Wildcat or Lion?

Inequality, Agency, and the New Chinese Working Class

By

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Contents

Abstract.....	vii
Acknowledgements	ix
List of Illustrations	xi
List of Abbreviations	xiii
Introduction	1
Backdrop.....	1
The Chinese working class	5
The puzzle and research question	7
Overview	10
Chapter 1. Literature Review.....	15
1.1 <i>Concepts and origins of the topic</i>	15
Inequality	15
Class	19
Labour	20
Structure and agent.....	21
1.2 <i>Theorising labour</i>	22
The Marxist approach to labour	22
Structure and labour	26
Agency and labour.....	30
Globalisation and labour.....	35
1.3 <i>Chinese labour and class</i>	41
Traditional Chinese labour study.....	41
New Chinese class study.....	48
1.4 <i>What is known and what is to be done</i>	55
1.5 <i>Conclusion</i>	62
Chapter 2. Analytical Framework and Research Design	65
2.1 <i>Theoretical framework</i>	65
Theories of class structure.....	66
Agency and the Chinese working class.....	67
Globalisation, capital movement and inequality.....	69
2.2 <i>Research approach and research design</i>	70
Research approach.....	71
Research design.....	74
2.3 <i>Research method</i>	76
Statistics sources	76
Qualitative sources	78
2.4 <i>Validity and limitation</i>	80
Validity issues	80
Limitation	82
Ethical consideration	82
2.5 <i>Conclusion</i>	83

Chapter 3. Historical Context	85
3.1 <i>Pre-socialist period</i>	85
Labour in Dynastic China	85
Labour in revolutionary times	88
3.2 <i>Socialist workers in Maoist time</i>	92
The privileged state unit workers	92
New inequality under the danwei system.....	94
Socialist workers' unrest.....	96
3.3 <i>Post-socialist period</i>	98
From market reform to 'World Factory'	98
Labour unrest in the post-socialist era	101
Response from the state and civil society	103
3.4 <i>Conclusion</i>	106
Chapter 4. The Working Class in Megacities	109
4.1 <i>Working class profile</i>	109
Megacities: an introduction.....	109
Profile of the working class.....	111
Demand for labour.....	113
Supply of labour	117
Labour market and the reserve army of labour.....	120
4.2 <i>Higher inequalities and the making of working class</i>	121
Economic inequality.....	121
Social inequality	130
Political Inequality	138
4.3 <i>Agency and the making of working class</i>	140
Behavioural agency	141
Class identification	144
Social and political stance.....	146
Willingness to undertake collective action.....	150
Class solidarity	150
4.4 <i>Case: working in Shenzhen</i>	152
Economic Inequality.....	154
Social inequality	157
Political inequality.....	161
Behavioural agency	163
Cognitive agency.....	164
4.5 <i>Conclusion</i>	167
Chapter 5. The Working Class in Smaller Cities.....	171
5.1 <i>Working class profile</i>	171
Smaller cities: an introduction.....	171
The profile of the working class.....	174
Demand for labour.....	176
Supply of labour	178
Labour market and the reserve army of labour.....	180
5.2 <i>Lower inequalities and the making of working class</i>	181
Economic inequality.....	182
Social inequality	191
Political inequality.....	196
5.3 <i>Agency and the making of working class</i>	198

Behavioural agency	199
Class identification	200
Social and political stance.....	202
Willingness to collective action.....	206
Class solidarity	206
<i>5.4 Case: working in Chongqing</i>	208
Economic inequality.....	209
Social inequality.....	214
Political inequality.....	218
Behavioural agency	219
Cognitive agency.....	220
<i>5.5 Conclusion</i>	223
Chapter 6. Discussion and Conclusion.....	227
<i>6.1 Research findings and discussions</i>	227
Making sense of inequality and cognitive strength.....	228
Making sense of the new working class.....	234
<i>6.2 Research significance</i>	242
A pluralist model of working class study.....	242
Inequality between structure and agent.....	245
Cognitive belief and agency.....	247
<i>6.3 Research contribution</i>	250
Cognitive strength and labour organisation.....	250
Working class and emancipation.....	251
Inequality and development	253
Limitations and future research	254
<i>6.4 Final remarks</i>	255
Appendix I. Interview Questions and Responses	259
Appendix II. Key Labour Events in China.....	261
Appendix III. Milestone Labour Legislations.....	263
Bibliography	265

Abstract

The study of Chinese labour politics has returned to the centre of scholarly interest as China has increasingly become involved in global production and trade. As the incidence of labour dispute and workers' strikes continued to soar, ubiquitous cases of labour rights abuse have been widely reported by international media and academics. The literature of Marxist international political economy has long predicted the insurgency of the Chinese working class resulting from rising inequality, global capital movement and labour division. In contrast, traditional Chinese labour studies are inconclusive as to whether the Chinese working class has gained enough class consciousness to become a cohesive agent for social and political change. This research examines how rising economic, social and political inequalities have impacted on the Chinese working class's agency. The research shifts the focus from top-down structural analysis to workers' agency itself, with an emphasis on their cognitive strength. The research was undertaken via a two-case comparative study of the Chinese working class in four megacities and four smaller cities. Data came mostly from statistics and field interviews.

This two-case comparative study concludes that, overall, the Chinese working class had a weak behavioural strength, as manifested by inconsistent wildcat-style strikes, which had no clear political strategies. This research also concludes that the working class's cognitive agency is weak and conservative, as manifested by a weak class identification, their poor understanding of democracy, their low willingness to participate in collective action, and their weak sense of class solidarity. I argue that inequalities and capital movement do not have a simple and unidirectional relationship with the working class's collective agency. On the one hand, inequalities and capital movement can arouse the working class's behavioural strength quickly. On the other hand, workers' cognitive strength is more inert and does not correspond neatly to these two factors.

The research findings show that the megacities are more economically developed, with higher inequalities, but with considerably weaker and more conservative working class agency; whereas the smaller cities are less economically developed, with lower inequalities, but with

less weak and conservative working class agency. The addition of cognitive strength as a new dimension of working class study provides a pluralist analytical framework for the study of Chinese labour. The new Chinese working class are better educated and more individualised with three main characteristics - occupation-based, precarious, and conservative - which distinguish them from the older generations of workers who had a clear group identification, such as the SOE workers in the 1990s, and the rural migrant workers in the 2000s. These theoretical and empirical findings open up possibilities of new strategies for effective labour organisation that should be considered by labour NGOs, civil society and the government. These players not only need to manage the working class action carefully, but also need to better understand the workers' complex cognitive situations.

Keyword: Agency, China, Inequality, Labour Politics, Working Class

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List of Illustrations

Figures

FIGURE 1 SELECTED COUNTRIES' GDP PER CAPITA & GINI COEFFICIENT IN 2013	3
FIGURE 2 GDP GROWTH IN MEGACITIES AND SMALLER CITIES, 1998-2014	111
FIGURE 3 WORKING POPULATION IN MEGACITIES 2013.	112
FIGURE 4 SECTORIAL COMPOSITION OF CHINESE WORKING CLASS IN MEGACITIES 2013	113
FIGURE 5 EMPLOYMENT COMPOSITION IN THREE INDUSTRIES NATIONAL 1995-2013	115
FIGURE 6 EMPLOYMENT COMPOSITION IN THREE INDUSTRIES IN MEGACITIES 1995-2013	115
FIGURE 7 GROWTH OF INVESTMENT IN FIXED ASSETS IN SHENZHEN 1980-2012.	116
FIGURE 8 EMPLOYMENT BY OWNERSHIP IN BEIJING 1978-2012	118
FIGURE 9 MANUFACTURING WORKERS' EMPLOYMENT GROWTH IN MEGACITIES 2003-2013	121
FIGURE 10 MINIMUM WAGES IN PERSPECTIVE IN THE MEGACITIES 1995-2015	123
FIGURE 11 WAGE DISTRIBUTION IN MEGACITIES 2014	125
FIGURE 12 WORKING CLASS WAGES IN PERSPECTIVE MEGACITIES 2001-2014	126
FIGURE 13 HOUSING IN MEGACITIES 2002 & 2007.....	128
FIGURE 14 HOUSE VALUE IN QUINTILES NATIONAL 2002 & 2007.....	129
FIGURE 15 WEEKLY RENTALS VS WORK HOURS IN MEGACITIES 2014	135
FIGURE 16 NUMBER OF LABOUR DISPUTES IN CHINA 1999-2012	141
FIGURE 17 WORKING POPULATION IN SMALLER CITIES 2013.....	175
FIGURE 18 SECTORIAL COMPOSITION OF WORKING CLASS IN SMALLER CITIES 2013.....	175
FIGURE 19 EMPLOYMENT COMPOSITION IN THREE INDUSTRIES SMALLER CITIES 1995-2013	177
FIGURE 20 CAPITAL INVESTMENT IN SMALLER CITIES 1996-2013.....	177
FIGURE 21 EMPLOYMENT OF MANUFACTURING WORKERS IN SMALLER CITIES 1999-2012	181
FIGURE 22 MINIMUM WAGES IN THE SMALLER CITIES 1993-2015	183
FIGURE 23 WAGE DISTRIBUTION IN SMALLER CITIES 2014	187
FIGURE 24 A PLURALIST ANALYTICAL FRAMEWORK FOR CHINESE WORKING CLASS STUDY.....	244

Tables

TABLE 1 ECONOMIC DEVELOPMENT PROFILES OF MEGACITIES 2014	110
TABLE 2 URBANISATION MEGACITIES VS NATIONAL 2000-2010	110
TABLE 3 WORKING CLASS PROFILE IN MEGACITIES 2013	113
TABLE 4 EMPLOYMENT BY OWNERSHIP TYPES IN MEGACITIES 2013	117
TABLE 5 MIGRANT WORKERS IN MEGACITIES 2014.....	119
TABLE 6 GRADUATE STUDENTS IN MEGACITIES 2014	120
TABLE 7 GINI COEFFICIENT OF SELECTED CHINESE CITIES	122
TABLE 8 MINIMUM WAGES BY INTERNATIONAL COMPARISON.....	123
TABLE 9 WORKING CLASS WAGES IN SHANGHAI AND NATIONAL 2013.....	127
TABLE 10 EDUCATION OF WORKING CLASS IN SHANGHAI 2013.....	131
TABLE 11 HEALTH CONDITION OF WORKING CLASS IN SHANGHAI 2013	132
TABLE 12 HOW PHYSICAL HEALTH CONDITION AFFECTED SHANGHAI WORKERS 2013	132
TABLE 13 HOW MENTAL HEALTH CONDITION AFFECTED SHANGHAI WORKERS 2013	132
TABLE 14 HEALTH CARE FACILITIES IN SHANGHAI 2013	132
TABLE 15 HOUSING CONDITIONS IN SHANGHAI 2013	133
TABLE 16 SOCIAL ALIENATION IN SHANGHAI 2013	137
TABLE 17 SOCIAL INTERACTION IN SHANGHAI 2013	137
TABLE 18 SOCIAL TRUST IN SHANGHAI 2013	137

