy in Jiangsu. However, local states have remained closely related to economic actors. As a result, compared with other two provinces, the local states in Jiangsu are more capable to intervene in conflicts between capital and migrant workers. The capable local states have created a series of institutions to control the labour conflicts; the insubordination of migrant workers in Jiangsu, however, is still noticeable, despite the relatively good pay and working conditions. Migrant workers’ insubordination characterises here in Jiangsu in daily struggles, which still gradually push the local states and capitalists to change both their development and subordination strategies.

This chapter first analyses the historical context in which the Sunan Model rose, and illustrates its development in post-1978. It then reveals the making of migrant workers in Jiangsu and their insubordination strategies to capital. It then closely examines two collective actions of migrant workers in Yaoguan Town, a typical Sunan Town in Changzhou. Based on the analysis of the daily struggles of migrant workers and collective actions they take, this chapter discusses with a capable state, how migrant workers still fight back through daily struggles and collective actions.

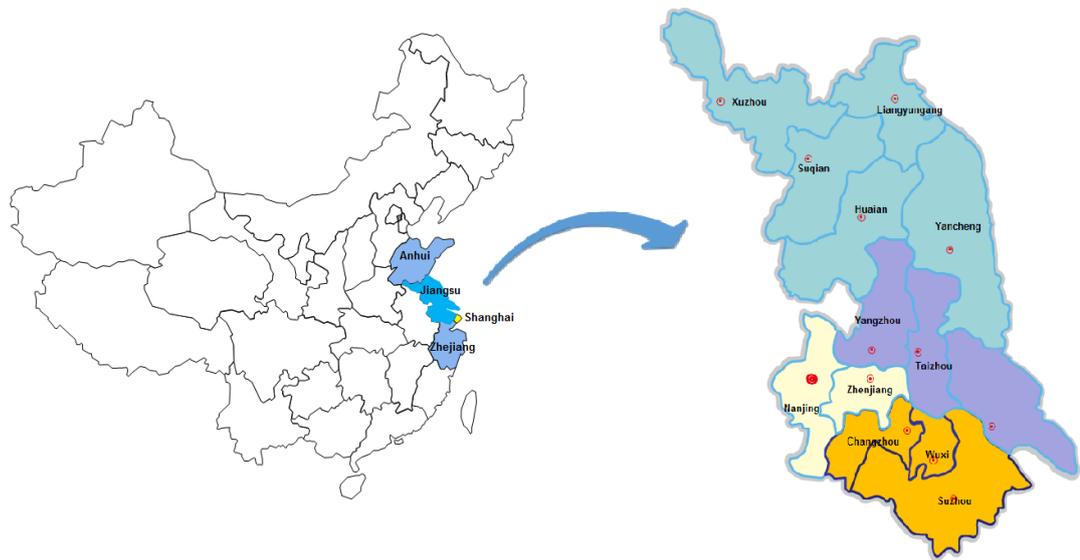
7.2 The Sunan Model and the New Sunan Model

As an east coast province of China, Jiangsu has also experienced fast economic development since 1978. Historically, Jiangsu, especially south Jiangsu, was one of the most prosperous areas of China. It had an advanced agricultural system based on fertile soil, abundant rainfall, and well-established water irrigation systems and a flourishing commerce and handicraft industry. Jiangsu was famous for its silk, cotton textiles, china, salt, papermaking, printing and tobacco. Additionally, Jiangsu's unique geographic situation and natural advantages make it a natural crossroads for domestic trade. The Changjiang, Huaihe and Yishuhe Rivers, important navigation channels, all flow through Jiangsu. There are also canals linking Jiangsu with north China. The Grand Canal, as an example, was used for tribute grain (*cao liang* 漕粮) transport from south China to north China. Towns in Jiangsu like Wuxi, Xuzhou, Nantong, became trade and distribution centres.

After the Opium Wars and the Sino-Japanese War in 1895, foreign investors, Chinese landlords and capitalists started to build modern industries in Jiangsu. Most of these modern industrial factories were concentrated in Sunan, particularly in Suzhou, Wuxi and Changzhou. They were the largest industrial cities in China at the time. In the meantime, north Jiangsu was suffering from flooding. Benefiting from its modern industries, advanced agriculture and rural economy, south Jiangsu became significantly distinguished from the other areas of the province (Suzhong in the middle and Subei in the north), to earn its own name and it became known as Sunan. Sunan area was also called 'Su(zhou)-(Wu)Xi-Chang(Zhou)'. In 2001, the Jiangsu provincial government placed Nanjing and Zhenjiang in the administrative group of Sunan, because the two cities had achieved a similar economic

development to Su-Xi-Chang. Suzhong includes Yangzhou, Taizhou and Nantong, and Subei includes Xuzhou, Lianyungang, Yancheng, Suqian and Huai'an (Figure 52).

Figure 52 Jiangsu Province and Sunan, Suzhong, Subei



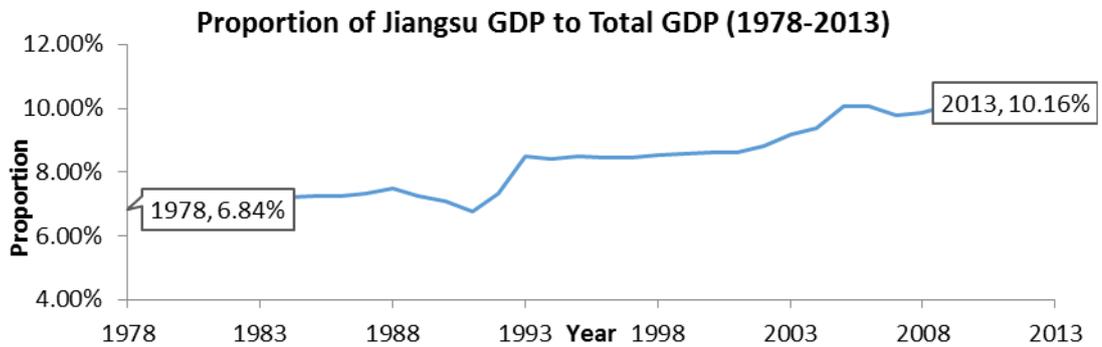
Source: Made by Author based on online source:

<http://www.58pic.com/tupian/zhongguoditushiliangtu.html>

7.2.1 Economic Achievements

By 1949, Jiangsu had established a significant number of modern enterprises and was one of the most developed provinces of China. After the establishment of the PRC, Jiangsu retained its leading position in the economy. In 1950, Jiangsu contributed 10% of China's industrial output with only 1% of China's total land area. During the Mao-period, although influenced by political drifts, the secondary industry continued to grow. From 1970 to 1975, industrial output surpassed agricultural production and since 1978, Jiangsu has recorded rapid growth. From 1978 to 2013, the average annual growth rate of GDP was 17.30% while the per capita GDP was 16.22%. The total amount of GDP grew from RMB 24.9 billion, accounting for 6.84% of total GDP, to RMB 5975.34 billion, accounting for 10.16% (Figure 53). Jiangsu remains one of the most developed provinces in China.

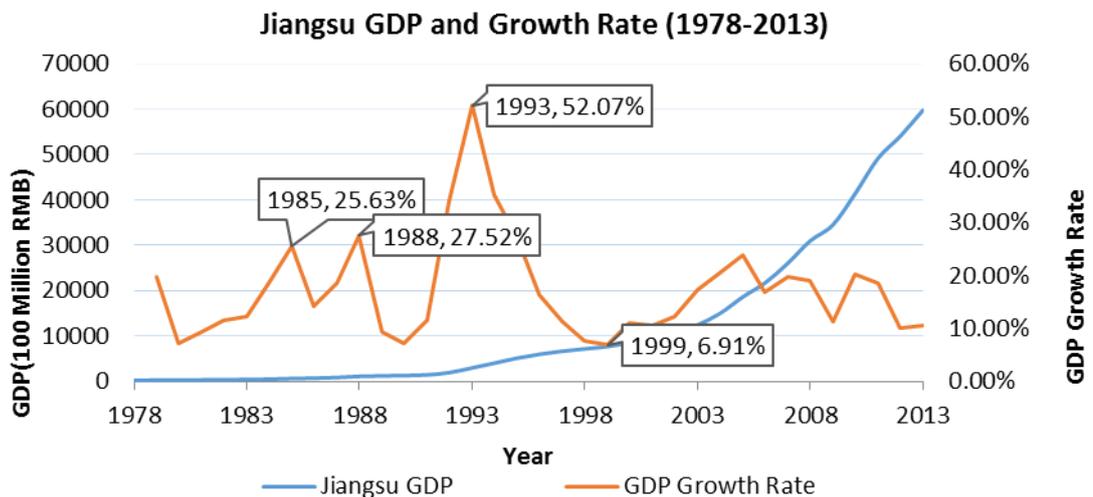
Figure 53 Proportion of Jiangsu GDP to Total GDP (1978 -2013)



Sources: Jiangsu Statistical Yearbook 2014

As clearly shown in Figure 54, there are several dramatic peaks and troughs in the GDP growth rate. Although Jiangsu’s economy has grown rapidly over the past three decades, it is sensitive to policy change and environmental variability. The main engine of economic growth in Jiangsu is TVEs, both collective and private, which have experienced vicissitudes. The details of these are analysed in coming sections.

Figure 54 Jiangsu GDP and Growth Rate (1978 -2013)

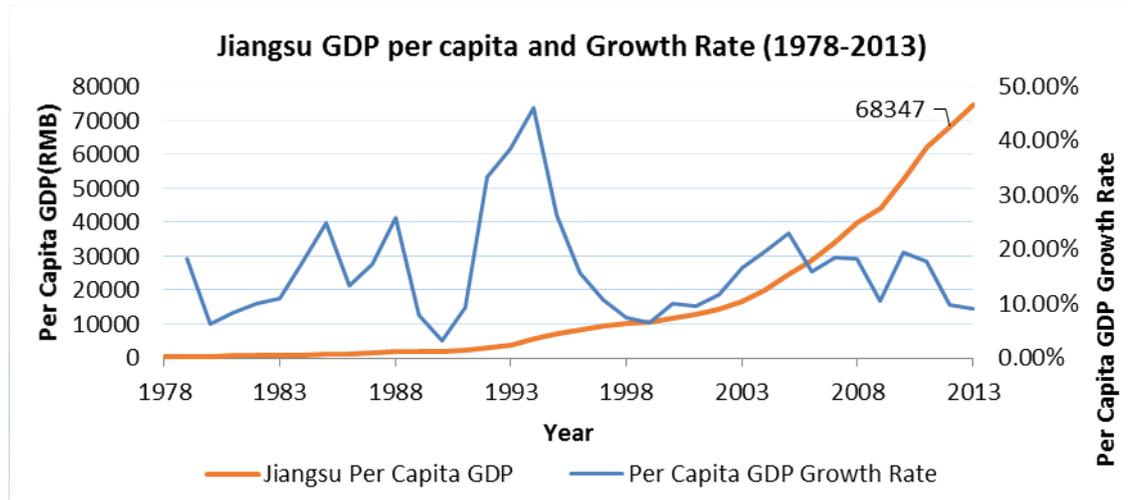


Sources: Jiangsu Statistical Yearbook 2014

The growth of GDP per capita of Jiangsu follows the same trend as the growth of GDP. In 2012, the GDP per capita of Jiangsu as a province jumped to over

US\$10,000: Jiangsu was on a par with developed countries. Sunan cities are much more advanced than other cities: for example, Wuxi also achieved US\$10,000 in 2008, rising to US\$ 20,000 in 2013 (Xinhua Daily, 2014).

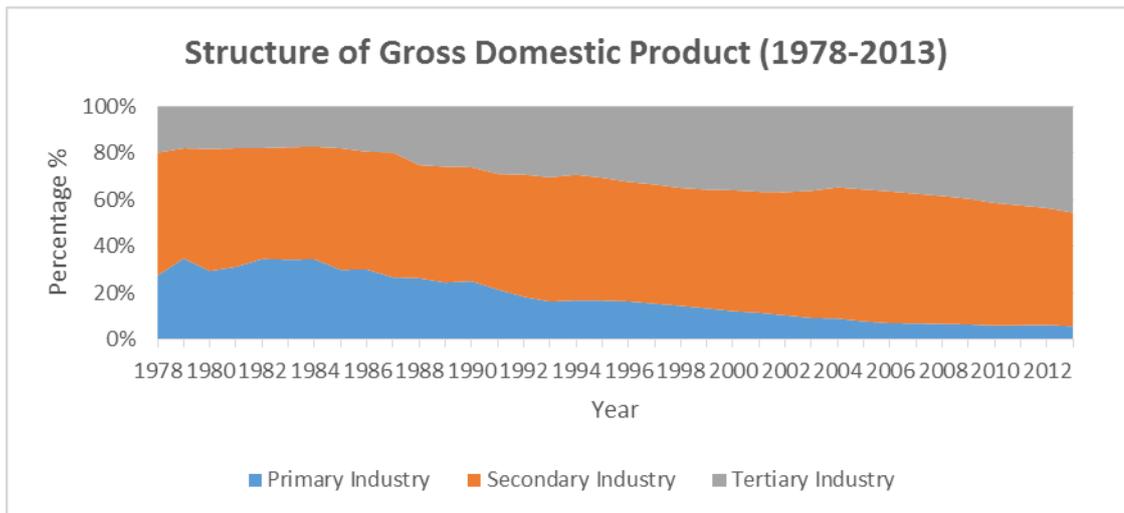
Figure 55 Jiangsu per Capita GDP and its Growth Rate (1978-2013)



Sources: Jiangsu Statistical Yearbook 2014

The industrial structure of Jiangsu also has experienced transformation. The secondary industry contributed around half of the GDP from 1978 to 2013. With the deepening of reform, agriculture has contributed less and less to Jiangsu’s GDP, declining from 27.57% in 1978, to 10.47% in 2000, and then to 5.81% in 2013. The vacancy it left has been filled by tertiary industry, increasing from 19.84% in 1978 to 45.52% in 2013, nearly half of Jiangsu’s GDP (Figure 56).

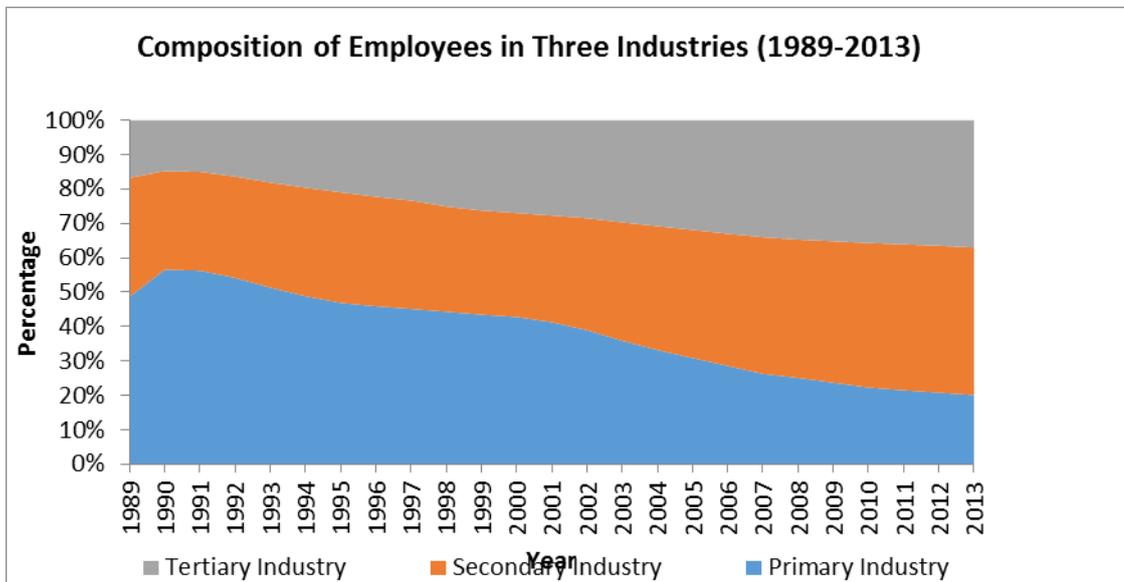
Figure 56 Structure of Gross Domestic Product (1978-2013)



Source: Jiangsu Statistical Yearbook 2014

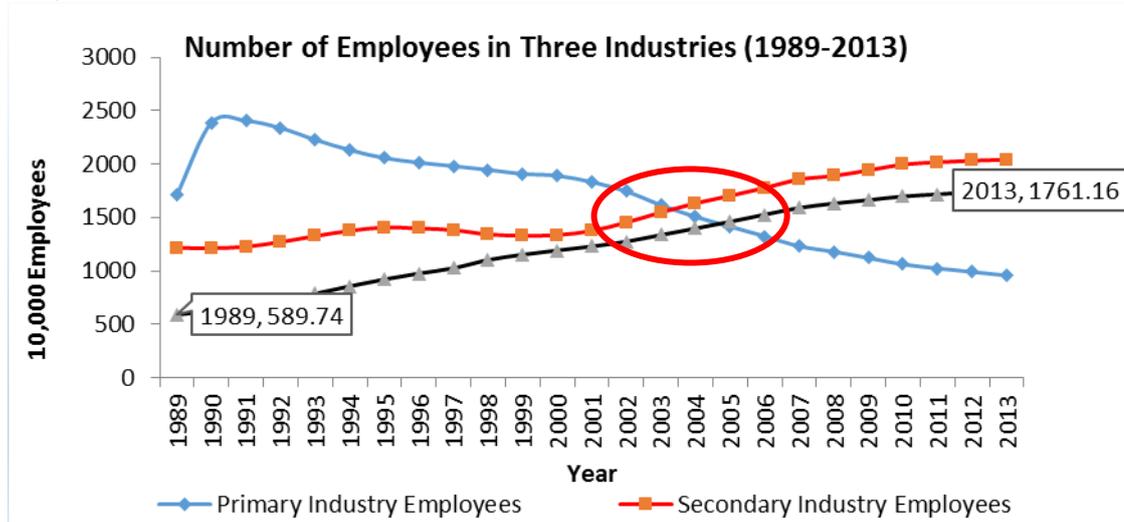
The restructuring of industries also leads to a restructuring of employment. An increasing number of people have abandon agriculture and work in the secondary and the tertiary industries. In the tertiary industry, the number of employees tripled from 58,974,000 to 176,116,000 between 1978 and 2013 (Figures 57&58).

