

Analyzing Industrial Worker Precarity in Guangdong, China

by

Brandon Sommer

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ABSTRACT

ANALYZING INDUSTRIAL WORKER PRECARITY IN GUANGDONG, CHINA

Brandon Sommer
University of Guelph, 2015

Advisor:
Professor Sharada Srinivasan

This thesis explores three aspects of precarity for Chinese industrial workers in Guangdong. 1) How the haphazard and uneven evolution of the legal system in China from 1978 until today continues to create precarious situations for workers while also providing important security. 2) How labour shortages in Guangdong are impacting labour power and subsequent precarity for industrial workers by examining the Lewis Turning Point, an economic theory of surplus labour and its implications. 3) How generational differences are impacting industrial worker strategies of reducing precariousness in Guangdong. I analyze these three aspects by examining my fieldwork amongst industrial workers in Dongguan prefecture and Shunde district in Guangdong in the summer of 2014. This thesis explains that industrial workers in Guangdong are finding new ways to reduce precariousness in an unstable socio-political–economic climate by adopting strategies vis-à-vis the State, their employers and social institution

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List of Acronyms

ACFTU – All China Federation of Trade Unions
CCP – Chinese Communist Party
CSR – Corporate Social Responsibility
FDI – Foreign Direct Investment
GD – Guangdong
GDP – Gross Domestic Product
HK – Hong Kong
LCL – 2008 Chinese Labour Contract Law
LL – 1995 Chinese Labour Law
LTP – Lewis Turning Point
OT – Overtime
PRD – Pearl River Delta
RMB – Chinese Yuan or Reminbi
SEZ – Special Economic Zones
SI – 2011 Chinese Social Insurance Law
SOE – State Owned Enterprises
US – United States
USD – United States Dollars
WTO – World Trade Organization
YRD – Yangtze River Delta

1. Introduction

Precariousness is a state of being which is dependent on circumstances beyond a person's control and is typified by an uncertain, unstable and insecure future. Precariousness comes in many forms including low wages, variable work and little or no access to benefits. Precariousness is not the same everywhere in the world; precipitating precariousness in the West is low GDP growth and stagnation in the overall economy (Standing 2009). In countries of the Global South, precarity is captured by a lack of work and absence of a formal social safety net which is a product of weak economies and ineffective governments amongst other things (Munck 2013). In China, and especially in the highly industrialized Southern province of Guangdong, one hears numerous media reports of unpaid wages, no overtime pay, poor working conditions, extremely limited job mobility and little state support. This is another form of precariousness caused by relatively high GDP growth and rapid change in the economy (C. K. Lee and Kofman 2012). In this thesis, I will demonstrate that because of these attributes, precariousness in Guangdong is different from precariousness in the West and to some extent in the other countries in the Global South. Unlike Western countries, for Chinese workers, precariousness is not a reduction of previously available benefits and social protections to shield against the ebbs and flows of a market economy because these protections have been purposefully absent in the Chinese economy for more than 30 years (C. K. Lee and Kofman 2012). Precariousness for workers in Guangdong is, characterized by large-scale migration, decentralization of the economy to promote immense industrialization, and at the same time labour shortages amidst strengthening employment standards and increasingly pro-worker legislation. Chinese precariousness is evolving in nature because of rapid growth and changes in the economy but is also tempered by the Communist

Party's (CCP) need to ensure social stability through the re-introduction of a social safety net (So 2009).¹ This can be seen as a Polanyian double movement, whereby one movement is to achieve vast economic growth while the other movement is charged with ensuring stability (Polanyi 2001). The CCP is the conductor of this movement trying to balance both sides. However, this double movement is far from harmonious. There are myriad stops and starts, variations and tensions which affect people quite differently based on intersections of gender, spatial location, generation, and class, amongst other things. Precariousness in China is framed by a minimal, uncertain and haphazard safety net, characterized by weak mediating relationships between workers, employers, the state and social institutions. The weak nature of these mediating relationships leaves workers subject to the arbitrary whims of employers and local government officials.²

This thesis is written in the tradition of political economy. In my view political economy tries to unravel the socio-historical situations that influence people's lives by being mindful of the historical inequities and struggles that have shaped the material conditions of workers. From a personal perspective, I first learned about the world in the Pearl River Delta (PRD), which is the heavily industrialized area around the Pearl River Delta in China's southern Guangdong province, with Hong Kong at the east end of the delta and Macau at the West. I was sent as a young, naïve engineering technologist to work in the PRD (2006-2010) after a brief stay in Mexico (2005). Although I had experienced industry in Toronto and surrounding areas, which is highly industrialized, nothing prepared me for the scale of industrialization I experienced in the PRD. The people I met came from all over the world. I was baffled and mesmerized by the

¹ I will use precariousness and precarity interchangeably throughout this paper.

² Castel (2002) explains this type of mediating precarity.

seemingly endless streams of shipping containers bound for ports across the globe. I experienced a constant state of awe, wondering, why here? What is different about the PRD that makes this the world's factory? It is this line of inquiry that led me to question the role of labour and to what extent labour costs impact the reasons behind the massive centralization of manufacturing.

1.1. The Puzzle

The objective of this research is to understand two research questions:

- 1) What is the extent of precarity for industrial workers in Guangdong? If precarity is widespread, what are the main factors or attributes that are causing precarity? And how are workers attempting to minimize the effects of precarity?
- 2) Considering that huge generational shifts have occurred in China, how do these shifts affect workers' precarity and adaptation?

I will answer these questions in the coming chapters by drawing from my fieldwork and through an extensive secondary data analysis. Political economy informs the way that I conduct research as it focuses on and incorporates the socio-historical context of workers and how they live their lives. I am especially interested in the experiences of workers as central to understanding precarity. In order to understand these situations I draw from both secondary historical sources and economic data while giving space and credence to the voices and experiences of workers. I will do this by using life histories that describe the socio-economic stories of workers lives. I will also use life histories as a method to understand the intersections between the work histories of workers and their particular socio-economic context. At the core of these questions is an underlying curiosity about whether the lives of workers improve in a rapidly developing economy like Guangdong, and if so, what that means, and how this growth impacts their lives. I hope to demonstrate the ways that a deeper understanding of precarity contributes to both the

current field of research and more informed and robust policy. This thesis will explain that industrial workers in Guangdong are finding new ways to reduce precariousness in an unstable socio - political - economic climate by adopting strategies vis-à-vis the State, their employers and social institutions.

1.2. Theories of Precarity

This thesis consists of four substantive chapters, each providing a relatively distinct angle on precarity. They are organised around three main themes, which are at the same time creating and reducing precarity. These three themes are the legal system, the market and generations, which I will introduce in more detail below. Precarity is the theme that ties all of the chapters together. In this section, I will build the definition of precarity used throughout this paper, to underscore its importance as a foundational concept for understanding the experiences of industrial workers in China. I will explain why, based on my research, I find the main causes of precariousness for Chinese industrial workers to be minimal, uncertain and haphazard access to a safety net either through the market, the social contract or other relationships.

1.2.1. Precarity vs. Poverty

In order to develop the definition of precarity it is important to understand indicators that in some way capture it and why they fall short of presenting the full picture of precarity. In economic terms, poverty is typically measured using a minimum threshold of income between \$1-3 per day (Thomas 2000). Measures of absolute poverty describe an economic situation whereby people below a particular income threshold do not have access to the means to support their own or their household's minimum material needs. However, absolute poverty does not capture the broader, more realistic concept of human need. Greeley argues that, "only when absolute poverty is no longer the core issue should our measure of development encompass a broader agenda of human

need" (Greeley 1994 quoted in Chambers 1995:181). Townsend explains poverty in relative terms, attempting to solve some of the problems of the concept of absolute poverty,

Individuals, families and groups in the population can be said to be in poverty when they lack the resources to obtain the types of diets, participate in the activities and have the living conditions and amenities which are customary, or at least widely accepted and approved, in the societies to which they belong. Their resources are so seriously below those commanded by the average family that they are, in effect, excluded from ordinary living patterns, customs and activities (Townsend quoted in Thomas 2000:13)

Relative poverty is thus a deprivation of incomes or livelihoods that prevents individuals, families and groups from actively participating in society. Chambers goes beyond relative poverty by explaining that understanding human need involves addressing poverty *and* "social inferiority, isolation, physical weakness, vulnerability, seasonal deprivation, powerlessness and humiliation" (Chambers 1995:173). These categories describe that which is immeasurable in a simple indicator of economic/income poverty, demonstrating the complexity in measuring the livelihoods experienced by vulnerable people. In sum, poverty provides a measure of the level of income, which is a minimum to participate in society. While Chambers' broader challenge of human needs can be captured by precariousness because precariousness as a concept recognizes that even when people are able to participate in society today (a lack of poverty), there may be significant uncertainty about the future which is contributed by many of the factors outlined above by Chambers. Precariousness is a state of being that is highly uncertain and often leads to an over-reliance on others. This creates risky situations in which people lack a solid foundation from individual and/or structural sources of current or future security. Thus, precarity adds to indicators of poverty as a measure of the confidence that people have in their ability to be socially and economically secure in the present and the future, addressing prevention of future insecurity in addition to current situations.

Adding to the definition of precarity is Chambers' explanation of vulnerability because it underscores the way that precarity is often far beyond the control of the individual and individuals due to structural problems lack important mechanisms to deal with precarity. He explains vulnerability as: "not lack or want but exposure and defencelessness. Vulnerability has two sides: the external side of exposure to shocks, stress and risk [structural]; and the internal side of defencelessness, meaning a lack of means to cope without damaging loss [individual]" (1995:189). Vulnerability demonstrates the way that exposure and defenselessness underscore an uncertain and risky situation, which lacks security, making the vulnerable more exposed to the external and internal side of precarity. It is important to study both poverty and precarity because while poverty explains a set of minimum basic needs that people experience, precarity describes a general level of unpredictability, which may compromise their present or future situation.

1.2.2. Precarity and the Capability Approach

In a similar way to Chambers' conceptualization of vulnerability, Sen's capability approach offers important tools for the conceptualization of precarity. This approach is important to understanding precarity because it highlights micro and macro level power asymmetries and how those power imbalances lead to precariousness. Without understanding the role of power asymmetries, it is impossible to understand where precarity comes from. Sen's approach starts from the position of distinguishing between poverty of income and poverty of capabilities. Poverty of income is analogous to the definition of absolute poverty given above while poverty of capabilities is a hybrid between relative poverty and precarity. Similar to Chambers, Sen also acknowledges that although both have an income component, which is important, the definition of poverty of capabilities also includes other factors that contribute to poverty but are not acknowledged in pure income poverty. These other factors are what Sen describes as capabilities. Sen's capability approach to poverty describes:

1. Poverty can be sensibly identified in terms of capability deprivation; this approach concentrates on deprivations that are intrinsically important.
2. There are influences on capability deprivation-and thus on real poverty-other than lowness of income.
3. The instrumental relation between low income and low capability is variable between different communities and even between different families and different individuals³ (Sen 1999:87).

In other words the capability approach recognizes that: (1) poverty is linked to one's ability to use and access particular attributes which can improve one's capabilities – in this example precarity is the ability to access particular structural or other resources which may reduce precarity. For example, education levels are lower for women than men in many places in the world, thus women have a capability deprivation due to a lack of gender equality. (2) Capability deprivation is not simply an effect of low income; there is also reverse causality. For example, the location where someone lives may impact opportunity, as geography, climate or other factors may create a capability deprivation separate from, but causally related to low income. In this example, precarity comes from one's physical location. (3) There is no easy way to correlate low income and low capability. In this example, precarity manifests in the form of unequal access to education. For example, a family that demonstrates son preference may underfund a girl's education or reduce the amount of food given to the girl even in the absence of income deprivation. Thus, there may exist individuals who have a capability deprivation because of the way they are treated within the household. Sen's examples of capability deprivation demonstrate

³ Sen (1999) emphasizes this point by detailing four factors which need to be understood for evaluation. 1) The relationship between income and capability is strongly affected by a number of characteristics including: age, gender, social roles, location etc. 2) Disability and other handicaps may adversely affect the ability to convert income into capability as in many cases it takes someone with a disability more income to convert into capability than would an able-bodied person. 3) Distribution within the family skews capability and income for example boy preference in a household. 4) Relative deprivation which means that even when your income is high by world standards you may experience capability deprivation if relative to others your income is low thus you would not be able to participate equally in society.

ways that precarity negatively influences capability and income by highlighting the ways that asymmetrical access to resources due to one's precarious status leads to a deprivation of capabilities and incomes. Sen's capability approach further demonstrates that poverty is more complex than simply a deprivation of income. Sen challenges us to look more broadly at poverty as a way to understand the complexity and diversity of the causes of deprivation.

Sen expresses that broadening the scope of poverty by accounting for capability deprivation is essential to understanding important asymmetries that magnify its effects. In a similar vein, expanding precarity beyond direct or indirect linkages to employment will help demonstrate its complexity vis-à-vis the ways that people respond to and cope with precariousness. Sen's capability approach offers a unique perspective providing a tool for breaking down the specificities of precarity to understand how precarity goes beyond a lack of work to look at the ways that access to resources and other attributes significantly shape precarity.

1.2.3. Precarity and the Precariat – Policy Impacts

Guy Standing's Precariat can assist in concretizing the definition of precarity. Guy Standing (2011) meticulously documents the growing precariousness in the West which accompanies the dismantling of the welfare state. Although this form of precarity is different from the precarity in China, whereby this form of precarity describes the dismantling of the welfare state, I will demonstrate throughout this thesis that the Chinese form of precarity involves in part the haphazard (re-)creation of a welfare state (see chapter 3). Standing's Precariat highlights some of the tensions that are at the heart of any welfare state whether it is well established or is only being created. Standing outlines precarity in terms of a class called the Precariat which he explains:

[C]onsists of people who have minimal trust relationships with capital and the state, making it quite unlike the Salariat, and it has none of the social contract relationships of the proletariat, whereby labour securities were provided in exchange for subordination and contingent loyalty, the unwritten deal underpinning welfare states (2011:8).

The Precariat has none of the characteristics of the traditional Marxian definitions of either capitalist or working class. Standing goes on to explain that the Precariat lacks a workplace identity, which is a lack of connections to an occupation and particular skills that may be useful to an employer and at the same time a sense of belonging to something as an employee. This lack of workplace identity “intensifies a sense of alienation and instrumentality in what they do” (Standing 2011:12). Thus, being in the Precariat does not allow workers to build a workplace identity that may be transferable to improve one’s position in the workplace. The Precariat have few social connections through their work identities, restricting both status and future job prospects. Finally, the Precariat is defined not by money wages or income earned but rather by a lack of community and social benefits including enterprise, state or private benefits. Work that the Precariat can gain access to is characterized by short-term, temporary labour which includes underemployment or an underuse of skills. Additionally, accruing state, enterprise or private benefits is not possible due to reductions and means testing of state benefits, and/or types of contracts that are not eligible for enterprise benefits, and a low salary that does not avail private savings.

While Standing’s definition of the Precariat as a class can be criticized for being overly Western centric and does not allow sufficient diversity for analysing experiences in the Global South (Munck 2013)⁴, it offers some clues as to why the creation of social protections reduces

⁴ To begin with, labour in the Global South is generally paid for on a cash basis so it is already fully commodified. In many countries food and sometimes board is provided by the company,

precariousness but also creates new forms of it. This is highlighted by Sen who explains some of the ways that this tension between politics and policy manifests in the creation and acceptance of precarity. In short, writing in 1999, Sen explains that inequality in the United States (US) is far higher than in Western Europe. However, in Western Europe unemployment is significantly higher than it is in the US. There are a number of lessons that Sen draws from this analysis but the one I would like to emphasize is:

American social ethics seems to find it possible to be very non-supportive of the indigent and the impoverished, in a way that a typical Western European, reared in a welfare state, finds hard to accept. But the same American social ethics would find the double-digit levels of unemployment, common in Europe, to be quite intolerable (Sen 1999:95).

In the US, precarity manifests itself in lower incomes and fewer connections to the State whereas in Europe precarity manifests itself in an absence of income and a diminishing relationship with the State. This speaks to the differential social contract in each society; the European one prioritizes a strong social contract with generous State support whereby precarity is acceptable in the form of unemployment with State support. While the American system prioritizes individual responsibility so that precarity is in the form of low-wage employment. The respective politics of each of these systems are designed to support these positions. Thus, social and political values are central to the creation and acceptance of different forms of precarity, which we will see is a central tension in the Chinese case.

the cost of which is often deducted from wages or is deducted in the form of a reduced wage. Removing this potential site for abuse may be an area for improvement but meager salaries may be an obstacle as workers may find it difficult to afford to live. Another significant issue is state capacity. We can have the discussion about fully commodified labour in the West because the state has the capacity and often the willingness to enforce labour codes and labour standards. When there is a weak state or a state that is focused exclusively on growth as is the case with many Global South states, the major issue for the state is exclusively income growth, yet through full commodification there is little way to redress health and safety transgressions except to vote with your legs and move jobs.

1.2.4. Relative Precarity

My reading of Castel (2002) draws together the ideas relevant to precarity outlined by Sen and Chambers with the policy-based precarity of Standing. Castel attributes precariousness to the quality of mediating relationships between a worker, the employer and the state. These mediating relationships ensure that the worker is not subject to the arbitrary whims of the employer or the state and also create opportunities for engagement in pursuits outside of the workplace. Castel describes a number of mediating relationships including labour laws, wages above subsistence levels and protections and rights for workers. He explains that despite wage-labour being bound by “alienation, subordination, heteronomy, and even exploitation” (Castel 1996:619), mediating relationships becomes a source of rights which allow work to contribute to the dignity of workers. These rights are claimed through collective struggle and have expanded over time.⁵ Castel’s mediating relationships offer both a way to measure the specificities of Sen’s capabilities, by breaking down different relationships at the individual level to understand how they impact workers, and understanding how these relationships are affected by policy and other structural limitations explained by Standing. Mediating relationships provide workers with a set of rights, which are linked to their status as citizens and/or jobholders but not directly dependent on the relationship with their employer. Thus, the rights of citizens are independent from the rights of workers. Therefore, strong mediating relationships provide workers with security,

⁵ Numerous commentators explain that the welfare state in the West is being slowly being eroded through a process of individualization of work whereby an emphasis is placed on personal skills, competitiveness and labour mobility (Bourdieu 1998; Castel 1996; 2002; Standing 2009; 2011). This serves the function of re-individualizing work and increases precariousness as the mediation of relationships deteriorates. Additionally, it highlights the key criticism of Standing which is that this type of support system especially tied to work has not existed in many countries in the Global South in at least the last 100 years (Munck 2013). Although in China it did exist in the Mao-era in a different form. See discussion in Chapter 3.

predictability and insurance that buffers workers from the harshness of the market and reduces precarity, for example, by acting as institutionalized memories of collective struggles.

This perspective views precariousness not simply in terms of improving one's relationship to the market but also improving relationships with other institutions and networks. This is clearly described in Dupeyroux's description of the evolution towards a welfare state: "Direct relations between employers and wage earners are gradually replaced by triangular relationships between employers, wage earners and social institutions" (J.J. Dupeyroux quoted in Castel 2002:347). This tripartite relationship becomes a source of rights for workers but policy influences the degree to which this relative structure can reduce precarity. In the next chapter I will explain how the tripartite relationship is evolving in China.

As this project draws heavily on a political economy perspective, Karl Polanyi's (2001) concept of embeddedness is useful for conceptualizing mediating relationships. Polanyi describes the tendency of market liberals to try to dis-embed the market from society through his concept of the double movement. The double movement explains how the needs of the ruling class are thought to be best served by organizing society through perfectly free markets of fictitious commodities (land, labour and money).⁶ Efforts are thus undertaken to create increasingly free markets based on economic liberalism (dis-embedding markets from society). The double movement is as follows: the first movement creates free markets, while the second

⁶ Polanyi explains land is an artificial commodity because it did not have monetary value before the creation of a property market in place of communal land which has other forms of value, labour in the form of the creation of a labour in replacement of other forms of organization of labour, which do not rely on selling ones time in the market and money, which is an artificial store of value. It is not that these are not worthwhile markets rather privileging these markets ignores both the other forms of value, which these items have, and ignores that people have unequal access to these resources so other mechanisms must be formulated to compensate for these imbalances in access.

countermovement creates social protections in response to the first movement's unpredictability and unintended consequence of increased precarity to re-embed the market within the requirements of society. Through political pressure, measures are enacted to stem the first movement in an effort to maintain order. Order is maintained through a compromise between the ruling and another class sometimes the working class, which typically results in a new status quo. However, an inability to come to a class compromise can have disastrous consequences.^{7 8} Double movement theory supports a relational approach by emphasizing the importance of compromise in negotiating mediating relationships which result in an acceptable level of precarity for workers and stability for the ruling classes. It implies that there will always be some level of precarity, while illustrating that excessive precarity is politically and socially unacceptable. This further illustrates that understanding that causes of precarity can lead to innovative solutions to reduce it.

The theories discussed in this section each inform the definition of precarity which will be used throughout this thesis. Chambers distinguishes between absolute poverty and vulnerability which encourages us to question how insecurity goes beyond a simple lack of income to see what creates insecurity especially temporally. Sen explains that vulnerability needs to be examined vis-à-vis the specificities of the lived reality of the precarious and asks what the broad array of factors are, and how they contribute to precarity. Standing highlights the tensions in policy which create precarity. This will be especially scrutinized in Chapters 3 and 5. Castel

⁷ Polanyi (2001) explains that the causes of the World Wars were a failure to achieve a class compromise which were necessary to maintain peace. Mostly because of a misunderstanding of the problem at the time but also because of extreme differences in the conflicting interests which lead to the rise of fascism in some parts of the world.

⁸ Tania Li (2010) explains that while this concept has some grounding in some countries, other more repressive regimes like Myanmar seem to be able to maintain power without being pressured into the double movement through a reliance on force and fear.

draws together the specificities of the different varieties of capabilities of Sen with Standing's policy-based precarity to demonstrate how precarity can be analyzed through evaluation of the relationships workers have with employers and social institutions. These relationships will be the central question throughout the thesis, especially how those relationships are impacting precarity. Meanwhile, Polanyi underscores the way that precarity changes as negotiation and compromise lead to a new status quo and new forms of precarity. This compromise is a key part of the analysis in future chapters and should be continuously investigated to see where possibilities and constraints exist. These theories, juxtaposed with one another, reinforce the definition of precarity as access to a minimal, uncertain and haphazard safety net characterized by weak relationships between a worker, the employer, the State and social institutions. The absence of these mediating relationships means that workers are often subject to the arbitrary whims of the employer and local government officials amongst other things. This is manifested in Guangdong through insecurity via institutional instability and an over-reliance on market mechanisms for protection via wage labour that underscores precariousness in the lives of industrial workers. In the next section I will discuss the methodological approach to this project.

1.3. Methodology⁹

1.3.1. Data Collection

This section on methodology is divided into two parts. First, I detail the methodological approach. Second, I describe the methods of data collection including details of the interviews, along with an explanation of recruitment, the questions I asked and the use of an interpreter.

China, a place with such a complex long and rich history, is intimidating for an emerging researcher. I approached this research project with a sense of respect for the people, the history,

⁹ Most interviews were conducted with Dr. Stefan Schmalz from the University of Jena in Germany.

and the remarkable changes that have taken place during the lives of so many of the respondents. This sense of respect was a catalyst for choosing a life histories approach to this research because a life histories approach “recognize[s] that meanings are socially constructed and human actions and agency are contingent upon socio-cultural, historical and political influences” (Liamputtong 2012). Thus, life histories help to situate responses within larger structures and provide context for understanding how respondents exercise agency within these structures.

During my interviews I asked open-ended questions which created space for people to tell stories about their lives, taking the interviews in directions which were unplanned and unrepeatable. This unpredictability was a strength of the life histories approach, as I was able to understand the complexity of people’s lives and to explore links between this complexity and the relationships respondents use to create livelihoods. A life histories approach provided space for the respondents to explain their stories in their own words and emphasizing what was important to them. As an interviewer, I was taken on a loosely-guided journey of respondents’ lives, and was often forced to question many of the assumptions which originally guided the research such as why choices about work are made and how personal factors and experiences influence people’s lives. This caused me to re-examine my understanding of the larger structural conditions which I thought I understood, which influenced decisions made by my respondents, to understand how these factors affected their lives.

1.3.2. Methods - Who did I ask

This section will present descriptive data on the research sample by way of facilitating some context for further analysis. Research was conducted in Guangdong province in southern China. The two main research sites are part of the Pearl River Delta region the first is Shunde in Foshan and the second region is Dongguan. Fieldwork took place from June-September 2014.

1.3.3. Interview Sample

1.3.3.1. Workers

The sample included 37 workers: 16 from Dongguan and 21 from Shunde, 23 women and 14 men, ages were divided between three main groups: 18-24, 25-34, 35+. In order to ensure the representativeness of the sample, I selected workers from a variety of industries from small, medium and large enterprises, industries including textiles, foodstuffs, electronics, home appliances and machinery as well as some service sector workers from coffee shops and sales departments. Additionally interviews were conducted in two heavily industrialized areas in the PRD to determine the applicability of the sample. The sample is purposely biased towards low wage industrial workers to understand precarity amongst this important group of workers who are the strength of economic growth in China. Worker interviews took between 35 minutes and one hour and they were conducted in one sitting either in a restaurant, coffee shop or in some cases at the workplace of the employer. I had three primary informants from the workers that were interviewed twice. In a few cases follow up questions were asked over the phone when something was not clear in the interview recording.

# of Respondents			
	Dongguan	Shunde	Total
Worker	16	21	37
Factory Owner/Boss	7	3	13

Table 1-1 - # of Respondents by Location 3 other Factory Owner interviews were conducted in Guangzhou

Ages	Dongguan	Shunde	Total
18-24	7	9	16
25-34	6	6	12
35+	3	4	7

Table 1-2 – Worker Respondents by Location and Ages not all ages were recorded n=34

1.3.3.2. Other Interviews

The sample also included interviews with 13 factory owners from a variety of sectors, including textiles, foodstuffs, electronics and machinery. I conducted an additional 16 interviews with other interested parties for the purpose of understanding the socio-political context in order to assist with contextualizing the worker life histories. These interviews included four labour NGO's (two in Guangdong (GD), two in Hong Kong (HK)), lawyers (two in GD), academics (two in GD, two in HK), teachers (two in GD to understand the priorities of youth transitioning onto the job market), employment agencies (five in GD), an industry association (one in HK) and a union representative (in GD). The other interviews were done in the offices of the respondents, they took between one – two hours and were all done in one sitting.

1.3.4. Recruitment

Respondents were chosen because they worked in the manufacturing sector which was particularly important to understanding my research questions as it enabled me to understand the

formation of precarity by elucidating mobility, opportunities and constraints of workers.¹⁰ I used a variety of methods to recruit respondents. Some were chance encounters which led to some snowball sampling as one person introduced me to someone else. Other times interviews came via networks I already had. The importance of having good *guanxi* (network relationships) in China cannot be understated. Many of the interviews I conducted were arranged through the *guanxi* that I developed over the four years that I lived in Guangdong. At the outset, I decided that I was uncomfortable asking the factory owners to pick workers to be interviewed as I felt that this would compromise the integrity and the quality of the interviews and could compromise workers jobs, even though all interviews were private and confidential. However, in one of the first interviews I did with a factory owner, when I described to him the purpose of the research, he was so proud of his relationship with his employees that he insisted that I interview two employees. After the worker interviews and upon critical reflection, I realized that the responses I received through both methods of introduction were of equal quality and depth. Although in the interviews that I did where the employer introduced me, I was more consciously aware of protecting the respondent by trying not to ask questions that the employer may not want me to know. This was done as a way to protect the employee from having said too much if the employer asks the employee to repeat what was said during the interview.

I was uncomfortable with being introduced through *guanxi* because when *guanxi* is used as a method of recruitment, it becomes difficult for respondents to say they are not comfortable doing the interview or not comfortable answering a particular question. This raises some ethical problems with using *guanxi*, which I reflected on and responded to throughout the entire

¹⁰ After interviewing some manufacturing workers I also interviewed some low-wage service workers to understand why choices were made about working in manufacturing or services and what the benefits of each was in relation to reducing precarity.

interview process by continuously evaluating how *guanxi* was influencing the respondents and adjusting questions accordingly to prevent unnecessary discomfort. *Guanxi* is a very powerful resource in China and undermining that resource for the person who arranged the interview or the respondent is perhaps more damaging than any other ethical dilemma that I faced. From a recruitment perspective I needed a strong awareness of how the recruitment process happened, as recruitment often happened through networks, this meant that I had to be keenly aware of how the interview was setup so that if a respondent was only doing the interview because of who asked them then I needed to find a polite way to end the interview or only ask non-threatening questions. It was important to be able to recognize these cues and then not push the person to do the interview because the best strategy was not to overuse *guanxi* and to save face for the person who helped set up the interview and the respondent.

The other method of recruitment that I used is what Solinger (2006) calls the guerrilla method of recruitment. She explains that this method of recruitment is particularly effective in China because some networks are simply inaccessible without the right connections. And accessing these networks can sometimes be achieved by random and not-so-random encounters. The guerrilla method involves speaking with everyone and never passing up an opportunity for an interview. I conducted over 70 interviews some with people I met in taxis, coffee shops, bars, on the street, at seminars and at a shoe repair shop and although not all of the interviews turned out to be fruitful for this research project they were all interesting and provided me with new knowledge.

Although *guanxi* was an important reason why respondents did the interviews, the benefits of the interviews were heavily lopsided in my favour. I was extremely uncomfortable with this unequal relationship. Bourdieu (1996) explains that an interview is a social relationship

and so the interviewer has the responsibility to understand and master ‘distortions’ which create the unequal social relationships so common in interviews. In the recruitment process, it was vitally important to understand how to minimize those distortions by reflecting on each situation and understanding how to help people feel comfortable by anticipating their needs. I tried to end uncomfortable interviews quickly as to not cause discomfort to respondents. In the next section, I will examine these distortions as they played out during the interviews.

1.3.5. What did I ask

This section will be divided into two parts, in the first part, I will discuss how I approached the interviews depending on who was to be interviewed. The second part describes the interview process. Bourdieu (1996) explains that perceiving the effects of the social structures present between interviewer and respondent during the interview is essential to managing distortions. This is critical, he explains, because responses from the interviews will inevitably need to be constructed into a story in the process of knowledge construction. Distortions that occur during the interview process due to hierarchical social relations or *guanxi* can obscure the real meanings behind what respondents are saying. For Bourdieu, it is not enough to be empathetic. It is critical to put yourself in the shoes of the respondent. However, he recognizes that the interviewer cannot put herself in the respondent’s shoes without having shared similar experiences.

Of the two main respondent groups, factory owners and workers, I shared many more common experiences with factory owners and senior managers as their jobs were closer to my own role when I worked in China. With factory owners, it was always easier to explain that I had worked in China previously. This explanation acted as a sort of social capital, which seemed to break down barriers quickly. Conversations were open and frank, even when I was asking questions which may have been sensitive or uncomfortable for factory owners to answer. I employed two strategies which Solinger (2006) describes as being effective. Firstly, she explains

that researchers should extensively prepare for every interview. I spent numerous hours reading labour legislation as well as academic papers along with extensive discussions with friends who were living and working in Guangdong before conducting interviews and I was able to draw on my own experience. Second, and more importantly, she explains it is better to begin interviews by encouraging the respondent to guide the conversation to try and get them to tell you as much as they know. However, if they have not completely satisfied your questions using the knowledge to probe further proved very effective. I found that this was a successful way to manage the distortions in interviews with more powerful respondents such as factory owners and senior managers.