TABLE 19 UNION RATE IN SHANGHAI 2013	138
TABLE 20 LOCAL ELECTIONS IN SHANGHAI 2013	138
TABLE 21 NUMBER OF LARGE-SCALE STRIKES IN MEGACITIES 2011-2015	142
TABLE 22 CAUSES OF STRIKES IN MEGACITIES 2011-2015	142
TABLE 23 WORKING CLASS SELF-IDENTIFICATION IN SHANGHAI 2013	144
TABLE 24 CLASS POSITION SELF-IDENTIFICATION SHANGHAI 2013	145
TABLE 25 PERCEPTION OF CLASS CONFLICT IN SHANGHAI 2013	146
TABLE 26 POLITICAL STANCE ON INEQUALITY AND DISTRIBUTION IN SHANGHAI 2013	147
TABLE 27 POLITICAL ATTITUDE TO GOVERNMENT POLICIES IN SHANGHAI 2013	148
TABLE 28 VALUES ON GENERAL POLITICS AND DEMOCRACY IN SHANGHAI 2013	149
TABLE 29 WILLINGNESS TO PARTICIPATE IN COLLECTIVE ACTION IN SHANGHAI 2013	150
TABLE 30 POLITICAL ALLIANCE AND SOLIDARITY IN SHANGHAI 2013	151
TABLE 31 WAGE HIERARCHY IN FACTORY A 2004 AND 2014	154
TABLE 32 WAGES CHANGES IN FACTORY A 2011-2014	155
TABLE 33 ECONOMIC DEVELOPMENT PROFILES OF SMALLER CITIES 2014	172
TABLE 34 URBANISATION SMALLER CITIES VS MEGACITIES 2000-2010	173
TABLE 35 WORKING CLASS PROFILE 2013	176
TABLE 36 ACTUAL UTILISED CAPITAL IN CHONGQING 1996-2013	178
TABLE 37 EMPLOYMENT BY OWNERSHIP IN SMALLER CITIES 2013	179
TABLE 38 URBANISATION RATE IN SMALLER CITIES 2014	179
TABLE 39 MIGRATION IN CHONGQING 2012-2013	180
TABLE 40 NUMBER OF ENROLLED TERTIARY STUDENTS IN SMALLER CITIES 1996-2013	180
TABLE 41 GRADUATES' STARTING WAGES IN SMALLER CITIES 2014	185
TABLE 42 WORKING CLASS WAGES IN CHONGQING 2013	188
TABLE 43 HOUSING AFFORDABILITY IN MAJOR CITIES 2015	189
TABLE 44 EDUCATION OF WORKING CLASS IN SMALLER CITIES 2013	191
TABLE 45 HEALTH CONDITION OF WORKING CLASS IN SMALLER CITIES 2013	192
TABLE 46 HOW PHYSICAL HEALTH CONDITION AFFECTED WORKERS IN SMALLER CITIES 2013	192
TABLE 47 HOW MENTAL HEALTH CONDITION AFFECTED WORKERS IN SMALLER CITIES 2013	192
TABLE 48 HEALTH CARE FACILITIES IN SMALLER CITIES 2013	193
TABLE 49 HOUSING CONDITIONS IN CHONGQING 2013	194
TABLE 50 HUKOU COMPOSITION IN CHONGQING 2013	195
TABLE 51 SOCIAL INTERACTION IN CHONGQING 2013	196
TABLE 52 SOCIAL TRUST IN CHONGQING 2013	196
TABLE 53 UNION RATE IN CHONGQING 2013	197
TABLE 54 LOCAL ELECTIONS IN CHONGQING 2013	197
TABLE 55 NUMBER OF LARGE-SCALE STRIKES IN SMALLER CITIES 2011-2015	199
TABLE 56 CAUSES OF STRIKES IN SMALLER CITIES 2011-2015	200
TABLE 57 WORKING CLASS SELF-IDENTIFICATION IN CHONGQING 2013	201
TABLE 58 SELF CLASS-POSITION IN CHONGQING 2013	201
TABLE 59 PERCEPTION OF CLASS CONFLICT IN CHONGQING 2013	202
TABLE 60 POLITICAL STANCE ON INEQUALITY AND DISTRIBUTION IN CHONGQING 2013	203
TABLE 61 POLITICAL ATTITUDE TO GOVERNMENT POLICIES IN CHONGQING 2013	204
TABLE 62 VALUES ON GENERAL POLITICS AND DEMOCRACY IN CHONGQING 2013	205
TABLE 63 WILLINGNESS TO PARTICIPATE IN COLLECTIVE ACTION IN CHONGQING 2013	206
TABLE 64 CLASS SOLIDARITY IN CHONGQING 2013	207
TABLE 65 WAGE HIERARCHY IN FACTORY B 2011 AND 2014	210
TABLE 66 WAGE CHANGES IN FACTORY B 2011-2014	211
TABLE 67 CLASS IN ITSELF AND INEQUALITY	229
TABLE 68 CLASS FOR ITSELF AND STRENGTH OF AGENCY	229

List of Abbreviations

ACFTU	All-China Federation of Trade Union
CASS	Chinese Academy of Social Sciences
CCP	Chinese Communist Party
CFPS	Chinese Family Panel Studies
CHFS	Chinese Household Finance Survey
CHIP	Chinese Household Income Project
CGSS	Chinese General Social Survey
CLDS	China Labour Force Dynamic Survey
CPI	Consumer Price Index
CSR	Corporate Social Responsibility
FDI	Foreign Direct Investment
FIE	Foreign Invested Enterprise
GDP	Gross Domestic Product
HR	Human Resources
ICFTU	the International Confederation of Free Trade Unions
IMF	International Monetary Fund
IPO	Initial Public Offering
MNC	Multi-National Company
NBS	National Bureau of Statistics of China
NGO	Non-Governmental Organisation
NIC	Newly Industrialised Country
OECD	the Organisation for Economic Cooperation and Development

PRC	the People's Republic of China
PRD	Pearl River Delta
SEZ	Special Economic Zone
SOE	State-Owned Enterprises
WTO	the World Trade Organisation
UN	United Nations

Introduction

Why is there no proper social and political movement led or even participated in by the working class that is strong enough to challenge the current political *status quo*, in the face of rising inequality and ubiquitous labour abuse incidents in China? Why is the collective agency of the Chinese working class - with its strong socialist class tradition - by and large silent and invisible in the context of increasingly developed state capitalism? In fact, is there any collective agency for the Chinese working class at all? During the economic take-off period in South Korea, factory worker *Jeon Tae-il* committed suicide by burning himself to death at the age of 22 in protest about the poor working conditions. His death kindled the awakening of a labour union movement that swept over Korea from the start of the late 1970s.¹ So, why there was no such impact when 24 year-old Foxconn worker and popular labour poet *Xu Lizhi* killed himself by jumping off a 17-storey building in the Chinese city of Shenzhen in 2014? In order to answer all these questions, we need to understand the new working class in today's China, as this research seeks to do. This introduction goes through the broad context of the study topic, how the literature has informed my choice of research question, and what this study is about.

Backdrop

China has increasingly embraced the neoliberal world trade system and integrated into the global capitalist production process since the 'reform and opening' policy was initiated by *Deng Xiaoping* in the early 1980s. China has officially become a 'paradise' for capital, and overtaken the US as the largest trading nation in the world.² Inward Foreign Direct Investment (FDI) in China grew exponentially from US\$1.3 billion in 1984 to a massive US\$92.4 billion in 2008. This growth of foreign capital influx only slightly flattened recently, reaching US\$126.27 billion in 2015, according to the National Bureau of Statistics of China (NBS). But in comparison, these massive inward FDI figures are dwarfed by the explosive growth of domestic

¹ For detail, see <http://www.economist.com/node/16097305> ("South Korea's unions: Labour pains," 2010, May 11).

² China's annual trade in goods passed the \$4 trillion mark for the first time in 2013, and became the world's largest trading nation, according to official data. For detail see: <http://www.theguardian.com/business/2014/jan/10/china-surpasses-us-world-largest-trading-nation> (Monaghan, 2014, January 10).

capital. Domestic investment soared ten-fold in ten years from US\$0.67 trillion, 40.9 % of the GDP in 2003, to US\$6.9 trillion, or 76.5 % of the GDP in 2013 (You & Solomon, 2015). China also overtook the US in 2010 and has become the largest capital market for Initial Public Offerings (IPO).³

Behind this impressive rise of China as a global economic powerhouse is the massive scale of internal urbanisation, with resources pouring into the export-oriented industries or the so-called ‘World Factory’ zones along the east coast. These industries are sustained by an abundant supply of cheap labour. This prolonged supply of cheap labour comes from three main sources: State-Owned Enterprise (SOE) redundant workers, the soaring number of tertiary graduates, and most importantly millions of rural migrant workers. More than 36 million workers were laid off during the SOE reforms from 1990 to 1999 (Huang, 2003, p. 346), and this process still lingers. The number of tertiary graduates increased seven-fold in 15 years, reaching 7.26 million in 2014 (NBS). The influx of rural migrant workers from the inland countryside to the ‘World Factory’ in the east coast is so spectacular that it is constantly dubbed by the international media as the ‘largest migration in history’.⁴ The population of this super migration grew explosively in two decades, from only 10 million in 1993 (Chan, 2013) to more than 270 million in 2015 (NBS).

The combination of these three sources has contributed to a massive reserve army of cheap labour. However, despite the fastest GDP growth in the world, there is no way that China can accommodate all of the supply of labour. Contrary to the rosy data portrayed in the state statistics, then Premier *Wen Jiabao* estimated the total unemployed population was about 200 million in 2010.⁵ The average wages for a shop-floor worker in manufacturing industries was about US\$1.36 per hour, compared with US\$23.32 for the workers in the US.⁶ This vast reserve

³ For detail, see: <http://www.bloomberg.com/news/articles/2013-12-01/china-sets-ipo-reform-plan-signaling-end-of-freeze-on-listings> ("China's Move to End IPO Halt Sparks Rally in Finance," 2013, December 2).

⁴ For detail, see: <http://www.economist.com/blogs/freeexchange/2012/02/china> ("The largest migration in history," 2012, February 24).

⁵ During a development forum on the 3rd March 2010, the then Premier Wen Jiabao commented on the issue of Sino-US trade and employment in China, and said ‘I know that there are 2 million people are unemployed in the US, and the government is worried. But in China, the unemployed population is 200 million. China is never solely in pursuit of trade surplus. On the contrary, China's longer term goal is to achieve basic balance on international trade.’ See the Chinese news website: <http://news.163.com/10/0322/19/62DDSEGV000146BD.html> ("Wen Jiabao: the unemployment population is reaching 200 million," 2010, March 22).

⁶ See: http://www.huffingtonpost.com/2012/03/08/average-cost-factory-worker_n_1327413.html (Kavoussi, 2012, March 8).

army of Chinese cheap labour is undisputedly one of the major attractions for capital investment, both home and abroad, and one of the less-talked-about drivers that lifted China to become the second largest economy in the world. The trajectory of recent economic development clearly points to the increasingly uneven distribution of the fruit of national development, leading to the so-called ‘*guojin mintui*’ (the state advances, the private sector retreats) phenomenon (Dean, Browne, & Oster, 2010), and class division in society.

Figure 1 Selected Countries' GDP per capita & Gini coefficient in 2013

Denmark (59k; 24.8)	Canada (52k; 32.1)	US (53k; 45)
Czech (19.8k; 24.9)	Korea (26k; 31) Greece (21.9k; 34.3) Taiwan (20K; 34)	Chile (16k; 52)
Montenegro (7k; 24.3)	Indonesia (3.5k; 36.8)	China (6.5K; 47) Zambia (1.8k; 57.5)

Source: developed by the author; unit: (US\$; %), based on the statistics from the World Bank and OECD.