Figure 57 Composition of Employees in Three Industries (1989-2013)



Source: Jiangsu Statistical Yearbook 2014

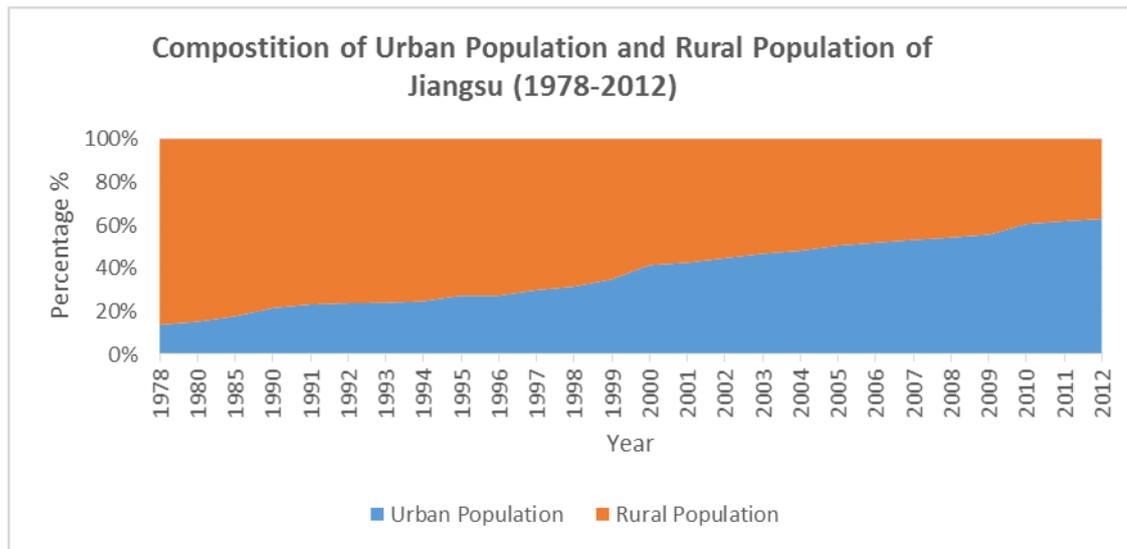
Figure 58 Number of Employees in Three Industries (1989-2013)



Source: Jiangsu Statistical Yearbook 2014

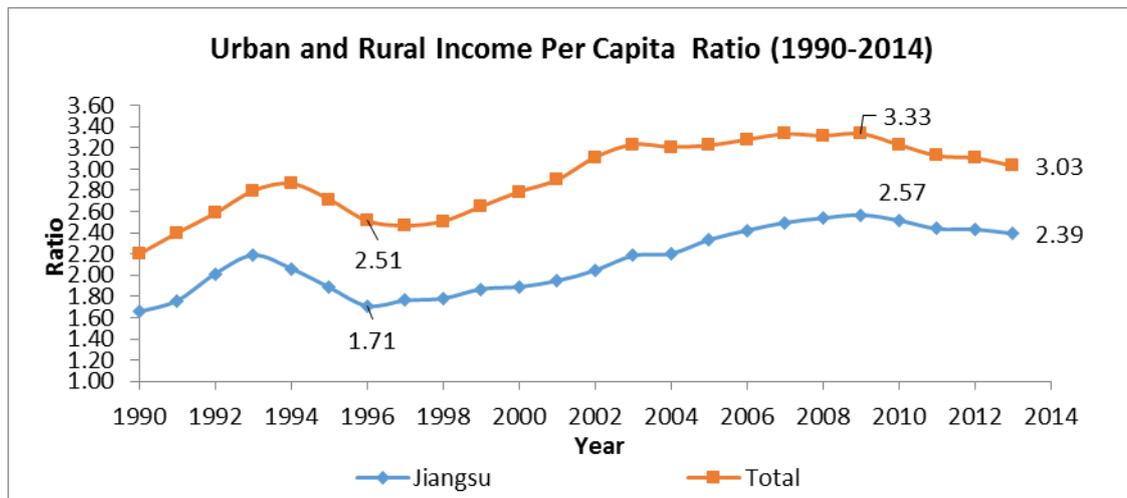
The rapid economic development based on industrialisation is closely linked to the rapid urbanisation in Jiangsu. As shown in Figure 59, in 1978, only 13.7% of the population held urban household registration status. In 2012, this had risen to nearly two-thirds. As the development of TVEs propelled the urbanisation process, small towns and villages in Jiangsu also experienced rapid modernization. Rural residents were transformed into urban or quasi-urban residents with very little geographical relocation. The development of TVEs also provided the economic foundation for the improvement of the rural living standard. Hence, in Jiangsu the income gap between urban residents and rural residents is much lower than the national level. However, once Jiangsu began to integrate with the global market post-2000, the difference began to grow (Figure 60).

Figure 59 Composition of Urban Population and Rural Population of Jiangsu (1978-2012)



Source: Jiangsu Statistical Yearbook 2014

Figure 60 Urban and Rural Income Ratio (1990-2014)



Source: National Bureau of Statistic, China

Jiangsu Province has experienced significant socio-economic transformation since 1978, especially in terms of economic development. The next section analyses this transformation process in detail.

7.2.2 Socialist Transformation and Commune and Brigade Enterprises (*she dui qi ye 社队企业*)

Jiangsu's historical traditions and cultural background, combined with the accumulation of capital, skilled labourers and commercial experiences, offered a solid foundation for the rise of modern capitalism in the province. Between the late 19th century and early 20th century, local capitalists had made a considerable effort to develop light industries, such as silk, cotton textiles and flour mills in Jiangsu. However, heavy industry was not as well developed because Jiangsu lacks natural resources such as coal, minerals, petrol, and other crucial resources for heavy industry. In 1932, there were 4,652 modern enterprises and factories in Jiangsu, of which 80.3% were owned by local capitalists. Private capital in Jiangsu accounted for 10% of the total private capital of the whole country at that time (*jiang su sheng zhi: zhong gong zhi*, 2007). In 1949, the industrial output of the private sector accounted for 80.53% of the total industrial output of Jiangsu and the private sector contributed 76.83% of the total wholesales of the whole province (*jiang su sheng zhi: zhong gong zhi*, 2007).

After the founding of the PRC, the private enterprises and factories in Jiangsu were gradually taken over by the government. Private industrial and commercial enterprises were encouraged to be involved in socialist transformation and construction. The Jiangsu government had formulated a plan that converted private ownership to joint state-private ownership. In 1952, the industrial output of state-owned enterprises, co-operative enterprises, joint state-private enterprise and private enterprises accounted for 17.3%, 11.5%, 7.5% and 63.7% of the total industrial output of Jiangsu province respectively (*jiang su sheng zhi: zhong gong zhi*, 2007). The socialist transformation of the private sector began in 1953 when governments paid private capitalists a fixed annual rate of interest on the monetary value of their assets. The rest of the profits was used to pay tax, labour's welfare, bonuses fund, and accumulation fund. In 1953, there were 49 joint state-private industrial enterprises and factories, increasing to 110 in 1954 and 270 in 1955, and jumping to 1929 in 1956. Over 300,644 retail merchants had transferred to joint state-private ownership by 1956. By the end of 1957, state-owned enterprises (including joint

state-private enterprises) produced 73.7% of the total industrial output of Jiangsu, while collective-owned enterprises produced the rest. Moreover, 48.5% of total social retail sales were from the wholly people-owned retailers while 43.1% were from collective-owned ones (*jiang su sheng zhi: zhong gong zhi*, 2007).

Once the socialist transformation was complete, Jiangsu entered into a period of a single economic structure, in which socialist public ownership overwhelmingly dominated. In agriculture, farm families were progressively organised into cooperatives, collectives, and finally people's communes. At the end of 1956, 91.3% of farm families in Jiangsu had joined people's communes. In commerce and industry, some large collective enterprises were upgraded to wholly people-owned enterprises, small collective enterprises were merged and upgraded to large collective enterprises. Because the people's communes, which were more advanced than cooperative farms, had been widely opposed by farmers, a three-level ownership was implemented. This system includes people's communes as the top level, followed by the production brigades, and finally the production team as the bottom level. The socialist transformation of farm families also led to the origin of the Commune and Brigade Enterprises (CBEs) (*she dui qi ye 社队企业*), run and owned by people's communes or production brigades. This was the predecessor of Town and Village Enterprises (TVEs). In the beginning, CBEs grew because of the Great Leap, which was supposed to fuel industrialisation. As the Great Leap did not succeed, the first wave of CBEs did not last long (*jiang su sheng zhi: xiang zhen gong ye zhi*, 2007).

The second wave of CBEs began in 1969 because of the absence of urban industrial factories; many had stopped production during the Cultural Revolution. It was also influenced by the increasing population living on limited farmland. Additionally, skilled workers and engineers from Shanghai and other metropolises, policy support and tax incentives all stimulated their development. The planned economy system also accepted CBEs to facilitate its development. In 1969, the value of their industrial output reached RMB 240 million in Jiangsu, up 70.21% over the previous year. From 1969 to 1976, the average annual growth rate of industrial output of CBEs was 35.62% (*jiang su sheng zhi: xiang zhen gong ye zhi*, 2007). By the end of 1978, the number of CBEs in Jiangsu had increased to about 565,000 with 2.5

million employees creating RMB 6.3 billion industrial output, or 16.6% of the national industrial CBE output (Party History Research Centre of the CPC Central Committee, 2009)

Because the original purpose of CBEs was to support agriculture, they had successfully facilitated the development of agriculture, improved peasants' living standards, and even further fuelled the rural economic structural transformation (Table 18).

Table 18 Gross Industrial and Agricultural Output Value, Industrial Output Value and CBE Output Value of Jiangsu (1952-1978)

Year	Gross industrial and agricultural output value	Industrial output value	Output value of CBEs
1952	80.36	19.65	N/A
1957	98.87	32.61	N/A
1965	156.51	69.31	N/A
1970	228.89	124.86	6.96
1975	353.04	220.53	22.84
1978	485.90	320.17	63.38

RMB 100 million

Source: Jiangsu Statistical Yearbook 1985

Table 18 reveals that rural collective industry played a more and more important role. It not only created significant social wealth, but also accumulated various resources for further development – land, skilled workers, links with experts in Shanghai, management experiences, techniques, and exploration of the market. It created a solid foundation for its successor: the Town and Village Enterprises (TVEs) (*xiang zhen qi ye* 乡镇企业).

7.2.3 TVEs and the Sunan Model

In parallel with the Zhujiang or Pearl River Model and the Wenzhou Model, the Sunan Model has been one of the most significant development paths in China since 1978. The Sunan Model refers to the development path in south Jiangsu cities like Wuxi, Suzhou, Changzhou. Although there is still debate about the details that it is a distinctive model, the most outstanding characteristics are agreed as: 1) Collective Ownership: capital fund of TVEs in south Jiangsu is from the collective investment of communities; 2) Town and Village Owned Enterprises: TVEs are collectively-owned enterprises; 3) Local State-Led Development Strategy: the commercial operation is mainly led by the local state (at town and village-level). The local state is actively involved in the creation, investment, operation, production, marketing, and employment; 4) Urbanisation based on the development of small cities and towns (Hong, 2007; Li, 2004; Wei, 2004; Wei and Gu, 2013; Xue, 2001).

As discussed above, CBEs were born from practice people's communes, production brigades, and production teams and they are embedded in the planned economic system. As we know, reform and opening up began with the implementation of the HRS (household contract responsibility system), which directly undermined the foundation of CBEs. Since 1981, the HRS system has spread across the province and by 1983, 98.6% of the production teams in Jiangsu had executed this system. The *hukou* system was implemented everywhere, affecting crop growing to forestry, animal husbandry, and fisheries, from agricultural to rural industry, commercial business, construction and transportation. Rural reforms stimulated agricultural development, which in turn provided capital, raw materials, and labour for rural industrialisation (Wei, 2000). Rural enterprises also adopted the HRS system. In 1983, Yanqiao in Wuxi Town initiated the HRS system known as '*yi bao san gai*' (一包三改). *Yi bao san gai* means 'one responsibility system and three changes'. Because people's communes ran and managed the CBEs, their cadres and managers were appointed and removed by states and people's communes. The cadre appointment and removal system was discarded and the general employment system was adopted. Contracts were needed to establish the relationship between workers and

factories. The salaries of both cadres and workers were no longer fixed but linked to the performance of factories and individuals. Yanqiao Town had successfully implemented the reform of CBEs in 1983 and repeated this success with *yi bao san gai*. The system then spread across the whole province, signalling the withdrawal of planned economy and the progress of the socialist market economy.

In 1984, the Chinese central government issued No. 4 Document that renamed CBEs as Collective Town and Village Enterprises (乡镇企业 *xiang zhen qi ye*) because the towns and villages had replaced people's communes, production brigades and production teams as the basic level rural governments. This document also appealed to local states to support the development of collective TVEs. In June of the same year, Jiangsu established town and county-level governments and village committees, and withdrew the people's communes (*jiangsu sheng zhi: zong he jing ji zhi*, 2007).

Collective TVEs in Jiangsu have experienced rapid development since 1984. Table 19 clearly shows the growth rates of industrial outputs of TVEs between 1984 and 1990 averaging over 30%, with a peak of 55.8% in 1985. After a period of slowing down in 1989 and 1990, the growth rate grew dramatically again from 1991 to 1995 (Table 19).

Table 19 The development of TVEs in Jiangsu (1978-1997)

Year	Number of TVEs	Number of employees of TVEs(1000)	Industrial Output	
			Total (RMB) (100,000,000)	Growth Rate (%)
1979	17457	142.41	46.74	21.59
1980	19899	170.82	66.24	41.72
1981	20348	187.35	77.05	16.31
1982	20322	193.18	81.97	6.39
1983	20255	204.47	99.29	21.13
1984	22595	231.54	134.75	35.71
1985	22445	265.39	209.94	55.8
1986	27839	296.77	271.11	28.66
1987	29382	317.47	374.36	38.6
1988	29821	328.39	540.75	44.45
1989	29785	311.63	615.78	13.88
1990	29448	311.88	691.03	12.22
1991	28891	328.83	846.24	22.46
1992	29012	333.96	1422.34	68.08
1993	29439	337.79	2237.22	57.29
1994	29867	325.66	3151.89	40.88
1995	28553	316.22	4175.24	32.47
1996	27783	297.88	3650.88	-12.56
1997	23140	270.09	3574.26	-2.1

Sources: Statistical Yearbook of Jiangsu of Town and Village Enterprises (1979-1996); Jiangsu Statistical Yearbook 1997.

Several factors allowed collective TVEs in Jiangsu to achieve their economic success. First of all, the accumulation made by CBEs gave TVEs capital, skilled workers, market shares and so on. Secondly, they are market-oriented. The TVEs, unlike SOEs at that time, produced goods based on market demand and bought raw materials based on their production needs rather than blindly following a central economic plan. TVEs also benefited from the close links with large enterprises in Shanghai. Businesses in Shanghai, frequently SOEs, not only supplied TVEs with subcontracted orders and raw materials, but also another important resource: experts,

engineers, and skilled workers. Hence, collective TVEs in Jiangsu ‘borrow others’ brains to make money’. Additionally, the flexibility of employment of TVEs reduces costs and increases the enthusiasm of both managers and employees. The linking of pay to performance rather than rank also increased productivity significantly.

The largest and strongest support came from the local state, which enacted TVE-favourable policies from provincial to county level. TVEs in Jiangsu are either exempt from taxes or pay taxes at a very low rate. Local states are also directly involved in the operation of TVEs, which has obvious benefits. They organise the means of production – lands, assets, and labourers. The political power of local states, conferred by the political institution, has also assisted TVEs in rapidly expanding. There is no denying that the development of collective TVEs was fuelled by local states’ direct interventions at an early stage of transition from planned economy to the socialist market economy (Zheng, Cheng & Ruan, 2011).

However, with the deepening of marketisation, the ‘golden age’ of collective TVEs ended in the late 1990s. As shown in Table 19, the growth rate of industrial output fell from 1992 onwards and employee numbers also dropped consistently from this year on. There were several contributing reasons: the external socio-economic environment changed rapidly during the reform era and the special environment, which had facilitated collective TVEs was diminishing gradually. After their reform, SOEs re-entered the market competition. Private enterprises also received large amounts of government assistance, without carrying a heavy collective burden. The radical reforms toward globalization and marketisation saw foreign capital move to the YRD. The deepening of marketisation also saw the supply of commodities shift from shortage to surplus, which led to difficulties in marketing and sales. TVEs no longer enjoyed preferential taxation policies that further reduced their competitive strength.

The structure of TVEs also created obstacles. The small-size TVEs employed less-trained labour forces and lacked economies of scale and agglomeration, which made them less capable of utilising technical innovations and improving management. The intimate relationship between local state and TVEs initially accelerated their growth but then held it back. Unidentified property rights, unclear management and

administrative rights, unclear asset management rights, all prevented TVEs from becoming independent of local states. Their use of the rolling capital offered by local communities, meant TVEs had to accept responsibility for community welfare: a portion of their profits was ringfenced to establish welfare facilities, construct infrastructures, and boost agricultural development. Moreover, local states and managers of TVEs became a close interest community, resulting in corruption and inefficiencies. Some bureaus and local government departments even treated TVEs as their private bank account, exploring every avenue to extort money; fees, fines, sponsorships and any other pretext were used to this end (Chen & Chen, 1997; Ho, Bowles & Dong, 2003; Nie, 2003; Wei & Gu, 2010; Xia, 1996; Yu, 2008; Zou, 2003).