The interviews I conducted with factory workers were more difficult. I made every effort to ask questions of the respondents that I believe were contextually sensitive, and once the conversation started it was much easier to draw from what respondents were saying to inform the following questions. However, asking questions as if I was in the shoes of the respondents in order to be able to understand their life choices in a way that appreciated their collective experiences was extremely difficult. I found that sometimes it worked and people enjoyed telling their stories. Other times, the responses I received were guarded with short direct responses which answered the questions but did not provide a lot of breadth to understand context. I believe this is because, as Bourdieu explains, I was unable to overcome social distortions between the respondents and myself. Some of the reasons that I was unable to break down the distortions were cultural, others were due to a lack of *guanxi*, and some were because I was unable to bridge the vast divide between my life and the respondents'. Despite these problems, the interviews with the factory workers provided meaningful and relevant data even if the extent of their life history was sometimes limited by the distortions in the research relationship.

The interview process also varied between factory owners and workers; even though I had an interview guide which informed the overall structure of the interviews, the process of asking questions was constantly changing over the course of the interview and also evolved from interview to interview. For factory owner interviews, the questions were structured around the histories of their businesses rather than the histories of their lives. These questions probed information about how the businesses have changed over time as well as how the business owners interact with formal structures like government and their customers and the ways in which management interacts with workers. Although the questions were often targeted at the relationship between workers and employers, which can be seen as particularly sensitive especially in China, the factory owners I interviewed seemed willing to talk about issues because they were proud of their businesses and all questions were framed in a respectful way.

Interviews with workers were structured as life histories that specifically focused on the transition from education to work, with some information about growing up but emphasizing their lives once they began to work for a wage or once they were responsible for their own livelihoods through agriculture. Although I had an interview guide, the questions asked, and the way that I asked them, were under constant revision in order to effectively elicit information about choices within the socio-economic context of respondents' lives. An important method of managing distortions was asking multiple questions around the same issue, circling. As many responses from workers were short and direct, it took a number of questions posed in a variety of ways to gather enough information for a fuller picture. I am not sure that I appreciated at the time what was happening as much as I can now look back and reflect on what circling accomplished. Many times during worker interviews, I received a short or one-word response which did not satisfy the question. I tried to quickly assess why this question was ineffective. If the

conversation seemed to become painful for the respondent, I would redirect as soon as possible. If this was a distortion which I had not managed well by not phrasing a question in a way that the respondent could engage with, then I would try circling back to questions by presenting them in ways that better spoke to the context of the respondent. Circling was not a method of exploring painful topics, which I would skip over if the respondent was uncomfortable; rather circling was a way of trying to understand the reasons for answering certain questions the way respondents did. Sometimes this was effective and sometimes not. It depended significantly on whether the question was presented in a way that the respondent could, and wanted to, engage with.

At the core of this method, as described by Bourdieu, is being able to put yourself in the shoes of the worker. This might sound like an egotistical endeavor in which the interviewer purports to be able to understand the worker by putting themselves in a position that actually takes a lifetime of contextually specific experiences to achieve. However, I find this process not only humbling, but essential. The process of trying to put oneself in someone else's shoes, although never truly attainable, forces the researcher to think about the way that respondents have interacted with those around them based on structural and other opportunities and constraints available to them. By approaching the interview with an open-mind, a willingness to understand, and a lot of background information, the interview itself provides the context which when merged with the secondary data offers important insight into people's lives. The life histories approach affords necessary openness and depth to gain understanding through the eyes of respondents, which provide layers of knowledge essential to the research process.

1.3.5.1. Using an Interpreter

I used three different interpreters for all interviews that were conducted in Chinese: approximately two thirds of interviews were conducted in Chinese the rest were in English. All interpreters signed confidentiality agreements and all interpreters transcribed the interviews that

they interpreted. Although not being able to speak Chinese well is a serious weakness, I was fortunate to have good interpretation including some people with whom I had worked and had relationships with in the past for more than six years. These relationships were essential to achieve quality interviews. Through discussions with the interpreters, both before and after interviews, I was able to glean more from the interviews than otherwise would have been possible, especially because the lives of most of the interpreters were similar to those of respondents so interpreters were often able to explain distortions. Another reason why I liked working with interpreters is that the delay between questions and responses in interviews with interpretation takes longer than the standard rhythms of a normal conversation. These pauses allow the researcher time to reflect on the respondent's answers and to decide whether to probe further or move on to another question. This in no way makes up for my lack of situational awareness by not having the language but I tried to use these other opportunities to overcome weaknesses.

1.4. Organization of the thesis

This thesis will explore precarity for Chinese industrial workers in the Guangdong region, especially focusing on the two cities Dongguan and Foshan. In the next chapter I will discuss the political and economic context in Guangdong, describing some of the reasons for precarity by examining government and business pressure in a highly tumultuous period in the region. In the third chapter, I will explain the evolution of the legal system in China from the start of the post-Mao period until today. I will also explain how the legal system continues to create precarious situations for workers while at the same time providing important protections, which 15 years ago were completely absent. In the fourth chapter I will discuss the *Lewis Turning Point* (Lewis 1954), an economic theory of surplus populations and how it impacts worker labour power. The

Lewis Turning Point is an important theoretical tool to understand the changing relationship between workers and their employers through the market. This chapter details how in some cases workers are experiencing significant improvements in some aspects of reducing precarity, while other political and economic restrictions are preventing important changes to the labour market from taking place which actually increases precarity. The fifth chapter will introduce Mannheim's (1952) theory of generations and describe how it maps onto the current situation of industrial workers in Guangdong. Particularly, I will focus on the importance of understanding the responses workers have to the situation in Guangdong through a generational lens. Using a generational lens illuminates that responses to precarity are based to a certain extent on generational variations that offer insights into collective organizing and the impacts of state policies and strategies. In the final chapter I will conclude.

2. The Political Economy of Reform in China – Focusing on Labour Relations

In this chapter I will argue that in China, precarity for industrial workers comes from low incomes and increasingly strong but varying and unpredictable connections with the state due to weak enforcement, vague laws and an incomplete social contract. Referring back to the original definition of precarity, Standing teaches us that policy implementation may appear haphazard and insufficient as policymakers try to balance competing priorities of the economy and social stability; this is certainly the case in China. The political and economic change that has taken place since 1978 has been turbulent and has resulted in a minimal and unstable social safety net which is at the root of precarity for many industrial workers in Guangdong. Furthermore, many of the characteristics of the Precariat are already common features of the broader Chinese labour market including the underutilisation of skills, short-term temporary labour and minimal state, private or enterprise benefits. This chapter will provide context to the economic and political situation in Guangdong that causes precarity by providing a historical perspective on the transition from the Iron Rice Bowl – Mao-era China - to the legal system - post-Mao China - to illustrate the imbalanced relationship between workers and the state by focusing on labour law and other mechanisms of the social safety net. This history will illustrate that the form of precarity prevalent in the PRD for industrial workers is a result of particular policies that were enacted during the recent period of economic growth in China that have resulted in increased precarity. I will do this by outlining the establishment of two important labour laws and the newly passed social insurance law while also discussing pressure that interest groups have in controlling the outcome and application of these laws. Particularly, I will describe government and business pressure as a cause of and result of these laws, how pressure is manifesting for

business owners and how they are transferring this pressure onto workers or finding other alternatives. Finally, I will provide a brief context to the research sites, which have been, to a large extent, beneficiaries of the economic opening and both the labour laws and social insurance law. This chapter will demonstrate how precarity is manifesting through the particular growth model in Guangdong based on highly labour-intensive products and low market price of goods being produced.

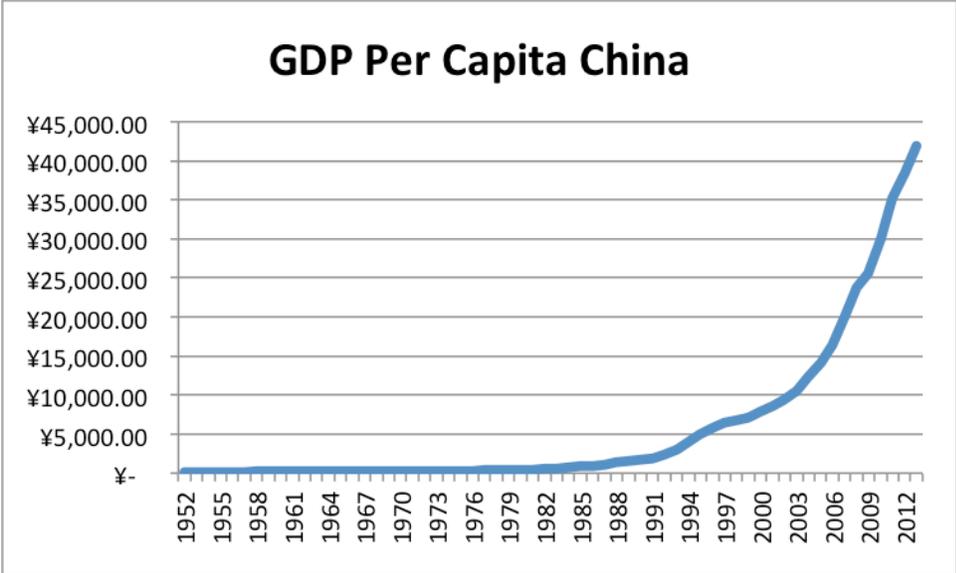


Figure 2-1 - Gross Domestic Product per Capita China (chinadataonline, 2014)¹¹

The events surrounding the Third Plenum of the Tenth Party Central Committee in 1978 are widely attributed as the beginning of the reform period in China, when the dominant ideology shifted from class struggle to socialist modernization (Blecher 2009). For policymakers this shift established the importance of maintaining steady economic growth to ease social tension; this has been accomplished through modernization, which was espoused by Deng Xiaopeng (Vice-Chairman of the CCP) in this period and has become the overwhelming message of the CCP. Strong economic growth has been especially characteristic of the Chinese economy since Deng

¹¹ \$1 US ≈ 6.36 RMB (Yuan) August 2015

Xiaoping's 1992 Southern Tour and China's accession into the WTO in 2001. Both are seen as key events in shaping China's dramatic rise in GDP see Figure 2-1. Economic growth has been astounding, whereby in 1987, 54% of the people were living in poverty on less than \$1.25 per day, in 2010 that number is 9% (The World Bank, 2015).

One of the key factors attributing to the economic growth is the evolving role of law in China. Blecher (2010) explains that China does not have a strong legal tradition. During the Maoist period, few laws were created. In fact, most decisions were made in a centralized structure by a small number of people at the top. In the reform era (post-1978), the rule of law was strengthened (Alford 1999). This included ensuring the predictability of contracts as a way to guarantee investments to fuel the export-oriented growth model (Blecher 2009:104). While contract law is fundamental to economic growth and investment, the government subsequently implemented significant labour laws. These labour laws now serve as the basis of the social safety net; and were a response to pressure from economically marginalized groups. Through labour laws, the legal system has become an essential component of the relationship between workers and the State. In order to understand the historical nuances of this relationship, I will outline the transformation of industrial workers' relationship to the State since the transition from Communism.

The reform era consists of three periods that contributed to significant changes in the Chinese economy, which drastically affected labour relations. The Initial Reform Period of 1978 – 1992 was characterized by a debate about the use of labour contracts, the smashing of the Iron Rice Bowl, and labour commodification. The Reform Period between 1992-2007 was characterized by three major events: Deng's 1992 'Southern Tour' and the resulting intensification of reform, the 1995 Labour Law (LL), and China's accession to the WTO in 2001.

The Stability Period, post-2008, includes the introduction of the 2008 Labour Contract Law (LCL) and the 2011 Social Insurance Law (SI) as attempts to mitigate worker precariousness.

2.1. The Initial Reform Period

On November 11, 1977, Deng Xiaoping, in Guangdong for discussions to plan for a Central Military Commission meeting in Beijing, was briefed on the problem of young men trying to escape across the border from China into Hong Kong. Tens of thousands of youth were risking their lives each year by attempting to run or swim across the border. Until that point, Beijing had regarded the problem as a security issue. A barbed-wire fence was maintained all along the twenty-mile land border, and thousands of police and troops were assigned to patrol the area. When Chinese youth were caught trying to escape, they were housed in large detention centers. After hearing the briefing, Deng Xiaoping - characteristically forthright in acknowledging unpleasant realities - said the problem could not be resolved by the police or the army. The problem, he said, had arisen from the disparity of living standards on the two sides of the border; to solve it, China needed to change its policies and improve the lives of those living on the Chinese side (Vogel 2011:394)

The initial reform period of 1978-1992 was marked by a number of different economic experiments which were often interrupted by political fighting partially generated by high levels of inflation (Vogel 2011). During this period, land, labour and money were reorganized along capitalist lines. Political infighting centred on the degree of involvement of the state in regulating the market as the planned economy shifted towards a socialist market economy (Polanyi 2001; Vogel 2011). In 1979, experimental Special Zones were established in Fujian and Guangdong. These Special Zones were developed as economic experiments, the results of which would help to guide future development of the national economy. To underscore the political sensitivity of these experiments, almost immediately after these zones were created they were designated Special Economic Zones to mitigate political instability. This signalled to all parties involved that these were economic experiments, not political experiments. These special economic zones were organized for export whereby foreign owned companies open factories in the zones and

they were provided with cheap labour, few laws and significant tax breaks and subsidies to export goods. Additionally, economic experiments were conducted to see how to both attract investment and increase labour productivity (Vogel 2011).

In 1978, the first steps towards labour reform were implemented which included a wage bonus and/or piece-rate system, up to a maximum of 20% of the wage (Tomba 2002). However, at this stage the system which guaranteed full employment by paying low salaries, a central component of the communist economy, was not tampered with. Rather, the free movement of labour was initiated in 1981 as a two-step process. The first step was a delinking of enterprises from the state, to decrease the role of the planned economy. This was accompanied by a number of policy changes in the period of 1981 to 1984, including allowing individual ownership of enterprises in 1981 and enabling owners to hire from outside the central allocation plan which was typically charged with matching workers with employers (Tomba 2002). State Owned Enterprises (SOE) became increasingly more autonomous, and managers were responsible for creating a profit. This placed pressure on managers to ensure they had a flexible workforce in order to better control costs. Up until this point, the main reason for leaving a place of work was death (ibid). Companies were also allowed to keep a portion of their profits for performance bonuses for workers as a method of increasing efficiency. Although guaranteed employment had not been completely phased out, these processes can be seen as a major step towards the commodification of labour. As enterprises became more profit-oriented, they began to look at labour flexibility as a way to achieve increased profits.

At the Third Plenum of the 12th CCP congress in 1984, decisions were made to change the structure of the Chinese economy from a planned economy to a planned market economy. This distinction is important as it paved the way for the 1986 Regulation for the Recruitment of

Workers, the second step in commodification of labour (Gallagher 2005; Tomba 2002). This was the most significant step in what Toomba calls the ‘contractualization’ of workers; a marker of difference between the Mao-era - Iron Rice Bowl period and the subsequent reform period whereby the central relationship between enterprise and worker is now through the contract. Although, contract workers had become commonplace throughout the 1970s and early 1980s to fill specific needs of enterprises, these workers mainly consisted of rural migrants who did not have local Hukou (Chai 1997:55).¹² It was the 1986 Regulation which officially changed the responsibilities of the state from the planning of employment to regulation of the labour market. It also decentralized the structure of the economy by divesting the responsibilities for employment to enterprises and also to local (township) and regional (county) governments.

¹² Hukou is the residential system which divides workers between urban and rural and between local and non-local. Hukou was traditionally used as a method of control to keep rural people out of the cities. It then became a way to minimize benefits for rural workers living in urban areas as a way to dissuade them on mass from coming to the cities. It has been slightly relaxed but still acts as a structural barrier because obtaining benefits as a non-local hukou holder is difficult and some benefits offered in rural areas, especially education, is generally considered of poor quality compared to urban areas which creates a significant amount of inequality in job outcomes for rural workers (Fu and Ren 2010). Wu (2013) argues that decentralization (which I will speak about more in Chapter 3) leads to uneven reform of the Hukou system because at the central government level they have the motivation to reduce rural-urban inequality, which can be accomplished by reforming the Hukou system. But at the local level they do not have the incentive to reform the Hukou system as it will greatly add to local costs as entitlements afforded with local hukou must be paid at the local level. Zhan (2011) adds another important perspective arguing that even when Hukou was greatly relaxed in the early 2000s, overwhelming numbers of migrant workers did not elect to switch to urban hukou. This is because the benefits afforded by having local urban hukou were not substantial and in many cases switching hukou status would force rural people to give up their land and the rural subsidy both of which are more substantial and more secure to protect against precarity as migrant workers could rely on both in times of hardship when urban governments may change the rules or restrict entitlements. Further, in my interviews almost all of the workers had rural hukou but when asked none of them stated that were discriminated because of their hukou status. This is perhaps because in the areas they were working especially in light of an acute labour shortage local governments needed to take efforts to attract workers. This could also be attributed to Zhan’s argument that workers enjoyed their semi-proletarianized status which helped to protect against precarity by keeping one foot in the city and one foot in the countryside.

Additionally, it provided diversification and growth of external opportunities for workers, as workers were no longer bound to their position within state planned enterprises. Finally, it legitimized the export-oriented system of production; for example, Guangdong could continue its growth model started with the SEZs by opening the doors for labour market flexibility. This system encouraged workers to travel to Guangdong to work, although they are not given local residential status - Hukou - which especially in the initial reform period contributed to their precarious status. These steps led to the creation of a labour market that was planned but enacted through the market in China as opposed to the previous system that had labour allocation planned through the bureaucracy.¹³

There were limits on full labour market commodification in the initial reform period. These included significant political posturing as well as technical constraints which limited the rapid contractualization of workers who worked under the *danwei* system.¹⁴ Gallagher (2005) explains that during the Mao era, benefits were directly tied to enterprises. Thus, there was no public and universal social safety net to protect workers from unemployment. There was also no private housing market and no way to maintain a pension or medical benefits when switching jobs. For *danwei* workers these limitations slowed the process of contractualization dramatically as planning through the market economy required the provision of new systems and

¹³ Arthur Lewis makes the distinction between planning by direction and planning through the market. Planning by direction relies on a central planner to make all of the decisions of the economy, whereas planning by the market is flexible and the state can give signals and provide incentives to make something work in a particular way without interfering in how that happens. Lewis explains that it would be impossible for a planner to see and react to all of the complexity in the market. (Lewis quoted in Bhagwati 1982).

¹⁴ *Danwei* is the term used to refer to the place of work in China. Under the socialist system the *danwei* was the main connection between industrial workers and the state. The *danwei* provided all of the essential responsibilities of the social safety net which included housing, healthcare, schools, shops, as well as bureaucratic and administrative functions like permission to marry, have a child or travel.

infrastructure designed for this system. *Danwei* workers could still benefit from the old *danwei* system and relied significantly on the benefits of the old system. Rural workers received none of these benefits, so when foreign owned enterprises in SEZs needed workers, rural workers were eager to fill the void to earn an income.

The key feature of this period was dismantling the Iron Rice Bowl and allowing private enterprises to run *for profit* businesses, a dual-track process whereby industry was encouraged to re-orient along market principles which significantly changed their cost structure in order to compete in the global economy. Simultaneously, former state owned enterprise workers lost their jobs and many were forced into competition with migrant workers who were unprotected by the Iron Rice Bowl (So 2010). This process was a signal from the central government of China that social safety nets in the form of the Iron Rice Bowl, a pinnacle of their leadership, would be abandoned and economic growth would replace a social safety net by giving people access to the new economic benefits of modernization.

This period opened significant opportunities for some workers and constraints for others. Workers who were highly skilled or had an entrepreneurial spirit in a skill mismatched labour market could take advantage of the newfound freedom to choose their own work or even open their own businesses and provide work for others. For these workers this period marked a time of tremendous potential and although precariousness existed, resourcefulness and skill created opportunities. However, for the large majority of workers who did not have the required skills, the possibilities were less promising when the Iron Rice Bowl was dismantled. Additionally, the reform process presented agricultural workers who did not have urban Hukou with both opportunities and hardships. As opportunities opened in the new Special Economic Zones in Guangdong and Fujian, millions of people migrated for a chance to earn a wage and send home

remittances. Compared to the absolute poverty many of these workers experienced in their home towns, the chance for waged work was seen as positive. The 1986 Regulation which enabled contractualization set China on an irreversible course towards an open labour market. It also set the groundwork for laws to become an important component of workers' lives and at the same time enabled much of the precariousness that persists in the economic zones and throughout much of China. Just as Polanyi (2001) suggested, within a few years a formalized social safety net was indeed necessary. This was re-introduced in the form of a legal framework that proposed to mediate the relationship between workers and employers through the law instead of through extensive state planning.

2.2. The Reform Period

On March 3, 1990, two years before his famous 'southern tour', which signalled the beginning of the reform era, Deng Xiaoping (Military Affairs Commission Chair and Vice Chairman of the CCP) lecturing Jiang Zemin (Party General Secretary), Yang Shangkun (President) and Li Peng (Premier) argued:

Why do people support us? Because over the last ten years our economy has been developing...If the economy stagnated for five years or developed at only a slow rate - for example, at 4 or 5 percent, or even 2 or 3 percent a year - what effects would be produced? This would be not only an economic problem but also a political one (Vogel 2011:667).

In the second period from 1992-2007 economic growth in China accelerated as policies were adjusted to favour increased foreign investment. This was in sharp contrast with the previous period which was characterized by tremendous political upheaval as conservatives argued for planning to continue to have a strong role in the economy. All the while, reform minded leaders, with Deng Xiaoping as the main driving force, pushed to increase the opening up of China. In this period the legal contract was formalized as the key relationship between workers and their

employers and formally and legally established the labour market in China (Vogel 2011). This had the simultaneous effect of significantly increasing the pace of foreign investment and of leveraging low labour rates to drive this investment. This period is a result of previous political fighting in which ultimately Deng's camp won. Reforms to increase the pace of foreign investment intensified in the post-1992 period, especially after Deng's 'Southern Tour'. Additionally, the role of labour contracts and, therefore, the role of law became increasingly important in the new China as the mechanisms for managing the market economy while maintaining the illusion of political distance from market decision-making and responsibility. However, the legal system in China was only in its infancy.

The year 1992 was important for reform in China. Deng's 'Southern Tour' signalled the triumph of reformers against conservative factions in the central government. However, it was the events that came after this triumph which influenced the implementation of the 1995 Labour Law (LL). First, the culmination of the 1993 strike wave and unusually wide press coverage helped to raise concerns about the working conditions in foreign owned enterprises (C. K.-C. Chan 2013). Second, State Owned Enterprises complained that foreign owned enterprises were given unfair advantages through the benefits of labour flexibility and freedom from holdover regulations of the Iron Rice Bowl including social insurance and pensions (Selden and You 1997). Third, the 1995 Labour Law was perceived as necessary for better integration of China into the world economy as a signal to the world that investments would be protected by predictable and reliable legal outcomes (Gallagher 2005). Finally, and perhaps most importantly, the Chinese Communist Party (CCP) realized that the law could have an instrumental role in the management and control of social change (Gallagher 2005). These steps paved the way for the passing of the 1995 Labour Law, which had been held up since the mid 1980s in political

infighting (Gallagher and B. Dong 2011). Significantly, the 1995 Labour Law placed the final nail in the coffin of the Iron Rice Bowl because it enshrined contracts as the main relationship between workers and employers, eliminating any holdover of the *danwei* system. The Southern Tour was significant because it signalled to conservatives that they had lost the ideological debate regarding the role of foreign investment in China. Going forward, there would be active recruitment of FDI (Blecher 2009; Gallagher 2005). This paved the way for China to become the choice supplier of low cost labour for foreign manufacturers (Friedman and C. K. Lee 2010). Additionally, by signalling that foreign investment was a priority, China opened the door for competition between districts which would significantly influence China's development trajectory.

Pressure for economic growth to achieve modernization as a method of alleviating poverty and raising per capita incomes has been the key strategy of the Chinese government since 1978, and especially since 1992. Ho-Fung Hung explains: "China's party state in the 1990s single-mindedly pursued rapid economic growth" (Hung 2009:194). However, as explained above, the political problem, which Deng identified in 1990 as being solvable by simple economic growth, turned out to be far more complex. Thus, efforts were undertaken to relieve the pressure to achieve economic growth through more rapid and sustained economic growth. This was accomplished by decentralizing responsibility for growth to provincial and lower levels of government, often called a series of corporatist states; one which competes to solicit foreign investment and make investment decisions. The development strategy of decentralization, encouraged by the central government from the mid-1990s, has created over-investment in productive (industrial, real-estate, etc.) capacity as provinces compete with each other to attract further investment while lacking the capacity to use the investment to its full potential due to a

lack of demand. This myopic pursuit did not have “much success in alleviating the subsequent social polarization, which was aggravated by the government’s draconian suppression of dissenting voices from the bottom of the society” (Hung 2009:194). Although economic growth has been remarkable, an overemphasis on a particular type of growth without the necessary redistributive mechanisms to ensure the growth does not have skewed effects creates a number of serious pressures for governments at all levels. These pressures often lead to precarity for workers, as policymakers use the weak position of workers as a pressure release valve to keep wages and working conditions down to spur economic growth.

2.2.1. Impacts of the 1995 Labour Law

It is important to recognize the impacts the 1995 Labour Law had on labour throughout the reform period. Although the law itself seems quite comprehensive, and there are adequate provisions which make it comparable with any Western labour law, enforcement was neither realistic nor achievable in the context of the 1990s in China. In the 1980s, when the marketization of contracts was not in full force, it was much easier to hire people than in the pre-reform period. However, the government made it difficult to fire people because the absence of private safety nets meant that unemployment could lead to massive social instability and street homelessness, whereas, the 1995 Labour Law legalized the firing of workers through the contract system (Gallagher 2005; Article 24-35 LL 1995). The possibility of being fired increased precariousness for many workers. The result was mass exploitation of tens of millions of workers, as workers were hired and fired along with the rhythms of the market with little care or support when they were unemployed (Piquet 2008). This period can be described as a period of significant increased precariousness. Laws were the primary worker protection mechanism, however, enforcement was weak and the legal system in its infancy (F. Xu 2014). Many significant articles in the Labour Law have loopholes or are not enforceable and do not provide

adequate and realistic penalties for violation. Labour law enforcement was feeble because it relied on one of three processes, 1) through the labour bureau which has weak enforcement capability. 2) Using the labour dispute resolution mechanism which is a process of mediation between the employer and the employee, the local labour board acts as the mediator however, this system had not been fully developed and is generally underfunded and normally ends up in the courts anyway (Cooney 2007). 3) Negotiations through the trade unions which are limited by the structure of the unions that allows managers to be on the unions boards. Further the mandate of enterprise unions is “to resume production as quickly as possible and restore work discipline”, which also undermines its effectiveness protecting workers (Trade Union Law article 27 quoted in Cooney 2007). Following the implementation of the law, immense tension arose between the twin goals of increased employment and worker protection, since the fewer costly worker protection requirements there were, the easier it was to attract FDI. The law was significantly biased towards economic growth with only a minimal eye to protection (Piquet 2008). Further, although the law compels employers to create written contracts, there were wide reports of illegal or blanket contracts which did not fulfil the minimum requirements of the law or whose stipulations were not followed, which signalled that to a large extent employers simply ignored the laws. Loopholes and a lack of enforcement mechanisms in the law provided ample opportunity for employers to get around the intent of the law (Halegua 2007). Additionally, there were minimal repercussions if employers did not follow the law which further amplified the problem of the many loopholes in the contract. Therefore, although contracts existed they were weak and did not help relieve precarity.

The Labour Law differentially impacted workers depending on their position in the labour hierarchy and who their employers were. State Owned Enterprise (SOE) workers suffered

the greatest increase in precarity from this law as lifetime employment and generous benefits were no longer guaranteed (Gallagher and B. Dong 2011). The exception may be that higher skilled SOE workers leveraged their skills against the mismatch of skills in the workforce for higher salaries in private industry (Gallagher 2005). Contrarily, workers in private enterprises generally benefitted from the LL when labour standards were raised from very minimal to basic protections and as awareness of the law spread. This must be tempered against a very low starting position for workers in SEZs, for whom even improved working conditions were still far from the conditions of the SOEs or from international standards. A. Chan (2001) thoroughly documents the plight of workers in the late 1990s in China, describing the unsafe and unsanitary working conditions exacerbated by the absence of enforcement of law as the China growth model emerged as source for low cost production. This was intensified when the economy began to accelerate its growth, especially after China's accession into the WTO in 2001 Figure 2-1. Although working conditions and pay gradually improved throughout the reform period precarity was still widespread, it was the period starting with the 2008 Labour Contract Law which significantly altered the landscape of labour relations in China.