The validity of the Chinese economic development model is in serious question if economic growth and inequality are considered together. A chart (Figure 1) shows the global position of development and inequality of selected countries. In general, the closer to the bottom right corner, the less developed and the more unequal the country is, and the more difficulties the working class would face. By 2013, China was only an upper-middle-income economy according to the World Bank's standard,⁷ but already a highly unequal society judged by the

⁷ In the fiscal year 2015, World Bank defines low-income economies as those with a GNI per capita, calculated using the World Bank Atlas method, of \$1,045 or less in 2013; middle-income economies are those with a GNI per capita of more than \$1,045 but less than \$12,746; high-income economies are those with a GNI per capita of \$12,746 or more. Lower-middle-income and upper-middle-income economies are separated at a GNI per capita of \$4,125. See more detail on the World Bank's website.

income Gini coefficient.⁸ China's income inequality has gone through the roof before it got through the high-income-country threshold, unlike most of the Newly Industrialised Countries (NIC).

It is perhaps no surprise at all that the Chinese workers' struggles in the 'World Factory' have been met with wider concerns from the public and media. Nothing better manifests the workers' misery than the scandal of Apple and its supplier factories in China. Abusive working conditions, such as long work hours and an unsafe shop floor environment, were repeatedly reported. It was highlighted in 2010 when 14 workers committed suicide at Apple's biggest supplier, Foxconn⁹. Twenty-four-year-old Foxconn worker and popular labour poet *Xu Lizhi* killed himself by jumping off a 17-storey building in the Chinese city of Shenzhen in 2014. While ubiquitous cases of labour rights abuse were widely disclosed by media and academics, the incidence of labour dispute and workers' strikes continued to soar¹⁰. A cover story in the *Economist*, 'The Rising Story of China's Workers', featured the labour troubles in the automotive and electronic industries in South China in 2010 after the global financial crisis¹¹. One independent source estimated that there were about 1,378 strikes in 2014, double the number in 2013¹². Most of the strikes are described as in rank-and-file or *wildcat* style, with no clear political goals or strategies (Chan, 2011). However, that number of strikes is dwarfed by the number of labour disputes. The number of labour disputes jumped sharply from about 8,000 per year in 1993, to more than 80,000 in 1995 during the beginning of SOE reform, before reaching more than 850,000 in 2012 at the height of the 'World Factory' era (NBS).

⁸ Gini index (%), or Gini coefficient alternatively, measures the extent to which the distribution of income or consumption expenditure among individuals or households within an economy deviates from a perfectly equal distribution. Thus a Gini index of 0 represents perfect equality, while an index of 100 implies perfect inequality. Usually a Gini index above 40% implies a dangerous level of inequality in a society. See more detail on the World Bank's website.

⁹ For detail, see: <http://www.bbc.com/news/business-30532463>. Also, there were further 6 suicides in 2011, 8 in 2012, 6 in 2013, 7 in 2014, including worker Xu Lizhi, died on 30 September 2014 ("Apple 'failing to protect Chinese factory workers'," 2014, December 18).

¹⁰ There is a general distinction in this research between labour disputes and strikes. Labour dispute refers to general industrial conflicts, not necessarily escalating to industrial action, such as strikes and protests.

¹¹ For detail, see: <http://www.economist.com/node/16693333>. The new wave of workers protests from the global sweatshops sparked sensational headlines in international media, such as 'Chinese Workers Challenge Beijing's Authority' (Wall Street Journal, June 13 2010), and 'An Independent Labor Movement Stirs in China' (New York Times, June 10 2010).

¹² For detail, see: <http://www.scmp.com/comment/insight-opinion/article/1723213/chinas-new-collective-bargaining-rule-too-weak-ease-labour> (Halegua, 2015, Feb 25).

Labour struggles are met by hard-line political policy. The state uses a two-pronged strategy when it comes to labour relations management. First, a corporatist institutionalisation policy is adopted for general labour relations. The All-China Federation Trade Union (ACFTU) is the state-sanctioned union and was largely a token and welfare organisation during the socialist period. Since the 1980s, the party state has initiated a number of steps to grant the ACFTU greater leeway to represent the workers, though it remains subordinated to the party. Two labour and one trade union laws were passed between 1992 and 2001, to strengthen the ACFTU's role in dispute mediation at enterprise levels. Secondly, a policy of coercive crackdown is used whenever labour unrest is escalated. Labour unrests are interpreted as 'mass incidents' by the state and as a threat to social stability. 'Freedom of strike' was removed as a part of the citizens' rights from the Constitution in 1982 (Chang & Cooke, 2015). From 2011 and on, China had spent more on domestic 'stability maintenance' than national defence¹³. Moreover, the state increasingly tightened its control of labour support groups. In 2015, a Chinese police's campaign targeting worker activists based in the country's Guangdong manufacturing hub was described as the harshest crackdown against organised labour by the Chinese authorities in two decades¹⁴. This is the political *status quo* faced by the Chinese working class.

The Chinese working class

Against such a backdrop, the study of Chinese labour politics has returned to the centre of scholarly interest as China has become fully integrated into the global production and trade. Literature of Marxist international political economy has long predicted the insurgency of the Chinese working class resulting from rising inequality, global capital movement and labour division, and ultimately its role in propelling social and political change in China. Ness (2015, p. 38) rightly points to the global relocation of industrial production from the North to the South and urges reconsideration of the nature of global class relations in the early 21st century. In 1980 half of the world's industrial workers lived in Europe, North America and Japan. Three decades on, the export-led expansion of the industrial workforce in low-wage countries has grown rapidly and now comprises 80% of the world's industrial workers (Smith, 2013). Munck

¹³ For detail, see: http://www.bbc.com/zhongwen/simp/china/2013/03/130306_budget_military_security ("To interpret China's 'stability maintenance' cost," 2013, March 6).

¹⁴ For detail, see: <http://www.ft.com/intl/cms/s/0/7ae19510-b85e-11e5-b151-8e15c9a029fb.html#axzz41DouvCUE> ("Chinese police arrest labour activists," 2016, Jan 22).

(2010, p. 222) suggests that it is likely that workers from the South, particularly China and India, will challenge and subvert the current 'global structures and strategies'.

By contrast, the literature of Chinese labour study is far less optimistic on whether the Chinese working class has gained enough class consciousness to become a cohesive agent for social and political change. Most of the literature takes top-down structuralist approaches and has a pessimistic outlook on Chinese social movement (Pei, 1998, 2009; Saich, 2010; Wright, 2010). The political stagnancy of the Chinese working class has been explained by many from a structural perspective. These scholars have demonstrated that structural factors, such as oppressive state and regime, labour market, institutions, capitalist means of production, and globalization, have shaped and constrained the working class agency. These structural factors might work single-handedly or in tandem with each other. Particularly, the oppressive strategy and policy toward the workers and unions by the CCP state is seen as the dominant explanation for many scholars. Indeed, the paternalistic and authoritarian party state is largely responsible for the stagnancy of the working class in today's China. Alvin So, for example, adopted a state approach and argues that the CCP state uses two strategies, corporatism and institutionalisation, to manage class conflict. This, So believes, results in a 'pacified working class' and 'lack of impetus toward democratization' (So, 2003).

Many scholars (Chan, 2003, 2007; Friedman, 2009; Friedman & Lee, 2010; Gallagher, 2011; Lee, 2007) reach the similar conclusion through slightly different approaches. Lee and Friedman (2010), for example, have a pessimistic outlook for the Chinese working class's agency. They reason that commodification and casualisation were the main cause of working class stagnancy. This way of theorisation emphasises the structural cause, how marketisation has turned labour into commodities, and how capitalist means of production and the labour regime - such as dispatch workers and informal workers - have constrained labour activism. Here, structural factors, i.e. market and capital, are seen as the underlying explanations for the workers' stagnant collective agency.

But why was the Korean working class able to stand up to the then even more oppressive military government and stage a sweeping labour movement that ultimately became a catalyst

for national democratisation, while the Chinese working class has, so far, largely failed to do? Clearly structures are not the only useful explanatory factors. This prompts me to shift the focus from the structural factors, such as state, institution and unions, to the working class itself, their collective agency.

Systematic evaluation of the Chinese working class's collective agency remains an understudied area in the literature. Plenty of Chinese labour studies are agent-focused. Most of them examine the detailed lived experience of the workers in specific case studies, studying aspects such as what they do at work, how they react to working management, how they socially network, what their emotions are, and unions and strikes participation and organisation. In other words, they put focus on the workers *behavioural agency*. For example, Pun and Chan (Chan & Pun, 2009; Pun & Chan, 2013) are two of the few researchers who are optimistic about Chinese working class's agency. They conducted a number of factory-based longitudinal studies, highlighting a repertoire of social struggles and labour resistance in the shop floors, dormitories, migrant communities, and trade unions. Again, their studies focus on the working class's behavioural agency, rather than their *cognitive agency*. The analysis of workers cognitive conditions is largely missing in the literature.

The puzzle and research question

The strengths and weaknesses of the literature can be summarised as follows. First, it is understandable that Marxist political economy literature predicts the insurgency of the working class in China, at least in the long term, as the progressive social force to counter the rising inequality and the overall capitalist system. In the short term, however, the Chinese working class's agency should not be taken for granted and needs to be re-assessed. Second, literature with structure-focused approaches has provided plausible explanations about the stagnancy of the Chinese labour movement. And yet the question of Chinese workers' political stagnancy remained, since workers' rebellions happen precisely under oppressive regime in many countries. Therefore, this research proposes to shift the focus to the Chinese working class's collective agency, which remains an understudied area in the literature. Thirdly, the agent-focused literature on Chinese labour study is unsatisfactory because it comes to an overly optimistic conclusion about workers' collective agency based primarily on the study of their

collective *behavioural* agency, and has not treated *cognitive* agency systematically in much detail.

This study, therefore, shifts the focus to the workers' collective agency itself, and seeks to systematically re-assess it by considering both behavioural and cognitive agency. The research asks to what extent the Chinese working class has become a substantial and cohesive agent for social and political change in the face of rising inequalities. Are the new Chinese working class as weak as a *wildcat*, or as strong as a *lion*? The research identified two sets of cases, four first-tier cities (megacities) and four lower-tier cities (smaller cities), and examined how economic, social and political inequalities affected the working class collective agency, as manifested in aspects such as behavioural strength and cognitive strength. The behavioural strength aspect mainly covers the workers' collective action, such as strikes. The cognitive strength aspect includes the workers' class identification, social and political stances, willingness to participate in collective action, and class solidarity. The two cases were identified and designed purposefully to explore how different cities with varied development levels, diverging patterns of capital movement, and differing inequalities impacted dynamically on the working class's collective agency.

This research design is closely related to my initial hypothesis on development, inequality and workers' collective agency. At the beginning of the research, I was pondering the puzzle of economic development, inequality, and the regional variation of labour activism in China. Firstly, although labour unrest started in the east coast economic centres and has been more active there, labour unrest is spreading to the inland lower-tier cities, partly due to capital movement. Secondly, although inequalities, in general, are much higher in the megacities, the inequality gap is decreasing between the megacities and smaller cities, as a consequence of smaller cities rapidly catching up economically with the megacities. Why then in the heart of capitalist 'World factory' (the megacities) has the labour movement not been much more successful than those in the smaller cities? There must be something unusual about the working class's collective agency in the more developed megacities. This process of thinking led to my initial hypothesis: under the current Chinese development model and in the foreseeable future,

the more developed a Chinese city is, the greater are its inequalities, and the weaker is the working class's collective agency.