In 1993, a restructuring of collective TVEs was initiated under the principle of ‘grasp the large, reform the medium, and release the small’. In the mid-1990s, it was accelerated to ‘clarify’ property rights and improve efficiency by transforming collective TVEs into multiple ownership forms, in other words, privatization. By restructuring, collective TVEs became shareholding enterprises, limited liability corporations, private enterprises, and Sino–foreign joint ventures through sale (or half-sold-half-leased) or auction (Ho et al., 2003; Wei, 2004). Only the small, vaguely profitable or inefficient collective TVEs were allowed to be sold. However, in reality, the bigger and more efficient TVEs should have been the first choice for sale to maximize the benefits to local states. “Local states regard TVEs as their daughters, once beginning to ‘marry’ them, they choose to marry out (sic) the prettiest ones. As for the less pretty or ugly ones, they try to lower the price or even transfer them as gifts to existing managers” (Wei, 2010; Zou, 2003 44).

In the process of restructuring, local states and existing managers of TVEs actively pushed privatization. From local states’ perspective, collective TVEs were no longer gold mines but money pits with low profitability, high debt and overstocking of products, which were undermining local GDP growth, the crucial index of the qualification assessment of local states. From existing managers’ perspective, being ‘promoted’ to owner was very different from being the manager. However, for most employees, those who better suited to the collective economy rather than marketisation and privatisation, the restructuring of TVEs made very little difference.

TVE employees, unlike urban workers, had farmland in towns or villages and so their salary was not their only source of income. Additionally, in contrast to the reform of SOEs, the restructuring of TVEs was not necessarily linked to ‘*xia gang*’ (下岗 laying-off) (Zou, Dai & Sun, 1999) and did not cause a conspicuous labour movement.

7.2.4 The New Sunan Model

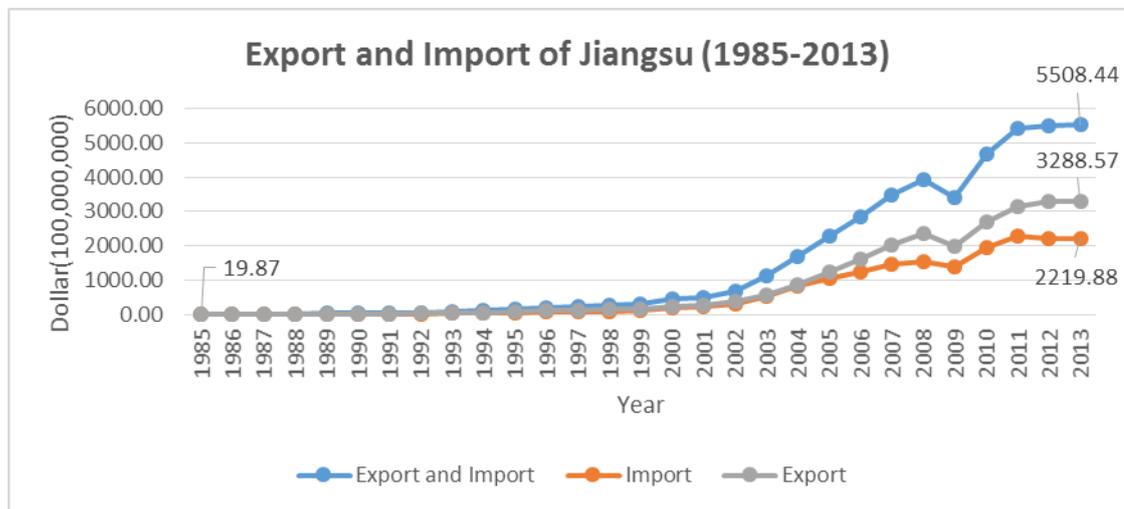
By 1999, most TVEs had restructured to private and joint ownership firms. The large and medium size TVEs mostly transferred to shareholding enterprises and limited liability corporations, while most small TVEs transferred to private enterprises (Liu & Li, 2009). This signalled the end of the historical role of TVEs and the broad discussion of the Sunan Model (Wei, 2002). Scholars, politicians, observers and the ‘common people’ have all questioned the validity and efficiency of this decision and some even claim it is ‘the end’ of Sunan Model.

However, the globalisation of capital brought new opportunities to the Sunan area. In 1990, the development and opening up of Shanghai Pudong Airport created a turning point in relations between Shanghai and Jiangsu. Jiangsu’s government actively supported structural adjustment and an export-oriented economy to enhance the vitality and vigour of the adaptation and opening-up (Zhang & Fu, 2009). Exploiting their closeness to Pudong, Jiangsu, (mainly south Jiangsu), not only created new export channels but also gained new technologies, products, processes, global markets and management methods – and foreign capital. This stimulated the development of the export-oriented economy of Jiangsu. The cooperation between Shanghai and Jiangsu businesses continues to accelerate the industrial structure upgrade. The collective TVEs in Jiangsu primarily concentrate on light industries, following their history and tradition. Accompanied by the connection with Shanghai, it gradually strengthened complementary. Foreign-invested enterprises and private enterprises have grown rapidly since then.

Foreign Direct Investment

As shown in Figure 61, Jiangsu's imports and exports grew from 1990 to 2013 and increased significantly from 2000 to 2013. In 2013, the province's import/export total reached 5508.44 billion dollars, the traditional Sunan Area (Su-Xi-Chang area) contributing 74.23%. If Nanjing and Zhenjiang's contribution is factored in, 86.2% of export/import trade comes from the Sunan area. Among the exports, general trade contributes 44% and the processing trade with imported materials, 40%. Foreign-invested companies account for 60% of exports, 45.5% from wholly foreign-owned enterprises.

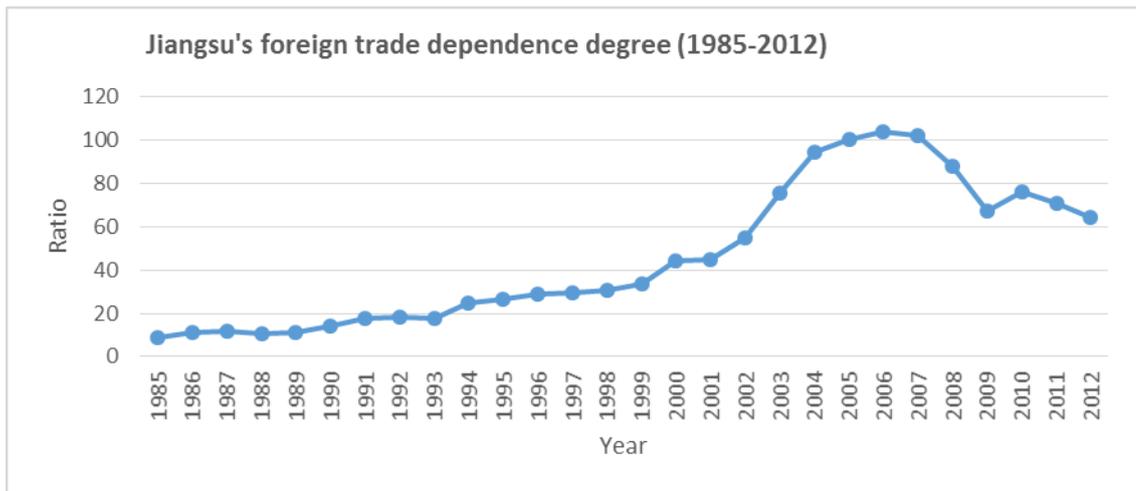
Figure 61: Exports and Imports of Jiangsu (1985-2013)



SourceS: Jiangsu Statistical Yearbook 2014

The rapid growth of imports/exports indicates that Jiangsu, especially the Sunan area, has aimed itself in an export-oriented direction. This can be seen in its degree of foreign trade dependence (Figure 62). The degree jumps dramatically from 33% in 1999 to 100% in 2005 and remains over 100% in 2006 and 2007. Even during the global economic recession in 2008, it remained at over 60%.

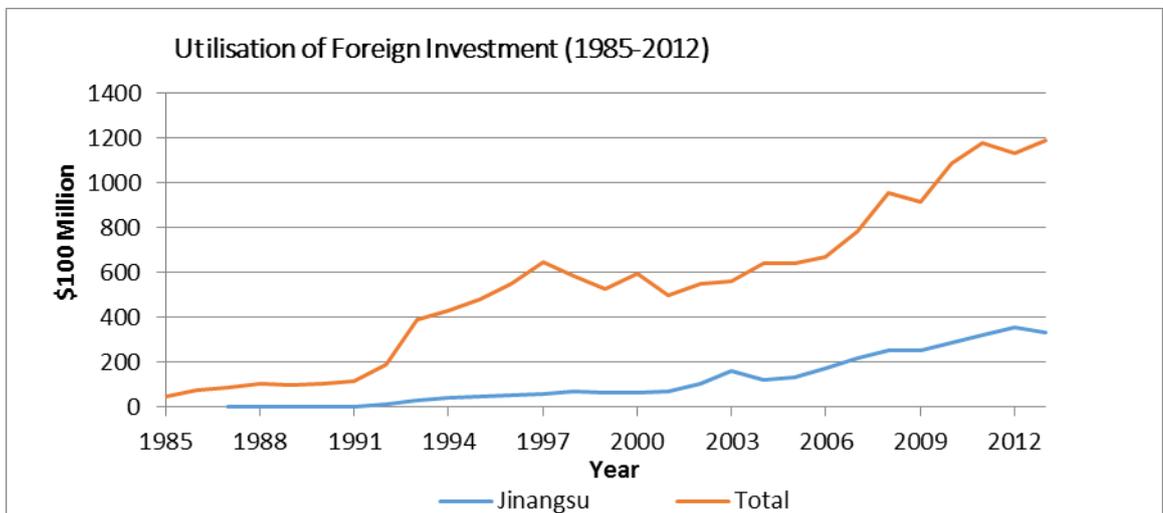
Figure 62 Jiangsu' Foreign Trade Dependence Degree (1985-2012)



Sources: Jiangsu Statistical Yearbook 2013

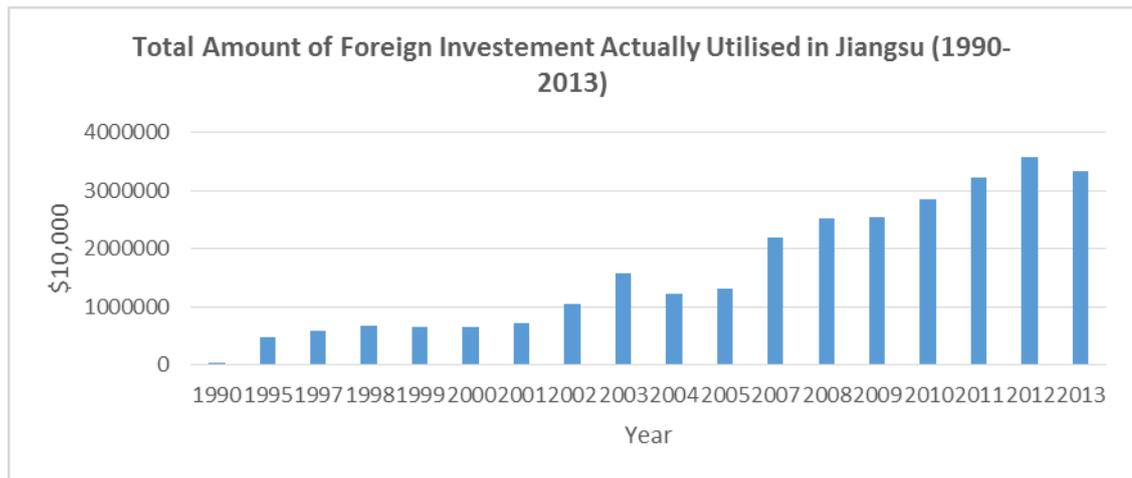
Additionally, foreign investment has flown into Jiangsu since 1990. It shares the same trend as FDI in China (Figures 63&64). In 2003, Jiangsu overtook Guangdong as the most attractive region for FDI.

Figure 63: Utilisation of Foreign Investment (1985-2012)



Sources: Jiangsu Statistical Yearbook 2013

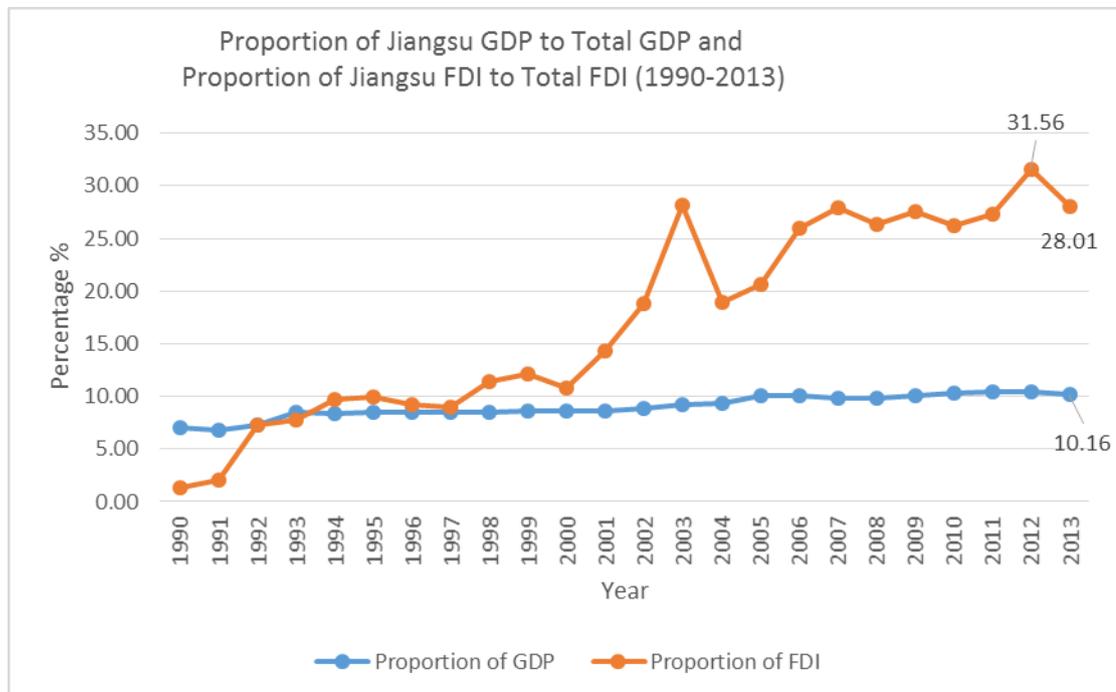
Figure 64 Total Amount of Foreign Investment Actually Utilised in Jiangsu (1990-2013)



Sources: China Statistical Yearbook 2014

As shown in Figure 65, the ratio of FDI in Jiangsu to the national total exceeded the ratio of GDP in Jiangsu to the national total, which means that Jiangsu's FDI Performance Index is much higher than 1 and even jumped to 3.03 in 2012. In other words, Jiangsu attracts FDI bigger than its GDP scale.

Figure 65 Proportion of Jiangsu GDP to Total GDP and Proportion of Jiangsu FDI to Total FDI (1990-2013)



Sources: China Statistical Yearbook 2014 and Jiangsu Statistical Yearbook 2014

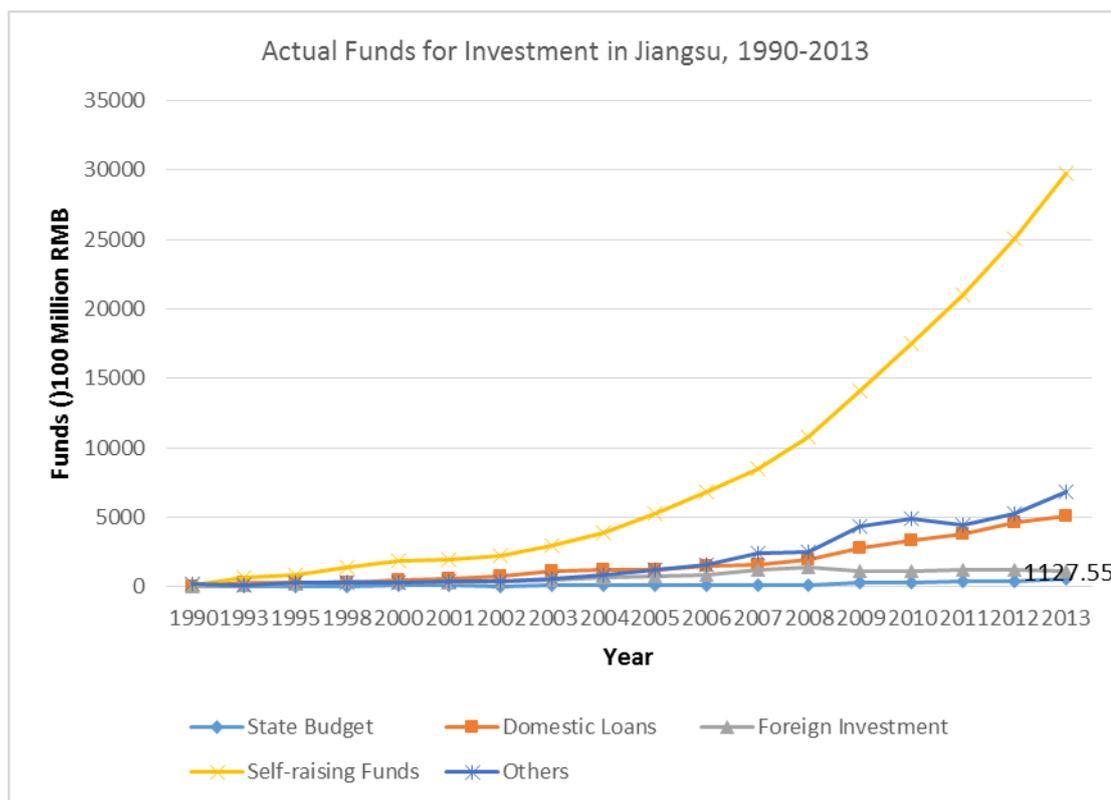
In the beginning, FDI mainly focused on the processing industry. As it integrated with the global market, Jiangsu began to attract increasing FDI investment in the equipment manufacturing, service and high-tech industries.