2.3. The Stability Period

The stability period borrows its name from the harmonious society project initiated by the Hu/Wen government. Through the harmonious society project, stability is a main goal, stability is maintained by “emphasizing fairness and justice through enforcing the rule of law” (J. Li 2007:119). However, the stability period has in many respects been anything but stable because the government faces a double crisis of social instability and under consumption (explained in chapter 4) (Silver and L. Zhang 2009). Inequality has increased dramatically since the Mao-era (see Figure 2-5) and stability in many areas has become a serious problem. Additionally, while

the government attempts to promote a harmonious society many in the business community are struggling to adjust to the new reality. This is partially caused by government's attempt to create a more stable society through the introduction of a number of labour laws. The Labour Contract Law (LCL) came into effect on January 1, 2008, it augmented the 1995 Labour Law and enshrined important rights for workers by detailing penalties for non-compliance. While drafting of the LCL started as early as 1998, the contested nature of labour in this zone of decentralized accumulation created significant political obstacles before the law was popularly accepted by the CCP (Gallagher and B. Dong 2011). Adoption of the LCL was likely accelerated by a significant strike wave that ran throughout the PRD between 2004-2007, highlighting the deplorable working conditions in the export zones (C. K.-C. Chan 2013; C. K.-C. Chan and Hui 2014). Worker rights availed by this law include mandatory contracts for all workers that must be signed within one month of employment, limited use of temporary and short-term contracts, and encouraging collective bargaining (H. Wang et al. 2009).¹⁵ The LCL and subsequent labour laws mandate legal conditions of employment and recourse for workers if those conditions are violated. Unsurprisingly the LCL and other laws introduced at the same time including the Labour Promotion Law and the Labour Dispute Mediation and Arbitration Law were contested out of concern that labour cost increases would significantly reduce investment. Figure 2-1 demonstrates that, in fact, investment has surged since 2008. One important caveat to this statement is that the central and western trends Figure 2-2 show that although slow, investment is beginning to diversify towards the lesser developed central and to some extent western regions

¹⁵ Provincial law in Guangdong began to allow collective bargaining on January 1st, 2015, but the extent to which collective bargaining will be allowed in practise remains to be seen.

which some suggest is caused by reduced enforcement, lower wages and more labourers in the peripheries (S. Zhu and Pickles 2013)

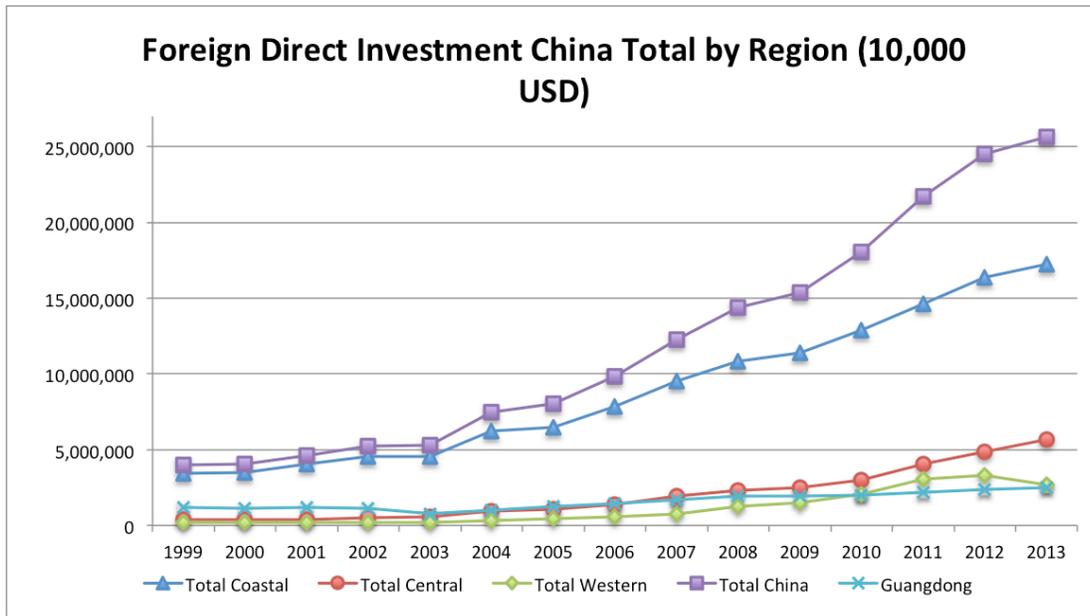


Figure 2-2 - Foreign Direct Investment China (All China Data Center, Various Years)

2.3.1. Importance of the Labour Contract Law

Of the three laws that were implemented in 2008, the LCL is the most important because it specifically mandates the details of labour contracts, providing clear guidelines for employers and penalties for violations such as double pay if a contract is not signed. It outlines the ways that contracts can be legally dissolved and penalties if employers do not follow these procedures. Severance packages of one month for every year worked must be paid to all workers upon termination. Also, workers who have had two consecutive labour contracts or work for the same company for more than 10 years continuously must be given permanent (life-time equivalent) contracts (LCL 2008).¹⁶ The Labour Dispute Mediation and Arbitration Law (Mediation Law)

¹⁶ This article was particularly worrying to Businesses before the implementation of the law. There are widespread reports of workers with eight or more years of work for a company being asked to ‘voluntarily’ resign and then be re-hired as new workers in order for businesses to abscond from paying for an open labour contract (So 2010)

responds to an important criticism of the LL, by simplifying the procedure for workers to exercise their contractual rights in the legal system and reducing the time and cost of legal procedures (C. K.-C. Chan 2014). The Employment Promotion Law outlines government obligations to “monitor employment agencies and facilitate the occupational and skill-based training programs” (C. K.-C. Chan 2014:692). Chan goes on to explain that it is the combination of the Mediation Law, which works towards the individualized legal channel for grievances, and the LCL, which strengthens workers’ contract rights, that in some ways reduces precarity but it also minimizes the collectivization of grievances which increases precariousness. Although there are some important flaws in the 2008 laws, the combination of these three laws have improved the clarity of the law and the rights afforded to workers, the regulations about what must go into a contract as well as the enforceability of contracts have significantly reduced the precariousness of previous contracts, although work remains to be done.

The long awaited Social Insurance Law (SI) was implemented in 2011 and is designed to elaborate on the vague provisions in the 1995 Labour Law regarding pensions and other workplace benefits which did not articulate how the laws would be implemented.¹⁷ The SI is specifically designed to clear some of the institutional obstacles identified since the introduction of the 1995 Labour Law and to roll out national standards for Social Insurance. It is also designed to fix some of the structural issues with the pension portion of Social Insurance, as the elderly dependency is not terribly high now at about 18% but as the population is rapidly ageing it is projected to reach a high level of 63% by 2050, which poses serious risks to the

¹⁷ The 1997 Urban Employee’s Basic old-age Insurance was designed to provide basic pensions for urban residents and built on the 1995 Labour Law. In 2005 it was modified in order to make more widely accessible but it was not until 2011 that attempts were made to universalize it (Z. Li 2013; Wei, Yan, and Ye 2013).

sustainability of the program (Z. Li 2013). The Social Insurance Law covers five programs: pensions, medical insurance, unemployment insurance, work-injury insurance, and maternity. It requires workers to pay at least 15 years of payments in order to be eligible to receive pensions. Women qualify at 50 years of age and men qualify at 60 years of age which has been the traditional age of retirement since the Mao-era. Pensions currently pay about 44% of the average wage for each region, as pensions are calculated based on the average labour rate in that region (ibid). Pensions are benchmarked against inflation and both employers and workers make contributions. As a part of the 2011 law, pension payments will be gradually coordinated nationally while other social insurance payments will be coordinated provincially. The payment ratio of employers versus workers' depends on the region. In the area of my fieldwork, it was two-thirds contribution by the employer and one-third by the employee. The 2011 law also ensures that all workers qualify to contribute to the pension program, either through the standard urban plan or through the new rural social pension (SI 2011; W. Wang 2012). The Social Insurance Law attempts to: "adhere to the principles of wide coverage, basic protection, multi-level sustainability and the level of social insurance shall correspond to the level of economic and social development" (SI 2011). Yet there remain a number of loopholes which inhibit universal access. I will explore some of the reasons that policymakers have not closed these loopholes in the next two sections describing economic and political pressure in Guangdong.

2.3.2. Pressure on the Government

Policymakers in China are keenly aware of the importance of maintaining low labour costs which remains essential to their current growth model, this minimizes the ability to implement policy which offers significant benefits for workers (Friedman and C. K. Lee 2010; C. Yang 2012). Kam Wing Chan (2010) explains that the 'China price' is one of the three most important prices in the global economy, along with the price of oil and the price of capital. The China price

refers to a combination of China's undervalued currency, cheap borrowing costs and low labour costs (Harney 2008).

At the same time, as the China price heavily influences the world economy, the centralization of manufacturing in China has also laid the groundwork for what Silver and Zhang call: “China as an emerging epicenter of world labour unrest” (2009:86). Policymakers in China are experimenting with different ways to provide benefits. However, they are mindful of creating, or strengthening, community, which may resist the powers of the state that may come from creating benefits and social protections that workers can rally around. During Mao’s time, industrial workers were considered socialist heroes; their labour the harbinger to modernize China. Agricultural workers, it was assumed would, be able to fend for themselves. Despite the fact that the communist revolution was won on the backs of agriculture workers, industrial workers were awarded a special place in the regime (Blecher 2009; Pun 2007). Today, this position has changed; entrepreneurs are the new socialist heroes (Guiheux 2013). Entrepreneurs are extremely important in the new system; their creativity and ingenuity is perceived as sustaining China’s climb up a steep path of modernization, despite the inherent precarity in the position of the entrepreneur. (For a more detailed discussion of entrepreneurship in China, see Chapter Five). Meanwhile industrial workers have been largely abandoned by the state with the dismantling of the Iron Rice Bowl. Unlike ignoring the plight of agricultural workers, who can rely to a certain extent on subsistence farming, ignoring industrial workers is beginning to show signs of stress in the form of social upheaval. In recent years China has seen growing labour protests, alerting the provincial and central governments of the necessity to address the root causes of precarity as workers who supported the ‘Chinese economic miracle’ demand their fair share (C. K. Lee and Y. Zhang 2013). Pressure is increasingly placed on policymakers to provide

social benefits to prevent organizing as these workers becomes increasingly separated from the benefits afforded to others in the economy.

Based on this initial discussion, I have divided government pressure in China into three broad and interrelated categories: (i) modernization of the economy, (ii) stability of the political system, and (iii) transformation of the growth model from heavily weighted on investment to a compromise between investment and consumption. While this delineation is somewhat artificial, with significant overlap between categories, these categories will help to elucidate the scope of the problem of implementing solutions. Modernization can be defined as modernizing the economy to raise GDP, amongst other things. Figure 2-3 demonstrates the dramatic rise in GDP per capita by region since 1999. However, growth rates are beginning to subside as demonstrated in Figure 2-4; in 2012 and 2013 growth rates have dropped to between 8-9%. As economic growth begins to wane, the stability of the political system is increasingly pressured.

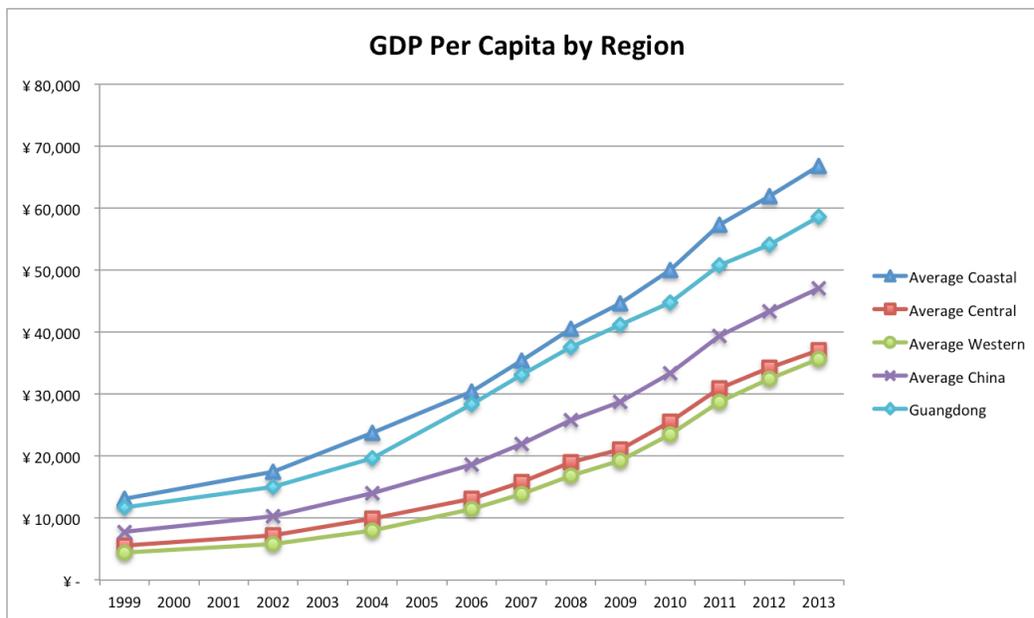


Figure 2-3 - Average GDP by Region in China (National Bureau of Statistics of China, Various Years)

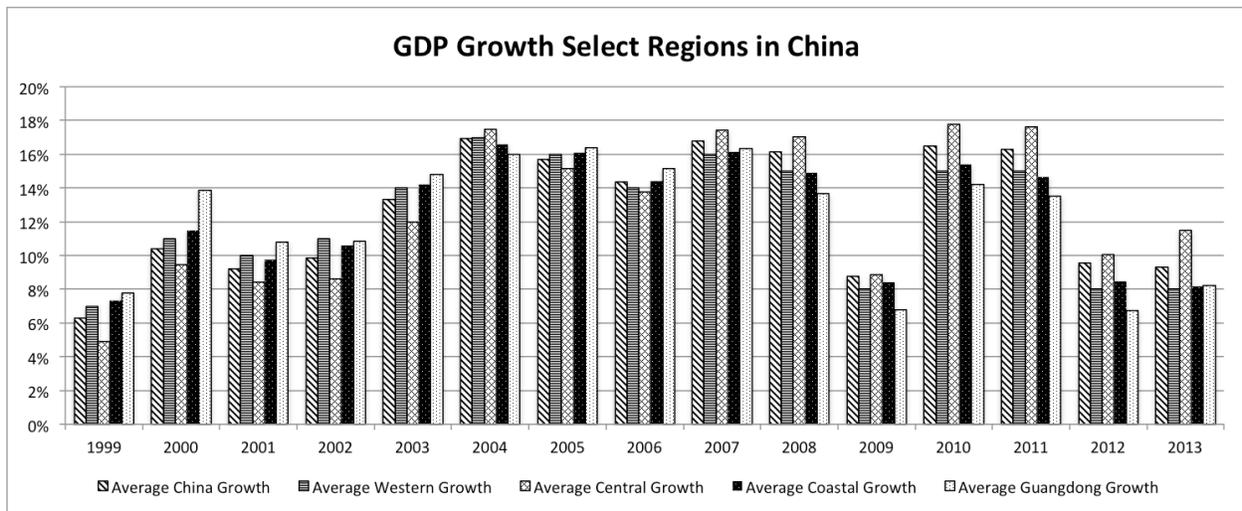
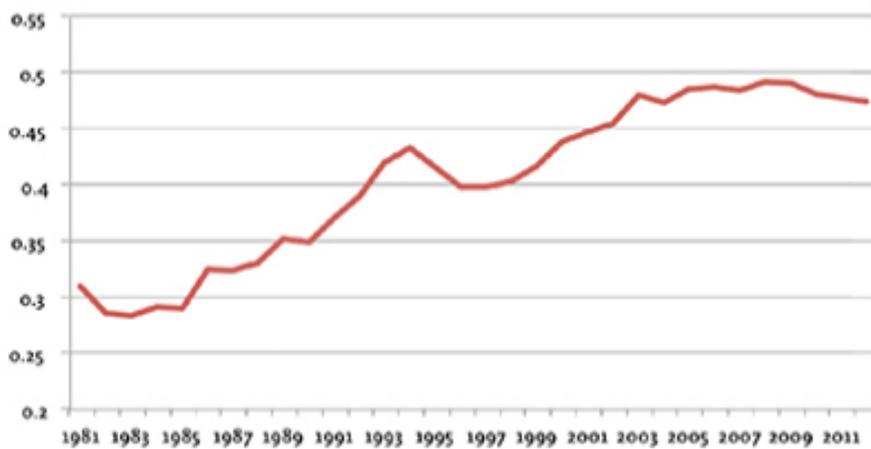


Figure 2-4 - GDP Growth for Selected Regions in China (National Bureau of Statistics of China, Various Years)

Running parallel to the theme of modernization is the need to maintain stability. Deng Xiaoping (quoted earlier) recognized in 1990, and probably much earlier, that economic growth was the key to the CCP maintaining power. However, as China developed, leaders began to recognize that economic growth on its own is not sufficient. From a relatively equal society economically, China rapidly became one of the most unequal countries in the world. Social instability because of inequality leads to serious unrest (C. K. Lee and Y. Zhang 2013). Due to the political problems of instability the GINI in China is a highly contest figure as the central government is hesitant to show how high inequality has really gotten, thus many authors write about the GINI but there is little consensus on its actual level. Figure 2-5 is a close approximation of the official numbers of the GINI in China and illustrates the relatively high level of the GINI but surprisingly shows a decreasing trend. While other commentators using independent surveys estimate that China’s current GINI is between 0.47 and 0.52 and growing and considered very high risking social instability (X. Yue, S. Li, and Gao 2013).¹⁸ Figure 2-6

¹⁸ For a discussion on the problems of the GINI in China see (Kanbur, Wan, and X. Zhang 2005; Sen 2005; X. Yue et al. 2013)

demonstrates the growing level of official labour disputes in China. Elfstrom and Kuruvilla (2014) confirm this finding explaining that the number of worker strikes is rising. Although this number is surprisingly small given the size of the country which can be attributed to: 1) strikes are illegal in China, 2) legal authoritarianism places responsibility on local officials to reduce unrest and therefore they either purposely underreport numbers or find other ways to prevent strikes from starting, 3) Workers are nervous to take collective action because of the heavy handed approach local officials take to striking workers. Ching Kwan Lee and Hui (2013) explain that the budget for internal stability in China now exceeds national defence. This is attributed in large part to a serious rise in inequality and failed attempts to rebalance growth and distribute that growth more evenly. These arguments illustrate the pressures undermining the stability of the political system and demonstrate that modernization on its own is failing to achieve a stable political system.



Sources: Gini coefficients for the years 1986–2001 are from Ravallion and Chen (2007), 2002 from Gustafsson et al. (2008), 2003–2012 from the National Bureau of Statistics.

Figure 2-5 - GINI co-efficient China (Sicular 2013)

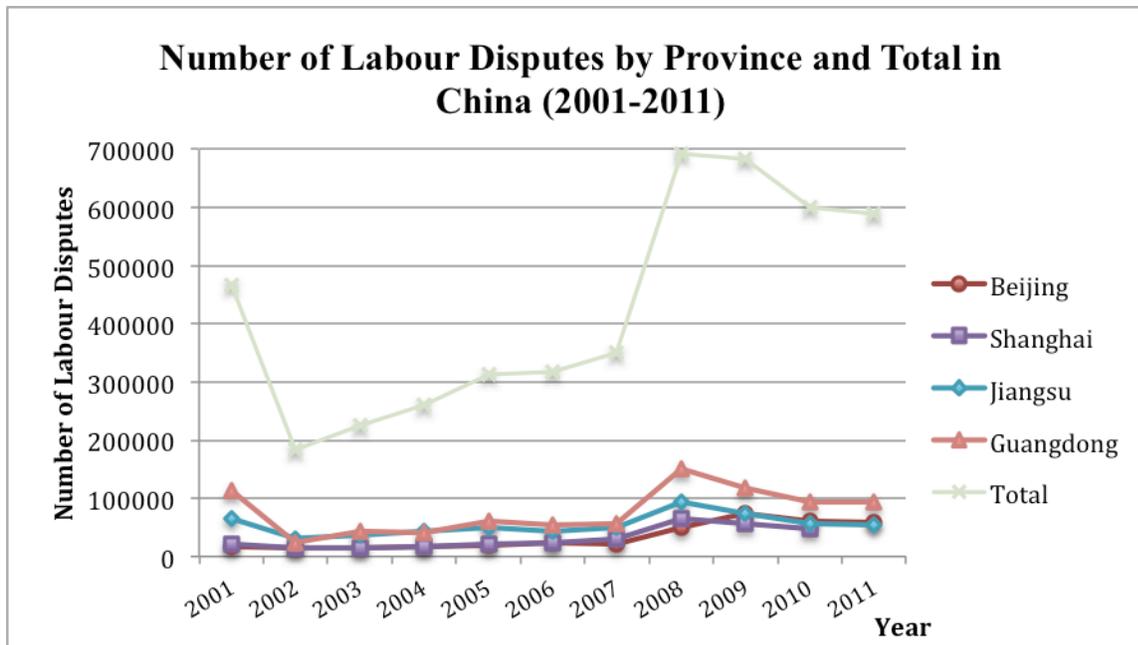


Figure 2-6 - Number of Reported Labour Disputes by Region and Total. Data is from (National Bureau of Statistics of China, Various Years).¹⁹

The third source of government pressure is blamed on an unsustainable growth model. Economists explain that China has been plagued with substantial over-investment/savings and under-consumption (see for example Pettis 2013). Blecher explains that as much as one-third of investment is not contributing directly to economic growth and is wasted, such that workers are, “not consuming a great deal of what they produce while working much harder overall than they did in Maoist days” (2009:160). Figure 2-7 demonstrates the ratio of consumption and investment to GDP. Experts argue that spending is heavily weighted towards investment, which must be reduced in order to increase consumption, that currently stands at around 35% of GDP for China and 42% for Guangdong; globally consumption averages around 65% of GDP so China is significantly under the global average (Pettis 2013). Blecher gives some of the reasons why investment remains high: firstly, in order to take advantage of entrepreneurship savings are

¹⁹ Totals are for all of China but I have limited regional data displayed to the top four provinces with the most disputes in 2011.

prioritized in order to obtain sufficient working capital to start a business. Secondly, anxieties persist in the economy, especially around the future including retirement and crises. Thus, people feel savings are essential protection for an unknown future (Blecher 2009). Thirdly, a growing middle and upper class, which is capturing more wealth than the poor, has a higher propensity to save for future investments, as opposed to consumption. Finally, despite the seemingly comparative advantage of cheap labour, China has fuelled its growth through cheap capital for investment in capital-intensive industries such that Chinese businesses are setup based on their comparative advantage of cheap capital, in addition to cheap labour (Pettis 2013). This comparative advantage mismatch is because interest rates are negative in real terms so capital is virtually free for investment and savings end up being taxed, through negative interest rates, to fuel further investment. Negative interest rates shrink the already low share of savings for small savers like some industrial workers (all of which had some savings in the interviews) and reduces the amount of money available for consumption (Pettis 2013). Since 2005, policymakers have tried to reverse the trend of lowering Consumption to GDP, which is seen as a proxy for reducing inequality, yet it is far more difficult to alter an investment led growth pattern as significant structural changes must be made to the economy (Pettis 2013).

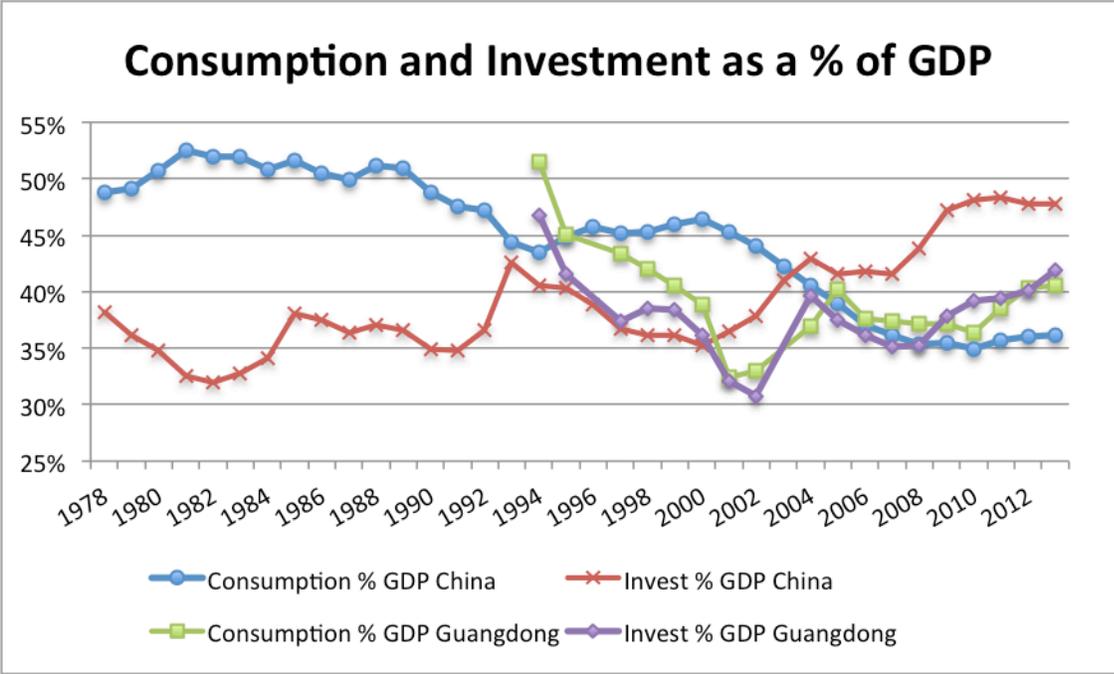


Figure 2-7 – Household Consumption and Gross Capital Formation as a % of GDP (China Statistical Yearbook, Various Years)

The unbalanced growth model, which heavily favours capital investment over consumer spending/consumption, is a key cause of many of the problems listed above (Pettis 2013).

Transforming the growth model is seen as essential to modernizing the economy and reducing inequality. There is economic pressure to transform the growth model which leads to political and economic pressure as vested interests resist this pressure. Pursuing growth by suppressing wages and interest rates and through other incentives to continue investment has been well tested and has proved successful so far but, as Pettis explains, relying purely on investment without transforming the strategy towards a larger consumption share has resulted in stagnation in many other East Asian countries and Brazil (2013). This therefore results in significant over-investment and redundant capacity which does not improve the wellbeing of workers (Hung 2009). In order to increase consumption there is significant pressure to transform the economy into a higher wage economy which includes a robust service sector and to reform the banking sector by especially raising interests rates from their artificially low levels (Hung 2009; Pettis

2013). Pressures originate from many sources in this model, as new knowledge must be learned and new systems of incentives and rewards put in place in order for the private sector to shift its approach to generating wealth. Transforming the growth model also generates pressure from existing vested interests that have a lot to lose from changing the status quo (Pettis 2013; C. Yang 2012).

The unbalanced growth model puts political pressure on different levels of government. At the highest levels of government, there is pressure to maintain internal stability by generating growth (Rocca 2006:108 quoted in Piquet 2008). Provinces face pressure from the national government to achieve growth targets and ensure stability. Guangdong, along with a number of other coastal provinces, face increased pressure to transform its economy from a middle income to a high income economy (C. Yang 2012). At the city and district levels, there is pressure from the provincial government to achieve growth targets and maintain stability at the factory level. However, at this level many of the officials are dealing directly with individual businesses and have significant investments in these businesses (Cooney 2007; Halegua 2007; C. Yang 2012). This contradiction of incentives often results in favouring local businesses over workers (Cooney 2007). The pressure to maintain stability is much higher at the city or district level because it is at this level that specific problems can be solved and compromises can be negotiated (C. K. Lee and Y. Zhang 2013). Changing the economic status quo generates resistance from local officials and business leaders who have experienced considerable financial gains within the current system (So 2009). However, increasing consumption in China is seen by policymakers and economists as essential and can only be achieved by reducing dependence on cheap exports and raising wages (Hung 2009). The challenge to maintain the stability of the political system and of the economy, and transform the growth model are not an extensive list but represent the main

pressures influencing the government. Continuing to modernize while transforming the economy remains a difficult endeavour. At the same time as government is facing these pressures, businesses are also facing their own pressures.

2.3.3. Business Pressure

There's a big difference between doing business now and five years ago. The prices of the materials went up in 2008, and then the cost of buying materials and the salary of the workers also raised a lot. The cost and the salary are almost double. The devaluation of the RMB makes the export orders more and more unstable, and the cost is getting higher. This situation is becoming more and more serious now. Besides, there are fewer and fewer workers in Dongguan now (Int 7o).

In this section, I will look at the pressures described by respondents who are business owners and analyze them within the context of the politics and the economy of Guangdong. The quote above from a manager of a lighting company, describing doing business now compared to five years ago, captured the sentiment of many of the business respondents. I will now explore some of the pressures outlined in the above quote by examining key indicators which represent some of the concerns this business owner expresses.



Figure 2-8 - Purchasing Price Indices for Industrial Products Previous year is 100 (China Statistical Yearbook, 2014)

Figure 2-8 shows the Producer Price Index for Industrial Products. This is the index that shows the costs of products for industrial producers and is one indicator which captures an increase in material cost as described by the respondent above. It is interesting to note that after the 2008 crisis the price of materials dropped significantly, rebounded dramatically in 2010, and since then costs have gone down. Figure 2-8 is a general index which does not demonstrate individual variation in all industries. While certain materials may not have followed the trend, this chart seems to contradict the story represented in interviews with factory owner who explained that costs have increased dramatically. In fact, this graph shows that costs seem to have levelled off or even slightly declined. It is difficult to ascertain what effects costs are having, and whether the experience reported by factory owner respondents or this index more accurately represents actual business costs. What can be said is that business owners are feeling cost pressure, whether real or perceived, which gets to some of the core questions about the growth model which relies on China being a cheap source of production.

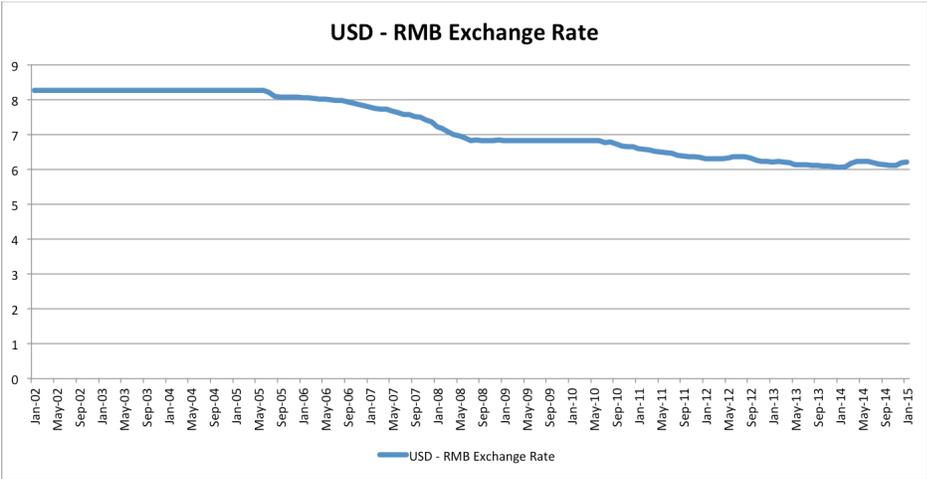


Figure 2-9 - US Dollars (USD) - Chinese Yuan (RMB) Exchange Rate 2002-2015 (Antweiler 2015)

Figure 2-9 demonstrates that from 2005, when the RMB began a gradual appreciation vis-à-vis the USD, it has appreciated 32%. However, this has been a gradual appreciation and since 2008 the RMB has only appreciated slightly less than 10%. The factory manager quoted above is one

of several respondents who specifically identified the ‘unstable’ exchange rate as one of the key factors that is putting pressure on price. This might suggest that margins are so tight that even a 10% swing in exchange rates over seven years places significant pressure on business profits.

Another source of business pressure is a labour shortage. Kam Wing Chan (2010) explains that signs of labour shortages in Guangdong have existed since 2004. Despite a brief period during the financial crisis of 2008, when millions of workers were laid off and sent back to the countryside, the labour shortage is showing signs of intensifying. However, it is difficult to imagine that in a country with such a large rural population and such a large gap in wealth between rural and urban areas that a labour shortage exists. There are a number of factors that commentators are attributing to this labour shortage: growing economic development in the central and western areas of China; the effects of the Hukou system, which include unequal access to social services in urban areas for rural migrant workers, unequal education systems and detached social support networks; incentives for rural workers to stay in agriculture, which was part of the Hu/Wen governments plan for the socialist countryside project; a skills imbalance; and a number of other explanations (Shaohua Zhan and Huang 2013). All of these explanations, amongst others, which will be explained in Chapter Three, illustrate why businesses are finding it difficult to find workers. Difficulty finding workers means that costs are rising as businesses must compete by paying more for the workers that are available.