Thanks to the two-case research design using both statistics and qualitative data, this research did indeed generate interesting and contrasting research outcomes between the megacities and smaller cities. Megacities and smaller cities were at very different development stages, with varied inequality levels and distinct patterns of capital movement. And this, the research shows, posed dynamic challenges to the working class in terms of their construction of collective agency for social and political change. Overall, the Chinese working class had a weak behavioural strength, and a weak and conservative cognitive strength. Their weak behavioural strength is manifested by inconsistent wildcat-style strikes, with no clear political goals and strategies to challenge the structural problem of the capital-labour conflicts. This confirms the already well-studied literature on Chinese labour movement.

The conclusion of the working class's weak and conservative cognitive strength is drawn by the study of workers' cognitive belief structure, as composed by a series of subjective factors. The workers in both cases performed particularly poorly on class identification, their understanding of democracy, their willingness to undertake collective action, and their class solidarity. In general, this research also finds the working class in the megacities were more conservative and had weaker cognitive agency than those in the smaller cities. This finding, by and large, confirms the initial hypothesis that the more developed a Chinese city is, the greater are its inequalities, and the weaker its working class agency becomes – especially as manifested in their cognitive agency.

Overall, this study establishes that the Chinese working class, in both the megacities and smaller cities, has not become the much hoped-for substantial and cohesive agent for social and political change in the face of rising inequalities and volatile capital movement. By comparing the findings in the two cases, the research shows that inequalities do not have a simple and unidirectional relationship with the working class's agency. On the one hand, inequalities (often exacerbated by capital movement) can arouse the working class' behavioural strength quickly, such as disorganised wildcat strikes. On the other hand, workers' cognitive strength, for instance

class identification and class solidarity, is more inert and does not correspond neatly to rising inequalities.

These research findings are important to Chinese labour study in a number of ways. First, this research has demonstrated that inequalities as explanatory factors are constructively useful in enhancing our understanding of Chinese working class and how it has been transformed by different structural factors. Secondly, the research findings also demonstrate that systematic analysis of cognitive strength makes a decisive role in producing reliable research outcomes on the working class's collective agency. This adds new knowledge to the Chinese labour study. Consequently, I have developed a pluralist analytical framework for the study of Chinese working class, by adding the factors of inequality and agency into it.

It is important to give agency due attention as an independent analytical factor when it comes to the discussion of real labour politics. For it is important not to confuse the *stagnancy of the working class* with the *stagnancy of their cognitive agency*. The former denotes an inactive labour movement, often caused by the oppressive state, as happens in China. The latter, in contrast, means a weak and conservative cognitive strength within the working class. This distinction is vital. The stagnancy of cognitive agency has a profound impact on the Chinese labour movement. A weak and conservative cognitive strength of the working class means that even if the state loses legitimacy, and a major political crisis arises someday, the working class is still not cognitively strong enough to coalesce as a united movement with clear political goals and strategies. Such a pluralist and multi-faceted understanding of the working class's collective agency is significant because it not only suggests that the Marxist literature should not be complacent on the workers' given revolutionary role in social and political change, but also largely provides a decisive explanation for the Chinese working class's current collective impotence compared with the Korean workers decades ago.

Overview

The study is divided into six chapters. Chapter 1 takes a journey through the literature of the field of study and discuss how that literature relates to my research, and how the literature

informs my choice of research topic. The chapter first examines key concepts such as inequality, labour, class, and agency. The next section introduces and discusses the main schools of thought on labour, including Marxist theories, statist theories, agent-focused theories, and globalisation theories. The chapter then surveys the specific Chinese labour literature, including the traditional Chinese labour study and the new Chinese class study. The following section of the chapter highlights the key issue areas of the literature. Firstly, that the relations between rising inequality and the Chinese working class's position is very much under-studied. Secondly, that the literature remains inconclusive on how much collective agency the Chinese working class has. Thirdly, that the cognitive study of the Chinese working class agency is a gap to be filled in the literature. As for methodology, comparative case study - with qualitative and quantitative methods - discussed in the literature are useful for Chinese labour study. Thus, this critical discussion of the literature informs my choice of research question, and the use of analytical framework and research methods.

Chapter 2 introduces the theoretical approaches of the research, and outlines the research methodology. The first section summarises the key theoretical approaches that I engaged with to conduct my research. A constructivist research paradigm and a number of theoretical building blocks on class structure, class agency, and globalisation and class relations were chosen as the theoretical foundation of the research. The next section spells out the research approach and research design. This research used comparative multiple-case study as the research approach, and cross sectional data with mixed methods (statistics, interviews, observations) as the research design. Two case studies were chosen on different tier-cities, with inequality and development level as the key analytical factors. Behavioural and cognitive strengths were identified as the measuring elements of the working class's collective agency. The following section discusses the research methods in detail, such as how I identified the sources of information and data, and how I collected and analysed information and data for those factors. The final section deals with the issues of research validity and limitation, before highlighting the measures taken and limitations considered to ensure the validity and replicability of this study.

Chapter 3 examines the historical context for Chinese workers and the role they played in various stages of the historical development: pre-socialist period, the socialist workers period, and the post-socialist period. For each period, the historical position of Chinese industrial workers depended inextricably on the relations they had with other political actors, such as the industrial entrepreneurs, the state elite, and various institutions - such as the guilds, business associations, and trade unions. The history of Chinese labour suggests that the agency of Chinese labour is a complicated matter and is affected by many factors, such as inequality and labour conditions, the state's attitude toward labour, how the dominant political actors align their political strategy with the labour class, as well as how much solidarity the working class has within itself and with other social forces. This chapter concludes that although historically the Chinese working class had an inherent resistance against harsh conditions in capitalist production, how and to what extent this resistance was turned into political agency is a much more complicated matter than labour resistance *per se*.

Chapters 4 and 5 present two case studies on the megacities and smaller cities, respectively. They examine how the rising inequalities impacted on the working class, particularly their collective agency. In Chapter 4, the research shows that inequalities in the megacities were very high, mainly caused by an extremely large wealth gap and unaffordability of housing. The working class had a very weak class cognitive agency, mainly because they were socially conservative, less willing to participate in collective action, and had very weak class solidarity. In contrast, Chapter 5 shows that inequalities in the smaller cities were high but not as high as in the megacities, mainly because of much better housing affordability and a lower wealth gap. The working class in the smaller cities had a weak class cognitive agency because they had very weak class identification, a conservative stance on economic policy, and a naïve understanding of general politics and democracy.

Chapter 6 presents a comprehensive discussion of the research findings along with concluding remarks. The first section presents the research conclusion and discusses in detail how we can make sense of that conclusion. This research establishes that the Chinese working class, in both the megacities and smaller cities, has not become the much hoped-for cohesive agent for social and political change in the face of rising inequalities and volatile capital movement. The next

section focuses on the significance of these research findings by presenting a pluralist analytical framework of Chinese working class study, particularly highlighting the analytical factors of inequality, behavioural and cognitive agency. The subsequent section goes beyond the research findings themselves and discusses the research's potential contributions to a wider audience (labour NGOs, the public, and policy makers), the limitations of the research, as well as recommendations for future study. The last section presents the final remarks of the study and shows why we could all have a role to play in the future of the Chinese working class.

Chapter 1. Literature Review

This chapter takes a journey through the relevant literature and discusses how that literature relates to my research, and how the literature informed my choice of research topic. The first section discusses the key definitions and concepts related to my research, such as inequality, labour, class, and agency. The second section introduces and discusses the main schools of thought on labour and class, such as Marxist theories, statist theories, agent-focused theories, and globalization theories. The following section surveys the literature relating specifically to the Chinese working class, including the traditional Chinese labour study and the new Chinese class study. Section four summarises what is already known about my topic and the key debates and disputes in the literature. It also describes areas for improvement, the nature of the gaps to be filled, before discussing critically how these literature issues relate to my research question and inform my research design. The last section is the conclusion of this chapter.

1.1 Concepts and origins of the topic

This section introduces the key concepts, and critically discusses how the literature helps define my research topic. This study seeks to improve our understanding of the new working class in today's China, and the extent to which the new Chinese working class has become a substantive and cohesive agent for social and political change in the face of rising inequality. The subject matter of this study is first and foremost the Chinese working class, with a number of key concepts involved: inequality, class, labour, and agent.

Inequality

Not many would dispute that the study of labour would explore the concept of *inequality* in one form or another. Inequality is the opposite of 'equality'. Equality means the quality or condition of being equal in quantity, amount, value, intensity, etc., the existence of which is sometimes expressed by the sign '='¹⁵. The term signifies a qualitative relationship between different

¹⁵ According the Oxford English Dictionary online: <http://www.oed.com/view/Entry/63702?redirectedFrom=equality#eid> (accessed on 15/02/2014).

objects that have the same qualities in at least one respect, and yet it requires quantitative measurement at the same time.

A discussion of inequality or equality alone is not enough; we need to ask in what respect two groups are equal (the same) or unequal? Economists are often focused on the aspect of economic inequality, such as income and wealth. In orthodox social science, however, there are many dimensions to inequality. The basic topology of inequality for sociologists covers three main dimensions: the inequality of class, race, and gender. Others dimensions includes religion, sexuality and ethnicity. All of these dimensions are interrelated and intertwined (Sernau, 2013, p. 3).

Development and equality are two fundamental themes for societies. Any society where the two became unbalanced faces risks to its social stability. For example, during 18th Century industrialisation in France, technology propelled economic growth and industrial development, but it led to widening inequality between the aristocrats and the poor workers (Fukuyama, 2011). Inequality became a key driver for social change, unfortunately, by violent revolution. In contrast, the communist experiment in China before the 1970s sought to create an egalitarian society. However, production inefficiency and slow growth presided over by an authoritarian regime isolated from the rest of the world eventually pushed the country toward top to bottom reform from the 1980s onward (Dikötter, 2010). While the balance of development and equality is important, absolute equality is properly considered unreachable. Instead, better questions to ask about equality are: what levels of equality or inequality are good or acceptable? What level of inequality leads to social conflicts? What level of equality leads to stagnancy?

Gerhard Lenski (1966) divides the responses to those questions into the ‘conservative thesis’ and the ‘radical antithesis’. The conservative thesis argues that *inequality* is a part of the natural or divine order of things. It cannot, or should not, be changed. This view has dominated history, and as free market capitalism expanded throughout the world this view became ever more established. Nonetheless, from the beginning, this view has been challenged. The antithesis is that *equality* is the natural or divine order of things. Inequality, in this view, is a usurpation of privilege and should be abolished, or at least greatly reduced. Here, we should note that equality

does not mean absolute equality. Even radical advocates do not propose absolute equality. What the radical antithesis means in this context is the opportunity for equality, in other words, equity.

It is not surprising that most ancient rulers, sitting at the pinnacles of their conquered territory, were conservative when it came to inequality (Sernau, 2013, pp. 29-31). Ancient India was a highly stratified society, codified by the establishment of a formal caste system. In China, Confucius believed justice should be sustained by a harmonious hierarchical system. For Confucius, the emperor was the ultimate authority, a wise paternalist figure who did what was right but also enjoyed unquestioned privilege. In this world view, each individual knows his or her place and does not challenge the legitimacy of the authorities. Conservative philosophical ideas on (in)equality have been eagerly appropriated as a way of legitimising the power structure of numerous rulers in Chinese history, including today's ruling party the CCP.