Nowadays FDI in Jiangsu mainly invests in wholly foreign-owned enterprises. In 2013, over 80% of FDI went to wholly foreign-owned enterprises. One explanation as to why FDI in Jiangsu invests in high-tech areas and sole proprietorship is that it helps to protect technical superiority. FDI is mainly from Asian countries and regions: in 2013, 95% of FDI was from Hong Kong, Japan, Singapore and Taiwan, 80% alone from Hong Kong. More than half of FDI is invested in the Su-Xi-Chang area, and 70% in Sunan (including Nanjing and Zhenjiang) (National Statistical Bureau, Jiangsu Statistical Bureau, Suzhou Statistical Bureau, Wuxi Statistical Bureau, Changzhou Statistical Bureau, Zhenjiang Statistical Bureau, and Nanjing Statistical Bureau, 2014).

Private Enterprises

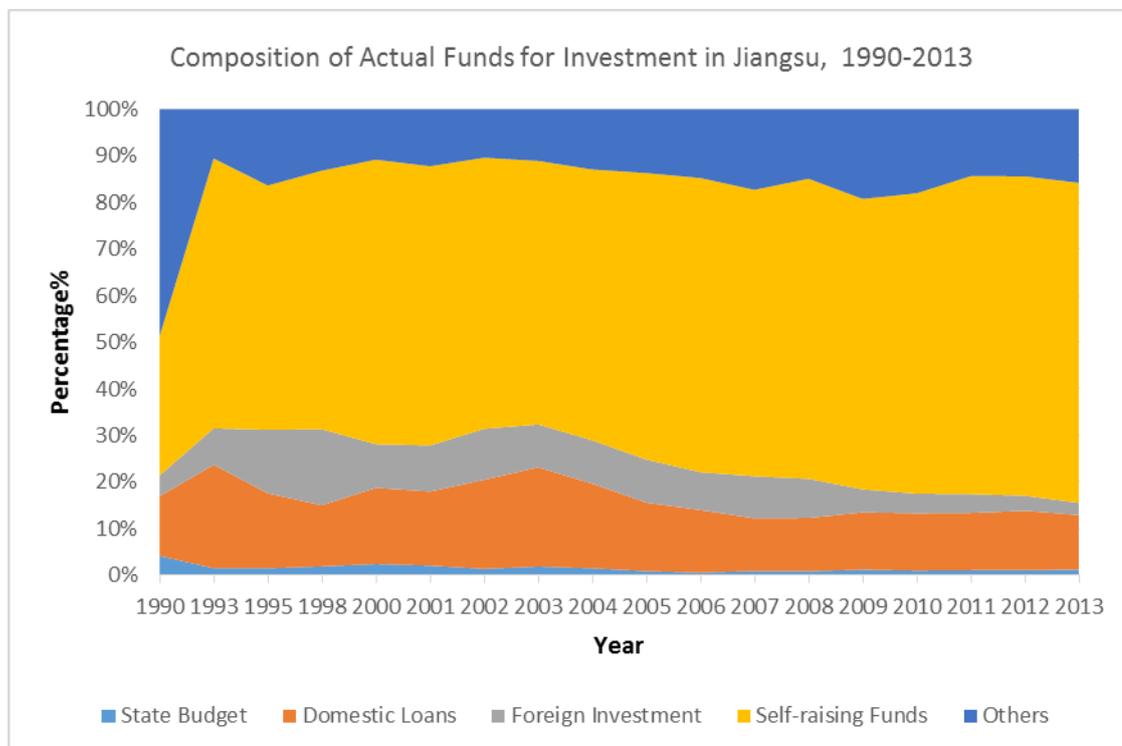
Analysing the actual funds for investment in Jiangsu from 1990 to 2013 (Figures 66&67), it is clear that FDI contributions to the total investment of Jiangsu increased from 4% in 1990 to 13.6% in 1998, remained around 10% in the first decades of the 21st century, then gradually falls to 2.5% in 2013. While the FDI and FIEs play an important role in the economic development in Jiangsu, especially in the Sunan area, privately-owned businesses also play a significant role in pushing Jiangsu forward. Since the restructuring of collective TVEs, their number of employees declined rapidly from 1998 and in 2012, only 2,759,000 employees were working in collective TVEs.

Figure 66: Actual Funds for Investment in Jiangsu, 1990-2013



Sources: Collected from Jiangsu Statistical Yearbook 1991 to 2014

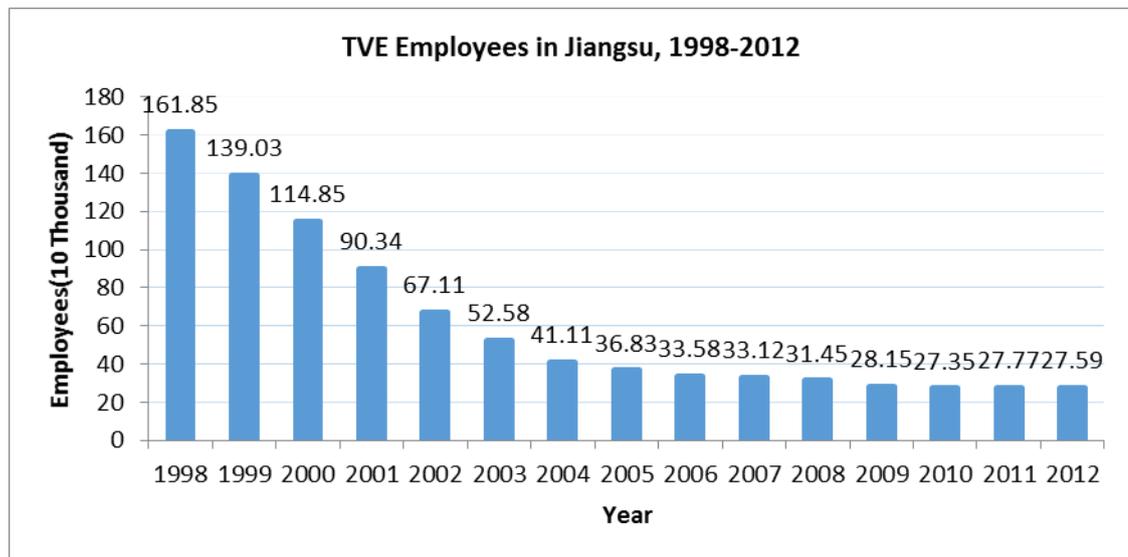
Figure 67: Composition of Actual Funds for Investment in Jiangsu, 1990-2013



Sources: Collected from Zhejiang Statistical Yearbook, 1991-2014

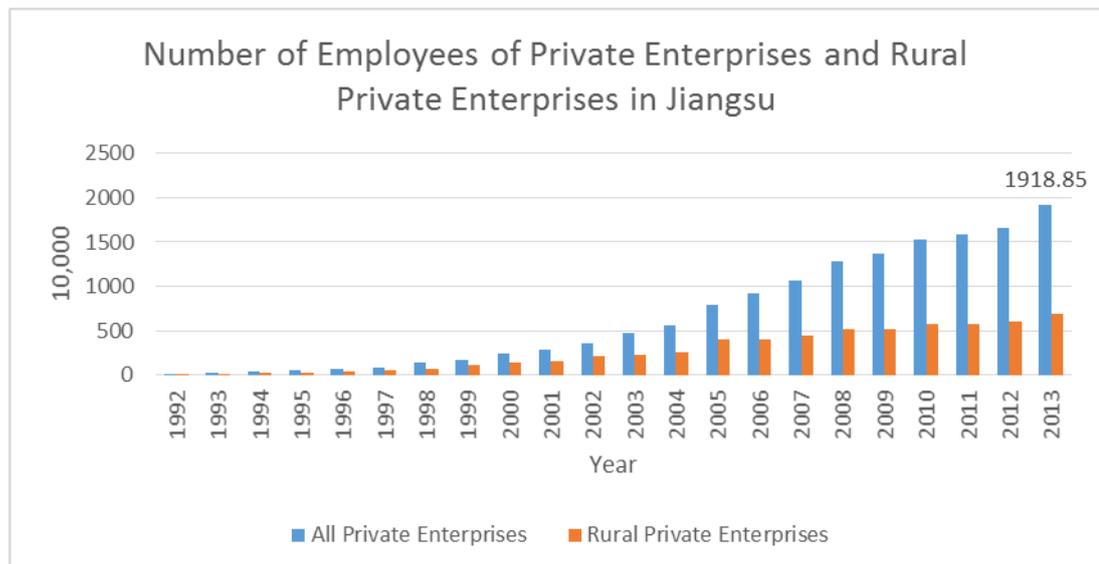
In the meantime, the number of employees working in private-owned enterprises and *ge ti hu* increased sharply. In 2013, 19.19 million employees were working in private enterprises and 6.24 million workers for *ge ti hu*, the two accounting for more than half of the total employees in Jiangsu (NBS, 2014; see Figures 68,69,70).

Figure 68 TVE Employees in Jiangsu, 1998-2012



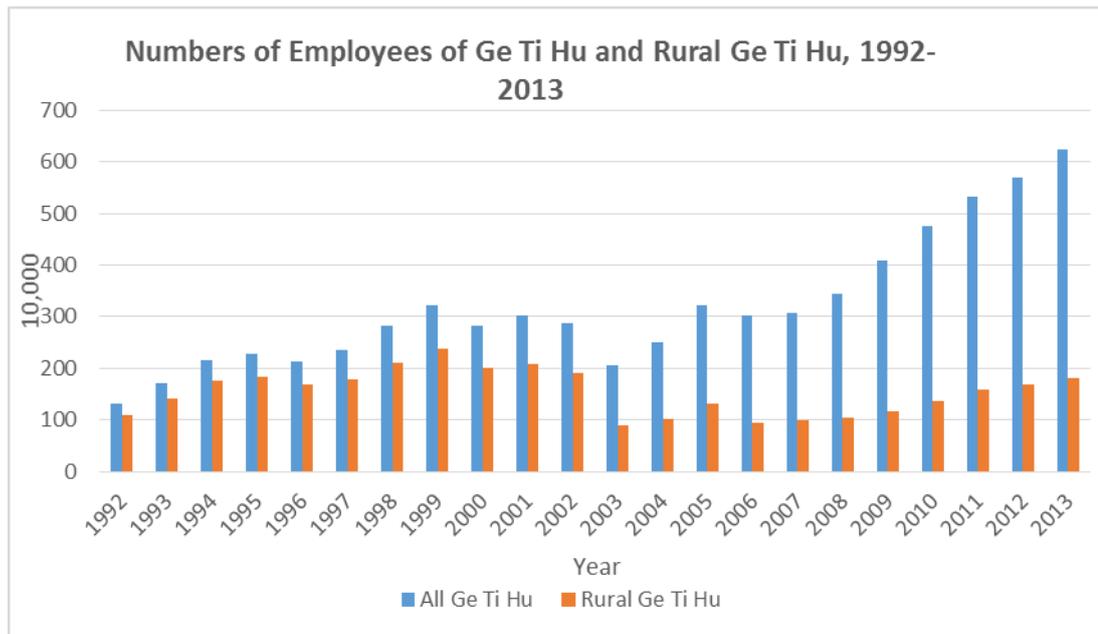
Sources: Collected from Jiangsu Statistical Yearbooks of Town and Village Enterprises 1999-2013

Figure 69 Number of Employees of Private Enterprises and Rural Private Enterprises in Jiangsu, 1992-2013



Source: National Statistical Bureau of China, 2014

Figure 70: Numbers of Employees of Ge Ti Hu and Rural Ge Ti Hu in Jiangsu, 1992-2013



Source: National Statistical Bureau of China, 2014

The private sector in Jiangsu has developed rapidly since 1978, especially after the restructuring of the collective TVEs when a large number of them were privatized and restructured to private enterprises. The number of private enterprises in Jiangsu increased sharply from 6000 in 1992 to 1.45 million in 2013. In 2013, Jiangsu had the most private enterprise (1,451,000), the most private sector employees in China (Figure 71) and the highest registered capital of private enterprises (RMB 4756.8 billion). The 2014 edition of ‘China’s top 500 private enterprises’ published by the All-China Federation of Industry and Commerce, lists 96 Jiangsu private enterprises, with a total operating revenue of RMB 2843,42 billion. Zhejiang leads the list with 134 businesses and RMB 2874.30 billion operating revenue. This shows that Jiangsu’s private enterprises are creating similar operating revenue to Zhejiang, but with fewer businesses (National Statistical Bureau of China, 2014).

Figure 71 Number of Private Enterprises in Jiangsu, 1992-2013

Source: National Statistical Bureau of China, 2014

Development Zones and Industrial Zones

Unlike with TVEs, local states did not conduct direct interventions with FIEs and private enterprises. They withdrew themselves from direct operations within

enterprises but supported them in other ways – for example, establishing industrial and high technology parks. Local states have actively lobbied the central and provincial governments for more national, provincial, and local development zones and parks. By the end of 2006, Sunan had built 11 national-level development zones and 26 provincial-level development zones. The municipality has one national-level development zone and nine provincial-level development zones. These districts and parks are experiencing rapid urbanisation and have become new centres of production, enjoying the benefits of clusters and agglomeration. In 2005, these ten development zones realized a GDP of RMB 32.9 billion, accounting for 25.3 % of the total GDP of the municipality (Chen & Gu, 2007:79). They also lead the export-oriented economy. In 2013, these development zones created a total import/export volume of RMB 448.8 billion, 81.5% of the total provincial volume.

Wei and Gu (2013) summarised the difference between the Sunan Model and the New Sunan Model:

Table 20 The Sunan Model and Recent Development

Dimensions	Sunan Model	'New' Sunan Model
Year	1970-1980s	1990s
Geographical base	Rural areas	Cities and regions
Ownership structure	Collective (fuzzy property rights)	Foreign, private, and shareholding (clear property rights)
Industrial structure	Industry (machinery, textiles)	Industry and service (+ technology industry)
Scale economies	Small, in small towns	Larger, in development zones
Growth patterns	Traditional, extensive	Upgrading, technology
Migration	"Leave the land but not the township."	Urbanization, concentration
Urbanization	Small town-centred TVEs,	City-centred,
Mechanisms	Bottom-up	From above and outside
Local states		
A. Enterprise	Directly involved	Service, business environment
B. Key level	Township	County
C. Area	Economic growth	Socio-economic development
D. Format	Resources and Policies	Plan, policies

Sources: Wei and Gu, 2013:329

Table 20 shows the transformation of Jiangsu economy in different aspects. The centre of economic development moves from rural areas to urban industrial development zones and parks. Local states shift their position from direct managers to promoters and protectors of TVEs. Jiangsu's economy is progressively integrated with the global market and, in turn, is profoundly influenced by the global market. The shift in the Sunan Model has brought about socio-economic changes in Sunan area, profoundly affecting the behaviour patterns of different agencies of development. The Sunan Model's its development is centred on the development of

collective TVEs. The transformation of the Sunan Model into the New Sunan Model also transformed the development centre from collective TVEs to private enterprises and FIEs and introduced the establishment of industrial parks and zones. Nonetheless, there is a line of succession. The CBEs were renamed as collective TVEs, which then were restructured as private enterprises. Although the local governments gradually loosened their control over the operation of enterprises during this process, the power relations between local states, the businesses and local migrant workers continued from the Mao-period, through the Sunan Model period and on to the New Sunan Model period. Jiangsu's development during the reform era was based on the previous abundant collective economy, motivated by local governments. Jiangsu's local governments can be seen as capable local states, which have authority over employers and workers (Wu, 2014). The capable local states and the retention of power relations between local states and capitalists have also deeply influenced the making of migrant workers in Jiangsu. In the next section, I analyse the containing of migrant workers to capitalist production relation in the province.

7.3 The Making of Migrant Workers in Jiangsu

The making of migrant workers in Jiangsu shares some similarities with Zhejiang in that they initially came from local communities. The difference between the two is that a large number of the local migrant workers in Jiangsu used to be CBE workers: Jiangsu's characteristic development path is reflected in the special pathway of making migrant workers.

7.3.1 Floating population

The characteristics of migrant workers in Jiangsu have a close connection with the province's development path. As discussed above, at the beginning of the reform and opening-up, the driving power of Jiangsu's economic development were the collective TVEs created from the previous CBEs. Both CBEs and collective TVEs hired local peasants as their employees. Hence, in the early stages of migration, farmers in Jiangsu left their land but did not leave their towns. Most collective TVE employees did not leave their lands either. They worked a 'dual track', continuing to

farm and working in factories at the same time. Therefore, the number of labourers in the primary industry declined slowly up until 1990 and more quickly post-1990. From 1990 to 1999, the rural population had decreased to 6,863,000 while the number of labourers in the primary industry had also been reduced to 4,806,000. The trend continued after 2000. In 2013, 18.44 million rural labourers had moved industries in Jiangsu. The decline of agricultural labourers was accompanied by an increase in workers in the secondary and tertiary industries. As shown in Figure 58, the number of employees in the secondary and the tertiary industries overtook that in the primary industry at the beginning of the new century. At the same time, peasants started to leave their home towns to find jobs. In 1982, Jiangsu had a floating population of 770,000, increasing to 4.48 million in 1991, 3.17 million in 1995, and 3.40 million in 1997 (Huang, 2006). According to the second China Census of Agriculture, in 2006, the rural floating population numbered 10.62 million, of which 68.01% were migrants moving out from their home towns.