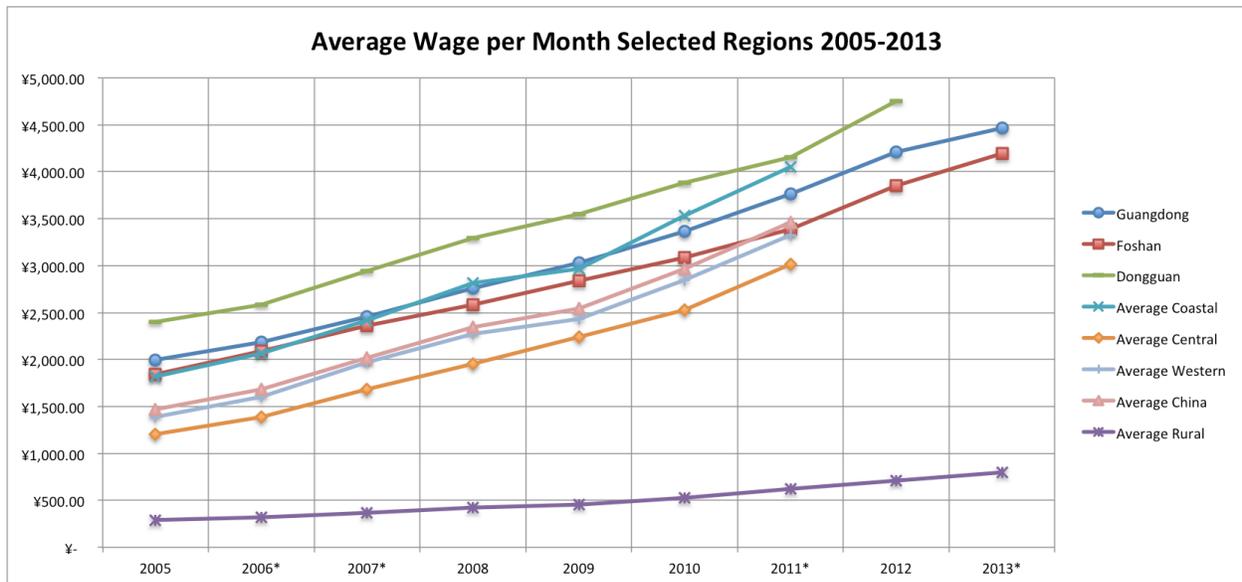


Figure 2-10 - Average Wage Selected Regions in Guangdong. (All China data, 2015) *(Guangdong Statistical Yearbook, Various Years)

Figure 2-10 shows the average wage of selected regions in Guangdong as reported by official statistics agencies of the National and Guangdong governments. It demonstrates that wages have more than doubled since 2005. However, one must be somewhat suspicious of these numbers because they indicate that through the 2008 global financial crisis the growth of wages did not slow. Additionally, wages are made up of fixed and variable components that are significantly influenced by growth. In interviews, I found that on average 33% of the wage was made up of a variable component which fluctuates with enterprise output.²⁰ Overall, the trend of upward growth seems quite plausible and is consistent with the economic literature on wages in China that points to recent increases in salaries (D. T. Yang, V. W. Chen, and Monarch 2010). Figure 2-11 displays the income as reported by respondents from the interviews: 25 respondents reported their incomes in 2014, 13 in 2013 and 2012, and 7 in 2011. Figure 2-11 shows a slightly different story to the one illustrated by Figure 2-10. Whereas Figure 2-10 shows a strong upward

²⁰ Based on the answer of 24 respondents

trend, Figure 2-11 represents a flatter profile and a lower average salary. Figure 2-11 is representative of the type of workers that were involved in this research project, as I interviewed only factory workers and low wage service workers and although I sampled across industries and in two different regions in the PRD my sample is small. The incomes reported by respondents in my sample are also supported by other recent studies in the region (see for example Butollo 2013). Additionally, my research sample is purposely biased towards lower-waged industrial workers to magnify the outcomes for industrial workers as an important subset of wage labourers.

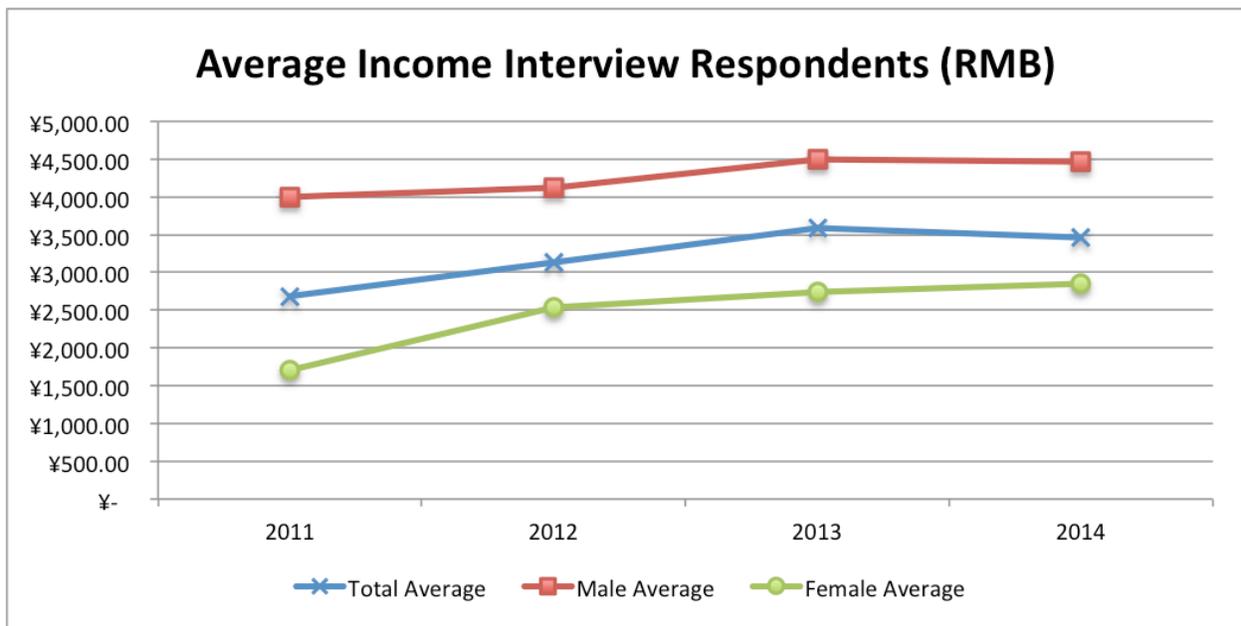


Figure 2-11 - Average Income Interview Respondents 2014 n=25, 2013 n=13, 2012 n=13, 2011 n=7

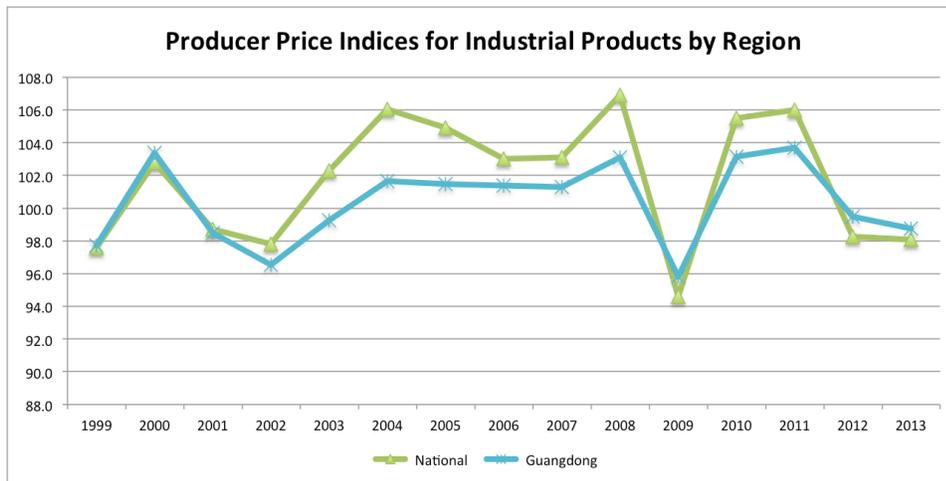


Figure 2-12 - Purchasing Price Indices for Industrial Products Previous year is 100 (National Bureau of Statistics of China, Various Years)

Figure 2-12 is a proxy for the selling price of industrial goods to other industries and consumers and it describes the types of products produced by all respondents, either as workers in the factories or as factory owners. Any point in Figure 2-12 over 100 means that prices are increasing from the previous year; otherwise, they are decreasing. Figure 2-12 is a good presentation of how prices have shifted. It demonstrates that while costs have increased for a number of indicators, and as reported by interview respondents, the selling price of goods is fluctuating but shows a stagnating or deflating trend. In order to match the linear increase as shown in Figure 2-10, the price index in Figure 2-12 would have to consistently report prices above 100. Regardless of the magnitude of the increases, there is little question that the costs for manufacturers have increased and selling prices have not risen proportionally.

A large manufacturer of shoes asserts, “The pressure is price. Because there are many other manufacturing companies” (Int 61o). This manufacturer explains that because there are many other manufacturers competing to do the same job, their customers have a lot of bargaining power over the price. Another respondent echoed this statement: “Yes, [my customers give me] the pressure of the unit price” (Int 8o). Respondents emphasized that selling price pressure was

the number one problem they faced from their customers. Further, Harney (2008) explains that in extreme instances in order to meet the conflicting pressures of meeting corporate codes of responsibility and providing the lowest price, factories must often create a model factory which meets the requirements of the supplier and then shadow factories to produce at the costs required by customers. These shadow factories do not meet labour law requirements but are the only way to deliver at the price demanded by customers. This overall picture can be interpreted as a profit squeeze whereby businesses are faced with both increasing costs from the market and through increased regulations and downward pressure on prices. What is not apparent is how much profit these producers had to begin with and what effect the profit squeeze has had on their 'bottom lines'. Regardless, the pressure of this profit squeeze is significant and causing considerable turmoil amongst manufacturers in Guangdong.

2.4. Guangdong and the PRD

One of the key economic reforms of the Deng Xiaopeng era was the opening of two Special Economic Zones in Guangdong and Fujian. These special economic zones laid the groundwork for China's rise to become the 'world's factory'. For more than thirty years, Guangdong has remained one of the top three largest recipients for Foreign Direct Investment (FDI) of all Chinese provinces (National Bureau of Statistics of China n.d.). In fact the Pearl River Delta region, which is only 23% of the land area of Guangdong and 0.4% of the land area of China, accounts for 11% of China's GDP (2012) and 7.5% of FDI (2006) (Enright, Scott, and K.-M. Chang 2005; National Bureau of Statistics of China n.d., various years). Guangdong's development has been unique because rather than seeing rapid urbanization of city centres there has been a large scale industrialization of the countryside or what Tomba calls 'urbanization from below', whereby township collectives have rather autonomously industrialized land as a

strategy to take advantage and maintain control of local development (Tomba 2012). Thus, the Pearl River Delta region has developed through the growth of hundreds of thousands of factories producing mostly for export in what was predominantly a rural area with little industrialization (Enright et al. 2005). And although in recent years the economy of Guangdong is changing, Guangdong remains one of two manufacturing bases of the Chinese economy.



Figure 2-13 – Map of the PRD (http://wikitravel.org/en/Pearl_River_Delta)

2.4.1. Dongguan

One of the key drivers of the export manufacturing economy in Guangdong is Dongguan (C. Yang 2012). Dongguan is sandwiched between the political and financial capital of Guangdong, Guangzhou, and the high-tech capital, Shenzhen. On the eastern side of the Delta, Dongguan is the centre of labour-intensive, light manufacturing in the PRD and in China (Enright et al. 2005). Dongguan is a leader in the export of electronics and telecommunications, tobacco, electrical equipment and machinery, plastic and paper products, as well as textiles and clothing (Enright et al. 2005). Dongguan has developed through FDI from Hong Kong, Taiwan and other international locations. This large source of foreign investment and growth in manufacturing has made Dongguan a key destination for migrant labour from all over China.

2.4.2. Foshan-Shunde

The lesser-known Foshan, comprised of Foshan City, Nanhai and Shunde, South of Guangzhou, has Guangdong's third largest economy in industrial output and GDP after Guangzhou and Shenzhen (Guangdong Statistical Yearbook 2012). What makes Foshan unique from Dongguan is the much larger presence of domestic companies. This has a number of implications including: Foshan's industries are less export-oriented and are more domestically focused, although substantial export still takes place. Foshan is a leading manufacturing centre for textiles, electrical appliances, furniture and machinery (Enright et al. 2005). In Foshan I will focus on Shunde District, an area known for the manufacture of textiles and small appliances along with machinery. *These research sites are at the centre of attempts to change the growth model through industrial upgrading whereby policymakers are trying to increase the amount of value-add that the region captures* (C. Yang 2012). This is leading to conflicting policy decisions around precarity.

This chapter outlined the compromise and the tension which Polanyi discussed in regards to policy formation, and the way that a certain level of precarity is created and legitimized. Through the three phases of reform I demonstrated the way that precarity is constructed as a method of achieving particular goals of that phase of reform. In the pre-reform era precarity was not clearly defined as political infighting overwhelmed structural change, yet precarity was there in the form of high inflation and a coming change that was as yet unknown. In the reform period, precarity was widespread and quite severe, as extensive structural change resulted in a great deal of unknown for the large majority of industrial workers who were mostly new migrants from the countryside. There were opportunities but a lack of well-formed laws and regulations meant that millions of workers were left without a meaningful social safety net. Furthermore, serious abuse of the asymmetric power relationship that was both the cause and the result of the absence of the

social safety net meant that millions of workers were faced with overwhelming precarity. In the stability phase, which is the current phase, I introduced some of the new laws that are helping to reduce precarity and will be evaluated in more depth in the next chapter. I will outline the pressures that governments and businesses are facing that provide further evidence as to why the safety net for industrial workers is minimal, haphazard and unstable. The next chapter will further this argument by demonstrating why the law is acting both to minimize precarity but is also creating new forms of precarity.

3. Workers Precarious Relationships to the State Through the Legal System and the Formation of Social Welfare Policies

3.1. Introduction

The increasing use of the law in China as a mediator between workers and employers is leading to mixed impacts for workers; simultaneously addressing existing and creating new forms of precarity through policy and compromise. Ching Kwan Lee (2007) uses the concept of ‘decentralized accumulation and legal authoritarianism’ to make the argument that emphasises the competing interests of different levels of government that actively use their power through the legal system to manipulate outcomes which align with their own interests. As introduced in the previous chapter, the fragmented Chinese legal system is used as a tool for manipulating outcomes in Chinese labour relations. Competing political interests play an important role in the laws application and enforcement as new laws and regulations are often chaotic and clumsy. This chapter will answer two questions: first, how does the legal system in China mediate the complex relationship between workers and the State? Second, how does the legal system impact worker precarity? To answer these questions I will explore the ways in which the creation of a legal framework, and especially worker protections, has reduced worker precariousness even as enforcement, accessibility issues, and vague legal standards create new forms of precariousness for workers. Additionally, I will highlight some gaps related to the implementation of the legal system that create precarious worker-employer, worker-state relationships.

3.2. Why the legal relationship is precarious

Ching Kwan Lee identifies that the relationship between the central government and workers primarily occurs through the legal system. She argues that the central government responds to the pressure of labour instability by strengthening the legal framework which governs the social safety net in China. She explains legal authoritarianism as: “legalistic legitimization of

authoritarian rule” whereby the Chinese state is legitimized through the rule of law (C. K. Lee 2007:10). In the first part of this section, I will examine how the one party state uses the legal system to further its own agenda and maintain legitimacy. It does so by providing a legal framework, which acts as a political tool of the CCP to maintain stability rather than an unbiased arbitrator. While legal authoritarianism is used to maintain stability; decentralized accumulation is the key driver of economic growth, which is a strategy of the Chinese government to decentralize the responsibility for growth to provinces, counties and townships. Lee explains that a mix of these two features is what enables the Chinese economy to achieve such high levels of economic growth. In the second part of this section, I will examine how decentralized accumulation contributes to weak and selective enforcement of labour and other laws which significantly contributes to precariousness. Responsibility for law enforcement is given to local governments that are at the same time incentivized to ensure economic growth. In the final part of this section, I will take this analysis one step further by applying Friedman’s (2014) concept of Alienated Politics to Lee’s Decentralized Accumulation and Legal Authoritarianism to show how the political system in China prioritizes decentralized accumulation to the detriment of workers. By examining precariousness through the legal system, I will illuminate how the legal system is used to control workers and highlight the ways in which it both limits and exacerbates precariousness.

3.2.1. Legal Authoritarianism

The guiding vision of the legal system for the CCP is to maintain party legitimacy. The Chinese government uses the plethora of laws to demonstrate its legitimacy in representing the best interest of its citizens and to ensure that its power to govern is not questioned (Alford 1999). In the Mao-era, bureaucratic rationalization, the distribution of social needs through the planned economy by bureaucrats, was used to prove legitimacy; today the social safety net is enabled

through legal mechanisms and is the primary method of ensuring legitimacy. Previously, China's State Owned Enterprises (SOEs) and work units (*danwei*) system distributed benefits, especially in China's northern 'Rustbelt', and were predicated on a strong social contract that ensured a minimum and transparent level of protection in return for productive output, and legitimized the Communist Party's rule. Today, China's Sunbelt – Special Economic Zones - relies on legal contracts for protection, which must be enforced through the courts or labour mediators (Alford 1999).²¹ However, Lee posits legal authoritarianism in which laws are strengthened in order to achieve certain objectives and those objectives are achieved through the degree to which the one party state chooses to enforce the law. Thus, the enforcement of laws takes on a political character distinct from a Western liberal view of the legal system, which is ostensibly built upon the principles of transparency, universality, predictability and fairness. However, the Chinese system does not subsume politics under the law; rather the Constitution is explicitly designed not to constrain governmental or party power (Alford 1999).

In his 2015 New Year's address, President Xi Jinping highlighted the importance of continuing reform of the economy *and* advancing the rule of law as two essential components of the process of achieving a "all-around well off society by 2020" (Peng 2014). In the same address, he specifically mentions stricter rules for CCP members by "fastening the cage of regulations". This address reveals some contradictions between the Chinese legal system and the regulations of the CCP. Addressing this point directly, J. Li (2007) explains the difference between the rule *of* law and the rule *by* law.²² The rule of law "can hold even the most senior state officials to account, and that both the ruled and the ruler are subject to the law" (2007:122).

²¹ Sunbelt is Ching Kwan Lee's term for China's southern private industrial area – Special Economic Zones - which is now the normal model for most industry in China.

²² My emphasis

Rule *by* law is seen as strictly instrumental such that the CCP uses the law to maintain legitimacy as a ‘necessary’ component of a market economy but at the same time they use it instrumentally to manage power, regulate the economy, and discipline society (Alford 1999). Li explains that there is significant debate around whether China is a rule by law country or a rule of law country, suggesting that evidence seems to point to the former as party control remains strong over the legal system (J. Li 2007; Piquet 2008). Alford attributes problems in China such as centre-regional tensions, local protectionism, bureaucratism and the speed in which the economy and society are changing, to the lack of separation between the legislative function and the CCP (1999:202). This highlights the political nature of the legal system and why ordinary citizens “are suspicious of the law, the courts, and lawyers, and regard authority, money, and *guanxi* as much more important ways of resolving disputes” (J. Li 2007:148). Thus, the instrumental use of the law through legal authoritarianism leads to selective enforcement of the law which undermines public confidence.

3.2.1.1. Labour Contracts

A key component of legal authoritarianism is the legal employment contract. The legal contract individualizes the social safety net, making collective action difficult by reducing pressure on the state while increasing pressure on individuals to provide for themselves. As the Iron Rice Bowl is dismantled throughout China, the legal contract, which takes its place, is central to the relationship between Chinese workers and the state. The legal system is based on ‘individual rights’ such that “labour legislation stipulates workers’ individual rights regarding contracts, wages, working conditions, pensions and so on, [yet] it fails to provide them with collective rights, namely, the right to organize, to strike and to bargain collectively” (F. Chen 2007:60). Thus, legal rights are given to individuals and when violations occur must be argued on an individual basis. This structure has a number of pitfalls.

Firstly, it is difficult for individuals to have their legal rights enforced, as cases are time consuming and costly, and the upside for workers is often marginal compared to the cost of fighting in court. Therefore, legal authoritarianism, which places strong pressure on individual rights, furthers precariousness as workers must argue for their rights as individuals with a fraction of the financial support of the other party (Int 68r; C. K. Lee 2007). Additionally, workers understand that outcomes from the legal system are hard to predict because of undue political influence. Therefore, more traditional means of settling a dispute: authority, money and *guanxi*, are viewed by workers as more effective. Workers recognize the contradictory nature of the legal system; it is simultaneously a source of protection against employers and a base for precariousness as, unlike their employers, workers have limited extra-legal means to influence its outcomes. Secondly, as I will explain in the next section, politics deeply influences individual outcomes. However, as a consequence of decentralized accumulation, political influence is usually reserved for the powerful. Thus, workers have minimal capacity to enforce their individual rights through the legal system while the enforcement of labour laws is highly political.

3.2.2. Decentralized Accumulation

To examine the political character of enforcement, we can again turn to Lee's description of decentralized accumulation as a central component of Chinese growth whereby "decentralization makes local government responsible for developing a pro-business local political economy" (C. K. Lee 2007:11). As a key component of the legal system, enforcement is directly linked to the political nature of the law itself, such that local and regional governments have economic development targets, which they are encouraged to achieve. But they are also responsible for enforcing legal standards which risks undermining economic growth (Nee 2005). Lee highlights the contradictory nature of this relationship, which becomes ripe for abuse, and is responsible for

much of the precariousness of workers, as enforcing worker rights conflicts with the more important local government mandate of economic development. In this structure it is difficult to distinguish local political decisions from business decisions.

This is emphasized through a brief comparison to the past: today most decisions are business decisions, whereas in the Mao-era a system of work and social service allocation was guaranteed and enforced through a rigid hierarchical bureaucracy. These allocations were provided by state run enterprises. Whereas, the system today is based on a free labour market with a legal framework, which includes migrant (peasant) (Cao and Nee 2005; C. K.-C. Chan 2014:689; Warner and G. O. M. Lee 2007:257). In the Mao-era, enterprises and the state were synonymous. Thus, employers had no incentive to restrict workers' rights because they were guaranteed by the state (F. Chen 2007:62). However, the new structure is designed to ensure that minimum standards are maintained using the legal system and optimized to market conditions. The decentralization of power forces regions to compete in order to maximize GDP, threatening labour standards in an interregional 'race to the bottom' (S. Zhu and Pickles 2013). Laws are created by the central government but minimum standards are often implemented at the local level to account for local specificities. For example, a minimum wage may exist but may be disproportionately low because of local government's ties to business (Gallagher 2005). Cooney (2007) argues that the problem with Chinese labour laws is not that there are not enough of them, rather that Chinese labour laws lack enforcement.²³ Echoing these comments, Halegua explains that the lack of enforcement is due, in large part, to mixed incentives at the local level, "local officials' performance evaluations, which determine their salary and chances for promotion, focus primarily on economic growth. [...] These motives generally trump any interest in

²³ In fact he argues that the laws rival any Western county's laws.

protecting an easily replaceable, uneducated worker from another province” (Halegua 2007:1). Mixed incentives result in a lack of enforcement of relatively robust labour laws. Therefore, politicians are often complicit in increasing precariousness by ensuring labour costs remain low for local businesses, to attract further investment and fuel economic growth. But this increases precariousness for workers as their interests and protection are subsumed to economic growth.

3.2.3. Alienated Politics

Friedman (2014) argues that the political system in China is a system of alienated politics.

Alienated Politics is a system through which the central government is trying to improve the quality of the material conditions of workers but the local government does “the dirty work of capitalist growth”, which maintains much of the lawlessness and exploitation at the heart of the Chinese development model (Friedman 2014:1011). This concept sheds important light on Lee’s decentralized accumulation and legal authoritarianism. We need to separate the motivations of different levels of government; the central government sees growing labour unrest but, due in large part to restrictions on collective negotiations, labour unrest does not form a collective political agenda. Therefore, the central government views the political demands of workers as *irrational*. Although significant changes happen as a result of strike waves (eg. 1993, 2004-2007, 2010), strikes do not tend to be overtly political or clear in their demands.²⁴ The policy response of the central government to the demands of workers can be seen as paternalistic, based on government perceptions of worker demands rather than a clear understanding of worker needs and goals. However, the government must respond in order to create stability, paramount to maintaining power. At the local level the situation is different because the demands of workers are seen as *rational*; for example increased wages, social insurance, better housing, shorter work

²⁴ My emphasis

days, and so on. However, because the local government is closely linked to local enterprises the protests of workers are often violently repressed as local governments attempt to protect the interests of local businesses to ensure continued economic growth. An example of this is captured in the following quote by a labour lawyer in Shenzhen:

At the end of a court hearing, the judge said to me in public, “Lawyer Zhou, if the court adheres to all the laws and regulations of the provincial government, all these factories would move elsewhere and local economy would collapse. Who would be responsible then? You?” He later on even stated explicitly to my client that the two basic levels of the local courts in neighbouring Dongguan City have reached a consensus that they could not follow the letter of the law. Judges in the mainland are part of the local government, just like officials of the Labour Bureau. Their rice bowls depend on the income of the local government and they in turn depend on private and foreign enterprises (Quoted in C. K. Lee 2007:186).

In this example, which is similar to countless others, the judge explains that although he understands he is not following the letter of the law he feels it is in part his responsibility to ensure the maintenance of the local economy. This system of alienated politics is central to worker precariousness because workers come to rely on the laws prescribed by the central government through the system of legal authoritarianism, but these laws are circumvented by local officials who are incentivized to generate local growth - decentralized accumulation.

Alienated politics goes a long way to explain how the CCP maintains power. In recent years there has been significant debate about a growing class consciousness among migrant workers in Guangdong and whether this growing consciousness would open the door to overcome this alienated politics as another space for engagement between workers and the state. Some labour scholars take the view that a growing number of proactive (versus reactive) strikes demonstrate a growing class consciousness (C. K.-C. Chan 2013; C. K.-C. Chan and Pun 2009; Silver and L. Zhang 2009). However, alienated politics precludes the formation of a class because ideological and political battles are not fought and won by workers. Rather, the central

government often responds on its own to isolated unrest by implementing new laws or legislating negotiation, preventing both widespread labour unrest and widespread class consciousness (C. K.-C. Chan 2014; Han quoted in F. Xu 2014:62). Creating and implementing laws to prevent class mobilization precludes the formation of associations that institutionalize the memories of these battles, restricting worker support for maintaining or improving current standards. Class consciousness and action, as a mediating mechanism between workers and the state, plays little part in reducing precariousness for workers in China.²⁵ Therefore, the system of alienated politics that is based on decentralized accumulation and legal authoritarianism is one of the central causes for the precariousness of workers in new China. It is especially a key factor in the precarious relationship between workers and the state as promised worker benefits are rendered uncertain and unstable. In the next section, I will provide examples from the current period of the ways the legal system is both reducing and increasing precariousness using a number of examples from my fieldwork and secondary data that highlight this precarity.

3.3. Precariousness – Strategies of reduction and obstacles

After an extensive discussion of the ways that different levels of government use labour laws to achieve certain objectives, I will now focus on how those labour laws and the impacts of government decisions affect worker precarity. The Labour Contract Law (LCL) is subordinate to the Labour Law (LL) and is meant to clarify, strengthen and fill gaps of the LL (Wei et al. 2013). The LCL directly addresses some of the key criticisms which create precarity for workers under the LL, such as wage arrears and non-payment of benefits, abuse of probation period, short-term contracts, growth in the informal economy, and general instability (ibid). The LCL attempts to close some of the loopholes that make decentralized accumulation so pernicious for workers by

²⁵ For more on the class argument see Chapter 5 on generations.

making the law less flexible and providing specific penalties for violations. I will explore two aspects of the LCL: (i) the use of contracts as a tool of legal authoritarianism to make workers abide by the law by following the individual requirements in the labour contract, and (ii) the accessibility of legal channels for workers, to overcome decentralized accumulation. Finally, I will explain how the 2011 Social Insurance Law is contributing to reducing precariousness.

3.3.1. Labour Contracts

Labour contracts are increasingly commonplace and relevant in Guangdong as they are seen as an important mechanism to ensure minimum standards are met. The labour contract in China has taken a varied trajectory. In the reform period contractualization for SOE workers meant remarkable precarity as the Iron Rice Bowl was dismantled and the contract system had not been fully developed.²⁶ With the introduction of the LCL, I am cautiously optimistic that the system will reduce precarity. Contracts have become more explicitly about social protections and employers face financial penalties for violations, resulting in dramatic improvement in the number of workers that have a contract. Moreover, Figure 2-6 demonstrates that after the LCL was adopted work disputes increased significantly. This is attributed to an increasing awareness of the law and improved mechanisms for workers to use the contract to ensure minimum legal standards are met (A. Chan and Siu 2012; Piquet 2008). Wang *et. al.* (2009) explain that there has been an increase in worker litigation in the first few months of 2008, which can be seen in Figure 2-6 presented earlier. Figure 2-6 shows a dramatic increase in labour disputes after the introduction of the 2008 Labour Contract Law and provides some anecdotal evidence that this law has been effective in raising worker awareness and creating a more accessible dispute

²⁶ The experience of migrant workers in Guangdong maybe slightly different because in Guangdong SOE industrialization was not as prevalent thus the introduction of the 1995 Labour Law may have actually contributed to reductions in precariousness of export oriented workers as this new standard was better than no standard at all.

process which workers are more likely to utilize.²⁷ This is also supported by workers interviewed in my summer 2014 fieldwork: all interviewees who wanted a contract had one; only one had refused a contract. Mr. Wong explains, “Yes [I have a contract], otherwise if there’s a problem I can’t do anything” (Int 36w).²⁸ Mr. Wong and many of the other respondents recognized the importance of a work contract as a source of protection. Even employers recognized the importance of a work contract: when asked about labour contracts, all factory owners explained that they followed the law. However, in interview discussions employers suggested that they follow their interpretation of the law. The fact that each factory owner specifically mentioned that they follow the law implies that they are aware of the degree to which they need to follow the law, especially vis-à-vis the areas where there are costs of not following it.

Although contracts are important there are significant limitations to worker contracts and how the contracts reduce precarity. At one of the factories I visited, a small shoe manufacturer, I asked to see the contract that the factory signs with workers. The factory owner explained that he had downloaded it from the internet and that it met all of the requirements of the law. He had simply filled in certain fields like wages, overtime pay, working hours, and so on. In some ways this may come across as a highly informal contract that has little meaning. However, in an effort to make the worker take the contract seriously each worker signed the contract and then placed their thumbprint over the signature. The informality of the actual contract is overwhelmed by the formality of a red thumbprint on the contract as a personal connection to the work and as a promise to the employer from the employee (the employer did not need a thumbprint). The act of

²⁷ The number of labour disputes in 2012 still seems extremely low compared to the total number of employed 266 million urban employed compared to 589,000 reported labour disputes approximately 0.2% of the total employed (National Bureau of Statistics of China 2014).