Even in Confucius's own time, however, examples of antithesis appeared to challenge the conservative view (Sernau, 2013, p. 31). A radical contemporary of Confucius was the Chinese philosopher Laozi (around 571 B.C.). Some of his thoughts on social inequality in his famous work of Daoism, *Tao-te Ching* (The Way), still sound immensely progressive even today:

*When the courts are decked in splendour
weeds choke the fields
and the granaries are bare
When the gentry wears embroidered robes
hiding sharpened swords
gorge themselves on fancy foods
own more than they can ever use
They are the worst of brigands
They have surely lost the way.*

(Laozi, 1985, as cited in Sernau, 2013, p31)

The debate on inequality has continued. Adam Smith, for example, believed freedom of market and trade would naturally benefit everybody, and that everyone is equal and has the same opportunity, if we have an unfettered free market (A. Smith, 2008). This idea is so influential it became the foundation of classical economics, orthodox liberalism and today's globalised neoliberalism, involving major thinkers and followers from Hayek, Friedman, to Thatcher and Reagan.

However, the antithesis has never lacked supporters either. Two giant figures of social science, Marx and Weber, both produced seminal works on the theory of inequality. For Marx, inequality is always bound up with class division and class struggle. He argues that 'the cry for equality of wages rests on a mistake' and will 'never be fulfilled' unless class division is eradicated (Bose, 1980, p. 158). Weber accepted many of Marx's ideas. However, Weber sees the real cause of inequality is an individual's life chances in the marketplace, where the fundamental divisions are between the powerful and powerless (Sernau, 2013, p. 43).

During the past decade, more and more thinkers have challenged the global neoliberal agenda that puts market ahead of human beings. Nobel Prize-winning economist Joseph Stiglitz rejects the idea of free-market driven equality (2009, p. 13) saying, 'the reason that the invisible hand often seems invisible is that it is often not there.' Thomas Picketty (2014) rightly observes that the rate of return on capital is always greater than the rate of economic growth over the long term, and the inevitable result is an unequal distribution of wealth that causes social and economic instability. He thus proposes a global system of progressive wealth taxes to help reduce inequality. These thinkers have inspired wide-spreading social movements against inequality, such as the Occupy Movement, and living wage movement, and the Fight for \$15 movement.¹⁶

¹⁶ The Occupy Movement started as Occupy Wall Street in the US after the Global Financial Crisis and spread to many countries, including New Zealand. 'Fight for \$15' is a movement started by fast food workers in the US who were demanding US\$15 an hour and a union in order to have a decent life.

Class

The concept of class is closely related to inequality and the two are often considered to be the two sides of the same coin. When inequalities reach a certain point in a society, it creates social stratification, which in turn produces various classes among the socio-economic hierarchy. Class, in the social sciences, is a group of populations with a similar economic position within a system of social stratification (Sernau, 2013, p. 319).

The word class in English came from the Latin word '*classis*'. It first appeared in English in the sixteenth century in historical writings to describe the economic and political differentiation of Roman citizens (Scott, 1996, p. 10). Sernau (2013, p. 19) argues that capitalist industrialisation brought about a long significant social inequality, and with that, the establishing of the industrial poor. This became the backdrop for the use of class language in England. From the 1760s, the poorer, subordinate strata of the capitalist social order came to be described as the 'industrious' or 'labouring' classes. From 1789, the term 'working class' was used, and by the 1820s it was very widely used to describe an economic category defined by its dependence on manual work (Scott, 1996, p. 11). The use of 'class' gradually spread out from discussion of a working class to encompass other classes, such as the upper class and middle classes in England, and throughout Europe.

Max Weber's work on social stratification is an important influence on class study. His initial concept of class was quite narrow. He claimed that economic power, particularly 'property and lack of property' were the basis of class divisions (Scott, 1996, p. 25). Many, however, now hold the view that the full Weberian typology of class stratification includes economic, social and political dimensions: 'class situations' derives from the economic sphere of property and the market; 'status situations' derives from the social sphere of communal prestige; and 'command situations' derives from the political sphere of authority (Scott, 1996, p. 41).

Marx puts class right at the centre of politics and historical development. His starting point in the *Communist Manifesto* was the claim that all societies can be seen as being divided by the dominating ruling class that shapes social development, and the subordinate classes (Scott, 1996, p. 57). Class conflicts and class struggles are the primary means of social transformation

by the revolutionary action of the oppressed class against the ruling class. This is particularly true in capitalist societies. Marx wrote, ‘Society as a whole is more and more splitting up into two great hostile camps, into two great classes directly facing each other: Bourgeoisie and Proletariat.’ (Marx & Engels, 1848, p. 80).

Others look beyond Marxist historical materialism and see class from the subject’s experience. Thompson, for example, considers class as an outcome of experience, emerging out of certain populations’ socio-economic characteristics. He argues that class ‘happens when some men, as a result of common experiences, inherited or shared, feel and articulate the identity of their interests as between themselves, and as against other men whose interests are different from (and usually opposed to) theirs’ (Thompson, 1963, pp. 8-9). For Thompson, class appears as a very different concept that has much more fluidity based on culture and identity. I discuss this in more detail in the next section.

Labour

Labour means workers, especially manual workers, considered collectively, especially as a social group or political force¹⁷. Industrial workers is essentially similar to the concept of labour. The day-to-day definition of labour is basically anyone who has a job is a worker. This meaning of labour is often expanded to suggest any individuals in the work force from any occupations, including professionals and non-professional workers, blue collars and white collars. However, as discussed further, the definition of labour used in my research differs from the day-to-day meaning.

In political studies, labour is often perceived as a class, the so-called ‘working class’. The precise meaning of ‘the working class’ is often disputed. Some use the term strictly for low-wage manual workers only; others include low-wage white-collar workers. Braverman, for example, refers to the working class as the operatives, clerical workers, retail salesclerks, routinised assembly and factory workers, and other blue-collar employees, typically with no

¹⁷ See Oxford English Dictionary online: <http://www.oed.com/view/Entry/104732?rskey=CEqlwT&result=1#eid> (accessed on 15/08/2014).

more than a high-school education and with modest family incomes (Braverman, 1974). It is generally accepted that there are two basic characteristics for the working class: it is a class that depends on a low wage for survival; and it is a specific class exploited by the capitalists (Van der Linden & Atzeni, 2013).

My research views labour through this conceptual lens. So, I used the term ‘Chinese working class’ to refer to the working class within the People’s Republic of China (PRC). Since labour and the Chinese working class is the main subject of this study, I will discuss them in more detail in the next section.

Structure and agent

This research is focused on the study of the collective agency of the Chinese working class. Consequently, we need to understand the concepts of ‘structure’ and ‘agency’. In social science, structure is those factors of influence (such as social class, religion, gender, ethnicity, customs, etc.) that effect the agent. Dutta describes structure as ‘the material reality as defined by policies and institutional networks that privilege certain sections of the population and marginalise others by constraining the availability of resources’ (Dutta, 2011, p. 12). For Dutta, structure is a loaded concept, as it clearly involves uneven power relations. Dutta sees that structure functions to define and limit the possibilities that are available to participants as they engage in practices that influence their life. At the macro-level, structure refers to resources such as national and international political actors, point of policy formation, and national and global corporations that work in tandem with the structure at the micro-level.

Agent, by contrast, means a person or thing that operates in a particular direction, or produces a specified effect; the cause of some process or change. Accordingly, *agency* is the ability or capacity to act or exert power; active working or operation; action, activity¹⁸. In other words, agency is the capacity of individuals to act independently and to make their own free choices. However, agency is not as straightforward as it may seem. Social scientists have given a great

¹⁸ See the definition by the Oxford English Dictionary:
<http://www.oed.com/view/Entry/3859?rskey=DKgWPb&result=1&isAdvanced=false#eid> (accessed on 05/08/2014).

deal of attention to the concept of agency itself, and to actions, intentions, reasons and motives. Consider the following act: I move a switch, turn on the light, illuminate the room, and at the same time, alert a prowler (Giddens & Dallmayr, 1982, p. 28). From this example, Giddens establishes a 'stratification model' of action: from unconscious impulse, to conscious motivation, from knowledgeable human agency to unintended consequences of action. Moreover, the behaviour of social actors is regarded as the outcome of the conjunction of psychological and social determinants. In other words, the actor does not always appear as a capable and knowledgeable agent, but as the so-called 'cultural dopes' bound up with structure (Giddens & Dallmayr, 1982, pp. 30-32). These definitions, while useful, do not capture the multi-faceted complexity of agency in the context of labour study. These complex relations of labour and agency are the subject of the next section.

1.2 Theorising labour

In this section, I examine the main approaches to and theories of labour study, including: the Marxist approach, the structuralist approach, the agent-focused approach, and the globalisation theories and labour.

The Marxist approach to labour

There is a fundamental difference between Marxist and classical economists on the theorisation of labour. Classical economics is premised on the notion that work is unpleasant in nature; hence labour should be rewarded by wages to compensate the inherently 'unhappy' work. Adam Smith, for example, defined work as an activity requiring the worker to give up 'his tranquillity, his freedom, and his happiness.' (Smith, 2008, p. 47). Smith argued that the experience of work would be mostly negative, as people would prefer spending their time doing other activities to working. He maintained that human beings inherently want to avoid work because work deprives them of their own freedom. Wages, according to Smith, are the seemingly fair reward the labourer receives for his or her sacrifices.

Marx disputed that direct association between work and unhappiness. Instead, Marx sees labour as the progressive social force that transforms capitalism. For Marx, the overcoming of

obstacles as part of work is seen as a potentially ‘liberating’ and ‘self-realisation’ activity, rather than just for the sake of its external ends (Marx, 2010, p. 610). Marx recognised that work would be resisted by workers. But he argues that this resistance is caused precisely by the forms of work evident under capitalism. Both Marx and Engels see labour as central to human existence (Spencer, 2008). This theme was developed by Engels in his unfinished essay, ‘*The Part Played by Labour in the Transition from Ape to Man*’, where he maintained that labour ‘is the prime basic condition for all human existence, and this to such an extent that, in a sense, we have to say that labour created man himself.’ (Marx & Engels, 1976b, p. 53). For Marx and Engels, however, the growing complexity of society has deeply altered the meaning of work. For them, modern institutions and the market - such as seeing in private property, the separation of people into classes, and a social division of labour - led to the exploitation of labour by those in power.

Unlike classical economists, Marx sees labour is more than just a production factor, and he rejects the idea that wage is fair compensation for the worker under the capitalist system. Rather, Marx argues that the study of labour is inextricably linked to the study of capital. The core of Marx’s labour theory centres on the notion that workers are exploited by the capitalists. Workers appear to receive wages that compensate fully for the time they work in production. In fact, believes Marx, their wages cover only the ‘necessary labour time’ that is required to meet their own needs. During ‘surplus’ and unpaid labour time, workers produce ‘*surplus value*’ that enables the capitalists who hire them to make a profit (Saad Filho, 2003). Capitalists use various mechanisms to maximise surplus value. In the early stages of capitalism, employers increased workers’ work hours to maximise profit; in later stages of capitalism, they achieved the same goal with technological upgrades. Marx’s surplus labour theory is still relevant today, as it highlights that the cause of labour income inequality is structural and systematic, and linked to the capitalist mode of production.

Marx’s theorisation of labour goes beyond wage inequality and economic exploitation. He argues that alienation, ultimately, is the source of great misery to the working class as a whole, and is the cause of opposition to the activity of work itself. Spencer summarises the four dimensions of alienation under capitalism: workers are alienated from the product of their own

labour because it is owned by the capitalists who hire them for a specified period of time; workers are alienated from the activity of work itself, because they have no control over the direction of their own labour within production; workers are alienated from their ‘species being’, as work is turned into a simple means to an income, instead of being the source of self-realisation; workers are alienated from their fellow human beings by the design of fragmented tasks and hierarchical work structure that pits workers against each other, and prevents any form of collective decision-making over the organisation and work processes (Spencer, 2008).