A staggering 97% of them work in the secondary and tertiary industries. Within the secondary industry, 61% of rural migrants work in manufacturing and construction: over 70% of them under the age of 40 of which 83.9% have finished the nine years of compulsory education. However, only 13.3% had gone onto high school and higher education. Fewer rural females leave their home towns than males: the ratio of male to female is 207:100. Compared with male migrants, migrant women prefer to work in the tertiary industry (Jiangsu Statistics Bureau, 2009).

Within Jiangsu Province, the most important dimension of regional inequality occurs across Sunan, Suzhong and Subei. The Sunan area creates 60% of the total GDP, and 75% of the total provincial imports and exports, attracting 70% of FDI. Suzhong and Subei fall behind. This uneven development also influences the transfer of rural labourers. In the Sunan area, peasants leave their lands but do not leave their towns. Sunan also attracts a lot of rural labourers from Suzhong and Subei. In 2003, 1.16 million migrants left the Sunan area, accounting for 23.7% of the total migrants from Sunan. In the meantime, 51.5% of Suzhong's migrants left, as did 62.7% of Subei's (Zhang, Tang & Li, 2006). In 2006, 45.54% of the total floating population in Jiangsu was from the Subei area. The majority of Subei's floating population moved to the Sunan area (Jiangsu Statistics Bureau, 2009). Hence, one of the most

important characteristics of migrants in Jiangsu is that the majority of them move inside the province, normally from north to south, from less developed areas to more developed area.

The rapid development of the Sunan area not only attracts migrants from Jiangsu, but also from other provinces. Between 2000 to 2010 Jiangsu's floating population boomed from 9.1 million to 18.2 million. The floating population from outside of Jiangsu increased from 2.54 million to 7.34 million. Based on the data collected by the fifth and the sixth national censuses in 2000 and 2010, Anhui is the primary source of floating population from outside Jiangsu (44.2%). Sichuan was second (11.84%) and Zhejiang third (7.56%) in 2000; in 2010 35.2% came from Anhui, 13.5% from Henan and 7.2% from Sichuan. In this period the majority of the floating population from outside Jiangsu came from nearby, less developed provinces. However, increasingly people are migrating from further away. Almost 90% of the floating population from outside Jiangsu settled in the Sunan area in 2010. Suzhou has become the most attractive city in the Sunan area, attracting one-third of total inter-provincial migrants (Wang, 2015).

7.3.2 Working conditions

The precise number of migrant workers in Jiangsu is hard to state. According to some surveys and statistic data, there were approximately 5.36 million migrant workers in Jiangsu in 2004, with 4.14 million migrant workers from inside Jiangsu (Hua, 2004). In 2007, migrant workers from outside Jiangsu had increased sharply to over 4 million, while migrant workers from inside Jiangsu increased to around 5 million. Of these, 5.19 million migrant workers worked in the urban area, and 4.14 million worked in rural enterprises. The ratio of males to females was 114:100 (Statistical Bureau of Jiangsu, 2008). In 2012, the number of migrant workers had not changed much, remaining at around 10 million. There were 5.86 million intra-provincial migrant workers (International Finance News of People's Daily, 2013). In 2013, the number remained the same (Yu & Zhou, 2014). It is clear that the number of migrant workers in Jiangsu is substantial, and over one half of them are from Jiangsu.

According to statistical data, migrant workers in Jiangsu have relatively higher educational backgrounds than rural residents. This is evidence that the educated rural peasants prefer to leave their home towns to work in the non-agricultural sector. The nine years of compulsory education was completed by 86.38% of migrant workers. However, when compared with urban residents, fewer rural migrant workers remained in education beyond the compulsory period (Jiangsu Rural Statistical Yearbook 2012, see Table 21). The average length of education of Jiangsu migrant workers is 10.3 years (Ma, 2013).

Table 21 Educational Background of Migrant Workers of Jiangsu in 2011

	No school (%)	Primary school (%)	Junior secondary school (%)	Senior secondary school (%)	College and higher level (%)
Migrant workers	1.44	12.19	58.17	21.72	6.49
Rural residents	8.18	34.10	43.47	10.90	3.36
Urban residents	4.67	22.73	40.09	18.76	13.75

Source: Jiangsu Rural Statistical Yearbook 2012

The majority (78.5%) of migrant workers in Zhejiang work in the private sector. Moreover, restricted by their limited educational background and occupational training, migrant workers tend to concentrate in industries requiring low skill levels and heavy labour. As shown in Table 22, 57.7% of them work in manufacturing and construction and 20% in the service industry (Jiangsu Provincial Bureau of Human Resource and Social Insurance, 2012).

Table 22 Distribution of Rural Migrant Workers of Zhejiang by Sector in 2011

	Rural migrant workers (%)	Urban residents (%)
Manufacturing	39.9	45.11
Construction	17.8	7.39
Wholesale and retail trades	5.2	4.01
Hotels and catering service	7.4	1.28
Services to households, repair and other services	7.1	0.13
Culture, education and health	3.33	16.24

Sources: Jiangsu Provincial Bureau of Human Resource and Social Insurance, 2012c

The wage of migrant workers increased four-fold between 1994 and 2009. In 1994, the monthly salary was RMB 448 and it had increased to RMB 1899 in 2009 (Lu, 2012). The average monthly wage was RMB 2369 and 2677 RMB in 2011 and 2012 respectively, which was RMB 320 and RMB 387 higher than the national average salary. Additionally, migrant workers' wages are not based on the official minimum monthly salary standard (Table 23): factory owners in Yaoguan Town claimed that salary is a crucial element to attract workers and that the minimum monthly pay should not be lower than RMB 2500. Otherwise, it is impossible to attract and retain workers. Skilled workers have even higher wages – some key positions can command up to RMB 10,000 per month. Skilled workers are always in short supply and factory owners have to compete to keep their key skilled workers.

Table 23 Minimum Monthly Salary in Jiangsu, 2001-2014

Implementation Date	Minimum Monthly Salary (RMB)			
	Tier 1 (RMB) ⁸⁵	Tier 2 (RMB)	Tier 3 (RMB)	Tier 4 (RMB)
01 Jul, 2001	430	360	300	250
01 Jul, 2002	460	370	320	260
01 Jul, 2003	540	450	390	320
01 Jul, 2004	620	500	440	360
01 Oct, 2006	750	620	520	N/A
01 Oct, 2007	850	700	590	N/A
01 Jan, 2010	960	790	670	N/A
01 Feb, 2011	1140	930	800	N/A
01 Jun, 2012	1320	1100	950	N/A
01 Jul, 2013	1480	1280	1100	N/A
01 Nov, 2014	1630	1460	1270	N/A

Source: Jiangsu Provincial Human Resources and Social Security Bureau, <http://www.jshrss.gov.cn/sy2011/index.html>

However, when compared with urban residents, skilled workers' wages are still at a lower level. Migrant workers only earned 61.82-62.65% of urban populations' monthly salary in 2011 and 2012 despite their long working hours and poor working conditions. In 2008, they worked an average of 50.64 hours per week, 5.75 hours more than urban employees. Migrant workers in urban areas work longer hours than migrant workers in rural areas (Statistical Bureau of Jiangsu, 2009). According to a survey of migrant workers in Changzhou, they have to work 54.9 hours every week and only have three days off a month (Ma & Tao, 2013).

Labour contracts are another issue for consideration. In 2008, only 41.3% of migrant workers had signed labour contracts with employers. FIEs have the best performance with a signing rate of 91.8%, followed by Collective Enterprises and SOEs at 80.7% and 73.9% respectively. The service industry and *ge ti hu* have the lowest signing

⁸⁵ Wage tiers are set according to the economic conditions of cities and districts. For example, the first tier includes Nanjing City, Wuxi City, Jiangyin, Yixing, Changzhou City, Suzhou City, Wujiang, Zhangjiagang, Changshu, Kunshan, Taicang, Nantong City, Qidong, Tongzhou, Haimen, Zhenjiang City and Taizhou City.

rates at 2.1% and 6% (Statistical Bureau of Jiangsu, 2009). The Jiangsu provincial government issued 'Measures of Jiangsu Province on Protection of the Rights and Interests of Rural Migrant Workers' in February 2008. They are the earliest specific local regulations to protect migrant workers' labour rights in China. The Jiangsu Provincial Bureau of Human Resource and Social Security then took a special action, '*chun nuan*' (warmth of spring) over the following three years to improve the rate of signing of labour contract of migrant workers (Jiangsu Provincial Bureau of Human Resource and Social Security, 2008). In 2011, the signing rate increased by 78% (Liu, Yong & Shu, 2011).

7.3.3 Young generation migrant workers

Based on a survey in 2013 (Liu, Zou & Chen, 2014), the educational background of young generation migrant workers is relatively better than the old generation. 71.89% of the young generation migrant workers in the survey had finished senior secondary school and secondary vocational school. They are no longer interested in the manufacturing and construction industries, but are more interested in the tertiary industry. The percentages of young generation migrant workers in manufacturing, construction, transportation and logistics industry, catering and services and self-employed are 13.4%, 15.7%, 14.6%, 27.2% and 16.5% respectively. Looking to the future, one-third want to be self-employed as they see this as being freer and less controlled.

They also have high expectations for their career development despite the fact that the only jobs open to them are in labour-intensive industries, offering low wages, and long working hours. The disparity between dream and reality also drives young generation migrant workers to change jobs more frequently than their parents' generation. According to another survey in 2011 (Xie & Meng, 2015), the young generation changes job every 2.8 years, the old generation only every five years.

According to the analysis above, the working conditions in Jiangsu are relatively better than in Guangdong and Zhejiang. Several pieces of comparative research on working conditions of migrant workers in different coastal areas (Liu, 2007; Liu,

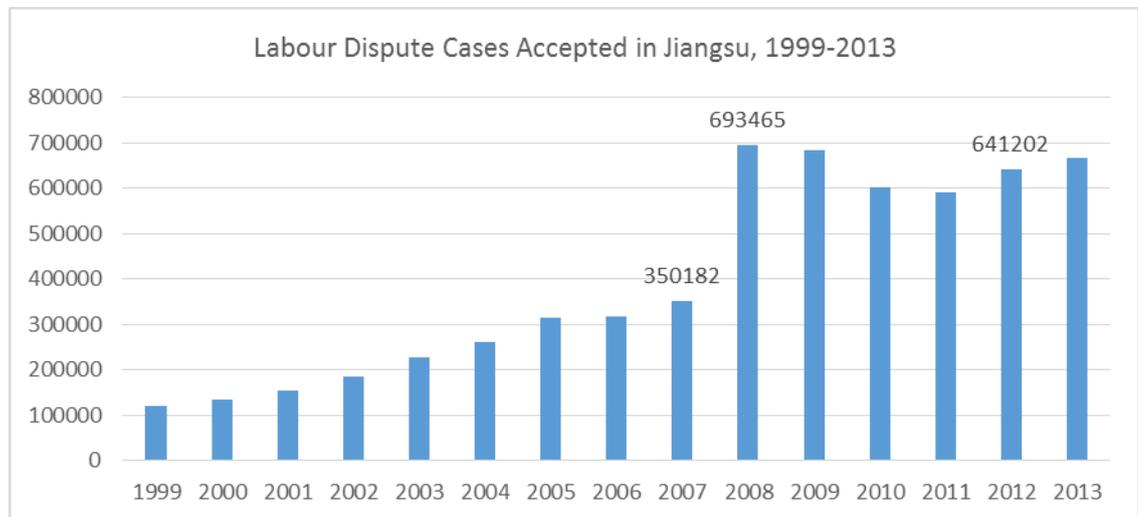
Yong & Shu, 2011; Ma, 2013) show that Jiangsu performs better than Guangdong and Zhejiang regarding the signing of labour contracts, working hours, and salary. There are several reasons for this. First, the educational background of Jiangsu migrant workers is higher and migrant workers in Jiangsu also have access to more occupational training. Second, the historical tradition of the collective economy passed on a significant legacy of management style to the private TVEs. It uses 'relationships' and 'traditional cultures' to interact between employers and employees, building emotional ties which can help to lubricate conflicts. Thirdly, migrant workers in Jiangsu are mainly from local areas: they leave the land but not their towns. The solidarity of the local community has absorbed the uncertainty brought by transformation to some extent. Last, but not least, the restructuring of collective TVEs that took place in the late 1990s, at the same time that Jiangsu, especially Sunan, was accelerating its integration with the global market. Jiangsu has learnt how to manage labour disputes and display good governance from Guangdong and other coastal areas. The Jiangsu provincial governments are attentive to migrant workers and implemented a series of rules and laws to help solve migrant workers' 'problems', like increasing signing rates of labour contracts, claiming back wage arrears and the supervisory system of labour relations. Hence, having started from and maintained a higher level, Jiangsu has better working conditions than other coastal areas.

7.3.4 Labour disputes

The number of labour dispute cases accepted by the arbitration and court in Jiangsu has increased constantly since the restructuring of collective TVEs, but was of relatively low level before 2008. In 2008, with the implementation of the Labour Contract Law, the number of cases doubled from the previous year, from 350,182 to 693,465. It remained stable in the following years (Figure 72). From 2008 to 2011, the number fell slightly but in 2012, started to increase again. The blue book of the trial of labour disputes of Jiangsu courts (2013) attributed the rise in numbers in 2012 to the economic recession. In 2012, economic growth slowed, business costs increased, and foreign trade orders decreased; this increased pressure on businesses, which responded with wage reductions, wage arrears, and even factory closures. Sometimes factory owners just abandoned their factories and left. Cases were

concentrated in the labour-intensive enterprises, especially micro and small businesses. According to the statistical data (China Labour Statistical Yearbook, 2014), labour remuneration issues accounted for one-third of cases. Social insurance, work injury insurance and relieve or end of labour contract account for 25.5%, 20% and 25.6% respectively of the total cases. The causes of disputes become more diverse than before. Apart from direct economic causes (labour remuneration, work injury insurance and economic compensation), labour dispatch, pay equality, limitation of competition, occupational training, and health and safety at work also become the focus of disputes.

Figure 72: Labour Dispute Cases Accepted in Jiangsu, 1999-2013



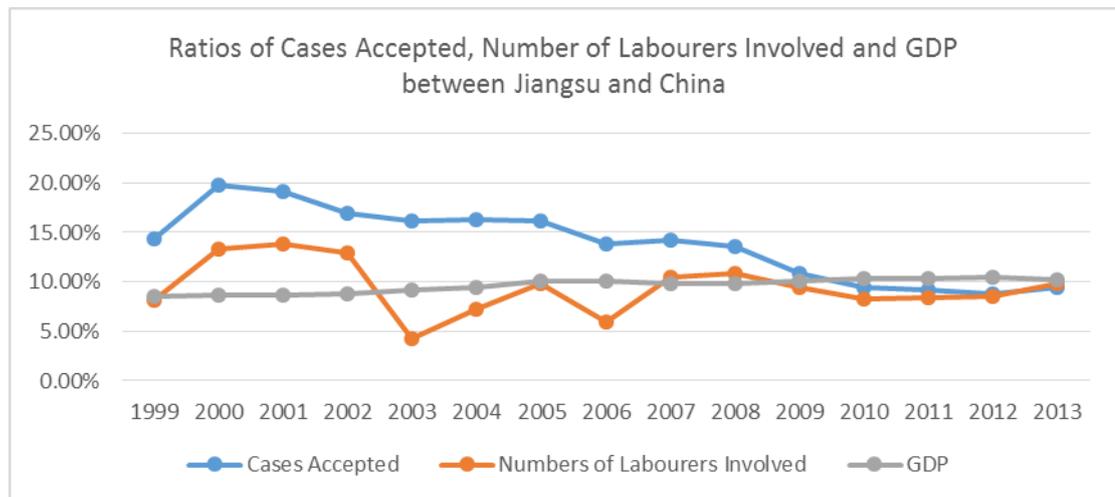
Sources: Collected from China Labour Statistical Yearbooks, 2000-2014

The economic recession also led to an increase in collective labour disputes in 2012, from 273 cases in 2010 to 505 in 2012 and 570 in 2013. Wage arrears caused by enterprises' capital chain rupture is the leading cause of collective labour disputes.

As shown in Figure 73, the ratios of cases accepted and the number of labourers involved between Jiangsu and China approach the ratio of GDP. Jiangsu used to create less GDP with more labour dispute cases compared to the national average level, however, the incidence of labour disputes in Jiangsu is now approaching the national average. One reason for the change may be the powerful local states: the provincial state has implemented several special actions to improve labour relations, such as the *chun nuan* action mentioned above, targeting the signing rate of labour

disputes. Since 2004, eight Jiangsu provincial government departments have taken joint action to conduct an inspection of migrant workers' wage payment. The Jiangsu Federation of Trade Unions has also taken the action 'Migrant Workers Joining in Trade Union' (Xinhuanet, 2015) which aims to involve migrant workers in the current trade union system. Although all these actions are top-down and strongly bureaucratic, they have improved the working conditions for migrant workers to a certain degree.