²⁸ All names used are pseudonyms. For a biographical description of all workers see Primary Sources

creating a contract becomes quite personal for the employee, while the employer maintains more significant legal distance signified by the absence of a thumbprint. The contract becomes a tool of the employer to exercise legal authoritarianism against the employees as contracts are pre-defined and personal, which ensures the employees must follow the contracts, while employers have more flexibility to utilize the contracts in their best interests.²⁹

Workers' knowledge and ability to exercise their rights as per the contracts were mixed. None of the workers felt that they could negotiate their contracts with their employers, other than pay and work hours, and many stated they were simply given a contract and then told if they wanted the job they had to sign the contract without negotiation. Employers simply offered the legal or local minimum and potential workers had to agree. Also, workers had no room to negotiate working conditions or any other component of the contract. All of the workers knew their pay level as well as overtime and piecework or incentive pay. Many knew their working hours as they were stipulated clearly in the contract.³⁰ Few workers interviewed knew their options in the event that their employer violated the terms of their labour contract; some suggested that they could sue but when pressed to explain how, no one could explain the process or accepted rationale for pursuing legal action. Furthermore, most workers explained that if they had a problem at work they would first speak with their employer and then most said that if they could not work things out with their employer they would find a new job. Only a few (<10%) stated that they would actually pursue legal action. Interviews demonstrate that workers'

²⁹ This adversarial relationship was highlighted by a conversation with the HR manager at a footwear company which explicitly stated when discussing the future possibility of increased involvement of the union in the factory "The union represents workers, then they must be against the company, this is natural, it happens in every country" (Int 61o)

³⁰ Although in more than one case the working hours far exceed the legal maximums in Guangdong.

knowledge of labour contracts is defensive knowledge where most understand the basic contents of the law and how it applies to their day-to-day activities but expressed little knowledge of how they could use the law to further their interests. Overall, workers can utilize their contracts to achieve specific objectives in relation to legal minimum standards, which is often far below even what in practice they receive, and not as a tool to achieve other objectives like collective representation or other things that would further their bargaining position. This can be seen as a strategy of legal authoritarianism where workers accept the provisions as outlined by the law but cannot argue for improved conditions. Also, workers do not resort to legal recourse as the process is mostly unknown, complicated and time consuming, except in cases of extreme precarity.

Wei *et. al.* (2013) explain that by further ingraining the contract system through the LCL as the main relationship between employers and workers in China, the law gives employers flexibility to sign contracts that they can use to achieve their needs especially through the use of employment agencies. However, by enshrining the importance of flexibility within the contracts, precarity becomes endemic, especially for a large labour force of poorly educated migrant workers. One of the most important and most controversial stipulations of the LCL is the requirement to provide an open labour contract to the employee after 10 consecutive years of working for the same employer, after two consecutive fixed-term labour contracts, or if the employer fails to provide a contract to the employee after one full year of working (LCL 2008 Article 14).³¹ An open labour contract is somewhat similar to the Iron Rice Bowl in that a

³¹ An open labour contract is equivalent to guaranteed lifetime employment after working for a company for 10 years or after signing two consecutive labour contracts. Although open labour contracts bound enterprises to employees, there are no stipulations about raises or other improvements in benefits.

worker's job is guaranteed until retirement unless extenuating circumstances like bankruptcy or dereliction of duty takes place. However, a key difference is that while the open labour contract guarantees lifetime employment, social services are now provided directly by the state and living, education, housing and other expenses of the employee must be purchased on the market (LCL 2008 Chapter 11). The open labour contract is seen as a way to smooth some of the precariousness, as workers do not have to worry about being fired after a significant time working in a company. Unlike under the Iron Rice Bowl where SOEs were backstopped by the government, private enterprises are not backstopped financially by the state to ensure continuity of benefits if the company ceases to exist. On the eve of the implementation of the LCL, many large companies responded to this rule by firing all workers, paying them one month compensation for each year worked, and then selectively re-hiring the workers through employment agencies or other HR companies which would be used to manage the workers as a way to forego the open labour contract and the commitment to near life-long benefits (F. Xu 2014). Prior to the LCL, employment agencies had been used as an efficient way to find workers jobs with minimal fees to both parties.³² Today, labour dispatch companies are increasingly used as another tool to maintain flexibility in the workforce and to reduce the impact of long-term social liabilities on the company (F. Xu 2014:132). The government has recognized some of the loopholes enabled through the use labour dispatch companies and has taken the unprecedented step of revising small parts of the LCL in 2012 in an effort to limit the impacts that labour dispatch companies have on increased precariousness.

³² Because of labour shortages in Guangdong, employment agencies today only charge fees to employers and a small amount around 10RMB to employees.

During fieldwork I also encountered a number of places that had concluded three year contract terms with their workers. According to Article 19 of the LCL this enables the employer to have a six month probation period as opposed to a two month probation period if the contract is less than three years. This provided a large degree of flexibility for the employer to control staff through probation based on high rates of turnover of employees in the region, as well as to ensure that once the probation period was up that the employee was going to be a ‘good’ employee. Probationary periods allow employers to pay a lower salary, 80% of the minimum wage. Therefore, employers can take advantage of the labour contract and high turnover to reduce labour costs and maintain pressure on workers in low skilled positions who can easily be replaced.

Contracts have come a long way to reducing precariousness by providing specific minimums that employers must abide by. The extent to which employers actually abide by these rules varies. Although awareness of these minimums is expanding and along with other factors in Guangdong, there is some increased pressure on employers to meet minimum standards. Workers also have increasing confidence that they will be able to find another job, which meets minimum standards, if their current one does not. Further increases in awareness of labour contracts are needed to transition from defensive strategies where employees argue for minimum standards because defensive positions are limited in their effectiveness at increasing worker protections. Additionally, employers are finding new ways to maintain flexibility and this continues to be a serious source of precariousness for workers.

3.3.2. Accessibility of Legal Channels

In order to understand how legal channels affect precarity it is important to understand how accessible legal channels are to workers. The Labour Contract Law sets out a tripartite relationship between the employer, the state and the trade union and this relationship is supposed

to effectively manage all labour disputes in an enterprise. The employer is responsible for upholding the law, the state is responsible for enforcement through inspection and legal channels, and the trade union is supposed to be the first line of defence in recognizing problems on the shop floor and negotiating settlements between enterprises and workers. It is important to note that trade unions in China have a different role than Western trade unions because there is only one trade union in China and it is an arm of the CCP. This is complicated by the fact that many union heads in enterprises are also senior level managers, or family members of senior managers within those enterprises, which significantly weakens and biases one arm of the tripartite relationship. The tripartite body is supposed to negotiate based on chapter seven of the LCL, entitled Legal Liability, which goes into explicit detail regarding the punishment for failing to adhere to the LCL and specifically addresses some of the most serious offences committed against workers in the 1990s and 2000s (A. Chan 2001; Pun 2005b). Some examples of these rules include failure to pay wages, failure to sign a contract, failure to pay overtime, taking or withholding an ID card of the employee, and so on. In order for a worker to be able to act on these violations through the tripartite channels they must follow the procedure outlined in the Mediation Law (ML 2008).

An important source of precarity reduction is the Mediation Law. The Mediation Law details the procedure for labour disputes, which is a four-step process. The first step is enterprise or town level mediation; a decision must be made within 15 days. If an agreement cannot be reached, the dispute is referred to the local labour-dispute arbitration commission. The commission is responsible for hearing all labour disputes and a 1-3 member team is responsible for awarding judgements based on evidence. The commission must make a decision within 45 days. The judgement made by the labour commission can be appealed to a people's court for a

trial. That result can be appealed once to a higher-level court (Int 68r). There are some stipulations which attempt to make this process easier for workers. According to Article 53 of the Mediation Law, arbitration is free of charge. Article 44 allows for the advanced execution of judgements if the dispute is related to labour remuneration, medical expenses for on the job-related injury and economic compensation or damages so that dire economic circumstances do not lead to someone abandoning a case in which they have a good chance to win although the degree to which this clause is actually used is not well documented. Some of these rules mark progressive consideration of reducing precarity of workers, yet awareness of the rules and bullying by company officials remain major obstacles to deterring bad practises. Although the combination of the three laws has significantly improved the legal rights of workers, criticisms persist. One of the main criticisms of this law is that even though it goes far to protect workers it fails to protect those at the lower strata of the workforce, as migrant workers have limited access to the law (Cooney 2007). While the central government has tried to address this problem by eliminating fees for labour disputes and by speeding up the time to resolve disputes (Silver and L. Zhang 2009), there are still a number of gaps facing workers, namely decentralized accumulation, problems of obtaining qualified council, and economic considerations around how to fight cases while also maintaining a livelihood, are all difficult problems for workers to overcome.

Decentralized accumulation is a pivotal point of the legal system because so much of the decision making around labour disputes is done at the local level where local officials have significant influence to ensure that decisions do not adversely affect businesses. It is important to note that the labour commission overwhelmingly sides in favour of workers, up to 80% of the time, but these are only the cases that make it as far as arbitration (Cooney 2007). This high

percentage demonstrates that the shadow of the courts are not acting as a deterrent for employers to follow the law rather they are relying on their political influence to ensure that their exposure to the law is minimized as cited earlier very few cases actually make it to the courts. Additionally even though a worker wins a case does not mean that compensation will be forthcoming. In fact, one of the major problems is that enterprises become quite good at non-payment through collusion with local officials in the hopes of forcing workers to abandon their claims because of economic needs (Int 28r, Cooney 2007).

Obtaining qualified council can also be difficult for workers as lawyers are expensive. Although labour disputes are supposed to be manageable by workers, there can be a significant gap between the knowledge of workers and employers, especially in regards to access to information and networks from which to draw that access. This makes it more difficult for workers to defend or present their case. During an interview with a lawyer (Int 68r) he explained three important points about labour cases: first, cases are difficult to win because the enterprises store all records and even though workers have a legal right to see their file, getting access to their files in a timely manner and ensuring that they are legitimate versions of the file is difficult. Second, many of the cases involving workers are financially unappealing for lawyers because the expected commissions are not high enough to justify the work required. This is also supported by a discussion with another lawyer (Int 56r) who explained that he is one of the few lawyers who works on labour law because, according to him, he is not interested in making money. Finally, one lawyer, who had also previously worked as a judge, explained that corruption was a problem for labour cases and he continues to see corruption of the legal system through lavish dinners and other gifts.

Additionally, based on the standard working hours which generally exceed 50 hours per week, it would be difficult for workers to keep with the requirements of the legal system while working, due to the time-consuming nature of the legal process. As well, employers are not likely to grant time off to a worker to fight a labour dispute with another employer, the one option is for workers to remove themselves completely from labour and return to the countryside in order to fight their legal battles (C. K. Lee and Kofman 2012). Therefore, even though the monetary cost of fighting these disputes is relatively low, workers may not be able to earn an income during that process and the cost of living may be too high to sustain a legal dispute. For migrant workers with little education, arguing through the legal system proves to be difficult, especially navigating the processes, understanding the rules, and following all necessary procedures.

Although labour contracts are meant to serve the needs of employers and workers on a daily basis by outlining the rules and responsibilities of the job, the legal system is meant to serve as a last resort for workers who have lost all other options and can no longer easily get another job or have lost significantly at the hands of their employer. One example is the case of Tongxin Jewellery Company. At the beginning of 2014, Tongxin decided to move its manufacturing to a new district in Guangzhou. They agreed to move all younger workers but all older workers, about 50 people who had worked more than 10 years in the company and were entitled to an open labour contract, were let go. These workers have two major problems; they have lost their job because of the open labour contract and no guarantees that they will actually receive their social insurance. The workers have been negotiating with local officials and have applied to the social security bureau for rectification but until this time the case remains

unsolved.³³ Even though workers will most likely get all that is promised within the labour contract, they will have a difficult time claiming pensions, beyond what they are legally entitled, because what is specifically mentioned in their contract is far below what they were actually paid and entitled to. The local government may decide to err on the side of ensuring internal stability as a form of legal authoritarianism and grant employees reasonable compensation but there are no guarantees. Employers are aware of the degree of enforceability of what is included in the contract. Often, workers face disappointment when they learn that only the legal minimums are enforceable even if they were earning significantly higher than the legal minimums because the legal minimums is usually all that is written in the contract.

The legal system provides important avenues for workers to be able to fight for and achieve minimum standards, and may provide opportunities for collective action when all other avenues have been used. In this manner, the legal system provides some degree of security as legal channels can ensure minimum levels of benefits as outlined in the law. Although following minimum employment standards is a significant improvement in recent documented employment history, especially in Guangdong, the lack of worker knowledge of the legal system, as well as costs and time, makes the threat of legal action an ineffective incentive for enterprises to significantly raise employment standards.

3.3.3. Social Insurance

The consolidation of social insurance under the 2011 Social Insurance Law (SI) has been instrumental in resolving a great deal of precariousness by providing important benefits which were unavailable to non-SOE industrial workers and especially to non-local hukou holders in the past. Through fieldwork it became apparent that the Social Insurance Law is very important to

³³ Information obtained from Int 57r with a labour NGO who had been working with the striking workers.

workers, especially the pension portion of the law. Older workers made job choices which were oriented towards the social insurance law because it is seen to provide some degree of security in their older age. Many of the older workers explained that they would remain with their current employers for 15 years so they would qualify for social insurance. In 2014 more than 40,000 workers went on strike at Yue Yuen, a Taiwanese company that is the largest sport shoe manufacturer in the world, in the plant located in Gabou, Dongguan. One of the main reasons for this strike was the embezzlement of social insurance payments by the local government and the company. This strike galvanized older workers, who, up until that point, had not been important actors in strikes in Guangdong. However, because social insurance payments were compromised the future security of older workers became increasingly precarious. This raised important questions about whether they would receive their pensions and how much (Schmalz, Sommer, and H. Xu, Forthcoming). The Yue Yuen strike demonstrates the importance of social insurance for older workers, underscoring the increasing importance of the social insurance law as a means of security for these workers.

Social insurance is also meant to provide important security benefits to reduce precariousness which go beyond pensions. As set out in Chapter 3 of the SI, medical insurance offers payments of basic medical expenses including medicine and medical fees for standard as well as emergency treatment (SI 2011 Article 29). There is some ambiguity around what is standard but this program provides basic medical benefits which is desperately needed for many workers. Secondly, work-related injury insurance covers all medical fees including rehabilitation and death benefits if a worker is hurt or killed at work (Article 36-37 SI 2011). Unemployment insurance requires workers to pay into the system for a minimum of one year before qualifying for benefits. Benefits are graduated by the length of time one is a contributor (Article 46). The

rates are set by local governments but it is stipulated that pay-outs cannot be lower than the minimum living standard (Article 47). Finally, Maternity Insurance covers medical expenses associated with giving birth as well as regular pre and post-natal medical check-ups.

Additionally, maternity leave is paid based on the average rate of the employer but the length of time benefits are to be paid is not explicitly stated. These programs are significant steps for workers to reduce precariousness as they provide important coverage for the most basic medical and livelihood securities. Furthermore, these programs are not limited by Hukou holders such that contributors will receive treatment based not on resident status but on whether or not one has subscribed and contributed to each program which is normally reliant on having a job.

The Yue Yuen strike was solved when the central government took the unusual step of forcing the Dongguan government and Yue Yuen to solve the social insurance payment issue. This demonstrates how social insurance meets objectives that are important to the central government and shows one of the ways that the central government attempts to overcome the problem of decentralized accumulation. Mandatory social insurance is important to the central government for a number of reasons including providing increased payments to a system that would be unsustainable if enough people are not contributing (Z. Li 2013). Also, it increases consumption expenditure, as people may save less for retirement and for emergencies if they feel secure through state-led coverage (Blecher 2009). Increased enforcement demonstrates the

importance of SI as a pinnacle stability policy for the central government and a way to galvanize support for the law.³⁴

Despite the important steps that have been taken to reduce precariousness, there are a number of reasons why social security continues to reinforce precariousness. This includes insecurity and distrust around whether payments will be made, costs for employees and employers, and technical implementation problems. There is a great deal of insecurity regarding how much workers will receive when they retire and they mistrust that all of the payments they made into the system will be available to them when they retire. This insecurity stems from two sources which were at the centre of the Yue Yuen strike: the employer and the local government. When asked about whether she will benefit from social security, a worker at Yue Yuen explains, “I have to wait and see. The government has made a commitment. I will only know if they will honour that commitment after my retirement” (Int 63w). Many workers have come to rely on the policy as an important instrument in reducing precariousness but are unable to feel fully secure that the program will provide enough financial support for their retirement. This worker at a furniture fittings factory explains, “Basically we only pay for 15 years. I have paid for 8 years. In 15 years, I might retire. Even if I pay more, I will get almost the same amount after I retire. There’s just very little difference. 15 years is a very long time. We don’t know what will happen in the future. Even if we pay for the welfare now, we’re not sure if we can get this money or not.” (Int 24w). Another worker (Int 15w) explained that one of the main reasons she chose to

³⁴ In 2014 Dongguan lowered the average monthly wage by 25% when all other regions in the area either raised or kept constant the average wage, despite Dongguan already having the one of the lowest wages of the region (China Briefing 2014). This reduction is important for two reasons 1) to ensure that the burden on businesses of the SI law is not too great to encourage businesses to stay in the region. 2) To further demonstrate the problems of decentralized accumulation as local governments continue to undermine the efforts of the central government.

work at her current factory is because she trusts her boss to buy social insurance for her. Thus, trust is an essential part of social insurance; workers must trust that they will receive payments, otherwise they will simply ask for it to not be deducted from their salaries. Furthermore, the central government must enforce the system by clamping down in order to moderate decentralized accumulation, otherwise the objectives of the policy will fail.

The costs of the program are also an important factor which has mixed effects on precarity. On average, contributions for workers that I interviewed were about 300 RMB per month. Average wages for respondents were approximately 3000 RMB per month, thus 10% of wages were contributed to social insurance. Employers contribute the other 30%, but the problem is the amount that is spent in China on food, called the Engels coefficient, is 37% of the average worker's wages in addition to housing and other necessary medical expenses (Z. Li 2013). This means that 10% of salaries for workers at the lowest scale is a large sum and one that some workers, especially young workers with a long time until retirement, will forego until they are closer to retirement, choosing not to sacrifice today for the future (Z. Li 2013; W. Wang 2012). It is tempting for young workers to forego payments because the rate of interest on the personal account portion of social insurance pays an average bank interest rate of 2.65%. Yet inflation is consistently at or near the bank rate, thus inflation is near or outpaces pensions (Z. Li 2013). Therefore, costs are an important factor when understanding how social insurance impacts precarity. Even though the cost of social insurance may seem like a small amount, it is relatively high compared to workers' disposable income. Further, contributing to it may significantly impact precariousness in the present, especially if workers have a young family or support family members in their hometowns. While social insurance may overall reduce precarity for the individual, it may increase the precariousness of the individuals' dependents in the short to

medium term, if that support is no longer provided. Or it may be seen as an added burden which can be put to more productive uses in the short-term for a more stable and reliable income in the longer term. Until it is institutionalized universally, along with a proportional rise in incomes, social insurance for the lowest strata of the income scale will continue to create a certain degree of precarity which acts as a regressive tax on the poor.

The quote below by a senior union official gives an important summary of the situation of social insurance in Guangdong and focuses on one of the key problems of the social insurance, transferability:

The Yue Yuen strike pushed the social security system to develop faster. Before, many companies did not buy social security according to the actual salary of the workers. After this strike, lots of strikes, which were caused by social security problem, happened in China. According to the statistics, in Guangdong, from April to August [2014], there were more than 10 strikes which are caused by social security problems that happened after the Yue Yuen strike, and were all influenced by the Yue Yuen strike. The Yue Yuen strike also drew the attention of the Guangdong government, so the Guangdong government did research about the social security in all the companies of Guangdong. The government is planning to formulate some rules about buying social security to finish the party's goal about reformation of social security. The most important thing of this goal is to make the social security transferable. Many workers do not care whether the companies buy them social security or not because the social security cannot be transferred. The Yue Yuen strike showed us this problem. This problem is closely connected to China's urbanization. This is the meaning of the Yue Yuen strike (Int 58r).

This respondent underscores a key bureaucratic point about SI that is leading to precarity, the transferability of social insurance between provinces and regions. According to a leading labour academic in Guangdong, the problem of transferability will persist for quite a long time.³⁵

Transferability is a problem because some provinces collect large sums of money for pension funds. However, the differential development of China means that large disparities between the

³⁵ Informal communication with a prominent labour scholar from Guangdong.

coast, the central and western regions problematize how much money to transfer and whether to transfer money between provinces as migrant workers go home after their retirement (W. Wang 2012). Wealthier regions are hesitant to transfer money to poorer regions as they are transferring funding away from their provincial funds (W. Wang 2012). Unbalanced development has led to some pension systems with a high degree of sustainability and others without (Z. Li 2013). This is exacerbated by the transferability problem mentioned previously. Moreover, there remains a degree of uncertainty as to whether benefits should be based on standards of living in Guangdong or in local provinces (W. Wang 2012). Therefore, one of the key priorities of the central government is to remove this uncertainty by rationalizing the system to allow for seamless transferability between provinces. Until these problems are solved there is decreased confidence amongst local officials that the program will resolve the pressing needs of their regions. This intensifies the problem of decentralized accumulation by placing increasing pressure on growth rather than stability, social insurance and redistribution.

Another important issue is the degree to which the program can remain sustainable. Firstly, with only 15 years of required contributions before one is eligible to access the pension there is not enough time to contribute in order for the program to be sustainable. This is especially affected by the rising life expectancy of people in China, which, when the 15 year rule was put into effect, was 50 years and in 2010 it was 74 years (Z. Li 2013). Another problem is the way that employers categorize salaries. Every employee interviewed knew their base salary along with their net salary. This reason for distinguishing between base and net was not immediately apparent but became obvious when it was repeated in every interview. The base salary is close to the minimum wage and the net is the actual amount they take home. The base is the one that is typically in their labour contract and is the one on which social insurance contributions are

based. This also places a strain on the sustainability of the funds, as base salaries are typically one third of total salaries. Because of the way the pensions are calculated those at the lowest scale of income benefit the most from pooled pensions and when almost everyone is contributing at the lower end there is a problem of sustainability (Z. Li 2013). Frequent job changes also place significant stress on the system. Workers lose out on their contributions to the system when changing jobs frequently and employers are hesitant to contribute to the system until workers have committed to the workplace and often do not contribute for a period of time at the start of employment (Yu and Hu 2013). To some degree, this is a problem of the system which makes it difficult to transfer even between employers in the same town as bureaucratic rules have not been fully rationalized (W. Wang 2012).

From this discussion we can see that both the Labour Contract Law and the Social Insurance Law are creating tremendous progress in China, and specifically in Guangdong, to reduce precariousness. However, a new round of reforms is needed to minimize the impacts of decentralized accumulation and reverse growing inequality. Alienated politics remains an important determinant of whether the central government will use its sizeable influence to steer the course or, because a lack of voice from labour, they will only be able to respond when large-scale collective and spontaneous uprisings like the one at Yue Yuen occur. The latter will continue to undermine internal security. I have highlighted how the LCL and the SI have had mixed impacts on precarity in China. In the coming chapter I will explain how the labour market, and especially the labour shortage in Guangdong, is reducing precarity for many workers while outlining how Decentralized Accumulation and Legal Authoritarianism continue to create precarity for workers.

4. Precariousness through the market - the relationship between employer and employees

4.1. Introduction

The growth of export oriented industries in Guangdong has placed a heavy burden on workers creating long working hours, dangerous working conditions and low wages. However, according to Chinese government statistics and a limited number of academic studies, in the last four years wages are gradually improving and working hours are getting shorter, which suggests a partial reduction in wage related precariousness (C. Yang 2012). Some of these studies have used the Lewis model to explain how conditions are improving (see for example Garnaut 2010). The Lewis model predicts that with increased capitalist activity in a labour surplus economy, wages will eventually rise as surplus labour shrinks. According to the Lewis model, increased capitalist activity will also lead to improved working conditions which indicates that the power dynamics in the relationship between employers and employees will change (Minami 2014). Experts suggest that a labour shortage in Guangdong and changing consumption patterns of workers are two potential signs that Guangdong is reaching a Lewis Turning Point however they go on to say that if a Lewis Turning Point is coming it is only in the early stages (Minami 2014). Despite the Turning Point being incomplete the Lewis model has significant explanatory power to explain *why* the conditions creating precarity for industrial workers are changing in Guangdong. Yet, it is clear that the Lewis model does not go far enough to explain the change in labour conditions in Guangdong's manufacturing industry because the details of *how* the labour market changes with a shortage of labour is very important to understand how precariousness is being reduced. To better explain the situation, I will introduce the concept of labour power (Silver 2003; Wright 2000) to provide insight into the specificities of the Lewis model and account for the factors which are mediating precariousness between employers and employees in Guangdong. The

concept of labour power demonstrates that there are asymmetrical power dynamics between employers and employees which lead to an incomplete realization of the benefits of the Lewis Turning Point for workers. This chapter will show that the Lewis Turning Point literature only gives a partial explanation of the ways that precarity is manifested in Guangdong and by invoking the labour power literature we can see the limits to the market based explanation provided by Lewis.

4.2. The Lewis Model

Figure 2-10 shows a dramatic rise in wages in Guangdong, the central question of this chapter is why there is such a rise. Therefore this chapter introduces the Lewis Turning Point model, and complements it with primary and secondary data to explain why wages are rising, which can also be seen as a key sign of reducing precariousness.

The Lewis model posits a transition between (a) a classical growth model whereby wages for workers are near subsistence levels and are determined by what can be earned outside of the industrial sector mostly through farm incomes (Lewis 1954) and (b) a neoclassical growth model, which assumes individuals chose between wages and leisure and labour rises along with labour productivity (Minami 2014). Furthermore, it assumes that work is available when people want to work. In the neoclassical model it is suggested that unemployment is mostly cyclical and will be corrected through the business cycle. Lewis explains that wages in a classical model are constant in both the capitalist and subsistence sector and generally 30% higher in the capitalist than subsistence to account for higher costs of living in a city and to attract people into a less attractive type of work (1954). In the classical Lewis model, the supply of labour is seemingly endless as increased demand for workers does not result in a proportionate increase in real wages. The capitalist surplus will rise continuously along with annual investment which will rise

as a continuing proportion of national income. The turning point occurs when capital accumulation catches up with population and there is no longer surplus labour or the turning point may happen before this if one of the following four factors occurs (Lewis 1954:172). Any of these factors will force a decrease in capitalist's profits and return wages to a subsistence level. But if capitalists profit continue to outpace wages, than the turning point has occurred and the closed classical model will not continue to hold as wages will rise above a subsistence level (Lewis 1954:176).

1) Reductions in the number of workers in the agricultural sector

Capital accumulation proceeds at a higher level than population growth in China, as evidenced in the previous section, and through the one-child policy, which has decreased population growth rates to 1.65% in 2009 (K. W. Chan 2010:519). Due to the reduction of workers in the agricultural sector the subsistence level per worker rises as there are fewer mouths to feed in the agricultural sector. Zhan and Huang (2013) explain that there are increased opportunities for agricultural workers in central and western regions in China where wages are rising, which is reducing the number of agricultural workers but there still remains a large portion of potential workers in the agricultural sector.

2) Inflation due to an increase in demand for agricultural products

As the expansion of the industrial sector exceeds the expansion of the agricultural sector, the terms of trade begin to shift in favour of the agricultural sector; thus employers must pay workers more in order to keep real income constant due to increased costs of food and other basic supplies. This is shown through interviews throughout the region where workers spoke about increasingly higher costs for food (Int 14w, Int 15w, Int 36w, Int 42w, Int 50w, Int 66w).

Notably, if wages increase along with inflation then this factor should have no effect on precarity among those who are working because prices will rise alongside costs.

3) Technological improvement in the agricultural sector

Productivity level increases in the agricultural sector, which lead to increases in average wages in the agricultural sector, which then increases wages in the capitalist sector, as wages in the capitalist sector remain at least 30% higher than wages in the agricultural sector. This price premium is because the cost of living in cities is higher and workers need to be attracted through financial means to work in less appealing workplaces in industry. Peasants are also direct beneficiaries of capitalist investment in agriculture as efficiency levels rise due to increased productivity through more available technology which will cause wage rises in both sectors (Lewis 1954).

4) Increased consumption

Workers may try to emulate the capitalist way of life and therefore need more income. Consumption is slowly beginning to rise in China as demonstrated in Figure 2-7. Thus consumers are demanding increased wages as preferences may have changed (Harney 2008). Increasing consumption is a priority of the central government and through policy is likely a significant reason for increasing wages as increasing wages is seen as one of the key ways to increase consumption. Increasing consumption as previously explained is one of the key ways to ensure a growing domestic market and rising living standards. The second half of this chapter will further expound on the specificities of this process.

Wages start to increase when there ceases to be a labour surplus or any one of the above four factors places significant influence on wages. Points one, two and three, although important, are beyond the scope of this paper and are affected by the relationship between the agricultural

and the capitalist sector, a topic that was outside the purview of my research. Instead, in the coming sections, I will focus on point four and the shrinking labour surplus. I will begin by discussing the labour shortage in China. Although, beyond the scope of the paper, it is interesting to consider how a surplus labour country operates next to a non-surplus labour country. Or how regions within countries - for example the coastal regions versus the central and western regions in China - have both surplus and shortage labour which Minami, Kim and Makino (2014) suggest is the main reason for the delayed Turning Point when looking at China as a whole as there are such vast levels of development between regions. There has been no comprehensive economic studies of the timing of the Turning Point in Guangdong specifically, however Guangdong and other more developed coastal regions will reach the Turning Point sooner than central and western regions. There is strong evidence based on other comprehensive studies of other East Asian countries that when the Lewis Turning Point is reached there is a significant reduction in precarity for workers.

4.3. The Labour Shortage

Guangdong has reported widespread labour shortages since 2004 mostly caused by a lack of workers migrating from the countryside to feed the growing demand for workers. These shortages especially intensified after the 2008 global financial crisis. However, with a massive working age population of 981 million (16-64) and at least 100 million workers' surplus to agricultural needs (K. W. Chan 2010; D. T. Yang et al. 2010) or 44.3% of the total agricultural labour force is surplus (Shaohua Zhan and Huang 2013), there are serious questions about what is causing the labour shortage and how it impacts precariousness. This excerpt from a factory owner in Dongguan explains the evolution of the labour shortage.

In the early years employees received very little benefit compared to how hard they had to work. Because there were way more workers at that time than

factories needed, that was about 15 years ago. The working conditions were very bad. [...] Now, it is very hard to find workers, it sometimes takes me one or two months to find a good worker. [...] Back in the old times, if you put up a recruitment ad to find one worker, 200 people would wait in a line to apply. And the worker would probably have to have some connections to get into the factory (Int 8o).

This interview excerpt reveals that in a short span of about 15 years in Guangdong how drastic the impact that the labour shortage has had on the employers and employees. Kam Wing Chan (2010) suggests that the labour shortage in Guangdong is a mixture of supply side and demand side factors.³⁶ On the supply side, there are three main components which influence the supply of labour: 1) the interaction of demographics and employer preference; 2) new growth opportunities; and 3) growing rural incomes (Ibid; Int 8o; Int 25r). The interaction of demographics and employer preferences can be captured using the following example: export oriented industries have benefitted from young single workers who are able to work long hours in poor conditions and do not have significant financial pressure. However, the one child policy has led to a dramatic drop in the number of available workers for the export industry. K. W. Chan explains that the number of available workers that fit employer demand for young workers aged 15-19 has dropped by as much as 40% in just 15 years between 2000 and 2014 (2010:520). Meanwhile, the population of older workers is quite significant, because there is a large rural population that is not needed to maintain current agricultural productivity levels (rural surplus population) of more than 100 million 36-64 year olds (K. W. Chan 2010). While there is a shortage of the younger more desirable workers there is a glut of older workers thus employer preferences are creating a false labour shortage.

³⁶ It is necessary to understand the Lewis Turning Point in relation to the coastal provinces of Guangdong, Zhejiang, Jiangsu and Shandong as they are the ones experiencing profound labour shortages which is different from the less developed central and western regions.