Based on this analysis of economic exploitation and social alienation, orthodox Marxists have high expectation of the workers and intellectuals’ agency and their role as a catalyst in social and political change. For them, a proletariat revolution is imminent and inevitable in capitalist societies. Marx asserts, ‘what the bourgeoisie, therefore, produces, above all, is its own grave-diggers. Its fall and the victory of the proletariat are equally inevitable’ (Marx & Engels, 1848, p. 94). Moreover, Marx sees that bourgeois intellectuals have an important role to play in that revolution, eventually becoming convinced of the inevitability of revolution and bringing their theoretical insights to the class struggle. By allying with political parties, these intellectuals can represent the interests of the working class as a whole and push forward the class struggle to its final resolution (Scott, 1996, p. 62).

In today’s globalised capitalist system, neo-Marxists continue to have faith on the working class’s collective agency to make history. Ness (2015, p. 38), for example, rightly points to the global relocation of industrial production from the North to the South and urges reconsideration of the nature of global class relations in the early 21st Century. In 1980, half of the world’s industrial workers lived in Europe, North America and Japan. Three decades on, the export-led expansion of the industrial workforce in low-wage countries has grown rapidly and now these countries contain 80% of the world’s industrial workers (Smith, 2013). Munck (2010, p. 222) suggests that it is likely that workers from the South, particularly China and India, will challenge and subvert the current ‘global structures and strategies’.

Critics often say that Marx’s analysis of capital-labour is cynical and his prediction for communism is outright utopian. Many also cite the fact that real-world experiments in

‘communism’ have failed. Spencer rebuts that critics are being unfair on Marx (Spencer, 2008, p. 36). Firstly, Marx’s writing points out that the character of communism could not be fully worked out until capitalism had been eliminated, and that our collective imagination of alternatives would not be truly realised until the demise of capitalism. Secondly, real existed communist experiments actually resembled the present capitalist system. For example, the much-maligned practices of ‘scientific management’ were widely implemented in many industries during the Soviet Union era, and they were not that much different from practices being used in capitalist America at the time. Spencer notes that previous experiments in ‘communism’ largely took place under circumstances in which capitalism had not fully developed, and so they cannot be interpreted as true ‘tests’ of the veracity of Marx’s arguments in favour of a communist system.

Traditional Marxist theorisation of labour remains a progressive and pertinent critique of the capitalist labour system. However, that theorisation comes with an important limitation. Although Marxist theory focuses on the structural conflict of interest between capital and labour, it overlooks the rich detail of class formation. Scott argues that Marx did not pursue the question of the demographic formation of social classes to support his assumption of a one-to-one relationship between basic class situations (Scott, 1996, p. 68).

Neo-Marxist theory endeavours to fill this gap. Braverman made a great contribution in expanding Marx’s thesis on labour-capital struggles. He examined the rich detail of workers’ new challenges in the face of fast developing new technologies, in the modern context of Taylorist labour division and management (Braverman, 1998). Braverman argues that the ideas of Marxist political economy could be used to identify and understand the degradation of work that had occurred and was continuing to occur in the era of ‘monopoly capitalism’. He sought to relate changes in the capitalist labour process to the broader process of capital accumulation from two aspects. He firstly shows how science and technology are not neutral forces, but instead they are harnessed by capitalists to exploit and alienate workers. Then, he argues that by reducing the skilfulness of work, i.e. more and more work tasks are broken up and designed to be executed by unskilled workers, the capitalists are able to increase their power over the workers.

However, Braverman's work also has limitations and weaknesses. Braverman himself admitted that his work focuses on the system-wide forces that act upon and transform the capitalist labour process, and that he neglected the *subjective* element of the labour process (Braverman, 1998, p. 27). Others point out that Braverman painted a too narrow and restrictive picture of developments in the work place (Spencer, 2008, p. 38). His observation of scientific management and a de-skilling tendency to control workers are seen to have overlooked important detail of how work relations are conducted and governed in real world. Firstly, that capitalists' controlling influence over workers is not unlimited. Even with traditional production-line technology, workers can still disrupt production and capitalists must rely on some degree of consent from workers to achieve their goals. In other words, Braverman ignores that there is *agency* from the workers that could potentially disrupt the power and control of the capitalists. Secondly, Braverman's thinking does not factor in that capitalists have interests in gaining the consent of workers, in addition to controlling them directly and purposefully, especially when it comes to utilising the creativity and ingenuity of their work force.

Structure and labour

Labour studies, regardless of their scope (global, national, or local), inevitably involve the workers' individual or collective actions. These actions relate to the issue of labour agency and the central question of agency: what determines labour's actions? There are differing approaches in political sociology to answering this question. The structure-focused approach holds that labour is largely in a passive position that is shaped by structural factors, such as the state, market and institutions. Many believe that structural factors play a primary role in shaping actors' (citizen, labour, middle class) behaviour within the society. Much of contemporary structure-centric thinking has been influenced or inspired by Weber's work (Huang, 2009, p. 154). As Migdal et al. note, Weber gave emphasis on 'the rise of the modern state, the patterns of authority and legitimacy, the role of leadership, and the nature of bureaucracy, and focused on the problems of carving out cohesive and centralised states, and on the critical role of political leaders' (Migdal, Kohli, & Shue, 1994, p. 297).

For some, the state as a primary explanatory factor has never been out of fashion. Evans et al., in their book *Bring the State Back In*, recast the theoretical paradigm by putting the focus back on to the state (Evans, Rueschemeyer, & Skocpol, 1985). They suggest that dominant comparative social sciences did not sufficiently emphasise states as organisational structures or as potentially autonomous actors. For them, the 'state' was not studied thoroughly enough. They, instead, argue that the state should be viewed as the agent which, although influenced by the society that surrounds it, primarily shapes social and political processes.

Plenty of literature discusses the deterministic role of the state on labour movement, mostly in western countries. For example, studies show that in more statist societies, for instance France, their working classes became more politicised and engaged in more radical actions during the time of industrialisation than in less statist societies such as the US. Lorwin argues that the stronger the 'stateness', the greater the chance of having radical labour movement against the state (Lorwin, 1958). Charles Tilly also observed that France in the 19th Century - as a strong and centralised state allied with the capitalist elites - had given rise to strong workers' collective actions, including union organisation, that became increasingly politicised and used against the state (Tilly, 1986). Nettl argues that a strong state leads to dis-identification (local, ethnic, religious identities), that is sometimes conducive to a unified political identity for a common appeal (Nettl, 1968). Seen from this perspective, local disputes often are escalated more easily and quickly up to the central state level in states with centralised government. In contrast, in states with less central government or with a federal structure, conflicts tend to point to local and regional authorities.

Some literature explains how differing state strategies affect the labour movement. Marks argues that when the state applies more oppressive mechanisms on workers' free collective rights in the labour market (such as unionisation and other collective bargaining organisations) workers feel more of a sense of injustice and exploitation. This forces workers to turn to radicalism, such as that found in Germany, Austria, Russia, France, Spain and Italy (Marks, 1989). In Germany, for example, in 1878-1890 Bismarck's government passed 'Anti-socialist Laws' and declared unions to be illegal. The unintended effects of that state policy was to make the workers follow the Social Democratic Party as well as forming a working class movement

with the strongest ideological motive in the European Continent. In other words, state oppression actually strengthens the common identity of the working class.

Other literature specifically looks at the connection between voting rights and the labour movement. Bendix (1977, pp. 65-123) argues that the expansion of universal suffrage, and particularly the timing of that expansion, can, to some degree, determine the working class's attitudes and choice of actions. Marshall suggests that newly emerging classes, especially the emerging working class, are prone to be ideologically radical when the fight for workers' rights coincides with other political rights, such as universal suffrage (Chen, 2009, p. 173). Perlman argues that whether or not workers actions turn to radical class movement greatly depends on whether universal suffrage exists or not at the point of the movement beginning (Chen, 2009, p. 174). Universal suffrage existed before the labour movement started in the US, whereas it did not in European continental countries such as France. This explains why working class consciousness was much weaker in the US than in France. Fighting for universal suffrage by the excluded groups was like a 'red line' that separated the working class from the other upper classes, and that fight became a strong catalyst for the development of class-based political organisations. Katznelson explains why the working class had stronger class consciousness in Britain than in the US, by comparing the differing stages and timing of the spread of universal suffrage in two countries (Katznelson, 1986). The fight for the rights to vote for British workers was much longer and harder, but it enabled workers across different regional and occupational identities to achieve solidarity against the state and parliament.

But, these state-focused hypotheses all seem to fail when they are applied to China. China has a one-party centralised state; it applies hard-line policies to the labour movement and to any other social movement; labour movement in China has the potential to combine with other political courses, such as universal suffrage and human rights. All these conditions in the West had appeared to be the advantageous factors that fuelled the momentum of labour movement. Why not in China? This question has not been answered in the literature, and my own research aims to shed some light on this from the perspective of the Chinese working class's agency.

Whereas literature in the western countries sees that a strong state leads to more active labour movement, literature on Chinese labour politics holds that a strong state is the major obstacle for social movement and democratisation. Many studies, from historical experience, show that there is a ‘transition zone’ of democratisation when GDP per capita reaches high-income-country level, for example between US\$5,000 to US\$10,000 in the 2010s (Carothers, 2002; Haggard & Kaufman, 1995; Huntington, 1993). China was at the top of the range in 2015, but yet had not seen major movement toward political liberalisation. To explain this anomaly, many used a structure-focused, top-down approach, particularly in regards to the role of state and the CCP. For example, Zheng argues that the CCP has managed the changes over the past decades as a proactive player throughout, and that as long as the Party’s transformations are aligning with socio-economic changes, the structure of Party dominion over the state and society will not have to change (Zheng, 2009). However, using a similar structure-focused approach, Pei comes up with a much more pessimistic view of the future of the CCP’s rule (Pei, 2009). He argues that the one-party predatory state system is not sustainable because it leads to decentralised political power, rampant corruption, and the decreased governance capacity.

Inspired by this research tradition, scholars have questioned specifically the role that the state plays in Chinese working class formation. Some have looked at the strategic moves of the CCP rather than just focusing on its coercive tactics. Chen Feng (2009), for example, argues that timing is crucial when using the state as a key variable to explain the Chinese labour movement. He argues that during the transition from planned economy to market economy, the Chinese state was able to efficiently co-opt the workers into the institutions, and establish a new legal and labour regime to deal with labour disputes. He emphasizes the critical importance of the state variables in explaining or narrating the patterns, characters, and paths of working class formation. Crucially, he reflects on the implications of this state approach for understanding the formation of working class in contemporary China.

How can this seeming contradiction in the literature of structure and labour movement be understood? Is China the outlier different from the western countries’ historical trajectory? Or, is the CCP state simply too powerful and too adaptable to enable the Chinese labour movement to grow? The state-centric approach, by and large, has not answered these questions

satisfactorily. Many turn to study labour as agent itself in order to answer those questions. In fact, we cannot have a full understanding until both structure and agent are studied comprehensively.