Figure 73 Ratios of Cases Accepted, Number of Labourers Involved and GDP between Jiangsu and China (1999-2013)



Sources: Collected from China Labour Statistical Yearbook 2000-2014

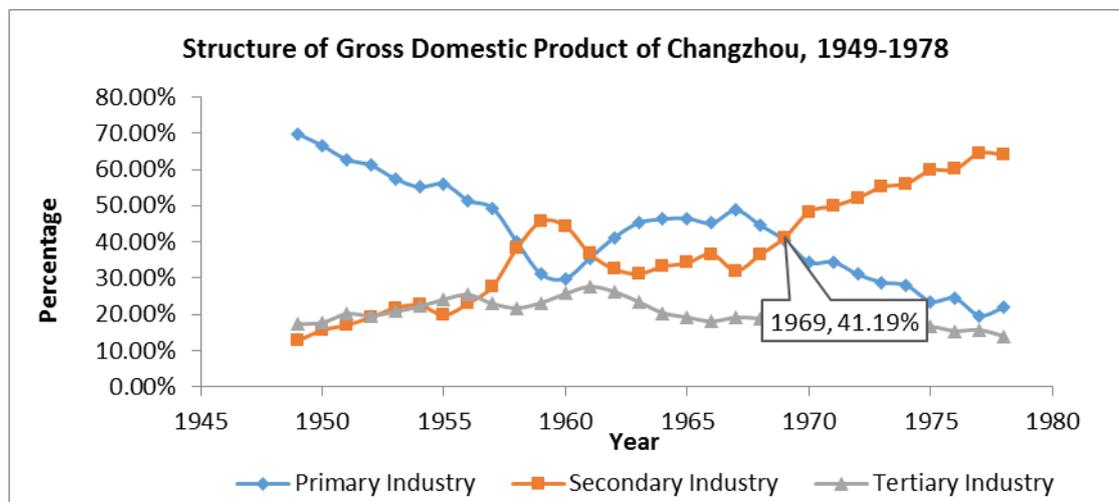
7.4 Escape and Insubordination of Migrant Workers Under the Capable Local State: an analysis based on the case of Yaoguan Town (遥观镇)

7.4.1 Socio-economic Background of Yaoguan Town

The municipality of Changzhou is located in the Sunan area of Jiangsu, to the north west of Suzhou and Wuxi. In 2013, Changzhou had a registered population of 3.66 million, a permanent resident population of 4.69 million and a land area of 4372 km². Changzhou was one of the earliest economic centres in China. It was famous for handicraft industries such as combs, silks, cotton textile, and papermaking. After

1949, many of the small-scale private enterprises in Changzhou went through a socialist transformation and became collective enterprises. Under socialist industrialisation, Changzhou became an important manufacturing centre and established a group of industries in the 1950s and 1960s that included machinery, metallurgy, electronics, chemicals, and pharmaceuticals. Over the rest of the Maoist era, the city expanded its industrial base and scope of production. Secondary industry overtook the agricultural sector in 1969 (Figure 74).

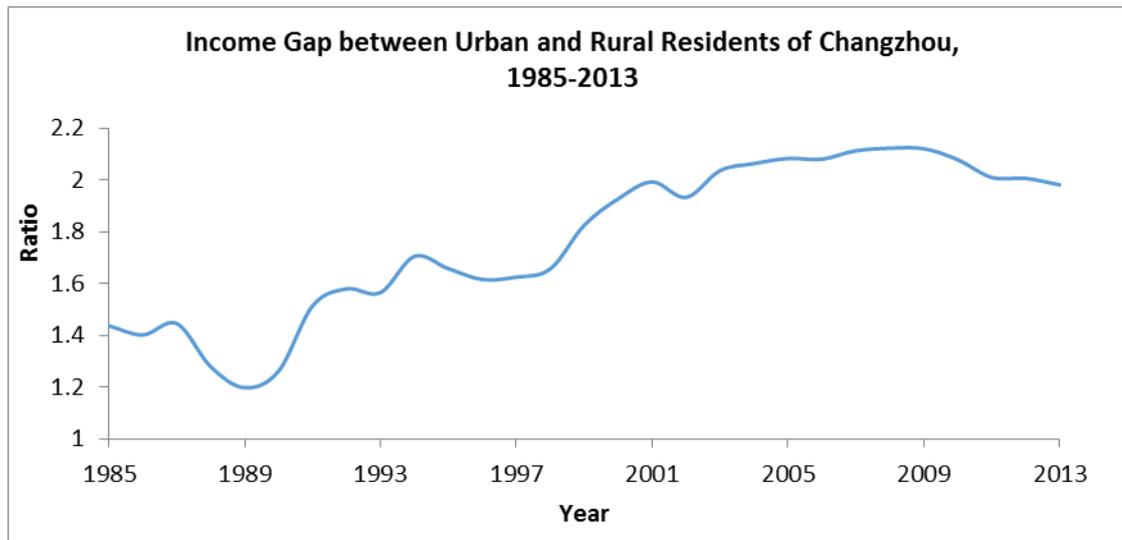
Figure 74 Structure of Gross Domestic Product of Changzhou, 1949-1978



Sources: Changzhou Statistical Yearbook 2014

By the eve of reform and opening up, Changzhou had built up some small-scale TVEs in the countryside. In 1976, collective TVEs produced 21% of industrial output in Changzhou Municipality, 19.8% in 1985 and 53.1% in 1988. Changzhou also experienced the restructuring of collective TVEs, most of them becoming shareholding enterprises, limited liability corporations, private enterprises, and Sino-foreign joint ventures. Secondary industry has dominated the economic development of Changzhou since 1978 (Figure 74). Changzhou was a prototype of the Sunan model, especially its Wujin District (previously Wujin County). As economic growth was driven by first, collective TVEs, than private TVEs, its urban/rural income gap is lower than the national average. Although the gap is increasing, it remains under 2.2 (Figure 75), i.e. urban and rural residents have a similar living standard.

Figure 75: Income Gap between Urban and Rural Residents of Changzhou, 1985-2013



Sources: Changzhou Statistical Yearbook 2014

However, unlike Suzhou, which has successfully followed the export-oriented and FDI-pushed development path, Changzhou's industry is still mainly made up of traditional sectors (Wei & Gu, 2013). Changzhou is far from Shanghai, compared to Wuxi and Suzhou and its local government is less successful in attracting FDI. Hence, Changzhou remains a legacy of the Sunan Model.

Yaoguan Town⁸⁶

Yaoguan Town is the biggest industrial town in Wujin County. It lies in the southeast of Changzhou, with a registered population of 44,500 and a floating population of 71,400. It covers an area of 45.29 km² only a 20-minute drive from the Wujin District centre and 30 minute from Changzhou city centre. The Grand Canal flows through Yaoguan Town, which historically made Yaoguan Town an important centre of handicraft. In 2013, its GDP was RMB 12,331.48 million, of which 72% came from the secondary industry. The per capita net income of a rural resident is RMB 20672. Its main industries are rail transportation manufacturing, steel pipes, metal container manufacturing and electric machinery manufacturing. The rail transportation manufacturing industry is the largest, contributing 60% of the total industrial output. It also has a fibreglass industry, household electrical appliances

⁸⁶ Yaoguan's background is summarized based on interviews conducted in Yaoguan Town from December, 2012 to February, 2013.

industry, welding consumables industry and floor manufacturing industry. It is home to approximately 1600 businesses, creating a RMB 50 billion industrial output. There are 130 above designate-size enterprises, of which 45 have the ability to create over RMB 100 million in sales revenue. The businesses of Yaoguan Town mainly target the domestic market. The majority are privately owned or shareholding enterprises, some of which were transformed from collective TVEs.

As mentioned above, the floating population in Yaoguan, the majority of which is made up of migrant workers, is larger than the registered population. Local people also work in the private enterprises. Some of the local workers used to work in the previous collective TVEs and have continued to work in their successors. At the beginning of the restructuring of collective TVEs, most workers were local, but with the development of private enterprises, an increasing number of workers migrated to Yaoguan Town. Initially, they came mainly from the Subei area, and then Anhui. Recently, the number of employees from Subei and Anhui has decreased sharply and the numbers from Sichuan, Guizhou and Henan has increased. A factory owner A⁸⁷, who used to be a production brigade leader during the Mao period and later the manager of a collective TVE, which restructured and transferred to him, narrated:

The factory I own was built in 1984, as a collective TVE. It had around 100 workers, all local residents. Then it was restructured in 1997. I took over the factory and hired the previous workers. In order to increase productivity, I only hired around 50 of them. These years, more migrant workers from outside come into Yaoguan Town. And around 2005, the majority of the workers from the previous collective TVE retired and I need to hire new workers. Now I have around 20 workers. Half of them are from outside Yaoguan, mainly from Subei, and even outside Jiangsu, like Anhui, Sichuan and Guizhou. Even though the number of my workers reduced, output didn't reduce because I began to bring in more machines.

Migrant workers in Yaoguan are usually married. They travel as a family not as individuals and this makes the local labour market relatively stable. A migrant worker⁸⁸ interviewed in Yaoguan Town said:

I have worked in this factory for 10 years. The relationship between

⁸⁷ Interviewee: JS-02202013-1 Yaoguan.

⁸⁸ Interviewee: JS-03142013-1 Yaoguan.

the boss and the workers is very peaceful. The wage is good as well. I have introduced my relatives and laoxiang (老乡, fellow villagers) to this factory. My kids are also live with us and get education here. I feel that here is my second hometown.

This family focus strengthens the close relationship between factory owners and migrant workers. However, the situation is changing. Young migrant workers are more likely to choose ‘decent’ jobs and tend to be flexible. They change jobs frequently for many reasons, if they are stressed, feeling disoriented or lost, low salary, looking for skilled jobs, or sometimes for no reason. The factory owners also find it harder to manage young migrant workers. Factory Owner A⁸⁹ continued:

Another reason why I bring in machines is that it is too hard to recruit workers and maintain them. I am in the rubber industry, where the working environment is very dirty, and it requires heavy manual labour. Young people do not want to work in my factory. The average age of my workers is around 35 years old. Even if I offer high wages of RMB 35000 per year, I still cannot successfully recruit young workers.

Factory Owner A’s statement is corroborated by the young migrant workers: I conducted a series of interviews in the local human resource market, which hosted career fairs and recruitment information about the local labour market.⁹⁰ Every day, dozens of young migrant workers went to the human resource market to attend the career fairs and read the recruitment advertisements. The interviewees gave their reason for changing jobs:

I don’t like my current job. It is a job in production line and it is too stressful. I want to find an easier job where I can learn some skills. I am studying at night school now. I want to learn some skills, and then I can find a better job.

Worker A⁹¹

I quit my previous job because the management of that factory was too strict. It felt uncomfortable to be controlled by the managers. I want freedom. But I don’t know where my future is or what I can do. Maybe I will go back to school.

Worker B⁹²

⁸⁹ Interviewee: JS-02202013-3, Factory owner, Yaoguan

⁹⁰ Interview conducted in Human Resource Market of Wujin District, Changzhou, February, 2013.

⁹¹ Interviewee: JS-02212013-3 worker, Wujin

I left my home town and am working here just to get experience. I work in different factories so that I can learn the skills. When I was in a previous factory, I often slowed down and slept during the night shift. Then I felt quite bored and just left the factory.

Worker C⁹³

The majority of migrant workers in Yaoguan Town live in rented accommodation, partly because factory owners prefer to offer rent subsidies rather than dormitories and partly because they have their families with them. Because the factories are not concentrated in one specific development zone or industrial zone, migrant workers rent houses from local people. The monthly rent is around RMB 150-180 for the whole family, around 4.2%-5.1% of the average monthly salary. The factory pays a monthly rent subsidy of around RMB 60. Nearly all the factories offer free lunch. Before the economic recession, the working day was 10-12 hours long; it is currently an average of 8 hours to 10 hours, the hours being closely related to economic conditions. From the perspective of labour rights protection, it makes sense to shorten the daily hours but because workers are paid on a piecework basis, fewer hours means less pay.

At the town level, the Yaoguan Office of the Wujin District Labour Disputes Arbitration Committees deals with the labour disputes, its primary function being mediation. The majority of cases are caused by factories illegally penalizing workers, not signing labour contracts, not paying overtime, or workers requesting economic compensation for the termination of their labour contract. According to the data collected by the Yaoguan office, around 300 labour disputes cases are accepted each year. Factory owners win 5%, workers win 35% and the rest are mediated to reach a compromise. Collective labour disputes were rare before the economic recession, only around five cases a year. However, numbers have started to increase.

According to the recorded labour disputes and number of strikes, it is apparent that labour relations in Yaoguan Town are relative peaceful and stable. The local state has made an effort to maintain stability, and the tie between local capitalists and

⁹² Interviewee: JS-02212013-3 worker, Wujin

⁹³ Interviewee: JS-02222013-1, worker, Wujin

migrant workers is tight. However, looking at the daily routine of migrant workers in the production process, reveals the passive struggles as a kind of insubordination to capital in Yaoguan Town.

It is getting harder and harder to manage the workers. Young workers, they don't really care about the rules of management or whatever you have said. They just come whenever they want and leave whenever they want without any announcement. You can see there is a young worker working in this position in the production line, and tomorrow the position is just empty. You don't know where they go. Also, their passion is much worse than elder workers. A young worker, a man, has long and coloured hair. I asked him to cut the hair off. He just directly quit the job immediately!

Factory Owner B⁹⁴

Nowadays you cannot force workers to work, even if you have urgent orders. The workers from outside, unlike previous local workers, they don't share the same interests with you. I need to increase the bonus to encourage them to work fast during peak season. I have no other choice. It is very hard to hire a good skilled worker. To retain them, all I can do is just give them more money, and give them better food. I also need to have a year-end party to give workers awards. Workers share information about working conditions and annual bonuses of factories.

Factory Owner C⁹⁵

Every year the first month after Chinese New Year is one of my hardest periods in the whole year. In the early days, workers came back two weeks after the Chinese New Year. They wanted to come back and earn money. But now, these years (since 2011), half of them didn't come back in the first month. I need to call them one by one to persuade them to come back. And I also need to give bonuses to those who come back earlier. If they come back in the first two weeks, I give them RMB 500 each, and in the first month, RMB 300 each.

Factory owner D⁹⁶

It is apparent from the above that migrant workers in Yaoguan Town mainly use daily struggle to force factory owners to improve their working conditions and increase wages. In response to these daily struggles, factory owners compromise to a certain extent, but if pushed too hard they introduce more machines to replace workers and to increase the intensity of labour. Factory A, a rubber manufacturing

⁹⁴ Interviewee: JS-02232013-1, Yaoguan

⁹⁵ Interviewee: JS-01032013-1, Yaoguan

⁹⁶ Interviewee: JS-01032013-2, Yaoguan

plant, had almost 100 employees when it was a collective TVE. After the restructuring in 1997, it transformed to a private TVE and made half the staff redundant. Its annual output value did not drop, however, because individual workers were forced to double their productivity. One worker used to be in charge of half of a machine, but this increased to take charge of one machine. The increase in productivity did not stop there: every year, Factory A invested 5% of its annual output value in new equipment. In 2013, Factory A only hired 17 employees yet still created RMB 20 million annual production value, a figure that had quadrupled in the past ten years. Over the same period, the salary of workers in Factory A had only doubled. It is clear individual worker's pay is increasing while the labour cost is decreasing and this is closely related to the upgrade of production lines. As the owner said, it is much easier to manage machines than to manage the young migrants. As well as the daily struggles and labour disputes, migrant workers also participated in collective actions to protect their rights. Details of two collective cases in Yaoguan Town are given below.

7.4.2 Case Studies: Factory B and Factory C

Factory B: Machinery Plant

Factory B was established in 1995 and produces mechanical accessories for the domestic market. Its annual production value was around RMB 13 million with 15% after-tax profit. It had 80 employees earning, on average, RMB 3000 for a 210-hour month with overtime paid at time and a half. The factory offered dormitory accommodation and free lunches to workers. Factory B had run smoothly since its establishment and had stable orders from regular customers.

However, the factory was shut down because the boss of Factory B was a gambler. His gambling debts cut off the floating capital chain and Factory B could not pay its wages or suppliers' invoices. Anything of value was gradually taken by suppliers, forcing the factory to stop production. Worse still, the boss just abandoned the factory.

Workers decided to take collective action. They believed that 'da nao da jie jue, xiao nao xiao jie jue, bu nao bu jie jue' (大闹大解决, 小闹小解决), which means if migrant

workers fight and struggle back heavily and intensely, their problems will be solved immediately and completely; if they take action 'gently', their problems will be solved partially and slowly; and, if they take no action, there will be no solution. They began by knocking on the doors and windows of the factory in the early morning for a few days. They then moved to the factory owner's house, waving placards with slogans of 'huan wo xue han qian' (give back my hard-earned money). They also tried to block the main road to gather social support. Their demand was simple: they wanted to be paid their salaries. Line managers and office workers took the lead during the actions as they had the evidence of the payment arrears and also had personal relationships with the labour disputes officers. As they were 'all in the same boat', the line workers relied on and trusted them.

The town-level local government intervened as the workers were planning to 'shang fang' (apply for an audience with the higher authorities to appeal for help) and the local state took on the responsibility of solving the problem. It auctioned the factory buildings to pay the wage arrears: 31 employees received their outstanding wages of RMB 820,883, and 6 retired employees their retired pensions of RMB 134,000. Once the workers received their salaries, they found jobs in other factories.

Factory C

Factory C was established in 1999 from a collective TVE and had 500 employees working an average of 10 hours a day. Its annual output was around RMB 230 million and its products aimed at both the domestic and foreign markets. Factory B paid all the social insurance contributions for all its employees. Because the cost of full social security was too expensive for TVEs, local states in Jiangsu turned a blind eye to the fact that the majority of private enterprises did not buy social insurance for all its employees.

However, due to the economic recession, bad operation and bad management, orders steadily fell. Factory C decided to lay off 50% of its employees. The workers who were laid off demanded that Factory C give them redundancy pay. They believed the dismissal notification was illegal. As Factory C's operations and management were in trouble, it could not afford to pay and workers started to take collective action. In the beginning only those workers who were dismissed were

involved in the actions, but later other workers also joined in. They started by blocking the factory gate, marched on the streets holding slogans, intercepted the factory owner's car and sat by the door of the local government's office building.