The second supply side factor especially for young workers is increased opportunities. This is due to a combination of workers experiencing poor treatment especially unpaid wages around the recession in 2008 in addition to the experiences of friends and family who attempt to dissuade them from going to export processing zones, along with increased opportunities in the service industry. Additionally, entrepreneurship and industries closer to home have all significantly reduced the supply of labour for factories. Finally, the third supply side factor is pro-rural policies in the 2000s have led to increased opportunities for “agriculture and local nonfarm sectors in the hinterland” (Shaohua Zhan and Huang 2013). Accounted for in the Lewis model, (in point three) technological improvement in the agricultural sector demonstrates how these pro-rural policies increase productivity and wages in the agricultural sector. Thus, a convergence of supply side factors has placed a great strain on the number of workers available for the export industry of Guangdong.

On the demand side there are three main reasons for the labour shortage: 1) dramatic economic growth, 2) mismatches of skills, and 3) anti-recessionary stimulus surrounding the 2008 global financial crisis, which is significantly increasing demand for workers (K. W. Chan 2010). Figure 4-1 illustrates the magnitude of economic growth. K. W. Chan (2010) explains that between 2003-2008 50 million new jobs were created in manufacturing and 39 million in services in China. This growth has been the cause of much of the labour shortage as there are delays in signalling in which regions jobs are available as well as the immense challenges in mobilizing the number of people required to fill those positions. The cause of this problem may be partially structural, as it takes time for people to respond to signals. Once backlog of structural unemployment is cleared it will be interesting to see whether a labour surplus will still exist.

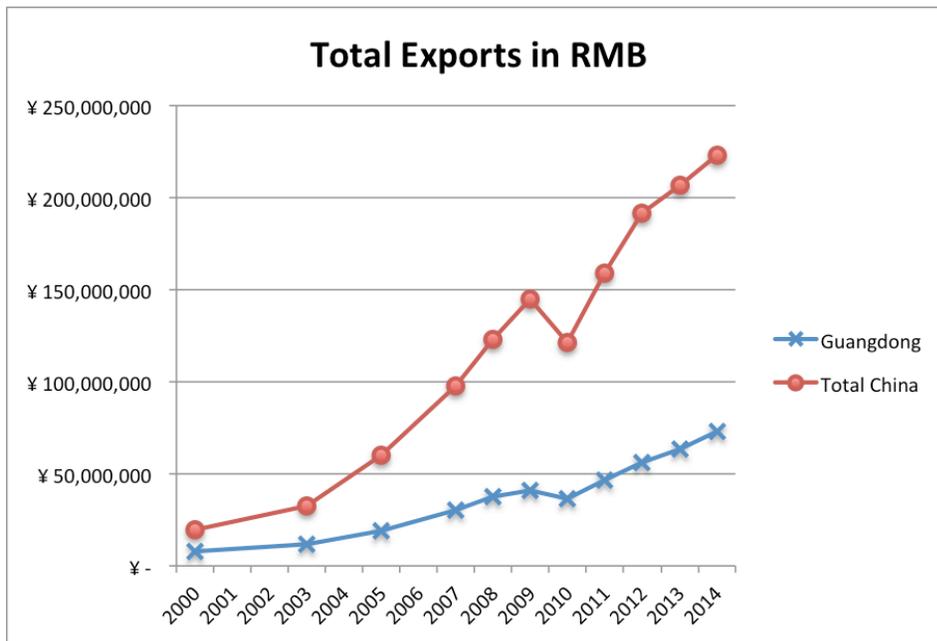


Figure 4-1 - Total Exports in RMB for Guangdong and China (China Statistical Yearbook, 2014)

The second demand side factor is a mismatch of skills; Kam Wing Chan notes that in 2009 Guangdong reported 750,000 unfilled jobs due to mismatches between the skills workers have and the skills employers need. Guangdong is slowly attempting to change its growth model by industrial upgrading to increase the value added portion of its exports (more later in this chapter). The process of industrial upgrading in Guangdong is in need of workers with specialized or higher level skills which are in short supply. The final demand side factor is anti-recessionary spending in the way of massive infrastructure projects has been a key project of the central and provincial governments. These policies have created millions of mostly construction jobs as an alternative to the export industry. Ironically, this type of spending demonstrates the weakness in China's growth model as anti-recessionary spending is necessary despite economic growth and labour shortages. This is because consumption is too low, which does not create enough internal demand because wages are too low. Demand side factors are also complicit in the labour shortage and demonstrate various ways that economic growth is facing limits to

providing adequate labour to meet demand. Therefore, both supply and demand side factors are significantly fuelling the labour shortage.

4.3.1. How is the labour shortage impacting precariousness?

Based on other reports and my fieldwork, there are signs that wages and working conditions are improving, albeit slowly as strategies to maintain low labour costs are perpetuating precariousness (see S. Zhu and Pickles 2013). I will explain some of the improvements that workers reported in interviews and then underscore some of the ways that businesses are trying to undermine improvements.

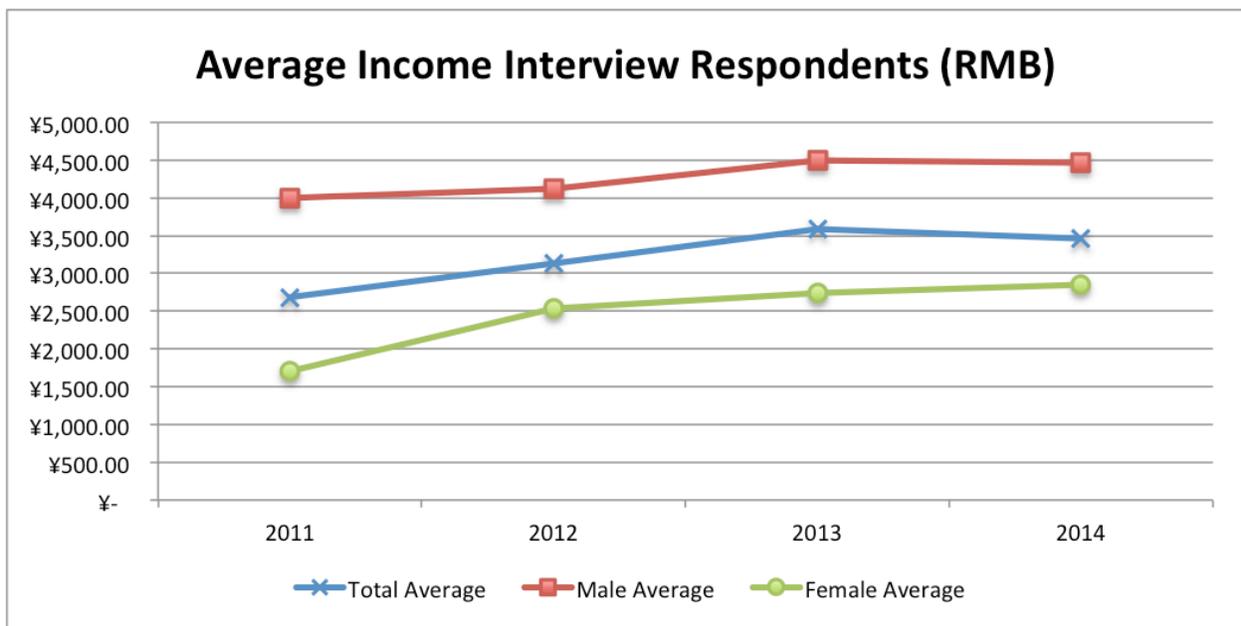


Figure 4-2 - Average Income Interview Respondents 2014 n=25, 2013 n=13, 2012 n=13, 2011 n=7

There are four main themes which I will evaluate vis-à-vis the ways workers are impacted by their employers, wages, working conditions, safety and respect. The first theme is wages: Figure 2-10 and Figure 2-11 both demonstrate that wages are on the rise and Figure 2-7 offers evidence for slightly increased consumption. These positive signs must be tempered with the knowledge that in all likelihood the GINI is continuing to rise, which shows that there are still problems with access to wage raises. The second theme is working conditions, which are more

difficult to verify, though a number of workers spoke about being able to choose when and how much overtime they would work. A factory owner of a small shoe company corroborates the situation by explaining (1) he must provide new standards in order to be able to attract workers and (2) that raising salaries alone is not enough to bring more workers. “Besides the salary, young workers also consider working time, working conditions, living conditions, and what’s more, the location of the factory, because they need entertainment after work” (Int 80). As explained by this factory owner, all of the requirements of younger workers until recently would have been unheard of requests in Guangdong. This demonstrates that working conditions are changing, as businesses respond to the labour shortage by providing better working conditions for workers however these newly-emerging responses still have a long way to go to match the standards of more developed industrialized countries.

The third theme is workplace safety; in many factories I visited there were signs that employers were starting to take safety seriously although there were still serious safety issues, such as lack of safety equipment and inadequate usage of protective equipment.³⁷ Although common sense is required when it comes to protecting workers, institutionalized standards based on previous accidents are fundamental in order to maintain accurate records to better protect workers in the future. The institutional environment around workplace health and safety is still weak in China which results in missing and lax standards and enforcement (Y. Zhu, P. Y. Chen, and Zhao 2014). The final of these is respect, in discussions with labour NGOs and through other interviews, I find a strong adversarial position between employers and employees that labour NGOs interpret as a lack of respect. For example, in one interview a bathroom fittings manufacturer worker explained that she asked for half a day off to take her child to the hospital

³⁷ I worked for 10 years designing, building and servicing machinery.

and her employer refused, despite her having worked at the company for more than 2.5 years - a considerably long time in Guangdong (Int 14w). This apparent lack of respect seems to be connected to resentment that wages are increasing and employers then find other punitive measure to take it out on employees. Although improvements are evident there are still significant gaps in reducing precarity and businesses are finding ways to save costs which are undermining gains.

4.3.2. Business Undermining Gains

During my interviews, business owners articulated their desire to produce stable and reliable growth. In many ways this coincided with the interests of workers as jobs and work provided stability and reliability in the forms of cash income and other benefits. Stability for factory owners often ensures the survival of their business. This means that, in times of prosperity, workers and businesses have priorities that are more aligned. Despite steady economic growth in China over the past two decades, Guangdong faces a tumultuous economy as value propositions are being restructured and redefined in order to accommodate changing economic pressure. This includes increased labour costs, competition from other areas in and outside of China, and increased general instability due to global uncertainty magnified by significant overcapacity. Businesses, therefore, revert to self-preservation and workers must make alternate arrangements that compromise the stability of their labour.

While some businesses accept that wages and working conditions are improving, others find ways to undermine these gains. The ability to undermine these gains often depends on the importance of the geographic location of the business, proximity to suppliers, customers and the market, and position within their particular value chain; these factors may place increased

pressure on them to produce in a particular way, e.g. through CSR campaigns.³⁸ One example of this is a business owner who explains “Because the cost is getting too high, some factories that produce low-unit-price products may move away. And most of the factories that stay in Dongguan now produce high-unit-price products” (Int 8o). Although some important gains have been made, this business owner demonstrates a fundamental flaw in the Guangdong economy: the business model of many of the highly labour intensive manufacturers cannot sustain improved working conditions or wages.

The labour shortage in particular is creating a diverse dynamic as businesses try to cope without a steady stream of employees, which is one of the key competitive advantages for many business models in the region. There are a number of possible options that businesses are trying to use in order to minimize the impact of labour shortage. These include: 1) Incentives - factories rely on incentives as a way to control labour costs; 2) Automation - factories are automating their production as a method of reducing the number of workers required (Int 13o, Yee and Jim 2011) which Silver and Zhang call ‘technological fixes’ to the problem of creating value when costs are rising (Silver and L. Zhang 2009); 3) Moving in - land is a solution to this problem by moving closer to the source of their workers it will be easier to attract workers and reduce costs as labour is cheaper in less developed areas. Silver and Zhang call this a ‘spatial fix’ (Silver and L. Zhang 2009).³⁹ 4). Interns - Some companies are working with local cadres to recruit interns from other provinces or from less industrialized areas within Guangdong to compel them to work in factories for a fixed period of time as a prerequisite for graduation.

³⁸ CSR – Corporate Social Responsibility. In the past number of years there have been a number of campaigns which have targeted the CSR departments of large multinational corporates. They have had a varying degree of success (see for example Pun 2005a)

4.3.2.1. Incentives

Incentives are a significant portion of Chinese workers' wages. As shown in Figure 2-10, salaries have increased. However, some of these increases have been through incentives and other benefits which are easy to remove when businesses are not doing well. In one survey from 2009 based on 696 observations, 33% of the salaries were made up of a bonus or other variable payment.⁴⁰ An example of this is from an interview with a business owner of foodstuffs manufacturer in Shunde. She explained that the current minimum wage in Shunde is approximately 1350 RMB. She further explained that her workers do not receive a minimum salary; rather their salaries are based entirely on production (Int 44o). Her employees earn approximately 2300 RMB per month, but this can vary by up to 800 RMB based on production. Although not all factory owners interviewed were so heavily reliant on incentives, all factory owners used some form of incentives as an essential and significant component of workers'

⁴⁰ The data for this study came from the *Rural-Urban Migration in China survey*, published by the Institute for the Study of Labor, IZA. Data is divided into three sections, urban and rural household surveys conducted by China's National Bureau of Statistics and the migrant survey conducted by Datasea Marketing Research. Surveys were conducted through face-to-face interviews in the major sending and receiving provinces in China. The Urban Migrant surveys were conducted in Bengbu, Chengdu, Chongqing, Dongguan, Guangzhou, Hefei, Hangzhou, Luoyang, Nanjing, Ningbo, Shanghai, Shenzhen, Wuhan, Wuxi and Zhengzhou. In addition the Urban Household Survey's were conducted in the aforementioned cities plus Anyang, Jiande, Leshan and Mianyang. Further, respondents are chosen through a mapping exercise which carefully divides the cities. Workplaces from within the divisions are chosen and then samples from within the workplaces are chosen by a random selection of their birthdate. This survey is designed as a longitudinal study which plans to repeat the data collection between 2008 and 2013, I am using the 2009 data as it is the latest that has been publicly released. Total sample size is 24,206 with 5,107 reporting incomes. Of these 696 reported the breakdown of their income into fixed and variable components.

wages that downloads risk onto workers and increases precarity for workers because of the variability of their income.

Incentives are useful in China for a number of purposes. Firstly, they reduce the tax and social insurance contribution burden for both workers and factory owners, since salaries are often declared as a base salary which is very close to if not exactly at minimum wage for the region; and social insurance calculations have traditionally been based on a declared income.⁴¹ Secondly, incentives shield factory owners from months of poor sales by automatically reducing labour costs. Thirdly, this system is a continued holdover from Mao's pact with industrial workers whereby industrial workers were needed to sacrifice for the greater good of China as explained in Chapter 2. However, in this case industrial workers are forced to sacrifice in the name of private capitalists who symbolically stand in for the greater good of China packaged as an essential component of economic growth. Finally, even though labour laws are not always strictly enforced, the written details of contracts are enforceable so contracts tend to refer to the absolute minimum requirements as prescribed by law as a method of protection against being sued in the case of wrongful dismissal or injury.⁴²

Therefore, the remainder of wages are paid in the form of incentives or other benefits as a method of amongst other things shielding against legal costs. Incentives can have some positive impacts on reducing precarity as employees of successful businesses may also benefit from

⁴¹ In Shunde and Dongguan taxes and social insurance are now based on a calculated average for the region and not the declared average.

⁴² I am here referring only to the laws in the books and not about the extent of their enforcement. However, businesses are acutely aware of the cost of enforcement especially for higher levels of workers who are more aware of the laws. Therefore, labour laws on paper tended to be quite well followed as discovered through many factory owner interviews.

increased sales. However, highly incentivized wage structures increase precarity as workers may find it difficult to plan due to factors which are out of their control.

4.3.2.2. Automation

For the last 30 years China and especially Guangdong have represented a source of low cost production based mostly on cheap labour. Some commentators suggest that Guangdong can no longer maintain its position as the manufacturing powerhouse of cheap goods because labour rates are rising quickly (Rein 2012; C. Yang 2012). However, missing from this discussion is the economies of scale which exist for raw and semi-finished materials along with the significant manufacturing, logistical and clustering capacities which have been developed in Guangdong (C. Yang 2012). Until recently, automation was not considered a major factor in manufacturing in Guangdong. However, the automation industry in China is expected to double in the next three years and will overtake Europe and North America, and growth is predicted to continue rising (China Briefing 2015). Manufacturers like the one interviewed below are looking for automation as a solution to reduce labour costs by simplifying tasks and reducing the number of workers needed for production. This factory manager from a small wine-cooler manufacturer discusses the reasons for automation.

Int 13o: The production will be 4 times more than the old factory but the quantity of the workers is still the same.

B: So that's because of technology?

Int 13o: Yes, because of the automation.

B: You are automating the factory. So what's the reason for automating the factory?

Int 13o: Because we think in the future it will be harder and harder to find good workers with reasonable salary. As you know, China practised the single-child policy years ago. Now many workers are only-child of their family, so they are unwilling to work as hard as the people in older age. They require good salary, nice dormitory. These raise questions for the bosses. Therefore, the boss will prefer to use automation to replace workers and my boss has been to Japan and Germany many times. He visited many factories there. In those factories, you won't see many workers, most are robots.

B: What about finding trained people to operate the machinery?

13o: That's another thing. When you design the machine, you have to make it easy to manage, just one or two buttons, so you can just find somebody from the street to control the machine. (Int 13o)

Importantly, automation is justified as a response to the labour shortage; but when probed further, saving labour costs by being able to hire low skilled labour is the underlying reason for automating. While concerned about the prospects of hiring skilled labour, once the process is de-skilled through automation this concern seems to disappear - thus suggesting that it is the cost of labour that is significant for this manager and not labour shortage per se. This suggests that the perhaps the impacts of the labour shortage are not as widespread as reported in fact it is a resistance to rising wage costs that is creating a false labour shortage. Thus, despite the potential impacts of the LTP the nature of the value proposition for many businesses means that reductions in precarity through wage rises are incongruent with their current business models.

As the above interview explains automation is an important strategy to reduce labour costs and to reduce the number of workers required. Automation can be divided into three categories: (1) effort reducing - to assist workers with tasks that are strenuous or difficult (2) labour saving - to reduce the amount of labour required to do a job and (3) value-add -automation or machinery which automatically performs a task that may or may not be able to be done as well or as quickly by a person. In Guangdong the focus is on the last two categories, whereby labour saving reduces the quantity of labour required but does not place significant pressure on wages except when aggregated on a large scale to create labour surplus. Whereas, machinery in the value-add category, often requires significant skill to run and will impact wages positively. This category can also have the effect of deskilling labour, as the factory manager states, by reducing work to pushing one or two buttons.

Automation provides some opportunities and a lot of constraints for workers. The pace of implementation and the rate of technological change have many links to the local labour market: as labour rates continue to rise factories will attempt to control these costs through automation. How workers fit into the changing economy of work as Guangdong goes through a process of industrial upgrading remains to be seen.

4.3.2.3. Open up the West

Some businesses are undermining gains by moving further inland as a way to chase lower wages and reduce costs. Since the early 2000s China has had a broad policy called “Open up the West”. Goodman (2004) explains that the Open up the West policy is not a cohesive policy; rather it is an amalgamation of a number of policies which aim to achieve a certain agenda of modernizing Central and Western China. It aims to connect more prosperous coastal regions to the lesser developed central and western regions and as a policy of late colonization to ensure that regions populated by non-ethnic Han Chinese are incorporated in the nation building process. Illustrating the complexity of the Open up the West campaign and its importance to the Chinese state, Goodman offers an interesting discussion on the heterogeneity of “the West” as a category and the ways in which economic development and the process of nation building intersect. Although Goodman offers important components of the campaign which go beyond economics, the post 2008 financial crisis conceptualization of the campaign has a more concrete, less ambiguous goal of generating economic growth by bringing investment in the form of industrialization and construction to interior areas to rebalance and sustain higher levels of growth (S. Zhu and Pickles 2013).

Zhu and Pickles (2013) explain that going west has become a serious economic project as a range of economic problems are perceived as being solved through policies focused on relocating labour intensive production inland. Zhu and Pickles highlight the competitive nature

of the campaign where provinces compete for FDI and coastal provinces try to avoid losing investment by encouraging companies to move to lesser developed regions within the provinces. They explain that in 2008 Guangdong announced the “decision on encouraging industry and labour relocation” whereby the province will help industries relocate facilities and encourage labour to move within the province where labour costs may be cheaper (C. Yang 2012; S. Zhu and Pickles 2013:17). Rising labour costs as well as labour shortages in coastal areas especially in the PRD and YRD are causing companies to look to other regions in China where cheaper labour is more abundant.

Market conditions are the key driver of the Open up the West campaign which encourages nation building as more Chinese are incorporated into developing China and taking advantage of economic growth. Figure 2-3 shows that since 2007 the central regions in China are outperforming the economic growth of Western and Coastal regions. This is in line with market policies whereby businesses look for locations that can save labour cost without adding significant costs to transportation, however transportation can add significant cost and time delay which is being addressed by significantly increasing freight rail capacity especially as part of the 2008 stimulus. As a collection of policies, the Open up the West campaign is having mixed effects. Figure 2-10 demonstrates the significant difference in wages between the Coastal and Central/Western regions. After more than 15 years of policies directed at Opening up the West, there seems to be some progress. Although slow, this progress to a large extent is fuelling the continued high economic growth in China through sizable infrastructure and construction projects.

Although some research has been conducted on the Open up the West policies especially focusing on firms moving further inland to save costs (see for example S. Zhu and Pickles 2013),

not much is known about the impact these have on workers especially when firms move closer to workers' hometowns. Anecdotally it is often assumed that it will be better for workers to be closer to hometowns as social support networks are stronger. However, the role of underdeveloped labour laws in interior regions needs to be studied systematically. The interior regions have not faced scrutiny like Guangdong due to Guangdong's development and its proximity to Hong Kong where the free press and labour NGOs operate with minimal restrictions. These organizations are able to place significant pressure on companies, the government and trade unions (Harney 2008). The effect of the Open up the West policies is not clear in terms of the extent to which precarity is impacted by being closer to a workers hometown. Furthermore, while companies move inland there is no guarantee that they will be able to find workers and may still require migrant workers. Foxconn, a large manufacturer of electronics that produces for Apple, Dell, HP and others, recently moved a number of its factories to the interior and has reported significant wage rises, 120 percent from 2010-2013 (Culpan 2015). Additionally, the head of a large industry association in Hong Kong believes that moving to the interior will only offer benefits for a few years and then wages will rise there as well (Int 25r). The impact on workers in this case seems rather ambiguous as the social networks offered by being closer to home may help reduce precariousness but a lack of standards and social pressure may increase it.⁴³

4.3.2.4. Interns

Another way that factory owners are trying to reduce labour costs is by recruiting interns (Hornby 2013). One factory owner interviewed explained how a number of years ago a local cadre came to her factory to ask if she was having trouble recruiting employees. The cadre

⁴³ Further research is needed to see if the promised benefits are realized or if new problems are created.

explained that if so then the local government would help the company go to other provinces and recruit from colleges or other training centres to provide workers for her company (Int 44o). A worker in a car parts factory explained that interns have managed to increase the stability of the workforce as their arrival and departure have become predictable and reliable. Additionally, student workers tend to complete their pre-stated time in the factory because of the prerequisite to graduate. Furthermore, many interns continue to work in the factory after graduation (Int 50w).

Five respondents had come to their current employer through an internship. These relationships started out being quite precarious as students were sent to other provinces or other regions within Guangdong for mandatory work as general labourers for approximately half of a standard wage as part of their education. Teachers and administrators at the schools are paid to ensure that students keep their commitments to the employers as well as to ensure that students maintain discipline in the workplace. Teachers from the schools are often based in the factories as a method of ensuring discipline and hold significant power when deciding if sufficient credit is earned for graduation.

Besides being a prerequisite for graduation there are other benefits for employees to take these internships. Firstly, the school ensures that there is a set minimum standard to reduce the risk of severe exploitation because the school has an ongoing relationship with the company (Int 50w). Secondly, students from small towns are given a pathway into a formal job, which reduces the risks and the uncertainty of arriving at the bus station of a strange town such as Dongguan or Shunde and trying to find a job like so many migrants (Pun 2007). Finally, students have an immediate social network through fellow students from their class and school; this provides a degree of security which does not exist for those who come on their own. At the same time this

direct pathway is at times problematic because students are less familiar with the local labour market and may find it difficult to change jobs. Again there is significant ambiguity around the internship process whereby businesses seek to stabilize an otherwise unstable and increasingly costly labour market. In sum, this pathway to reduce precarity for employees remains a highly unbalanced relationship.

The aforementioned strategies are but a few of the ways that businesses are attempting to reduce labour costs and to counter the effects of the labour shortage. This section has demonstrated how businesses are attempting to undermine the benefits predicted by Lewis which should come as surplus labour is reduced.

4.3.3. Capitalist Consumption

We have just seen how businesses are trying to undermine the benefits to labour explained by Lewis as an outcome of the labour shortage. Lewis also explains that other factors aside from a reduction of surplus labour will lead to a rise in wages. Increased capitalist consumption which is explained in the Lewis model (factor four) explains that, increased consumption patterns for workers will lead to higher demands for wages. But it is exactly how workers achieve these benefits that is rather ambiguous in the model, despite its importance, Lewis explains:

[E]ven if the productivity of the capitalist sector is unchanged, the workers in the capitalist sector may imitate the capitalist way of life, and may thus need more to live on. The subsistence level is only a conventional idea, and conventions change. The effect of this would be to widen the gap between earnings in the subsistence sector, and wages in the capitalist sector. This is hard to do, if labour is abundant, but it may be achieved by a combination of trade union pressure and capitalist conscience. If it is achieved, it will reduce the capitalist surplus, and also the rate of capital accumulation (Lewis 1954:173).

A desire to emulate a capitalist way of life may lead to wage raises. What is vague in the Lewis model is the explanation that trade union pressure and capitalist conscience are the two ways for

workers to achieve a higher standard of living through increased wage. However, he did not account for countries such as China which does not have a representative trade union and where capitalist consciousness is not a convincing argument. Changing the growth model through increased consumption is seen as being fundamental to the Chinese economy; however Lewis' argument leaves large gaps in exactly how capitalist consumption is increased as the two methods he suggests are not realistic. In the next section I will examine some of the ways that workers achieve improvements in wages in Guangdong.

4.4. Labour Power - Structural Power

In this section I will examine some of the sources of labour power as a way to understand how labour power is changing due to capitalist consumption (factor four) explained by Lewis.

Understanding labour power is significant because the Lewis Turning Point explains why wages rise and other forms of precarity are reduced but it does not explain how. Using theories of labour power helps to explain how workers use the particularities of their situation to increase their power vis-à-vis employers and how increased power can reduce precarity. Silver (2003) outlines two important sources of labour power: structural power and associational power.

Schmalz and Weinmann (2014) adds another important source: institutional power. Structural Power “describes the position of workers within the economic system” based on economic factors. Silver (2003) explains that structural power can be divided into two groups: marketplace bargaining power, which she attributes to making a worker unique in the market; and Workplace Bargaining Power, which is “the strategic location of a particular group of workers within a key industrial sector” (Silver 2003:13). Marketplace bargaining power is characterized by the degree of 1) tight labour markets, 2) the ability to support oneself on non-wage income, and 3) scarce skills. Marketplace Bargaining Power operates more at the individual level because individuals

can take advantage of their particular position or their particular attributes or skill sets (Wright 2000:962). Answering these three requirements of marketplace bargaining power there is a tight labour market in Guangdong, which as explained in the Lewis model, is resulting in increased wages. People can also support themselves more effectively on non-wage incomes as agricultural wages are rising, which further puts pressure on urban wages to rise, also explained in the Lewis model. However, scarce skills are not directly addressed by the Lewis model however scarce skills are an important factor that is having mixed effects on precarity.

4.4.1. Marketplace Bargaining Power - Scarce Skills

Having skills which are desired in the labour market increases a workers marketplace bargaining power and is considered a key factor in reducing precariousness (Fu and Ren 2010; Silver 2003).

Education it is argued is the method to obtain these scarce skills. When workers were asked about how education has helped them, many said that education had not helped them at all and more education would not help them any further (Int 34w, Int 36w, Int 37w, Int 38w, Int 48w).

B: Do you have plans for doing anymore schooling?

Mr. Wong: No. It's useless in the China society.

B: Why not?

Mr. Wong: It's just a waste of time. It's useless. What you learn in school is theory, not practice.

B: What did you learn throughout your working history?

Mr. Wong: I learned something when I worked in the clothing factory.

B: Can you describe something that you've learned?

Mr. Wong: I learned how to make a shirt, this is the only skill I have. (Int 36w)

When pressed further, many explained that there are certain types of education that would be helpful, but they mostly revolved around “soft” skills such as communication skills, teamwork and management. I offer four points about this that suggests that education is having mixed effects on reducing precarity and that is not the panacea that it is purported to be. Firstly, worker responses contradicts the notion that human capital is a method of social mobility whereas soft

skills, which are mostly related to working with others, hard skills are touted as essential skills needed to be successful for in an industrial environment but the perception by workers is that hard skills are unnecessary (Int 37w, Int 48w). This undermines the idea that skills are the method of job mobility. Rather workers recognize that networking and *guanxi* may be more effective ways of increasing their position within their workplace. Secondly, it is important to recognize where this information is coming from. It appears that the so-called glass ceiling is very low, as workers in the study did not believe that the jobs that were attainable to them would require any further education. Possible reasons for this include a perception that the difference in education between managers and workers is so great that there would be no way to minimize this difference. Or they perceived that managerial positions were obtained through social networks and therefore did not accurately represent the skill required to perform the job.

Thirdly, on the value workers attach to education, generational differences might influence the understanding of their position within the social hierarchy of the workplace. Migrant workers with similar profiles to themselves when working jobs for long periods of time were in the minority when looking at examples of those that had achieved social mobility, whereas local workers were often in positions of significant power. Finally, in a number of cases I interviewed workers with relatively high training. Some had college or technical college-level training, and in some cases these workers were able to leverage their training to garner larger salaries (Int 47w). However, others were unable to increase their salaries through this specialized training and received remuneration similar to that of other workers in the factory because the jobs they could find did not value their skills even if they were able to use their skills on a daily basis (Int 43w). These four points suggest that even though Guangdong is reporting severe skills

shortages (see for example K. W. Chan 2010), many workers do not see education as a realistic or attainable way to reduce precarity.

Despite a lack of perceived benefits of education, workers are learning from experience to develop strategies to help reduce precariousness. Ms. Ma (Int 15w) also offers an example of how she is able to operate within a low glass ceiling. Ms. Ma has finished middle school. Since arriving in Guangdong 10 years ago, Ms. Ma has changed jobs six times. When asked why she changed jobs so frequently she explains, “Because the working conditions of those jobs are bad and the salary was low.” She explains that it is important for her not to have to work overtime because that way she can spend time with her son. She is also interested in companies that pay social insurance and has recently changed jobs in order to ensure that her current employer remits social insurance payments. Ms. Ma explains that she worries about daily expenses even though she claims to be able to buy durables when required. As many of the respondents have explained when asked about finding work, she responds “I think it’s easy to find a job, but the jobs I found were not good, they were not suitable for me.”