Agency and labour

Orthodox Marxist literature generally has unwavering faith in labour agency as an inevitable and revolutionary force for change. Marx made an important statement of the relationship between structure and agent: ‘men make history, but they do not make it just as they please: they do not make it under circumstances chosen by themselves, but under circumstances directly encountered, given and transmitted from the past.’ (Marx & Engels, 1975, pp. 103-104). This view is criticised as historical determinism and having an ambiguous perception of agency. Perry Anderson suggests we can distinguish three levels that agency can be activated: pursuing private goals; pursuing public goals by using existing social relations; and the ‘unprecedented form of agency’ involved in collectively pursuing global social transformation, for instance, the American and French Revolutions, and the potentially revolutionary Marxist workers’ movement (Anderson, 1980, pp. 19-20). But the question is - what does it take to make the leap of faith to reach the ‘history-making’ agency for public and global transformation?

Marxist scholars study the issue of collective agency through a basic distinction between the ‘class-in-itself’ and ‘class-for-itself’. A *class-in-itself* exists by virtue of the fact that their members occupy similar positions in relation to the means of production, with a rudimentary level of class awareness. In contrast, a *class-for-itself* involves a conception of an opposition of interests to those of other classes; a willingness to enter into industrial and political struggles in pursuit of these interests; and, ultimately, a recognition that the realisation of these interests may involve a structural transformation of the existing relations of possession (Scott, 1996, p. 73). For Marxists, a higher level of collective agency involves a politicised labour movement that aims at the core of the issue - the imbalanced power relationships - and seeks to redress them.

Structure and agent may seem to be the complete antithesis of each other, with clear boundaries. However, many see there are complex and dynamic interactions between agent and structure. Callinicos, for example, believes the agency's power is bound by structure. He holds that agents draw their power, in part, from structures which divide them into classes with conflicting interests (Callinicos, 1987, p. 134). This means that agents have shared interests by virtue of the structural capacities they derive from their position in the power relations of production. This makes it essential to form *collective organisation* to pursue these interests. For Callinicos, the bases of collective action comprise not just agents, but also the structures from which they derive the power to realise their ends. For no matter how powerful the structure is, 'actors in subordinate positions are never wholly dependent, and often very adept at converting whatever resources they possess into some degree of control over the system' (Giddens & Dallmayr, 1982, p. 199).

Giddens sees that agent and structure are in fact mutually dependent. Theorised in this way, labour, as a collective agent, is not entirely passive, but has agency or power to shape the structures in return. Giddens' developed the 'structuration theory' in his seminal work *The Constitution of Society* (Giddens, 1984). In this work, he moved beyond the dualism of structure and agency and argued for the 'duality of structure' - where social structure is both the medium and the outcome of social action, and agents and structures are mutually constitutive entities with 'equal ontological status'. For Giddens, an agent's common interaction with structure - as a system of norms - is described as 'structuration'. There are two important implications from Giddens' theorisation. First, it shows that there is an inherent ability of an agent to consciously alter his or her place in the social structure - Giddens refers to this as 'reflexive action'. Second, social and political sciences are therefore important because social knowledge, as self-knowledge, is potentially emancipatory. This shows that the process of *internalised cognition* is crucial in order for the agent to re-shape the structures. The mind comes first, and the action follows.

Giddens further theorises a two-level collective agency for the working class. He maintains that agency develops from class awareness to one of class consciousness, and that there is a clear distinction between the two (Giddens, Ociepka, & Zujewicz, 1981, pp. 111-113). For *class*

awareness, he writes: ‘in so far as class is a structured phenomenon, there will tend to exist a common awareness and acceptance of similar attitudes and beliefs, linked to a common style of life, among members of the class.’ Class awareness stems from a shared class position but does not acknowledge its existence. *Class consciousness*, however, does involve the acknowledgement of a class existence. He continues to differentiate three levels of class consciousness: class identity (the minimal recognition of shared class membership); conflict consciousness (oppositions of interest between different classes acknowledged); and revolutionary class-consciousness (an overall reorganisation in the institutional mediation of power). Either by ‘awareness’ or ‘consciousness’, these two levels of collective class agency both involve the analysis of the working class’s cognitive state of mind.

In a similar vein, social constructivists see the close relations between agency and structure, and argue that agents can actually act *in* the structure to change it (Onuf, 2012). They reason that ideas and identities matter, and they see that agents and structures constitute each other. Structures such as institutions and routines contain and constrain human beings’ action, not least by defining the conditions of agency. Institutions actually become agents when they deploy human agents to act on behalf of other human beings. Yet these institutional features of our social reality are constantly changing because we, as agents, act on them by acting in them. Here, there is a paradox between structures and agents: we are free to act within limits, yet our actions continuously affect those institutional limits. If rules fix identities by limiting agents’ choices, nothing is fixed for long. ‘While social arrangements organise and control agency through identity labels, identity labels are also the medium through which agents affect the social system’. For social constructivists, identity labels change because agents act on them, *resisting* what others tell them their identities are, and *insisting* that their identities have changed. Both ‘resisting’ and ‘insisting’ require a strong will to initiate the process of change.

Underpinning the whole of agent-focused study and the social constructivist rendition of identity is the ‘cognitive revolution’ in psychology. The cognitive approach rejects simple behavioural models and brings the ‘mind’ back into agent analysis. Its focus is on how people’s thought processes shape the choices they make, which is not always rational (Smith, Hadfield, & Dunne, 2012, p. 132). Study suggests that belief systems are inert but they do change, and

that change may come dramatically. Cognitive psychologists suggest some conditions that facilitate change (Jervis, 1976; Tetlock, 2006). One, greater change will occur when information arrives in large batches rather than bit by bit. Two, when people are confronted with overwhelmingly discrepant information, and there is no other way to account for large amounts of contradictory information, beliefs can change dramatically. Three, when central beliefs do finally change, they generally trigger far-reaching changes in related peripheral beliefs.

These psychological studies of cognitive process are significant for agent-focused labour study in two ways. Firstly, it suggests cognitive beliefs are the vital and underpinning factor for explaining individual and collective behaviour and change. Secondly, it suggests that dramatic belief systems changes will come with a domino effect, especially when old beliefs are confronted, such as when exposed to sudden open access to free media and speech. This emerging new cognitive approach has brought breakthroughs to international relations and foreign policy analysis. However, it has not been applied much by the literature of Chinese working class study.

When it comes to labour study methodologies, Thompson has made a major contribution. His work on the English working class (1963) undermined orthodox Marxist economic deterministic views on working class formation, and highlighted the role of the experiences of the subject in this process. Under his new methodology, class became concrete and tangible for the first time, because it enabled the use of historical, cultural, and ethnographic approaches. Thompson considered class as an outcome of experience, emerging out of certain socio-economic conditions. He studied the English working class from multiple aspects: such as life style, the subject's responses to certain structures, and their collective actions and organisation. He argued that class happens when 'some men, as a result of common experiences (inherited or shared), feel and articulate the identity of their interests as between themselves, and as against other men whose interests are different from (and usually opposed to) theirs' (Thompson, 1963, pp. 8-9). He continued by explaining that the ways in which class happens can diverge strongly and are unpredictable: 'We can see a logic in the responses of similar occupational groups undergoing similar experiences, but we cannot predicate any law. Consciousness of class arises

in the same way in different times and places, but never in just the same way' (Thompson, 1963, p. 9).

Thompson's breakthroughs on class study inspired a new wave of scholarship on class and labour study. Eric Hobsbawm borrowed from Thompson's methodology to study the formation of the English working class from 1870 to 1914 (Hobsbawm, 1984). However, Hobsbawm contends that class formation was not complete by the 1830s, the period that Thompson's study covered. He argues that a 'class for itself' did not exist in England until the end of the 19th Century, after class organisations and communities had been well established among industrial proletarians following a second round of industrialisation during the Victorian boom.

Pierre Bourdieu made an important contribution to class study because he synthesised the objective and subjective roles of agents (Bourdieu, 1987). From an *objectivist* point of view, social agents can be classified as objects. Political work produces classes in the form of objective institutions, such as permanent organs of representation, symbols, languages, and constituents, which has its own specific logic, that of all symbolic production. From a *subjectivist* point of view, agents construct social reality, and are the product of the aggregation of these individual acts of construction. A class exists when there are agents capable of imposing themselves, as authorised to speak and to act officially in its place and in its name, upon those who recognise themselves as members of the class, and confer upon it the only form of existence a group can possess, the so-called 'class in struggle, class-making'.

The literature of Chinese labour, however, contains very few studies that use an agency-focused approach. Unger and Chan reflected on the structure-centric approach and argued that this approach struggles to 're-conceptualise the workings of a Party-state that no longer directly dominates society', and 'a system in free-fall transition to some system as yet unknown, to the point that it often becomes difficult to analytically frame what is occurring at present, let alone attempt analyses of China's problem future' (Unger & Chan, 1995). Huang argues that the bottom-up approach influenced the rise of modernisation and dependency theory after the Second World War, which focused on the effects of fundamental social and economic change on state structure and government institutions (Huang, 2009). Only a small number of scholars

study the Chinese working class using an agent-focused approach, which I will discuss in more detail in the following section, in large part because I drew on this approach for my own research.

In sum, agent-focused labour studies have done well to incorporate the lived experience of the working class, through objective and subjective perspectives. However, the subjective study of the working class mostly derives from the workers' behaviour, such as what they do and how they act, while the analysis of cognitive process is an important yet understudied component of the collective agency. Studies on Chinese working class using an agent-focused approach are also very much limited in number. These gaps in the literature are an important underpinning to my choice of research topic and method design.

Globalisation and labour

The latest developments in economic globalisation pose new challenges to labour in the context of the nation-state system, as it works in tandem with the neoliberal agenda characterised by free market and trade, privatisation and government de-regulation. Many observe the damaging impact of neoliberal globalisation on the poor population, especially the working class. In his book *A Brief History of Neoliberalism*, Harvey argues that neoliberalism in and of itself is a 'class' project, designed to impose class hierarchy on society (Harvey, 2005). Kotz is particularly concerned that neoliberalism is based on the thorough domination of labour by capital (Kotz, 2015). The emergence of the 'precariat', a new class facing acute socio-economic insecurity and alienation, has been attributed to the globalisation of neoliberalism (Standing, 2011).

Critiques of the rise of market economy actually emerged at a quite early stage. As far back as the 1940s, Polanyi argued that market is a major source of struggle for labour, and suggested that there is a moral legitimacy for labour as an agent to resist. Rather than examining the labour process by Marxist approaches, Polanyi's focus of struggle is the labour market. He observes that the development of the modern state went hand in hand with the development of modern market economies, and that these two changes were inextricably linked in history. Essential to

the change from a pre-modern economy to a market economy was the altering of human economic mentalities (Polanyi, 1944). Echoing Marx, Polanyi contended that one of the historical specificities of capitalism as a social system is the commodification of labour. This commodification sees human beings, in the name of labour, being treated like a fictitious commodity. This, Polanyi believed, would necessarily lead to deeply felt grievances and resistance. Since commodified labour is already the everyday existence of human beings in our society, including them in the market mechanism means to ‘subordinate the substance of society itself to the laws of the market’ (Polanyi, 1944, p. 71). Each extension or deepening of unregulated labour markets has necessarily been countered by a movement toward the ‘self-protection of society’ through a variety of mechanisms including social legislation, factory laws, unemployment insurance and trade unions (Polanyi, 1944, pp. 176-177). This is especially true when the laws of the market result in mass unemployment and stagnant or below-subsistence wages. Here Polanyi made a moral criticism on the negative effect of the market with a ‘heavy hand’, since the substance of society is under threat by the market if not managed properly. He nonetheless remained optimistic that a movement would arise to counter market forces.