The local state intervened directly and immediately. The head and deputy head of the town government played the role of mediators. They persuaded the factory owner and workers' representatives to sit down and negotiate with each other, finally reaching an agreement that the factory would pay the statutory redundancy amount minus a discount of 20%. Workers who had not received dismissal notification should return to the factory to work. However, the workers accepted the payment agreement but refuse to return to work. All the workers chose to quit their jobs. After they got their redundancy payment, they found jobs in other factories. Factory B went bankrupt and shut down.

7.4.3 Analysis

These two cases are representative of collective actions by migrant workers in Yaoguan Town, and even in Wujin District and Changzhou. Migrant workers' collective actions tend to happen in private enterprises. This is partly because private ownership is the norm in Yaoguan's economic structure and partly because the operation of private firms is not as stable as SOEs and FIEs. Their ability to surmount risks is weak, especially in a grim international and national economic situation. Additionally, working conditions in Sunan are relatively better than in other coastal provinces and the rest of Jiangsu. However, the working conditions of private TVEs are not as good as SOEs and FIEs in Jiangsu. Therefore, around 80% of labour dispute cases in Jiangsu involve private enterprises (Xinhuanet, 2015). Moreover, when labour disputes arise, private TVEs lack the capacity and experience to deal with them and they tend to seek help from local states, which have the authority to solve problems.

As mentioned above, local migrant workers used to dominate the labour market in Yaoguan and the non-local migrant workers, mainly from Subei and Anhui, bring their families with them. Hence, they tend to build up a stable relationship with their factory owners. It is quite common for migrant workers to work in the same factory

for five or more years. The stable relationship helps both the local capitalists and the migrant workers to build a 'personal relationship'. The workers can get an advance on their salary if they have an urgent need and generally both sides like to solve any problems through this traditional 'relationship'. Therefore, collective action was rare in Yaoguan Town. Since 2005, an increasing number of migrant workers from other provinces have become the main body of migrant workers in Yaoguan and they are more likely to be involved in collective actions because they protect their rights directly and actively, lacking the long-term relationship with employers the local migrant workers have.

Although these collective actions are more of a reaction than an unprovoked action, migrant workers in Yaoguan soon started to realize the power of 'gathering'. It is a 'reaction' because migrant workers only take collective action when they are facing a 'serious' economic situation, such as a factory closure, redundancy, wage arrears and so on. These serious situations leave quite limited space for migrant workers to claim their labour rights. Therefore, the primary target of migrant workers' collective actions is to claim back their economic rights, usually basic economic rights.

The collective actions in Yaoguan are more like wildcat strikes. The migrant workers are not well-organised or unionized: they lack both an official trade union for labour rights protection and worker representatives. In Factory B's case, all the employees were in the same situation and so the line staff relied on the management officers. During the collective action, managers took the lead in the struggles. In Factory C's case, older, respected workers are relied on by younger, more inexperienced ones. In this case, the managers were on the opposite side to the workers. After the collective actions, the 'gathering' of migrant workers instantly disappears. Workers find that it is more efficient to seek help from local states rather than to negotiate with factory owners. Hence, they utilise their power of 'gathering' to put pressure on local states, forcing them to 'protect' their economic interests.

7.5 Conclusion

Their powerful authoritative resource, inherited from the previous collective economy, facilitates local states in solving labour disputes rapidly and efficiently. In Jiangsu Province, the Human Resource and Social Security Bureau has built up an antecedent supervision system to monitor enterprises' labour relations dynamically. It operates a 'traffic light' system to grade businesses: a red light indicates the enterprises needed to be monitored and tracked as a matter of priority; amber, a less serious situation; and green indicates businesses with proper working conditions. This monitoring system provides instant information about labour relations in individual enterprises, which can provide advance warnings of potential 'mass incidents'. There are 1,252 labour relations supervisors in towns and 7,950 labour relations supervisors in urban neighbourhood committees (Wang, 2013b). The local state relies on this 'grid' to monitor local enterprises and to get first-hand information. They deal with collective actions as soon as possible, not only to satisfy migrant workers (which may prevent them from taking further actions), but also to show the ability of local states to provide a peaceful and friendly environment for investors. In acting thus, local states may also enhance their reputation and gain respect from local communities as they act as 'impartial mediator' and this motivates local cadres to intervene aggressively in conflicts between capitalists and workers.

In the relationship between the local state, local enterprises and migrant workers in Yaoguan, the solution to collective labour disputes is based on constitutional traditions and non-institutionalised rules. The power relations between local states, local enterprises and migrant workers are unbalanced: the reason local states are more overwhelming powerful than other agencies in labour relations is closely linked to the Sunan development path. In Sunan, local states actively drive economic development. They used to operate CBEs and collective TVEs directly, hence, they had built up absolute authority over an economic aspect of society. Even after the restructuring of collective TVEs, they still saw themselves as promoter and protector of private TVEs, the key factor in improving development in the township. At the same time, local states also have strong relations with 'local community'. The idea of 'protector of the people' is deeply embedded in their minds. At the same time, the cadres are determined to maintain the the social stability. Hence, the local state has to treat labour collective actions with great caution because the higher level states are

very sensitive to any situation that might upgrade to social disturbance (Wang, 2013b).

However, solutions to collective actions, which are directed by local states are on potentially shaky ground (Wang, 2013b). They cannot deal with labour collective actions as a matter of routine. The local states are, like parents, refusing to admit the ability of both sides and leaving limited space for them to negotiate. They decide what the best solution is and then use their authority to force both sides to make compromises although, on the surface, it seems as if local states are trying to protect migrant workers' rights and trying to help migrant workers to claim their rights. An unstable environment does not attract investment or maintain economic development. States want to stop migrant workers from calling more strikes or further collective actions, which would lead to more damage to the economy.

The capable local states with strong authority have squeezed the space of insubordination of migrant workers. During the Mao period, the workers in the CBEs were immobilized as the collective economy took care of the social welfare of workers. Since 1978, even with the reform of the CBEs into collective TVEs, the workers in collective TVEs were guaranteed access to social welfare and (relatively) good working conditions. The collective economy had institutionalised the insubordination of workers in it. After the restructuring of collective TVEs, the safety-net of social welfare was removed but the relatively better working conditions remained as did the power relationship between local states, local capital and migrant workers to some extent. The capable local states have established a firm net to monitor and control labour relations, with both capital and labour under the power of authorities. This net, the labour regulation system, has absorbed the energy of insubordination of migrant workers, leaving very space for migrant workers to struggle. However, in the analysis of Yaoguan Town, we can still see the daily struggles of migrant workers and the collective actions they took. These acts of insubordination by the migrant workers to the existing capital relation further pushes capitalists to adjust their management strategies and lobby local states to make more effort to maintain the 'net'.

Chapter 8 Synthesis

8.1 Introduction

This dissertation has examined the relationship between migrant workers' agency and development in different socio-economic transformation processes in China since the reform and opening up process was launched. I explained the interaction between migrant workers, the state and capital inspired by the autonomy of migration approach (Papadopoulos & Tsianos, 2007; Papadopoulos et al., 2008; Mezzadra, 2010). The diversity of development pathways in Guangdong, Zhejiang and Jiangsu, the three coastal provinces examined, is informed by their different preconditions, including socio-economic, political, geographic and cultural factors. The strategies for capturing migrants to the wage labour system and the subordination of migrant workers to capital also vary from pathway to pathway. I chose the three most successful pathways of economic development in China, the Pearl River Delta Model, the Wenzhou Model and the Sunan Model, to analyse the diversities of the subordination strategies. The repeated escaping of migrant workers forces capital and the state to adjust their strategies of subordination, thus continually reshaping the development paths.

In Chapter 2, I introduced the socio-economic transformation of China in the reform era. China has integrated deeply into the global neoliberal order. The reform and opening up policy, combined with internationally moving capital, has led to the creation of migrant workers. In Chapter 3, I examined the process of the making of migrant workers in China. Migrants in China usually move from rural to urban areas, from the agriculture sector to the manufacturing and service sectors. The *hukou* system plays an important role in the capturing of migrant workers and their subordination to capital. The Chinese state utilizes the *hukou* system to control the mobility of migrant workers: rural migrant workers can only stay temporarily in the places where they work, as they are excluded from the public social welfare system

there and have to return to their home town for their social reproduction. Migrants, leaving their farmland, are captured and transformed into wage labour. At the beginning of reform and opening up, migrant workers were mainly peasants with low occupational expectations who were still deeply embedded in rural society. Rural society provided them with the resources to survive (farming) and social reproduction. However, along with the deepening of the socio-economic transformation, the young generation of migrant workers experienced ‘disembeddedness’ from rural society while, at the same time, continued to be excluded from urban society by the *hukou* system.

Chapter 4 provided the theoretical context for understanding the conflict between the subordination and the insubordination of migrant workers. The autonomy of migration approach (Papadopoulos & Tsianos, 2007; Papadopoulos et al., 2008; Mezzadra, 2010) provides us with a perspective from which to analyse the influence of migrant workers’ agency on the development of China. Historically, capital always wants to contain mobile labour while labour is always trying to escape. At the beginning of capitalism, capital succeeded in containing labour through the ban on vagabondage, and the subordination projects started to contain labour. Capital tried to absorb the energy of mobile labour into the exploitation process to extract surplus labour. But workers always attempt to escape from the existing control regime, pushing capital to adjust the control regime in order to recapture the escaping migrants. The escape of migrants triggers the following of the control from capital, mediated by the state, which is a crucial force of social transformation.

Chapters 5, 6 and 7 are empirical chapters. In the next section, I provide a synthesis of the empirical chapters to indicate the relationship between the agency of migrant workers and development in different contexts. In this synthesis chapter, I also link the research question with the findings and discussions of Chapters 2 to 7.

8.2 The Subordination of Migrant Workers in the PRD Model, the Wenzhou Model and the Sunan Model

In Chapters 5, 6 and 7, I reviewed the development pathway of Guangdong, Zhejiang and Jiangsu. Subject to differing historical preconditions, the three provinces had

different development strategies. The different development pathways are accompanied by different strategies of containment of migrant workers. Different actors come together in this process, including the state (both central and local), capitalists, labour NGOs and, most importantly, migrant workers. Within the subordination process of migrant workers to capital, different actors have different powers. In different capitalist development contexts, the power relations between the actors are different, which leads to different processes of shaping and reshaping of the relationship between migrant workers' agencies and development.

8.2.1 Guangdong – One Step Ahead of Development and One Step Ahead of Labour Relations

Guangdong Province, the experimental area for opening up and a series of reforms, treads its development pathway dependent on the inflow of FDI and support from the central government. FDI not only brings in investment but is also makes Guangdong an extension of the global production chain. It also brings in new methods of subordination of migrant workers. Foreign investment is mainly attracted by the low cost of migrant workers. The majority of migrant workers in Guangdong Province are not locals but workers from inland China and poorer areas in Guangdong. Their moving bodies were first captured by FIEs or private enterprises targeting overseas markets and they faced intensive formal and real subordination strategies. In these enterprises, migrant workers had to do harsh and repetitive work for extremely long hours in terrible working conditions for low wages. Along with the deepening of the reform and the spread of neoliberal projects, increasingly transnational companies relocated their production bases to the PRD, and also bringing with them the lean-production systems and more machinery. Workers were bound to the production lines, deskilled and reduced to abstract labour power, which led to the real subordination of migrant workers to capital. The subordination of migrant workers to capital was also facilitated by the central government and the Guangdong government. Firstly, with rural reform, the household-based production contract system was introduced to release peasant workers from the collectives and the forced labour of communes. The increase in agricultural productivity had squeezed the surplus labour from rural areas. Additionally, the marketisation of public services

and the collapse of the people's commune system exposed rural peasants to an insecure and vulnerable situation. Their sources of subsistence were eliminated, forcing them to leave their farmland and enter factories to be wage labourers. Secondly, the operation of the *hukou* system in Guangdong efficiently controlled the mobility of migrant workers. Migrant workers without local *hukou* faced the threat of repatriation and discrimination from local governments and local residences. They had to live in dormitories provided by factories or rented rooms separated from the local community. Migrant workers' lives were divided into two parts – production in the PRD and social reproduction in their home town.

The one step ahead development triggers one step ahead insubordination by migrant workers. The struggles of migrant workers manifest as labour shortage, increasing number of labour disputes, increasingly complicated requirements and demands of labour disputes, growing scale and number of strikes, and better organised strikes and protests, all of which force capitalists and the local state to make compromises and improve working conditions. At the beginning of the reform era, inland China had very few employment opportunities and migrants had to move to coastal areas to find jobs. However, not all surplus rural labourers engage in migration; a considerable number of migrant workers remain in their hometown. In order to contain the rest of the rural surplus labourers in capitalist production process, an increasing number of factories are moving to inland China, especially to provinces with abundant labourers.⁹⁷ The inland provinces' governments are also actively involved in creating an investment-friendly environment⁹⁸ and more job opportunities for local people. Increasingly, migrant workers choose not to move to the coastal areas, but to work in or near their hometown. Also, the migrant workers in the PRD choose not to work in those factories with low wages and bad conditions. The shortage of labour in PRD does not necessarily mean there are not enough migrant workers in the labour market, but that there is a mismatch between the requirements of migrant workers and the wages and working conditions in factories.

⁹⁷ Foxconn relocates its factories in inland China (*fushikang qian neidi sichuan henan zengsu chao guangdong* 富士康迁内地 四川河南增速超广东)

<http://www.ibtimes.com.cn/articles/22751/20130305/566633.htm>

⁹⁸ In land China Provinces make effort to attract enterprises in coastal areas. (*Zhongguo neilu shengfen 'shoumai' yanhai qiye* 中国内陆省份“收买”沿海企业)

<http://cn.nytimes.com/china/20140829/c29provinces/>

Migrant workers would rather continue to search for jobs than accept low wages. On the one hand, labour shortages since 2009 have pushed factories into increasing wages and improving working conditions, while on the other, they have also resulted in factories introducing more machinery or even moving to inland China to reduce labour costs.

Additionally, migrant workers do not only escape by ‘voting with their feet’. Since 2000, the number of labour disputes and strikes has grown significantly in the PRD. Labour dispute cases in Guangdong accounted for one-quarter of the total in 2008.⁹⁹ The increase in recorded labour dispute cases reflects the influence of migrant workers’ resistance to the labour regulation regime. Migrant workers express their grievances through different kinds of resistance. Daily struggles, like job-hopping, slowdowns, sabotage and absenteeism, as well as more active actions like strikes, protests, marching, sit-ins in front of local government buildings, and even extreme forms of struggle, such as suicide ,against capitalists or government officials, have influenced the regular production of factories and social stability. The state has then adjusted the legal institutions (by constructing a regulatory labour relationship framework) to channel the resolution of conflicts between capital and migrant workers into a controllable official channel. After the launch of the labour contract law in 2008, there was a sharp increase in labour dispute cases and migrant workers’ demands have become increasingly diverse and composite. They no longer limit themselves to the minimum standards of labour law but demand more. They also actively seek legal assistance from official legal aid to labour NGOs, and help from the media, scholars and other activists in civil society.

Migrant workers in the PRD also do not limit themselves to the official legal system, realising that collective actions are sometimes more efficient. Strikes and protests are quite common in the PRD, from small-scale wildcat strikes to relatively well-

⁹⁹ New labour contract law and China’s labour relations (新劳动法与中国劳工状况) http://www.china.com.cn/aboutchina/zhuanti/09zgshxs/content_17106408_3.htm;

Labour disputes cases in Guangdong account for one quarter of total labour disputes cases in China, there is a shortage of legal assistant officials. 广东劳动争议案占全国 1/4 “免费仲裁”遭遇人才荒 http://www.npc.gov.cn/npc/zt/2008-05/07/content_1427305.htm

organised strikes. Migrant workers make use of their collective power to force capitalists to sit down and negotiate with them. The Nanhai Honda strike is an iconic event in the emergence of the Chinese labour movement. It was initiated by student workers who demanded fair treatment and democratic elections of trade unions, and it forced the company to compromise and pushed the local trade union into considering further reforms. It not only triggered the direct adjustment of the company's management strategies, but also pushed local government and local trade unions to introduce a new framework of collective bargaining. Again, the state and capital wanted to contain the struggling migrant workers in capitalist relation.

The struggles of migrant workers in Guangdong triggered adjustment of the subordination strategies of capital and the state. Further, the adjustment of the subordination strategies influenced the development of Guangdong. The insubordination of migrant workers pushed the Guangdong local governments and capitalists to move from labour-intensive and low value-added industries to high-tech industries using more machinery. Their aim was to increase productivity and also increase the intensity of labour, which is the real subordination of migrant workers to capital. To facilitate this dual track transformation strategy, the *hukou* system in Guangdong also introduced a points-based system to select high quality migrants while excluding the low-skilled and uneducated. Overall, the interaction between the development of Guangdong and the migrant workers' agencies clearly reveals that capital, mediated by the state, always attempts to contain migrant workers into capital relations, and the containment projects always meet the insubordination of migrant workers. In order to re-contain the insubordinate migrant workers back to capitalist production process, capital and the local state have made adjustments to the control regime and changes to the development strategies.

8.2.2 Zhejiang – Relative Balanced Power Relation and Collective Consultancy

Zhejiang Province, with its development based on local private capitalists and local migrant workers, followed a different development pathway. It is characterised by special markets and industrial clusters, based on family-owned industrial plants and private enterprises, and known as the Wenzhou Model. These family-based industrial

plants and private enterprises are generally located in rural areas, and both workers and management are local residents. The subordination strategies in Zhejiang are also different from the PRD. Initially the migrant workers were mainly local rural residents and had close relationships with local capitalists. The *hukou* system plays a role in controlling the migrant workers here, but not as significantly as in the PRD, as the majority of migrant workers hold local *hukou*. The deep embeddedness of local capital in local community creates a social network to absorb the conflict between capitalists and labourers. The line between capitalists and labourers is fuzzy as the factories are only small, sometimes employing less than ten people. The tight market and intense competition among factories empowers the migrant workers with relatively strong bargaining power, especially skilled workers. Additionally, the power relation between the local states, private capital and migrant workers is relatively balanced. Firstly, the local states of Zhejiang Province actively support the development of the private economy unlike in Guangdong, where, as the experimental area for reform and opening up, the FDI can sometimes bypass the Guangdong local government to get direct support from the central government. Capitalists in Guangdong are highly cosmopolitan and fractured (Friedman, 2014), therefore, the Guangdong local government is not as capable as the Zhejiang local government. Secondly, as the migrant workers, the private capitalists and the officials of the local state are from local communities, an unofficial relationship is created among them.