B: Do you think it’s easier to find a job now or was it easier before?

Ms. Ma: Quite the same.

B: What do you look for when you are looking for a good job?

Ms. Ma: No overtime, even if we have to do overtime it won’t be too late. The company must have social security and not too much production pressure.”

B: Do you feel it’s difficult to make plans or you are just satisfied with the situation right now?

Ms. Ma: I want to improve my life, but it’s difficult to do so.

B: Why is it difficult?

Ms. Ma: Because I don’t have many abilities or skills, I can’t find a better job to improve my life.

In the interview, Ms. Ma claimed to not have any skills. However her work history is striking in showing how rational her decision making has been regarding her career trajectory. In her 10 years of working she has identified the key characteristics such as limited overtime, social

insurance benefits and low pressure, that are both important and obtainable within the local labour market, and she has found work for a company that meets all of those characteristics. This is not to overstate the benefits that are available to workers like Ms. Ma in Guangdong, as the options available to her are still rather limited. But this demonstrates that even workers with limited educational credentials are keenly aware of their circumstances and attempt to operate within the system to carve out a place that is acceptable.

Ms. Meng offers a useful perspective on why workers are looking for soft skills.

B: How difficult do you think is finding a new job?

Ms. Meng: It's not very hard.

B: To find a job with a same pay or maybe a little bit higher?

Ms. Meng: The work I'm doing is quite technical so I think it's quite easy to find a similar job. Because they need workers like me.

B: Do you have any plans for further training?

Ms. Meng: Yes I do. I consider the skill of communication very important. On the contrary, I can learn the technical skills by myself so it's pretty easy. (Int 48w)

Ms. Meng explains that her specialized knowledge is in high demand and that by developing her skills through experience she will be able to leverage her skills for a better job or to open her own business. But there is also a contradiction in her explanation. She first says she can get a job quite quickly because she has particular technical skills that are in demand, then she explains that technical skills are easy to learn and communication skills are more important. Ms. Meng perceives her skills as a valuable asset which she can use as a method of social upgrading.⁴⁴ Ms. Meng has specialized training which makes her job secure for now, but she is relying on leveraging her technical skills to improve her salary. Will technological change outpace her skills or are the skills she is developing so advanced that she will be able to use those skills in

⁴⁴ Social upgrading is explained as the improvement of wages, working conditions and the reductions in hours worked among other things (Ben Selwyn 2013).

perpetuity? Although she is confident, Ms. Meng's career prospects rely on her developing a certain set of skills, assuming those skills are still in demand when she wants to switch jobs. Ms. Meng faces prospects for the future that rely to a certain degree on the pace of technological change. This seems to be affected by, amongst other things, the impacts of cost on manufacturers that in turn, will impact the degree to which they chose to automate. Thus, education, along with other forms of marketplace bargaining power, have a variety of impacts on workers' precarity and is strongly influenced by an individual's ability to respond to signals in the labour market and then to have the financial capacity to act on them.

4.4.2. Workplace Bargaining Power

This type of power is a collective form of power that refers to the ability of a specific group of workers to be able to interrupt production in a way that places them at a strategic advantage which can help reduce precarity. This type of power can be leveraged in at least two ways. Firstly, interrupting production in one factory would significantly impact the production at other factories, as was evidenced in the 2010 Honda strike in Guangdong (see for example C. K.-C. Chan 2013), as well as reports of wildcat strikes throughout Guangdong that have crippled production at a number of factories and forced employers to act on demands. Or secondly, the factory is responsible for production of a lead brand in an industry like the Yue Yuen strike in 2014, when a large producer for Nike and Adidas workers in these factories were able to garner significant support through international solidarity campaigns targeted at the CSR department of large multinationals. These CSR campaigns can be effective at achieving particular goals, such as health and safety, as well as some wage and working condition improvements by forcing lead firms (first-tier) to respond to pressure from the CSR departments of their customers (C. K.-C. Chan and Nadvi 2014; Pun 2005a). Value chain literature has partially addressed the ability of workers to impact particular locations in particular value chains, which are vulnerable to

collective action, as just-in-time networks reduce the robustness of production channels making them vulnerable to worker action. Workplace Bargaining Power and Marketplace Bargaining Power are two types of structural power, and an important component of labour power.

However, this power is limited by its reliance on workers to be able to recognize their position within organizational structures and to act accordingly to leverage that position. In Guangdong, workplace bargaining power has been the most successful form of collective organization to help reduce precarity; yet without legal authority to organize collectively, this still remains limited and a last resort.

4.4.3. Associational Bargaining Power

Associational power is the power of collective organization of workers -for example unions, representations of workers on boards of directors, works councils and informal collective organizations (Wright 2000). In China this type of power is limited because there is only one union, the All China Federation of Trade Unions (ACFTU) which is institutionalized as an arm of the Communist Party. Other forms of organization are strictly restricted. The role of the Guangdong trade union is growing in importance as collective bargaining has been recently permitted, and the CCP is increasingly putting pressure on the union to quell growing workers' unrest (Int 58r).⁴⁵ A lack of proper representation leads to continued problems of Alienated Politics as workers' demands rarely reach decision makers who may act on them. Typically much of the associational power in China is through wildcat strikes because of the restrictions on the ability to strike and organize. However, the long term effects of these strikes are limited by high turnover, and relatively aggressive tactics by government and businesses to remove 'trouble makers' from factories.

⁴⁵ An agreement permitting collective bargaining was finally approved in Guangdong on January 1st, 2015.

There are signs that this may be changing as older workers are increasingly involved in strikes. This is due to longer term benefits guaranteed by the state (see Chapter 5). Although repression is used to minimize the influence of workers who try to organize post conflict, within or outside of enterprises, labour NGOs are finding ways to pass on associational memories and standardize strike demands throughout the PRD (Int 57r, Int 27r, Int 56r). These labour NGOs operate within a highly constrained environment and use a variety of techniques to help workers and find funding (see for example Franceschini 2014); they also face significant repression from the state (Int 28r; Int 57r). Despite the efforts of labour NGOs, the degree to which workers can use Associational Power is very minimal in Guangdong and does little to reduce precarity except for in rare and spontaneous instance of wildcat strikes.

4.4.4. Institutional Bargaining Power

Institutional Power is the institutionalization of the collective result of structural and associational power. Institutional Power is “rooted in the fact that institutions fix social compromises beyond economic cycles and short-term changes of social power constellations” (Brinkmann et. al. 2008:25 quoted in Schmalz and Weinmann 2014). In Guangdong institutional power acts as a stable source of mostly individual power, which, in turn, is able to overcome short-term economic cycles and provide an institutional memory of the change resulting from previous struggles. Institutional power in Guangdong is very important as explained in the previous chapter, with the state using the legal system to institutionalize and individualize the demands of workers. Although constrained, this can act as an important source of power for workers, since power through their labour contract becomes an actionable resource. Labour struggles, which utilize this type of power, are mostly of a defensive nature as workers fight to exercise the contractual obligations promised through the enactments of laws and enshrined in institutions designed to protect their rights. As is evidenced in the previous chapter, institutional

power through defensive strikes is making important contributions to decreasing precarity for workers in Guangdong.

4.4.5. Impacts on Precarity

The Lewis Model and Labour Power help to illustrate factors which mediate precariousness for workers in the labour market. Using the Lewis Turning Point, I have shown some of the ways that precarity is being reduced in Guangdong and that certain factors, as explained by Lewis, are contributing to rising wages and other improvements in working conditions and reductions in precariousness. I have especially focused on the labour shortage and increased capitalist consumption as key factors that contribute to reductions in precarity. Furthermore, the (incomplete) Lewis Turning Point, and the explanatory power of the theory on its own, is not enough to explain reductions in precariousness, especially in relation to increased consumption. The concept of labour power complements the Lewis model in understanding reduction of precariousness. Thus, structural bargaining power contributes to reducing precarity through two routes: workplace bargaining power in relation to reducing precariousness through value chain positioning, and marketplace bargaining power which is especially concerned with leveraging scarce skills. Finally, I introduced the concept of associational bargaining power but without its increased application, alienated politics will continue to create disconnections between individual opportunities to exploit current situations and more institutional processes through institutional power via the legal system. The latter will provide a longer term, and a more standard, experience for workers. This is because without associational bargaining power the demands of workers never reach the highest levels with the CCP. In the next chapter, I will explore how the labour shortage impacts workers based on generational specificities.

5. Inter-generational Responses to Precariousness

5.1. Introduction

The previous two chapters have discussed key structural factors affecting Chinese industrial workers in Guangdong and the impacts those factors have had on precarity. However, these concepts alone are not sufficient to explain why some workers use certain avenues to reduce precariousness while others use different ones. A closer look at the interview data reveals patterns of attributes based on generational differences amongst respondents, enabling the abstraction of distinct generational characteristics. In this chapter I will use a generational approach, building on previous chapters and incorporating Mannheim's (1952) seminal work on generations, through which to analyze worker experiences of precariousness. First, I will review the division of industrial workers into social categories as a strategy for understanding the organization of workers. I will then explain why it is necessary to incorporate a generational analysis alongside a class-based analysis to thicken our understanding of the empirical reality in Guangdong. Next, I will discuss a theory of generations based on Mannheim's work and outline how generation intersects with class as an explanatory framework of precarity. Finally, I will explain how generations can help expand the concepts in the previous chapters *Legal Authoritarianism and Decentralized Accumulation* (chapter 3) and the *Lewis Turning Point* (chapter 4) by grouping the work biographies of Chinese industrial workers in Guangdong within two generations: the 90s Generation and the Transition- Stability Generation. I will seek to deepen the understanding of the precariousness experienced by industrial workers in Guangdong. This chapter will demonstrate that engaging in a generational analysis strengthens our understanding of the impacts of industrial worker strategies on precariousness in Guangdong.

5.2. Gender, Class and Generations⁴⁶

There are two significant bodies of literature, which shed important analytical light on the precarity of industrial workers in Guangdong: the first is focused on gender while the second explores class. This section will outline briefly how the precarity of industrial workers is framed by gender and class in the literature. First, I will introduce key literature on gender. Next, I will analyze literature on class to reveal the absence of convincing empirical grounding of theories of class conscientization and their failure to fully explain industrial worker responses to precarity and opportunities for social mobilization.

5.2.1. Gender

Understanding migrant industrial labour from a gender perspective provides additional context for understanding precarity (A. Chan 2001; L. T. Chang 2009; see for example Pun 2007). The literature employs gender as an analytical tool to understand the role of women in industrial labour in Guangdong. These studies find that young women are in some ways privileged in terms of their relationship to production because they are the most sought-after workers. However this is misleading because young women are in demand because they are considered easy to discipline and because female migrant industrial workers earn between 80-85% of men (Braunstein and Brenner 2007). Women are also extremely desirable on the labour market especially in light manufacturing because they have “nimble fingers” which are necessary to perform many highly intricate tasks (Davin 2004). These are some of the reasons why women tend to be found in sectors, which tend to be in the most labour intensive work (Braunstein and Brenner 2007). Women can also be found in key positions of responsibility, such as stockroom

⁴⁶ There is not a full discussion on Gender or Class in this thesis. I am merely using this discussion to highlight important contributions to the literature and particular weaknesses especially in relation to Class.

clerks, because of perceptions that women are conscientious and responsible workers who can be easily disciplined (Davin 2004).

However, these studies find that although women may find it slightly easier to find work, productive advantages come at a high cost to social reproduction. The high cost is manifested in intensive surveillance over workers' personal lives in the factories. Women are differentially impacted by surveillance because many single women live in company dormitories, which especially limit their social activities (Pun 2007). Women's position in production, coupled with the privileged position production occupies in the economy, is hard to negotiate with the demands of social reproduction. Thus, women can quickly fall out of favour in a production facility when they have caregiving responsibilities, or other factors, that restrict the long hours which they are expected to work. Further, while many women can easily find work in the factories after having children, the paucity of adequate childcare facilities, combined with the economic need of families limits women's caregiving choices and pressure women to leave their children with grandparents or other family members in rural communities far from industrial worksites in Guangdong (C. K. Lee 2007). In response to some of these hardships, women have had strong roles in collective struggles in Guangdong and continue to occupy an important place in articulating the adversities of industrial work there (C. K. Lee 1998a; Pun 2005b; Sargeson 2001). The literature on gender offers key insights into the precarity of factory workers in Guangdong, including how women occupy complex relationships between production and reproduction. A gender analysis examines how economic and reproductive imperatives change over time – lending itself to a generational analysis.

5.2.2. Class

Mannheim explains that class is based on a “common location [that] certain individuals hold in the economic and power structures” (Mannheim 1952:166). He goes on to explain that “class is

an objective fact whether [the worker] knows [their] position or not” (Ibid). There is a distinction between class, as a position, and class as consciousness. There is no question that worker respondents in this research occupy a working class position. However, it is difficult to identify a conscious working class position. The problem with using a class analysis in China is that most people occupy a class-based position but do not occupy a class conscious position because they are striving to be another class. Thus a clearly articulated working class, which can form a unified position to counter pose capital, does not exist. Whereas in the pre-1978 period being a worker was heralded a desirable position in the nation building project and necessary for the modernization of China, (Blecher 2009; Selden 1992), today there is no organization to articulate the importance of workers and do to the recent painful memories of prolonged class struggle the word does not hold a positive connotation in the eyes of many, especially older Chinese. As a class, many workers are not happy to identify as workers for many reasons but one of the most important is that there is not a strong independent union movement, which is providing a positive narrative of the working class. When asked how they call themselves, workers often respond that they are “just workers” or “peasants” (Leung and So 2012; Pun 2005b). Further, many strive to either be entrepreneurs or, to one day, go back to their family farms. I will demonstrate that workers are aware of the class position they occupy, yet they do not want to articulate a unified collective class position because being a worker is not something that one wants to be for one’s entire life; rather for many it is something that a worker is until something better comes along.

A sizeable literature is devoted to class conscientization of industrial workers in Guangdong (C. K.-C. Chan 2012; 2013; C. K.-C. Chan and Pun 2009; C. K. Lee 1998b; Silver

and L. Zhang 2009).⁴⁷ This literature is looking for evidence of class conscientization, which can be used to generate momentum for the social mobilization necessary to achieve improved working conditions, elevated wages and increased worker rights. Pun and Chan find that workers “are able to unite along class lines in times of crisis” (C. K.-C. Chan and Pun 2009:303) and argue that over time this unification may result in class conscientization. However, A. Chan and Siu (2012) find a lack of evidence that there is a meaningful worker class movement. Firstly, there is a lack of collective destitution. Although workers’ salaries have not kept pace with the new middle class there have been tangible improvements in the lives of workers, which has helped to quell the formation of a conscious working class (A. Chan and Siu 2012). Second, conscientization is limited because the historical formation of a widespread class consciousness has always taken longer than one or two generations, unless the state actively pursues class formation, which does not seem to be the case in China since 1978 (ibid). Third, political organizing is strictly limited. The current state is concerned that workers’ struggles will turn political and, therefore, is suspicious of organizing bodies that might give voice to a unifying position (even if that voice is for an important cause like supporting injured workers). This distrust leads to constant and sustained pressure from government officials and business leaders on any group that attempts to organize workers. Fourth, Alienated Politics (chapter 3) ensures a continuously moving target as the central government responds to perceived threats to stability by enacting new laws to protect workers after which workers must re-articulate a new class position (Friedman 2014). Additionally, there are strict controls on the media which limit the transmission of knowledge about labour disputes. Furthermore, significant effort is placed on glorifying entrepreneurship, further eroding the formation of a class.

⁴⁷ Class conscientization is the forming of class-consciousness.

5.2.2.1. Entrepreneurism

Invoked routinely by the current president of China Xi Jinping the New Chinese Dream project particularly inhibits class consciousness (The Economist 2013a; 2013b). The New Chinese Dream project requires, at the very least, a common belief that with hard work and an entrepreneurial spirit one can take advantage of China's rapid economic growth (see Figure 2-1). Although vague in definition, the Chinese Dream has been regularly used by President Xi and has been used much more frequently by the Chinese public since his first use of the term in November 2012 (The Economist 2013b). Along with the Chinese Dream project comes new concrete policies to support it, including the 'Start and Improve Your Own Business' (SIYB) a program modelled after the ILO program with the same name which include subsidies to start and run businesses (F. Xu 2014). One of the newest policies out of the 12th National People's Congress (2013-2018) is to allow private banks to facilitate simpler lending to small and medium-sized clients. Both of these policies can be seen as ways for ordinary Chinese people to capture a part of the 'Chinese Dream'.

Guiheux explains that entrepreneurship has transitioned from being prohibited in the Maoist era to representing more than 10 percent of Chinese society (2013:123). In fact, in 2001 Jiang Zemin – the President and Chair of the CCP allowed private entrepreneurs to be admitted to the CCP (So 2009). Previously prohibited, this marked an important step in legitimizing and then emphasizing the role of entrepreneurship in Chinese society. Guiheux goes on to explain that, “the transformation of workers into self-reliant and enterprising labourers is not indicative of the absence of power or governance, but is a technique of governing where the regulation and management of subjects happens through freedom” (2013:124). Entrepreneurs are celebrated by the state as heroes, such that with little risk to the state they generate jobs and reinforce the attainability of the Chinese dream amongst workers (F. Xu 2014). Guiheux explains that this is

part of a dual process of separating workers from lifetime employment to make them mobile subjects and then celebrating entrepreneurship as a method of job creation to help absorb displaced workers. Also, increased flexibility of opening a business means that the benefits for workers of working in private enterprises are negligible compared to the possibility of controlling one's own future through entrepreneurship another limitation to conscientization. It also means that the potential freedom of being an entrepreneur limits union or NGOs organizing around being a 'proud' worker. Additionally jumping between the entrepreneurial and working classes is quite easy so Mrs. Yang, who is both well-spoken and articulate and would make an excellent union leader in her workplace, however, she perceives entrepreneurship as a better opportunity for her in the long run:

Mrs. Yang is 35 years of age. She finished middle school in her hometown before coming to Guangdong in 2000. She came to Dongguan in 2004. Mrs. Yang is married with two children, and her children live in her husband's hometown with his parents. Mrs. Yang is the quality control department at a small shoe factory and works 8 hours a day plus two to three hours of paid overtime. If she works Saturday and Sunday they are both paid as overtime. She earns approximately 2000 RMB including overtime per month. Mrs. Yang has worked in a variety of enterprises in her time in Dongguan, changing jobs more than 10 times. She has worked in the shoe industry for a combined three years, although she went to her hometown for one and one-half years in the middle to have a child. Mrs. Yang and her husband both followed her boss when he opened a new factory which she has been working in for six months. Her husband is a manager. He earns 3000 RMB per month but is not paid for overtime. Mrs. Yang explains that while she does not feel a lot of pressure at this job, if she misses something the cost of the mistake will be deducted from her salary. She currently has no savings because she and her husband bought an apartment in her hometown and she sends money home every month to pay the mortgage. A few years ago she tried to open a small business in her hometown but that small business failed. She subsequently returned to Dongguan to save money to try another small business, which she hopes to open in two or three more years.

B: Can your salary cover your living expenses?

Mrs. Yang: We are leading a frugal life. We sent several thousand RMB back home each year.

B: How is the employee turnover in this company?

Mrs. Yang: Quite stable staff. Normally, they tend to work for a long time, more than a year.

B: Do you have friend here in Dongguan?

Mrs. Yang: We used to have some friends. But now they are gone, perhaps to another city.

B: Why did your friends leave?

Mrs. Yang: They want to make a change.

B: Can you talk about your plan? (Int 35w)

Mrs. Yang: I want to work here for two more years and start my own business in my hometown.

B: What kind of business?

Mrs. Yang: I would like to produce burglar bars or open a store to sell groceries.

Mrs. Yang typifies the administration's desire to create more entrepreneurship and her responses are typical of the majority of the respondents in her generation that were looking to entrepreneurship as a form of stability in retirement as opposed to social benefits. Her wish to open her own business is characteristic of many of the other interviewees who see new opportunities for entrepreneurship as a way to take advantage of economic growth. There are three things that I want to highlight from this quote. Firstly, despite having recently failed at a small business Mrs. Yang is still determined to be her own boss. She is able to leverage the salary from her current position because her and her husband's pooled salaries are enough to create some savings. She recognizes that coming to Dongguan will give her an opportunity to earn money but she would like to open a business in the city near her hometown. Secondly, it is very interesting to note the way that she conceptualizes time. When she explains that workers tend to work for a long time, more than a year, Mrs. Yang makes a chronological reference to time scales by explaining that one year is a long time. In a high-growth fast-paced economy like Dongguan one year may be a very long time, especially when earning a below-average wage

which makes the idea of being a worker less appealing. Finally, I would like to highlight the timeline for opening her business. Mrs. Yang explains that even though she and her husband combined earn less than \$1,000 per month, and they support their family including her two children in her hometown, she believes within two years she will be able to try her luck at another entrepreneurial venture. Mrs. Yang is a prime example of how workers are creating new ways to find stability based on new opportunities availed through entrepreneurship in spite of low wages. Yet there remains a high degree of precariousness as her ability to earn wages, if the venture fails, is very low because the older she gets the more difficult it is to leverage her marketplace bargaining power. In many ways Mrs. Yang is representative of her generation, which occupies one class but is trying very hard to move into another class. Interviews demonstrated that workers are enticed to move into other forms of work (Int 21w, Int 35w, Int 36w, Int 39w, Int 49w, Int 53w, Int 73w). Workers hope to pass quickly through industrial work on their way to entrepreneurship. The state's efforts to build the dream of entrepreneurship for everyone through the celebration and encouragement of entrepreneurship, makes the formation of a conscious labouring class far more difficult. And, while not the only factor, entrepreneurship has the ability to captivate the imagination of the working class, precluding the articulation of a working class identity.

The literature on class consciousness remains important as a way to understand the factors preventing workers from re-balancing the scales of power between employers and employees in an effort to minimize precarity. However, I have outlined a number of reasons empirically and through the literature why there seems to be an absence of class consciousness. That is why in the coming section I will argue that identifying time-bound motivations specific to workers' needs opens an opportunity for understanding the needs of workers generationally. Thus,

understanding the needs of workers in relation to the current phase in their work trajectory may be a better way to understand collective struggles and individual choices. Next, I will outline strategies that workers chose to help them reduce precarity, which are circumscribed by generational factors, highlighting some of the differences between generations of workers in the Pearl River Delta.

5.3. A Theory of Generations

Generation is an understudied social category in China that warrants consideration here because important decisions impacting precarity are being made based on generational differences in the PRD. A. Chan and Siu (2012) identify generation as an important tool when trying to understand class conscientization as a process of building collective goals and articulation of a common agenda. Selden (1992) finds sharp divisions between generations which underscore how entitlements are skewed generationally and that these generational divides have persisted quite dramatically for a long period of time. Given this, it is useful to examine how generations provide a unit of analysis to understand decision-making and collective action for industrial workers in Guangdong. Although there is a minimal working class consciousness a generational consciousness can be found. Using Mannheim's (1952) seminal work on generations, I will introduce how generations can be used as an analytical tool in this empirical case. Mannheim organizes generations into three categories, *location*, *actuality* and *unit*, to highlight the explanatory power of generations and also to demonstrate the variety of meanings that they hold.

The first category is *location* and is based on a demographic and location-based analysis of generation: "In order to be able to passively undergo or to actively use the handicaps and privileges inherent in a generation location, one must be born within the same historical and cultural region" (Mannheim 1952:182). *Location* is illuminated through understanding of the

ways in which people pass in and out of generations and by examining how structures, which are inherited by current generations from previous generations, differentially impact people in different generational *locations*. For example, a person from China and a person from Hong Kong who were both born in the 1950s would share similar historical and cultural experiences. Enormous structural change within China during that period would have had significant effects on both people therefore they would share a common generational *location*.

The second category is called *actuality*. Mannheim describes *actuality* as a “common bond based on social and intellectual symptoms of a process of dynamic destabilization” (p.183). Dynamic destabilization is key to understanding Mannheim’s divisions of generational *actuality*. It is only through destabilization, like mass proletarianization, that generations in *actuality* are formed based on common experiences of significant social change. Building on the previous example, a Hong Kong person would not have experienced the same social change in the same way since Hong Kong and China invoked very different policies at the time. However, people from two different provinces in China who come to Guangdong to work in industry would have a similar *actuality*.

Finally, Mannheim describes *unit* which comprises people who *act* on a generational consciousness to articulate the problems of social destabilization, crossing lines of division like class, gender, region/ethnicity and education. Within generations there are people who take sides in the process of destabilization. A generation *unit* is those who take a common side and wage a common struggle against other people of their generation or of preceding generations. *Actuality* would be all people who experience the destabilization. A generation *unit* is those who internalize “new conceptions which are subsequently developed by the unit” (187) such that *units* create new ‘styles’ or ‘impulses’. Mannheim calls these ‘styles’ or ‘impulses’ generation

entelechy: a “distinctive pattern of interpreting the world” (191) based on structural and other available resources, especially in times of accelerated social change. Mannheim explains that there are two types of *entelechy*, unconscious and conscious (190). Unconscious is being intuitively aware of a group with similar values but not consciously recognizing these values as a group. People make unconscious choices that will impact their lives based on available resources, like deciding to leave the countryside. Conscious *entelechy* is when a group “experiences and emphasizes their character as a generation unit” (190). Conscious *entelechy* describes a process of conscientization or organizing around particular issues important to that generation, such as the 2004 Uniden strike in Shenzhen. The immediate cause of the strike was the firing a worker who had been at the company for almost 10 years without any severance pay (C. K.-C. Chan 2013).⁴⁸ Although no generational analysis was done on this strike (and many argue that this is evidence of a class consciousness), had the generational analysis presented in this chapter been used, it could be argued that a particular group of workers at a particular stage in their career, felt threatened by the idea of losing their job without severance and chose to make demands to increase their long-term security. In this case, there is some debate about whether this is an example of conscious *entelechy* or conscientization of a class of workers. This would depend to some degree on whether there are particular demands of the group that are uniquely beneficial to one generational *unit* and to what degree other generational *units* supported these same demands. If other generational *units* supported the same demands then this would perhaps be evidence of conscientization. If the demands are different, or other generational *units* did not support the demands at all, this may be further evidence of a particular ‘impulse’ that is unique to

⁴⁸ Interestingly one of the key demands of the strikers was an open work-permit after 10 years of working, which is a key component of the 2008 Labour Contract Law.

that generational *entelechy*. As such, conscious *entelechy* can be seen to generation as conscientization is to class.

More contemporarily conscious *entelechy* is of particular interest in the Chinese case because of a deliberate and collective espousal of a common cause and course of action. In the Yue Yuan strike discussed in Chapter four, workers from two generational *units* joined together as a way to ensure that particular policy benefits inscribed in law were delivered. In the next section, I will explain that while each *unit* had a different reason for being a part of the strike, two generational *units* were able to harness their frustration with the company to bridge their unique demands. However, because of a lack of political freedom, as explained previously by a lack of Associational Bargaining Power in chapter four, it is difficult to explain these events as class defining. Therefore, I will simply argue for instances of spontaneous resistance based on common particularities of each generational *unit*.

5.4. A generational analysis of industrial workers in Guangdong?⁴⁹

The work biographies of Chinese migrant workers can be divided into two separate *actualities* which in turn are represented by two distinct *units* that map onto Mannheim's theory of generations. Within the broader context of the social upheaval in China, which is particularly evident throughout the last 35+ years, common socio-historical experiences of social destabilization have left indelible marks on institutions and individuals that still resonate today resulting in two different generations in *actuality* – bound by unique socio-historical experiences. As successive labour policies have built on previous policies, the impact those policies have had on shaping actions past and present along with the responses people have had to those policies have formed new *units*. Additionally, each *actuality* is divided by generational *location* because

⁴⁹ A version of this framework is explain in Schmalz, Sommer and Hui (forthcoming)

of life course which places particular structural and social needs of workers at different times in their lives. Notably, the quest to secure a less precarious future by securing the right kind of job and the right kind of benefits creates new generational *units*. The two *units* are: (i) the 90s generation, (ii) the transition – stability (whereby the transition - stability are part of the same actuality and the 90s generation is part of a different actuality). These two *units* represent how needs are perceived generationally, how those needs are accounted for in the Guangdong labour market, and how they are constrained by a particular economy which creates the priorities of each particular generational *unit*. Each *unit* is part of a larger class position but worker group conscientization is better explained as generation *entelechy* rather than class conscientization. Although there is some crossover between generational *units* there are also significant and noticeable differences. Mannheim explains that this is not a directly linear process where each *unit* becomes a part of the successive *unit*; rather the creation of a *unit* signifies a new conscious *entelechy* or style. In fact, dynamic destabilization is creating entirely new *entelechies* especially within the 90s *unit* which may take a radically different path from the stability-transitional *unit*. Of note, generation *actualities* will experience some of the characteristics of the previous *units* if there is no structural change in the economy, although how those particular *units* look depends on particular generational *actualities* and *entelechies* which inform the particular needs of generational *units*.

5.4.1. 90s Unit

The first *unit*, called the 90s generation in the media or the second generation because they are the second generation in the family to come as migrant workers or the left behind generation because their parents had to leave them behind in the countryside to go out to work. In any event the characteristics of this *unit* are popularized as a relatively new phenomenon and perhaps a sign of China's growing wealth (Hook 2012). This *unit* has far more formal education than

previous *units* (C. K.-C. Chan 2014; K. W. Chan 2010). Additionally, this generation is often the children of previous migrant workers and, consequently, many of its members have not experienced the poverty of their parents (Int 24w). In interviews with factory owners, managers, employment agencies and the head of a large Hong Kong industry association, this generation is described as lazy and unstable: “The 90s generation, they like to play, they don’t want to work hard but they want to make lots of money” (Int 11b). The 90s *unit* is known for jumping jobs quite quickly for small increases in salary and for sometimes electing day labour as opposed to more traditional longer-term employment.^{50 51} In the context of the tight labour market this is quite a rational position as there are opportunities to find jobs which are better suited to individuals’ needs. As well, balance between work and leisure can be more easily accessed as pressure in the job-hunting process is relatively low.

As a group of workers, this generational *unit* remains highly fragmented but extremely important in collective struggles because, on the one hand, as individuals with a strong sense of right and wrong they can resist exploitation by moving from job to job. Weber offers a distinction, which is helpful for understanding the 90s *unit*. He differentiates between instrumentally rational decisions, which are “used as conditions or means for the attainment of the actor’s own rationally pursued and calculated ends,” (1978:24) and value rational, which is

⁵⁰ Interestingly through interviews this was the generation that factory owners and business representatives had quite a negative opinion of yet the iconic 90s generation worker was difficult to find. Most workers of the 90s generation that I interviewed were making very rational decisions within the labour market but were faced with the early prospect of moving to a type of stability *unit* although due to financial pressure, unique from the stability-transition *unit* described below. stability - transition *unit* due to economic pressure from their families.

⁵¹ Day labour refers to taking a short-term job usually for one day or sometimes one week and being paid at the end of the short term contract, rather than waiting until the end of the month like is more traditional in China. Day labour allows workers to easily move between different types of employment.