The results of comparative surveys on wages and working conditions in the PRD, Zhejiang and Jiangsu could probably be an effective explanation of the influence of localization of migrant workers in Zhejiang. Xu (2003) states that the wage of workers in private enterprises is basically determined by the market. Workers can freely move from one enterprise to another and in order to retain skilled and experienced workers, businesses have to distribute reasonable profits (Xu, 2003). Hence, the average wage of workers in private enterprises is higher than the minimum wage standard in Zhejiang Province. Based on survey data of the PRD, southern Jiangsu and areas of Zhejiang, Wei and Xie (2013) have discussed the impact of three developmental patterns on workers' income. Their survey revealed that workers in southern Jiangsu have the highest income level and those in the PRD the lowest. However, when taking human capital endowments (including work

experience, educational background and occupational training) into account, Zhejiang offers better returns to the workers. Although the wage in southern Jiangsu is the highest, it demands better human capital of workers, i.e. a higher educational background, more occupational training and more work experience. The authors explain that the endogenous development model has had a great impact on the pay scales of workers in Zhejiang.

Another piece of comparative research on regional differences in labour rights of rural migrant workers in the PRD and the YRD also indicates better labour rights conditions in the YRD (Liu, Yong & Shu, 2011). On aspects of wages, working hours and signing of labour contracts, the YRD performs better than the PRD. The researchers take the proportion of local workers in all employed people as an independent variable of their analysis model and come to the conclusion that this variable has no influence on wage standards but does have an impact on signing of labour contracts and working hours.

Data on labour dispute cases in Zhejiang reveal a relatively lower level than the national level, and definitely lower than Guangdong Province. Of course, there is another reason for the low level of labour dispute cases in Zhejiang: the labour disputes of the family-based industrial plants and small-scale enterprises rarely go through the legal system. Migrant workers tend to solve their conflicts through non-official channels, such negotiating directly with bosses, with mediators they both know, job-hopping, sabotage, marches and strikes.

Since 2000, the surge of migrant workers from outside has stimulated the increase in labour disputes and turbulence in the labour market. In the Wenling woollen industry case, the migrant workers from outside brought with them their experiences of struggles from working in other places. They had more skills and tactics for struggling and protecting their labour rights. Additionally, as they were not local, the social network did not work for them. They were more likely to engage in strikes and protests, especially in the peak season. Although the industrial clusters in Zhejiang were mainly labour intensive, production also required skilled and experienced workers as the production process had not been fully mechanised. Within the formal subordination process, the skilled workers took advantage of their position in the

labour market and forced employers to pay higher wages. In the peak season, the sabotage, marches, strikes and job-hopping of skilled workers seriously impacted production and social stability. Initially employers responded with strategies such as wage arrears or even illegal job deposits and keeping workers' ID cards, but these triggered more dissent from migrant workers. The local trade union, taking the lead as a quasi-state institution, cooperated with local capitalists and developed a new framework to absorb the insubordination of migrant workers. This collective consultancy system was meant to stabilise the production process and contain the moving migrant workers. Although collective consultancy has protected labour rights to some extent, for example, guaranteeing redundancy payments and negotiating piece-rates, its aim is to stabilise the labour market, especially in the peak season and re-contain the insubordinate migrant workers. The fixing of piecework rates actually eliminates the bargaining power of migrant workers, especially skilled workers. The alignment of local capitalists has deepened the subordination of migrant workers to capital. Wages remain at the same level and so does the work: within this industry, there is little choice for migrant workers.

The success of the Wenling case was quickly identified as an exemplar by the Zhejiang government and Zhejiang trade union, and even the central government and ACFTU. It was recognized as a successful experiment in how to solve unstable labour relations in the private sector, especially with the "concentration of small enterprises or enterprises engaged in similar production" (Pringle, 2011:131). It is clear that the protests of migrant workers in the Wenling woollen industry have triggered the innovation of the labour regulation regime.

8.2.3 Jiangsu – Capable Local State and the 'Peaceful' Labour Relation

The development of Jiangsu, especially south Jiangsu, is known as the 'Sunan Model'. Jiangsu Province, unlike Guangdong and Zhejiang Provinces, had a strong manufacturing history before the launch of the reform and opening up. During the Mao period, CBEs were well developed and they transformed into collective TVEs at the beginning of the reform era (1978 to the late 1990s). The succession of CBEs to collective TVEs also led to the succession of the relation between Jiangsu local

states and capitalists in Jiangsu in the reform era. During the Mao period, CBEs were under the direct control of the local governments, people's communes and production brigades. Local governments in Jiangsu took on the responsibilities of the operation of CBEs, including production management, personnel management and the social welfare of employees. After the launch of the reform and opening up process, CBEs had transferred to collective TVEs and gained a proportion of autonomy of management. Personnel management was still under the control of local town and county level governments. The local governments in Jiangsu, as with the local governments in Guangdong and Zhejiang, had a strong motivation to support the economic development by supporting the development of collective TVEs. But the local governments in Jiangsu had more power over the collective TVEs. At the beginning of the reform era, migrant workers in Jiangsu were mainly local residents and so, in Jiangsu, the capturing of migrant workers into the wage labour system was different from the processes in Guangdong and Zhejiang. Before the reform and opening up, a high portion of local residents worked in CBEs and they stayed on after the transformation to collective TVEs. Along with the rural reform, more local residents entered into the collective TVEs. Labour relations in collective TVEs also inherited a part of the labour relations of CBEs. As mentioned above, the working conditions were better and the wages were higher in Jiangsu than in Guangdong and Zhejiang. Also, because of their collective ownership, the collective TVEs had to take responsibility for the social welfare of local residents. Thus, local residents, including local migrant workers, benefited from the growth and development of collective TVEs. However, the power relation between local governments and capital was not as balanced as in Zhejiang: Jiangsu's local states had the authoritarian power to manage both capital and labour and to solve the conflicts between them.

After the late 1990s, collective TVEs were restructured into private TVEs. During the restructuring process, the previous managers of collective TVEs were given ownership of these TVEs. The private enterprises that grew outside of the collective system were mainly owned by local capitalists. Although the ownership structure had changed, the power relations between capitalists and the local states remained. Firstly, the owners of the factories, who used to be collective TVE managers, tended to keep the same management style and maintain the same relationships with local

government officials. Secondly, the private enterprise owners were mainly local residents, as were the migrant workers. In Chapter 7, I took Yaoguan Town in Changzhou as an example to analyse the relationship between the local government of Yaoguan, the factory owners and migrant workers. Local government supports the development of private enterprises while taking responsibility for local residents' welfare; therefore local governments in Jiangsu have more power to mediate conflicts between capital and labour. Additionally, Jiangsu local governments have also learnt from the experiences of other coastal provinces, especially Guangdong and Zhejiang, in dealing with labour disputes and conflicts. The Jiangsu government has built up a series of systems to monitor labour relations in factories and to deal with labour disputes before they erupt into strikes or protests. When labour disputes, strikes or protests have occurred, the local government has taken rapid action to mediate the conflicts. Therefore, the capability of the local government, the relatively better working conditions and higher wages and the social network of the local community have successfully absorbed the conflict between the subordination and insubordination of migrant workers. Since the late 1990s, there has been an increasing number of migrant workers from outside Jiangsu, but the labour relations between the outside migrant workers and local capitalists are still more stable than in the other two provinces.

However, the relatively stable labour relation does not mean there is no resistance from migrant workers to the subordination strategies of local state and local capital. More often, the insubordination of migrant workers in Jiangsu takes the form of a passive struggle: go-slows, job-hopping or arriving late and leaving early. These daily struggles force employers to increase wages and bonuses and improve working conditions, including the quality of food, dormitories and work environments. They also trigger the upgrade of the production process that is promoting the use of more machinery and increasing the intensity of labour. Therefore, even in Jiangsu, especially the Sunan area, under the tight control of local states, the insubordination of migrant workers still drives changes and adjustments in the subordination process.

The Chapter 5,6 and 7 have applied the theory of subordination and insubordination of migrant workers to fields in PRD, southeast Zhejiang and south Jiangsu. They

have linked the theory with reality. In next section, I will list the contribution of this dissertation and provide a conclusion for this dissertation.

8.3 Contributions and Conclusion

This dissertation analysed the relationship between migrant workers' agency and development in China. It provides a new theoretical paradigm to analyse migrant workers and their agency, stressing that migrant workers are not only contained by a fixed control system, but that their activities push the control regime towards dynamic adjustments. Migrant workers are not fighting to ultimately become someone (e.g. urban citizens). They keep on escaping from the existing control regime. While capital always intends to contain mobile labourer in capital relation, workers always try to escape from it. In China, the escape of migrant workers from containment (i.e. the *hukou* system) and their insubordination to capital force the state and the government to adjust their containment strategies, which further pushes the socio-economic transformation.

Secondly, besides the theoretical implication, this dissertation also provides concrete empirical evidence of the three most advanced provinces. The research of this dissertation provides a more encompassing view of the interaction between migrant workers and other agents of development – factory owners, officials of labour bureaus, officials of arbitration court of labour disputes, officials of labour NGOs, trade union officials and so on. These agents are all involved in the making of labour relations in China.

Thirdly, based on the fieldwork in PRD, southeast Zhejiang and south Jiangsu, this dissertation provides evidences of comparative studies in terms of the relationship between migrant workers' agency and development. Based on the comparative study of the empirical data, it leads to the conclusion that different historical preconditions lead to different pathways of capitalist development, which are linked to the different strategies of subordination of migrant workers to capital in China. Also, although migrant workers are continually involved in escaping from the existing control regime, they behave differently according to the particular the control regime and subordination strategy. Additionally, the Chinese state does not simply act as an

agent of capital, but also has autonomy from business. It is largely influenced by the struggles and resistance of the working class. Therefore, the escape and insubordination of migrant workers not only triggers a chase by capital, but also by the state apparatuses, through mechanisms such as the mobility control system (the *hukou* system), the legal institution of labour relations (labour laws), and the state-run official trade unions. As analysed in the dissertation, migrant workers, whether they hold a local *hukou* or not, have more power than migrant workers from outside, as local migrant workers have not been excluded by the containment of *hukou* system. Also, the power relation between local states and capitalists plays an important role in shaping the development and subordination strategies. Migrant workers also have different insubordination strategies related to different subordination strategies. In Guangdong, as development is 'one step ahead', the interaction of subordination and insubordination of migrant workers also goes further than in the other two provinces. The struggles and resistance of migrant workers in the PRD not only triggers the adjustment of the control regime there, but also inspires migrant workers in other provinces. In Zhejiang, the insubordination of migrant workers forced the local trade unions to introduce a collective consultancy system to absorb the grievances of migrant workers. In Jiangsu, the capable local states tightly control both capital and the migrant workers, which leaves a very small space for migrant workers to be insubordinate. However, even with better working conditions, migrant workers refuse to be integrated with production, transferring their living labour to wage labour. They use passive struggles to show their insubordination to capital relations. Of course, we should be aware that the initial escape of migrants from the control of the people's commune system and their insubordination to capital does not necessarily mean they want to stay outside of capital relation. The chasing of the insubordination of migrant workers shapes and reshapes the relationship between the state, capital and labour.

8.4 Future Research

Along with the spread of neoliberalism and the integration with the global market, increasing numbers of people are pulled into capitalist relations, and the subordination of labour to capital is deepening. The global division of labour is also spreading to inland China. Although, initially, development strategies are different

from region to region, there is a tendency for them to converge. After more than 30 years of development and benefiting from low-cost labour, Guangdong, Zhejiang and Jiangsu are all facing the challenges of industrial upgrade. In Zhejiang and Jiangsu, FDI has played an increasingly important role in economic development. The insubordination strategies of migrant workers will also converge over time. During the period of my fieldwork, 2012-2013, there was a growing number of strikes in Southeast Zhejiang and south Jiangsu, similar to the strikes in the PRD, southeast Zhejiang and south Jiangsu. Therefore, more work needs to be done in the future to study the convergence of subordination and insubordination of migrant workers, and the impact of such convergence on the development of China.

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Appendix: Table of Interviewees

Province	Interviewee Number	Location	Occupation
Guangdong	GD-10202012-1	Guangzhou, Guangdong	Labour NGO official
	GD-10252012-1	Guangzhou, Guangdong	Officials of Arbitration Court of Labour Disputes in Tianhe District
	GD-10262012-1	Xiagang Street, Luogang District, Guangdong	Officials of Xiagang Street administration organisation
	GD-10282012-1	Guangzhou, Guangdong	Factory Owner
	GD-01032013-1	Guangzhou, Guangdong	Factory Owner
	GD-01042013-1	Guangzhou, Guangdong	Official of Trade Union of Luogang district
	GD-01042013-1	Guangzhou, Guangdong	Human Resource Manager of Factory
	GD-01102013-1	Guangzhou, Guangdong	Officials of Xiangxue community administration organisation
	GD-02112013-1	Hong Kong	Labour NGO official
	GD-06212013-1	Luogang District, Guangdong	Worker
	GD-06212013-1	Foshan, Guangdong	Worker
	GD-06212013-1	Foshan, Guangdong	Worker, used to participate in strike in 2010
	GD-06212013-2	Foshan, Guangdong	Worker
	GD-06212013-2	Shenzhen, Guangdong	Labour NGO official
	GD-06222013-1	Guangzhou, Guangdong	Labour NGO official
	GD-06242013-1	Dongguan, Guangdong	Officials of Labour Bureau of Dongguan
	GD-06242013-1	Guangzhou, Guangdong	Scholar
	GD-06252013-1	Dongguan, Guangdong	Factory Owner
	GD-06252013-1	Guangzhou, Guangdong	Scholar

	GD-06262013-1	Foshan, Guangdong	Worker,used to participate in strike in 2010
	GD-06272013-1	Shenzhen, Guangdong	Factory Owner
	GD-06292013-1	Shenzhen, Guangdong	Factory Owner
	GD-07032013-1	Shenzhen, Guangdong	Worker
	GD-07262013-1	Dongguan, Guangdong	Officials of Arbitration Court of Labour Disputes of Dongguan
	GD-07292013-1	Dongguan, Guangdong	Officials of Labour Bureau of Dongguan
	GD-07292013-2	Dongguan, Guangdong	Officials of Labour Bureau of Dongguan
	GD-07292013-3	Dongguan, Guangdong	Officials of Labour Bureau of Dongguan
	GD-07302013-1	Dongguan, Guangdong	Official of Trade Union of Dongguan
Zhejiang	ZJ-07042013-1	Hangzhou, Zhejiang	Factory Owner
	ZJ-07062013-1	Hangzhou, Zhejiang	Official of Trade Union of an industrial park
	ZJ-07062013-2	Hangzhou, Zhejiang	Factory Owner
	ZJ-07082013-1	Hangzhou, Zhejiang	Production Manager of a private enterprise
	ZJ-07082013-2	Hangzhou, Zhejiang	Labour NGO official
	ZJ-07092013-1	Hangzhou, Zhejiang	Official of Zhejiang Federation Trade Union
	ZJ-07102013-1	Xiaoshan District, Zhejiang	Official of Arbitration Court of labour disputes of Xiaoshan
	ZJ-07112013-1	Hangzhou, Zhejiang	Scholar
	ZJ-07152013-1	Yiwu, Zhejiang	Official of Labour NGO
	ZJ-07152013-2	Yiwu, Zhejiang	Labour NGO official
	ZJ-07152013-3	Yiwu, Zhejiang	Workers on street
	ZJ-07182013-1	Hangzhou, Zhejiang	Line manager
	ZJ-07222013-1	Yongkang, Zhejiang	Official of Labour NGO
	ZJ-07222013-1	Yongkang, Zhejiang	Workers on street
	ZJ-07232013-1	Jiupu Town, Zhejiang	Official of Labour Bureau of Jiupu Town
Jiangsu	JS-02202013-1	Yaoguan Town, Jiangsu	Factory Owner A
	JS-02212013-1	Wujin District, Jiangsu	Official of Career Service Center of Wujin District

	JS-02212013-2	Wujin District, Jiangsu	Official of Career Service Center of Wujin District
	JS-02212013-3	Wujin District, Jiangsu	Worker A,searching for jobs in career service center
	JS-02212013-4	Wujin District, Jiangsu	Worker B,searching for jobs in career service center
	JS-02222013-1	Wujin District, Jiangsu	Worker C,searching for jobs in career service center
	JS-02222013-2	Wujin District, Jiangsu	Worker D,searching for jobs in career service center
	JS-02222013-3	Wujin District, Jiangsu	Worker E,searching for jobs in career service center
	JS-02222013-4	Wujin District, Jiangsu	Worker F,searching for jobs in career service center
	JS-02232013-1	Yaoguan Town, Jiangsu	Factory Owner B
	JS-02242013-1	Yaoguan Town, Jiangsu	Workers of one factory
	JS-02262013-1	Yaoguan Town, Jiangsu	Official of Labour Bureau Branch of Yaoguan Town
	JS-03012013-1	Yaoguan Town, Jiangsu	Factory Owner C
	JS-03012013-2	Yaoguan Town, Jiangsu	Factory Owner D
	JS-03132013-1	Yaoguan Town, Jiangsu	Workers involved in Factory B case
Number of Interviewee: Province-Month/Date/Year-order			