“a conscious belief in the value for its own sake of some ethical, aesthetic, religious, or other form of behaviours, independently of its prospects of success” (Weber 1978:25). Instrumentally rational workers will make calculated decisions and base them on what they perceive to be in their best interest, or their best choice of available options, whereas workers who take value rational decisions base them on ethical, moral or other reasons of some intrinsic value to them. A 90s *unit* worker (instrumentally rational) explains, “because I think I’m still young, I don’t want to be restrained” (Int 36w). On the other hand, this strong sense of right and wrong (value rational) combined with a youthful idealism makes them important actors in strikes in the PRD (Weber 1978:23).

Young workers are representatives of the workers. Compared to the older workers, the young workers mentality of protecting rights is stronger, besides, they have received more education, their organizing ability and the ability of using the internet is better, therefore the labour movement is easier to organize (Int 57r)

Thus, as a conscious *unit* this generation may be fragmented but is willing to organize when necessary. As demonstrated in the Yue Yuen strike whereby some of the strongest actors in the strike were youth even though they had the least instrumental reasons to join the strike (Int 56r, Int 57r). Although the 90s generation may be scorned by much of Chinese society (Int 25r, Int 13o, Int 7o, Int 8o), they represent a new consciousness of worker whose political voice is quite different from previous generations (Schmalz et al. Forthcoming). While many of their habits and behaviours may seem counter-productive, they are creating a new generation *unit* based on value-rational decision-making which is radically different from previous ones because they understand that they do not need to tolerate the exploitation tolerated by their parents’ generation.

Although less willing to tolerate exploitative conditions in the workplace, workers from the 90s *unit*, when asked about labour contracts and social insurance, had little understanding of their entitlements or the protections offered through the law and did not base their decisions on legal entitlements except through an understanding of basic minimum wages (Int 32w, Int 34w, Int 36w, Int 37w, Int 74w, Int 75w).⁵² Workers in this generation use their strong marketplace bargaining power, because of their position as the most desirable age group of workers, to achieve particular objectives based on their needs which are beginning to coalesce into remarkable generational traits. Within the framework presented in this chapter, worker benefits for this generational *unit* come more from the *Lewis Turning Point* model and the subsequent reduction in surplus labour which creates a tight labour market than through legal channels. Strategies to protect against precarity are far more market oriented, like trying to maximize salary through frequent job changes because they have more value in the market than the transition-stability *unit*.

5.4.2. Unconscious Entelechy – Transitional-Stability Unit

Part of the second-generation *Unit* called transition-stability whereby the transition part is an unconscious *entelechy* and stability may begin a phase of conscious *entelechy*. The transition *entelechy* seems to begin around the time that thoughts of marriage emerge (typically around 25 years of age in China), although economic reasons may force this stage to begin earlier or for the first *unit* to be skipped altogether. This worker explanation captures this typical transition period: “when I just started to work, all I thought about was earning enough money for only myself. But now I need to consider my family. I have two kids. I have more pressure now” (Int 14w). This stage is still characterized by job changes, but the job change strategy is more calculated. Job

⁵² I did not interview workers from this generation that were politically active who might have a different impression and understanding of the law.

changes seem to happen when workplaces offer something deemed to be an improvement on the existing place of work which is anticipated to have ameliorative impacts on workers' lives individually. This group is not a conscious *unit* because they are the least cohesive, as they scramble to secure the best position possible before marketplace bargaining power diminishes, an individual project happening on a macro level. Associational bargaining power is quite weak as they must become increasingly instrumentally rational in order to secure the best position for themselves amongst rather precarious options.

The transition *entelechy* is characterized by a turn towards stability whereby benefits, relationships with colleagues, future prospects of the company and other considerations become factors in an increasingly important quest for a stable reliable job. For example, the same worker who made careful choices about job selection in the previous chapter who works at a water bottling plant, and who has worked in seven companies in the past 10 years, explains why she thinks this job will be a more stable position for her. In this job, "there is no overtime. Even if we have to do overtime, it won't be too late so I can go home to my son. It also pays social security and there is not too much working pressure" (Int 15w). Another strategy of this phase is petty entrepreneurship, when workers employ their savings and leverage their social networks to attempt to leave the class of paid labourers and join the capitalist class. When asked about her plans for the future, this worker from an electronics company says that she will have a small business in Guangzhou. When asked why, she explains, "because I don't want to work for other people any more" (Int 49w). However, when asked if it will be possible to start a business she explains that she does not have enough savings. Although she does not want to work for someone else the reality of her economic situation makes it difficult to start her own business. The transition *entelechy* resembles scrambling as workers have to find stable long-term

employment while their value on the labour market is still high. Thus she must scramble in this window of opportunity to try and secure the future she wants.⁵³

Workers in this generational *entelechy* have a clearer sense of the labour market but also face increased family pressure both to care for children and ageing parents. There is a turn to balancing the benefits afforded by a tight labour market and the skills that workers have developed over time with the social benefits provided by the state through the enterprises that they work for. Also starting a family becomes increasingly important. Finding a partner and marrying is common and after a short time of saving some money the couple desires to become pregnant. Women in this stage face increased pressure as reproduction becomes a priority and there are limited allowances for industrial workers to balance both productive and reproductive responsibilities (Pun 2007). Marketplace bargaining power drops in this *unit* more quickly for women, but may rise again after having children depending on how the care relationship is organized and whether women are permitted by their husbands and families to leave the village again to go work in the factories (C. K. Lee 1998a; Pun 2005b). For example, many workers leave their children with their parents and return to work. Household chores at work in company dormitories can to some degree be minimized, as enterprises are responsible for feeding and housing workers. However, women are overwhelmingly responsible for unpaid reproductive work (X.-Y. Dong and An 2012). Typically, as the delivery date approaches, the family will go back to their hometown to have the baby. Often they are from the same hometown but if not then decisions are made about which grandparents can better care for the baby. The man will return to

⁵³ The transition *entelechy* may be particularly prevalent amongst mothers who have a particular break in their work careers during childbirth. There also may be increased pressure as mothers may feel more responsibility to ensuring a better future for their children. Three of the women, I interviewed, with children were divorced which may overstate to some degree the extra responsibility to children that women face in this *entelechy*.

work after a short time but it is common for women to spend more time until the baby is sufficiently grown to leave the baby with the grandparents or other family. The husband returns to work so that he is able to send money home to his wife and child. However, because salaries are relatively low, one of the main reasons women return to work more quickly than cultural standard is that economic needs become too great (Int 35w, Int 36w).^{54 55}

Additionally people in the transition *entelechy* begin to be able to understand the problems of the stability *entelechy* and begin to become more conscious about their generational *unit*. The two main problems include 1) They recognize that their marketplace bargaining power is diminishing, as marketplace bargaining power is only beneficial until workers reach a certain age and then their value in the labour market begins to decrease rendering changing jobs more difficult (D. T. Yang et al. 2010). 2) As a generation *unit*, many of the transition workers worked before the 2008 stabilization phase, and recognize the value of social benefits because they worked and saw people retire without them, and are also beginning to trust that these benefits will be provided, especially by more reputable companies (Int 15w). For this *unit*, benefits become increasingly important and workers are able to use their marketplace bargaining power to secure benefits for the future when that power will diminish.

⁵⁴ More research is needed on the provision for maternity benefits in the Social Insurance Law to understand whether this provision is having an impact on reducing precariousness, especially during and after pregnancy. Also, further research is needed on the household division of labour pressure when families move out of company dormitories and the impact on worker experiences of precariousness.

⁵⁵ Ching Kwan Lee (1998a) explains that there are a myriad of reasons beyond purely economic for why women go out to work, including freedom from the control of parents, getting away from a unwanted arranged marriage, and unwanted familial pressure.

5.4.3. Conscious *Entelechy* - Stability⁵⁶

The final component is the stability *Entelechy*. Stability is highly important in this *actuality* as the economic and social demands of parenting increase. As workers begin to think more seriously about retirement (legally at age 50 women and age 60 for men in China)⁵⁷, workplace benefits become an increasingly important consideration. In an interview with a worker in the food industry, he describes the uncertainty of his retirement which would take place after one year: “I want to go back home when I pay the social insurance for 15 years. I still have one year left. I am going to raise goats.” When asked about how much he would receive from social insurance per month, he responded, “The new policy now says male worker can get the rewards at 60 years old. I’m not so sure. It may be about 2,000 rmb.” And when pressed whether that would be enough, he responded, “Of course not! That’s why I am going to raise goats.” (Int 42w). Another example is Ms. Hu that works in a jeans factory is 55 years old, also expressed her fears for the future because of the limited time she has left to work and her limited earning capacity:

⁵⁶ Workers described in this *entelechy* are overwhelmingly fully proletarianized. Semi-proletarianized workers as I described in a footnote on Hukou in Chapter 2 are able to rely more extensively on the security afforded to them in rural areas and if necessary using their farmland for subsistence (Shoahua Zhan 2011). Yue, Li, Feldman and Du (2010) evaluate the perspective of workers and the choices they make regarding whether they want to move back to the countryside after retirement. They find that an older generation of workers (those born before 1970) want to move back to the countryside and younger workers are less inclined to do that. Pun and Lu (2010) suggest that because first generation workers more easily consider retiring in the countryside they are less politically active than the second generation of migrant workers who are better educated and either grew up in the city or were left-behind children, growing up in the countryside while their parents had migrated for work. Although I suspect that the choice to move back or not is a moving target as workers get older and realize that they are increasingly precarious in the cities as the retirement support is minimal, they will more consciously consider moving back to the countryside providing evidence of incomplete proletarianization.

⁵⁷ The time to work before receiving a pension was set deliberately low in the late 1970s to help ease unemployment especially amongst youth by encouraging the older generation to retire. (Selden and You 1997)

Ms. Hu: I plan to work until the boss thinks I'm too old.

B: How old do you think that would be?

Ms. Hu: 60 I think.

B: Why are you going to continue to work that long? You are over 50. You can retire already.

Ms. Hu: Our family needs money, and the retirement money isn't enough (Int 45w).

The relative position of workers in this *entelechy* depends on the choices they made previously and the skills they have accumulated, as their marketplace bargaining power is very low. As a generation *entelechy*, this group of workers is increasingly involved in labour disputes because when the stability of their workplace is comprised they are often the most vulnerable with the most to lose. This was the case at Yue Yuen where older workers became very involved in the strike, which was reflected in the demands being articulated by the strike, that were oriented towards older workers.

Another example is the brief case of a jewellery company, presented in Chapter 3, in Foshan, highlights some of the particular difficulties of being an older worker. This jewellery company was taken over by a larger company and moved.

When the new factory was completed, most of the equipment in the old factory was moved to the new factory and the workers who worked less than 10 years in the company were brought to the new factory. From June of this year, the old factory almost stopped producing. But there were still about 50 old workers who worked more than 10 years in the factory. Before moving the factory, these workers used to have 6,000 or 7,000 yuan per month. But their salary has been decreasing since the company moved the factory. Up until June of this year [2014], they got only 2,000 yuan (Int 57r).

For the older workers, who will not be moved to the new factory, associational bargaining power has the potential to be quite high because they have limited marketplace bargaining power, which means there is little potential for them to find work and they have little to lose in their relationship with the enterprise. This is because these workers will not be able to keep their jobs nor can they find new ones because of their age so as a group their associational bargaining

power can be quite strong. The power the enterprise has over them to threaten to fire them is quite low because they have already in effect been fired. Additionally, their impending precariousness due to cut pensions and future unemployment means that they will be less nervous to mobilize even in light of a political climate which does not permit mobilization. Other older workers are in a similar situation because they rely on workplace contributions in order to save for retirement, yet if the workplace fails to meet its end of the deal then there is little to stop workers from organizing collectively. The stability *entelechy* is extremely important, as workers must contribute at least 15 years of social security to receive state benefits. Additionally, the one child policy has caused the transition-stability *unit* to worry about their retirement as adult children, who are themselves single children, find it difficult to handle the double burden of taking care of their parents and their children so their parents try and stay in the workforce as long as possible. The jeans worker interviewed previously discusses her fears for the future: “I’m afraid that my children would not take care of me. And I’m not so sure I can save enough money to take care of myself, but at least I have my retirement money” (Int 45w).

As a generation in *actuality*, this generation has gone through at least two significant social destabilizations from the initial reform to the reform period and from the reform period to the stability period. The terms of working and the benefits available have changed quite dramatically over its work history. As a particular generational *entelechy*, these workers must avail themselves of all of the available social benefits. They also increasingly rely on legal channels to ensure that the years they have devoted to an enterprise are not lost through enterprise relocation or other schemes to rid the enterprise of responsibility for older workers.⁵⁸

⁵⁸ It is fruitful to draw comparisons between this *entelechy* and the struggles of the ‘Rust Belt’ workers of the SOEs in northern China described in (C. K. Lee 2007). These workers were most

Although very limited, the labour shortage means that this generation *unit* still has some degree of marketplace bargaining power. This generation *unit* remains highly precarious as they are squeezed from multiple angles: their children, in some cases their parents, as well as an increased understanding that their relevance and importance to the labour market is diminishing. Conscious *entelechy* is formed through the convergence of decreasing marketplace bargaining power, along with business or government undermining previous unconscious *entelechy*, which creates particular values or priorities in their lives that are now being destabilized. This is clearly articulated in the way they discuss their prospects for the future, which seem highly precarious.

This typography is not all-inclusive as it focuses mostly on those recently proletarianized and the children of those that were recently proletarianized which intend to stay in urban areas. Yet it elucidates the individual and collective consciousness of workers throughout their work histories and provides a schematic that can be used to generate insight towards formulating policy and collective action aimed at reducing precariousness. Understanding these trajectories generationally can provide important insight into the ways in which policies create unconscious *entelechy* and how conscious *entelechy* sets the groundwork for collective action.⁵⁹ Using a generational lens to understand the decisions made by industrial workers in Guangdong provides a more complete and nuanced perspective of how policies, structures and the market intersect

severely affected by the dismantling of the Iron Rice Bowl and the subsequent loss of the social contract which underscored their security during the Mao-era. Additionally, private industrialization did not come back as quickly to this area so workers were left in a highly precarious position.

⁵⁹ These groups are most applicable for the increasing numbers of those who intend to make a life for themselves in the city. Those who intend to move back to the countryside may occupy the first group unconscious *unit* throughout their work careers as a way to save as much as possible for their return home. Many workers interviewed had only one job throughout their life histories. In this case all units and *entelechies* were evident through internal rationalization of the reasons for staying. It is important to note that these phases are relevant as long as economic growth remains robust and the labour market relatively tight.

and how workers make decisions based on these intersections. This chapter has demonstrated that Mannheim's approach to generations reveals characteristics about generations that are essential to understanding how collective action and worker decision-making is strongly polarized generationally in Guangdong. Importantly, although we see that all of the workers in the study occupy a similar class position, there is a lack of conscientization at the class level. This same absence of conscientization cannot be said for the generational level where there is broad spectrum, but divergent conscientization for specific generations which aim to achieve specific although not necessarily political objectives. This chapter provides insight into understanding generational issues as fundamental to workers' positions within the labour market and a new understandings of the impact of generation on precarity.

6. Conclusion

Precarity for industrial workers in Guangdong is widespread, however the nature of precarity in Guangdong is unique compared to high-income countries where precarity is created by the withdrawal of social benefits and an absence of secure employment. Precarity is also different for low-income countries where precarity is created by an absence of a social safety net and a lack of employment. Precarity for industrial workers in Guangdong is different; it is created by institutional ambiguities that lead to a minimal, haphazard and unstable social safety net. Additionally, precarity is caused by an absence of strong mediating relationships between workers, employers, and social institutions. These mediating relationships come in many forms but include an absence of strong enforceable contracts, variable social insurance protections, an over-reliance on unstable market mechanisms for protection and weak familial ties due to migration. Understanding this type of precarity is important because it is closely associated with new and rapid industrialization. In the second chapter I examined the historical foundations of the legal system in China from the post-Mao era, 1978 – present, and discussing the current instability faced by governments and businesses in Guangdong, I pointed to the contested economy of Guangdong, which is continuing to rely on the mistreatment of workers as its main source of growth. In the third chapter my analysis emphasized the contradictory nature of employment contracts and the social insurance law which provides important precarity relief for industrial workers. I also explained the causes of legal authoritarianism and decentralized accumulation which is undermining these important features of the law and continues to create precarious situations for workers. In the fourth chapter I examined precarity vis-à-vis the market by examining how the theory of the Lewis Turning Point can be used to understand why there have been increases in wages and working conditions through reductions in surplus labour. Precarity is being reduced because of the tight labour market however, an absence of effective

political support and a lack of enforcement of legal mechanisms is minimizing bargaining power as a method to help workers bridge asymmetrical power relationships with employers as a form of reducing precariousness. In Mannheim's theory of generations we can see why different generational *units* and *entelechies* have rationally guided responses to precarity. I illustrated why using generation as a unit of analysis for industrial workers in Guangdong provides a useful framework to understand responses to precarity and how group formation is increasingly possible based along generational lines. Overall, this analysis has described a number of ways that precarity manifests for workers in Guangdong. Most important about this analysis is the ways that multiple factors together impact precarity and the ways that precarity is mediated politically, economically and socially.

6.1. Intersections

Intersectional understandings allow us to see the complexity of the relationships that offer opportunities to reduce precarity but are constrained in many ways. The most important aspect that I discussed in this thesis is the generational intersection; generations is an underexplored social category which helps to explain some of the key relationships that are essential to reducing precarity for workers. As explained in the Lewis Turning Point chapter, for young workers, market mechanisms, are one of the key strategies for reducing precariousness. In light of a tight labour market, young workers are able to take advantage of their relatively high marketplace bargaining power, to find a job that meets their particular needs. In the transition entelechy workers continue to maintain a high level of marketplace bargaining power. However, family responsibility and the reduced desirability on the labour market means that workers need to strategize to find labour market solutions that will help them as they get older. Although market mechanisms are still important, the reliability of contracts and social insurance start to become

increasingly important. As such from an intersectional perspective the transition entelechy begins to rely on more than simply a market relationship in order to reduce precarity as relationships with the government and other social institutions become important. Furthermore, these are typically childbearing years and a strengthening of familial relationships is also evident. Thus, the transition entelechy reduces precarity through a myriad of relationships that offer some security although place significant pressure on individual workers to make the 'right' decisions.

In the stability entelechy, worker's reliance on market mechanism is limited as their marketplace bargaining power is severely restricted. To a large extent, workers rely on their work contracts and social insurance. The relationships that these workers can rely on, especially with their employer, are not nearly as robust as the transition entelechy because of reduced marketplace bargaining power. Thus, the stability entelechy faces heightened precarity as they must rely heavily on the law and social policy, which is notoriously unstable in China. It is important to note that reduced marketplace bargaining power increases precarity through unstable relationships with social institutions. One bright spot might be that there is an opportunity for increased associational bargaining power and the formation of a conscious entelechy. Although due to the prohibitive nature of associational bargaining power in China it is mostly spontaneous and not well organized. One question that remains important is whether generational consciousness can overcome Alienated Politics and reach Beijing. Another intersection that is quite noteworthy is the relationship between market mechanisms and legal mechanisms. It is perhaps through the tight labour market and increased difficulty that employers have finding workers, that legal standards are increasing although this relationship may become precarious as economic growth wanes in China. Yet there is the possibility that these two could feed each other to both improve wages and working conditions due to the tight labour market.

6.2. Effectiveness

As the central government is using social insurance and legal policies to maintain stability, more people are relying on those policies as an effective reliever of precarity. This has important and recognizable consequences: firstly it means reducing precarity for workers in retirement by providing some measure of security. Secondly, it improves informal associational power as workers increasingly rely on the social protections and they act collectively when the government does not come through on its promises. Thirdly, the government is recognizing that the market on its own cannot reduce precarity and the law cannot be left to its own devices, so active enforcement and engagement with the law is required in order to ensure the state's legitimacy is maintained and precarity is reduced for workers. Many people around the world come to rely on an unstable social safety net, in China the system is purported to work properly however for many it does not. There is variation by region through different political responses explained by decentralized accumulation and legal authoritarianism. Therefore, workers are both increasingly relying on the social safety net but they also must rely on other mechanisms in order to spread the risk of insecurity. However, this is difficult when there are few reliable mechanisms outside of the state to reduce precarity. This is particularly important when one of the most important mechanisms for stability and to reduce precarity has been economic growth but economic growth is not entirely stable; growth rates this year of 7-8% are far less than the growth rates of 10 to 12% at the peak of China's industrialization. This means that marketplace bargaining power may be reduced as industrialization slows. We have seen that two of the most important mechanisms of reducing precarity, the legal system and the market are providing opportunities, but, at the same time severe constraints remain as policymakers often walk a fine line, intentionally, leaving a certain amount of precarity, as explained by Standing.

6.3. Gaps

In the beginning of the thesis I discussed a theory of precarity. This theory of precarity, as I explained, went beyond low income, or variable and unstable stable working relationships. I have provided evidence that precarity exists due to many factors including legal authoritarianism and decentralized accumulation which results in a lack of institutional capacity and low wages amongst other things. However, while I relied upon methods of precarity reduction for industrial workers in China, which has an inherent relationship with work, I spent little time discussing how families use savings and divide up reproductive responsibilities along with other factors that influence precarity. These are important variables which are excluded from this thesis and should be the target of future research. Future projects should fill some of these gaps to expand our understanding further of precarity by examining more closely relations between production and reproduction as well as connections which residents have to their local governments that are distinct from the relationships of their employers. These relationships in some cases provide social transfers for essential budgetary support to families that would otherwise be unavailable. These transfers vary greatly by location for example, a local person with rural hukou in the PRD may receive far more of a transfer than a local person with rural hukou from another town in a poorer province in China.

6.4. Policy Implications

I have demonstrated that precarity for Chinese workers is captured by variable, unstable and haphazard access to a social safety net which is limited by insecure relationships to important government, social institutions, employers, and other networks. From a policy perspective there are number of recommendations which can help to minimize this precarity. Firstly, increasing the number of public defenders available to help workers fight for their legal rights is not only good for workers but is also good for businesses that follow the law as the bad practices of a few

employers may keep thousands of potential workers away from the Pearl River Delta. This would also have the effect of increasing the shadow of the courts and may be the signal that workers need to come work in the PRD, although this issue relies to a large extent on western consumers and multinational corporations willingness to pay more. Secondly, careful attention needs to be paid to the stability entelechy. This generation has sacrificed a great deal in the industrialization of China, and if this generation is simply ignored the entire project of modernization may be in jeopardy as following generations will refuse to continue to do the dirty work without a significant reduction in precarity. Thirdly, relaxing restrictions on associational bargaining power may in fact achieve desired effects through the formation of more independent unions; stability can be achieved through collective bargaining. This collective bargaining needs to be organized in a transparent way which attempts to ensure legitimacy, to overcome much of the scepticism of workers who refuse to join the unions as it is seen as too corrupt to waste time with. Establishing legitimate and empowered unions will take more time to achieve however, being proactive and starting now will have positive and desired results before issues of stability become too great.

For future research, I would like to compare precarity between the Pearl River Delta and newly industrialized regions of China to see to what extent the market is creating improved wages and other working conditions or whether it is enforcement and other legal mechanisms that are in place. This will also include questions regarding the other factors of precarity which I did not discuss in this thesis, including the role of familial networks as well as relationships outside of the workplace. As China continues to be the largest driver of world economic growth, the lessons learned from this late industrializer can be invaluable to other countries, although the particularities of especially the political situation in China make comparison difficult. However,

the methods that are used to reduce precarity that come with industrialization are fascinating and are vitally important as China becomes the world's largest economy and other countries look to replicate its successes.

Primary Sources

Worker Interviews

- 1w Machinery Manufacturing Company – Technician, Male
- 2w Machinery Manufacturing Company - Quality Control, Female
- 4w Machinery Parts Manufacturer – Sales, Female, 30 Years Old, From Jiangxi with Urban Hukou, 12 years of education, Unmarried, earns 4000 RMB per month
- 5w Machinery Parts Manufacturer - Machining Supervisor, Male, 32 Years Old, From Jiangxi with Rural Hukou, 12 years of education, Married, earns 6000 RMB per month, 14 Years working in Guangdong
- 9w Unemployed Office Worker, Female 23 Years Old From Guangdong with Rural Hukou, 12 years of education, Unmarried, earns 2000RMB per month, 6 Years working in Guangdong
- 10w Unemployed Welder, Male 29 Years Old, From Hubei with Rural Hukou, Unmarried, earns 5600 RMB per month, 5 Years working in Guangdong
- 14w Bathroom Fitting Manufacturer – Worker, Female 30 Years Old, From Guangxi with Rural Hukou, 7 years of education, Married, earns 2100 RMB per month, 13 Years working in Guangdong
- 15w Bottling Company – Worker, Female 30 Years Old, From Guangxi with Rural Hukou, 9 years of education, Divorced, earns 2700 RMB per month, 10 Years working in Guangdong
- 21w Machinery Manufacturing Company – Technician, Male 30 Years Old, From Sichuan with Urban Hukou, 9 years of education, Unmarried 4 Years working in Guangdong
- 23w Machinery Manufacturing Company – Technician, Male 21 Years Old, From Guangdong with Rural Hukou, Unmarried 4 Years working in Guangdong
- 24w Trading Company – Purchaser, Female 34 Years Old, From Hunan with Rural Hukou, 12 years of education, Unmarried, 8 Years working in Guangdong
- 30w Machinery Manufacturer - Legal Department, Female 27 Years Old, 15 years of education, Unmarried
- 32w Coffee Shop – Server, Female 23 Years Old, From Hunan with Rural Hukou, 12 years of education, Unmarried, earns 3000 RMB per month
- 33w Banker, Female
- 34w Coffee Shop - Server 2, Female 22 Years Old, From Hunan with Rural Hukou, 9 years of education, Unmarried, earns 2500 RMB per month
- 35w Shoe Accessory Manufacturer - Quality Control, Female 35 Years Old, From Hubei with Rural Hukou, 9 years of education, Married, earns 2000 RMB per month, 10 Years working in Guangdong
- 36w Shoe Accessory Manufacturer – Worker, Male 24 Years Old, From Anhui with Rural Hukou, 9 years of education, Married, earns 2000 RMB per month, 6 Years working in Guangdong

- 37w Retail Sales – Cellphones, Female 24 Years Old, From Guangdong with Rural Hukou, 9 years of education, Married, earns 3000 RMB per month
- 38w Electronics Manufacturer - Contract Worker, Female 23 Years Old, From Hunan with Rural Hukou, 12 years of education, Married, earns 4000 RMB per month
- 39w Training Centre - Recruitment Officer, Female 25 Years Old, From Henan with Rural Hukou, 9 years of education, Unmarried, earns 3000 RMB per month, 5 Years working in Guangdong
- 41w Manufacturer Jade – Sales, Female
- 42w Food Stuffs Manufacturer - Forklift Driver, Male 43 Years Old, From Guizhou Rural Hukou, 7 years of education, Married, earns 2500 RMB per month, 21 Years working in Guangdong
- 43w Food Stuffs Manufacturer - Quality Control, Male 24 Years Old, From Guangdong with Rural Hukou, 12 years of education, Married, earns 2100 RMB per month, 1 Year working in Guangdong
- 45w Jeans Manufacturer – Worker, Female 50 Years Old, From Guangdong with Urban Hukou, 9 years of education, Divorced, earns 3000 RMB per month, 20 Years working in Guangdong
- 48w Electronic Component Manufacturer – Worker, Female 23 Years Old, From Hunan with Rural Hukou, 9 years of education, Unmarried, earns 3000 RMB per month, 4 Years working in Guangdong
- 49w Car Parts Manufacturer – Worker, Female 30 Years Old, From Guangdong with Rural Hukou, 9 years of education, Married, earns 3000 RMB per month, 4 Years working in Guangdong
- 50w Car Parts Manufacturer - Worker 2, Female 38 Years Old, From Guangdong with Rural Hukou, 9 years of education, Married, earns 2000 RMB per month, 17 Years working in Guangdong
- 51w Home Appliance Manufacturer - Quality Control, Male 32 Years Old, From Guangdong with Urban Hukou, 12 years of education, Married, earns 5000 RMB per month, 10 Years working in Guangdong
- 52w Home Appliance Manufacturer – Scheduling, Male 24 Years Old, From Guanxi with Rural Hukou, 15 years of education, Unmarried, earns 6000 RMB per month, 8 Years working in Guangdong
- 53w Home Appliance Manufacturer – Supervisor, Male 24 Years Old, From Hunan with Urban Hukou, 12 years of education, Unmarried, earns 7000 RMB per month, 5 Years working in Guangdong
- 54w Home Appliance Manufacturer – Worker, Female, From Sichuan with Rural Hukou, 12 years of education, Married, earns 5000 RMB per month, 6 Years working in Guangdong

- 55w Home Appliance Manufacturer – Worker, Male 24 Years Old, From Guangxi with Urban Hukou, 12 years of education, Unmarried, earns 4000 RMB per month, 4 Years working in Guangdong
- 60w Shoe Manufacturer - Food Service Worker Female
- 63w Shoe Manufacturer - Office Workers * 2, Female/ Female, From Henan/ Hunan with Urban/ Urban Hukou, 15/16 years of education, Unmarried/Married, 12 Years working in Guangdong
- 66w Shoe Manufacturer - Worker Female
- 73w Machine Parts Manufacturer – Worker, Male 41 Years Old, From Sichuan with Rural Hukou, 12 years of education, Married, earns 6000 RMB per month, 21 Years working in Guangdong
- 74w Jeans Manufacturer – Worker, Male 21 Years Old, From Chongqing with Rural Hukou, 8 years of education, Unmarried, earns 5000 RMB per month
- 75w Jeans Manufacturer – Worker, Female 20 Years Old, From Jiangxi Rural Hukou, Unmarried 3000 RMB

Employer Interviews

- 3o Machinery Parts Manufacturer – Owner, Male From Taiwan
- 6o Wire Manufacturer – Owner, Male From Taiwan
- 7o Lighting Manufacturer – Manager, Male 38 Years Old, From Taiwan 18 Years working in Guangdong
- 8o Shoe Accessory Manufacturer – Owner, Male From Taiwan 17 Years working in Guangdong
- 13o Wine Cooler Manufacturer – Manager, Male
- 18o Shoe Manufacturer – Owner, Male
- 40o Manufacturer Jade - Human Resources, Male From Hubei 16 Years working in Guangdong
- 44o Food Stuffs Manufacturer – Owner, Female 56 Years Old
- 61o Shoe Manufacturer - Human Resources, Male
- 65o Shoe Manufacturer - Line Supervisor, Male

Officials, Lawyer and Academic Interviews

- 25r Industrial Association Hong Kong, Male
- 26r Labour Lawyer Hong Kong, Male
- 27r NGO - China Labour Bulletin, Female/Male
- 28r NGO - Globalization Monitor, Female
- 29r Academic - Hong Kong, Female
- 56r Labour Lawyer, Male
- 57r Labour NGO, Male
- 58r Union Official, Male

- 62r Academic - Hong Kong, Male
- 64r Informal Shoe Repair Shop, Female/Male, 21 Years working in Guangdong
- 67r High School Teacher, Female
- 68r Lawyer, Male
- 72r Accountants * 2, Female/Female

Employment Agency

- 11a Employment Agency - Placement Officer, Female 26 Years Old
 - 12a High Skill Employment Agency - Placement Officer, Male 26 Years Old
 - 19a Employment Agency - Placement Officer, Female
 - 20a Employment Agency - Placement Officer, Female
 - 31a Multinational Employment Agency - Placement Officer, Female, From Hainan
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