As neoliberal economic globalisation has continued to rise since the 1980s, many have a pessimistic prospect for the future of labour in their struggles with free market capitalism. Therborn (2012) examines the history labour movement in 20th Century, and praises the successful and heroic role of workers around the world have played in advancing the working class’s agendas across countries in the North and the South. Examples can be found in the working-class parties’ victories in Europe, Nehru’s socialist development in India, and the New Deal in the US, which marked a confluence between enlightened liberalism and the industrial working class. However, Therborn argues that globalisation has profoundly changed the landscape of labour movement around the world. Traditional labour politics have been replaced by fragmented and complex struggles with diverse forces and actors, such as nations, civil societies, international organisations, competing ideologies, and identity politics. He is not sure who would stand out and lead the struggles, the new middle class or the plebeian masses.

There are, however, optimistic voices about labour's position in the face of rising globalisation. Silver disputed the popular view in the literature that globalisation causes intense competition amongst workers worldwide and results in a relentless downward spiral in workers' power and welfare, the so-called 'race to the bottom'. He found that this view often fails to make sense between a theoretically weakened labour power and a recent upsurge of labour unrest in the real world. This paradox led Silver to propose an alternative world-historical approach to the study of working-class formation, one that emphasises the recurrent making and remaking of working classes across time and space (Atzeni, 2013, pp. 46-69). Silver poses that, historically, capitalists have developed four main strategies designed to reduce labour costs, decrease labour organisation and solidarity, and increase control at the point of production: the spatial fix (geographical relocation of capital in search of cheaper and more controllable labour); the technological fix (reorganisation of the production process by introducing labour saving technologies); the product fix (the movement of capital out of established industries subject to intense competition and into new industries or product lines); and the financial fix (the movement of capital completely out of production and into finance and speculation). Seen from this perspective, Silver maintains that workers and the workers' movements were not only the central actors in the evolution of global capitalism in the 20th Century; their agency will continue to play a central role in 21st Century global capitalism.

Under new developments in globalisation and post-industrial societies, however, many have asserted that globalisation has a devastating effect on class politics and collective agency. The debate here is whether class, as a categorical and analytical approach, is still relevant in the globalised world. Among those theories of labour, some are staunch defenders of class politics; some use the term working class as a soft label, sitting somewhere between hard-line class politics and social stratification theory; whereas others totally reject the concept of class and see it as an obsolete analytical category.

First, some thinkers point to the biased and loaded use of the term 'class'. The usage of the word 'class' in a Marxian sense, combined the two elements that Weber was to distinguish as class and status. It also included the moral judgements that were attached to these differences and that clothed them in conceptions of social prestige, so that the 'respectable' is different from

the 'rough' working class; the 'deserving' from the underserving' poor (Crossick, 1991, pp. 161-162). Class is indeed a complex and multi-faceted concept. However, this rejection of class as a useful analytical category because of its complex nature is not convincing.

Others, mostly post-industrial and post-modernist thinkers, declare outright that class is obsolete. Nisbet (1959) asserted that class is dead. Gorz observed that changes in the role of work and labour processes in the closing decades of the 20th Century have, once and for all, weakened the power of skilled industrial workers (Gorz, 1982). Gorz argues that their place has been taken by social movements such as the women's movement and the Green movement, and all those who refuse to accept the work ethic so fundamental to early capitalist societies. In the context of rising globalisation, Beck uses two concepts to account for the disappearance of class society: risk society, and individualisation (Beck, 1992). He proclaims that the developed West had entered a new era of second modernity, characterized by the rise of modernisation risks and the individualisation of society. For risk society, he means that the world has increasingly faced risk events that go beyond national borders and that require global collaboration, such as Chernobyl, September 11, climate change, the financial crisis, Fukushima, the Euro crisis, and so on (Beck & Levy, 2013, p. 64). Individualisation, for Beck, indicates a categorical shift in the relations between the individual and society. By this he means that the self-radicalisation of modernity has set the individual free from most previous all-encompassing social categories in industrial society - such as family, kinship, gender, and class - and has emerged as the reproduction unit for the society in a risk society (Beck, 1992, p. 90).

Increasingly, however, more scholars see class as a renewed analytical category in the face of globalisation. Indeed, the popularity of post-modern identity politics need not necessarily to negate the validity of class analysis. For example, by re-establishing the confluence of rising inequality and the pressing issue of struggling labour, Therborn (2012) argues that development patterns in the world have been changing since 2000. He observes that inter-national inequality is declining overall, although the gap between the rich and poor has not stopped growing. But intra-national inequality is, on the whole, increasing. This amounts to a return of class as an increasingly powerful global determinant of inequality. He argues that 'nations are growing closer, and classes are growing apart' (Therborn, 2011, p. 3).

Benjamin Selwyn endorses the continued importance of class study from a neo-Marxist perspective (Selwyn, 2013). He rebuts the criticism toward Marxism in that Marx has often been interpreted as formulating an economic determinist, Eurocentric, and historically linear conception of human development. Instead, he argues that Marx provides the basis for formulating a labour-centred approach to human development and development studies. He sees four key aspects to such an approach:

1. Investigate the processes of capitalist establishment, reproduction, and potential transcendence, from the perspective of labour;
2. Investigate the struggles by capital and states to establish durable capitalist social relations, and how these attempts are resisted;
3. Investigate how the settlement of these struggles is institutionalised, how they frame the subsequent actions of capital, state, and labour, and the development trajectories that these settlements give rise to;
4. Investigate how labour class struggles are determined by, but also determine, forms of capitalist restructuring and how such struggles can contribute to the human development of emerging or established labouring classes.

When it comes to empirical and case study, the debate continues and it shows that both identity analysis and class analysis have their merits and that they can complement each other. In the US, Clark and Lipset (1991, pp. 406-408) assert that class has become an obsolete concept because class division has been replaced by much more diverse social categories in political, economic, and domestic spheres. They called this the fragmentation of stratification in post-industrial societies. In Britain, Pahl (1989) argued that as globalisation eclipses nation states, others forms of identity and identification, such as race, ethnicity, religion, sexuality, and nationality are more useful than class in terms of analysing people's political and social behaviours. Bell and Inglehart (Inglehart, 1977) came to similar conclusions.

The other side of the debate successfully contends that class is and will always be relevant. In the US, Hout, Brooks and Manza (1993) maintain that class still exists in post-industrial

societies, and class analysis is still an important instrument for social sciences. Using empirical data, they showed that class division still plays a critical role in income distribution. Moreover, class still exists clearly in the domains of politics and domestic life. Thus, they argue that class division is the root cause of uneven economic distribution and the rising inequality of US society. In Britain, many scholars reject Pahl's thesis and support the relevance of class study (Crompton, 1991; Goldthorpe & Marshall, 1992; G. Marshall, 1991). Scholars like these argue that much of this criticism on class study is misplaced and that, as a research programme, the promise of class analysis is far from exhausted.

Similar studies that use class analysis also include the declining middle class in post-industrial societies (Perrucci, 1999; Robert & Wysong, 1999); and that de-industrialisation and the high unemployment rate in some developed countries have generated a so-called outsider-class (Aronowitz & DiFazio, 1994; P. Brown & Crompton, 1994; Esping-Andersen, 1999). Guy Standing (2011) recasts the notion of class division into a 7-class structure. For Standing, the precariat class is the new degraded working class. This part of the literature convincingly shows that those at the bottom of the society - with no secure job or career and marginalised by the society - would become a resurgent proletarian underclass and become a challenge to social stability (Esping-Andersen, 1999).

In sum, class as an analytical category is not outdated. On the contrary, it has regained its relevance and significance in the face of rising economic globalisation coupled with neoliberal dominance. This is clearly shown in the well-studied literature, especially in the case of developed countries. Class analysis, however, is only an emerging phenomenon in the literature of Chinese labour study, which I will discuss in more detail in the next section, as my own research uses a class analysis approach to examine the new Chinese working class in the face of rising inequalities.

1.3 Chinese labour and class

This section goes into the specific area of labour study – Chinese labour study. It focuses on two sub-fields of Chinese labour study: traditional Chinese labour study, and the new Chinese class study.

Traditional Chinese labour study

Traditional Chinese labour study is closely associated with Marxist literature, though not always. It follows the dramatic transitions faced by the Chinese labour population in the post-Maoist era. It has well-documented several waves of Chinese labour movement caused by milestone events, such as the SOE reform in 1990s, the rise of the ‘World Factory’ at the turn of century, and the financial crisis of the late 2000s. I call this part of the literature ‘traditional Chinese labour study’ because it grew directly out of first-hand research on laid-off Chinese workers’ unrests during the SOE reform from the early 1990s. Those laid-off SOE workers had lived through the socialist state and were considered the last generation of typical Chinese working class in a traditional and ideological sense¹⁹. Quite often, scholars of traditional Chinese labour study followed the development of Chinese labour conditions in the private and Foreign Invested Enterprises (FIE) as markets reform progressed. They documented the deteriorating labour situations in the ‘World Factory’ era and the employment crisis caused by the global economic recession. There is a continuity in this part of the Chinese labour literature that gives one the impression that a Marxian class struggle has always been part of the experience of Chinese labour in the post-socialist era.

The first wave of the Post-Maoist Chinese labour movement was triggered by the SOE reform and privatisation. Ching Kwan Lee was one of the first scholars to study the Chinese working class’s experiences during the market transformation (Lee, 1998, 1999). Lee’s early research looked at SOE workers’ passive-aggressive resistance in Guangzhou, South China. In 1994, SOE restructuring law was passed. This constituted an attack on established ways of life and livelihood of the urban working class that had been created during the Maoist era. New despotic labour regimes in SOEs enabled often corrupt managers to dismiss workers and to recruit from

¹⁹ Though strictly speaking, many of them were not the working class proper, but co-opted privileged *danwei* workers.

a massive pool of migrant workers at will. The new labour regime also resulted in labour's dependence on production work for livelihood; the imposition of coercive modes of labour control; and workers' collective apprehension of such controls as violations of their material interests and moral precepts. Lee borrows *Zhou Xueguang's* notion of 'collective inaction' to describe SOE workers' resistance: apathy, noncompliance, evasion of public duties, and lack of enthusiasm, absenteeism, and inefficiency in the work place (Lee, 1998, 1999). Lee also makes an important observation on the fragmented solidarity of the Chinese working class. She argues that the rise of market economy led to workers' diversity and new intra-class fractures among state workers, particularly for women and rural migrant workers.

Not long after, Lee moved her research location to the north – Liaoning, North East China. She observed that the passage of state socialism offers the potential for labour radicalisation in terms of critical consciousness and mobilisation capacity (Lee, 2002). She argued that this labour class insurgency fuses class solidarity with claims for legal rights, potentially galvanising broader political resonance. Lee suggested, in particular, that labour movement could be an alternative path of political change to the popular hopes put on to the rise of middle class and civil society. Lee clearly put more hope on the Chinese working class than before. Subsequently, she synthesized her observations in Guangzhou and Liaoning, culminating in her book *Against the Law: Labor Protests in China's Rustbelt and Sunbelt*. She posited that the main cause of rising labour unrest in the 1990s was the commodification of labour, made possible by the Chinese state's strategy of decentralised accumulation and legal authoritarianism (Lee, 2007).

Anita Chan had a similar focus in her study but with a strong hint of Marxist class analysis (Chan, 1995). She argued that like the industrialised economies in the West, China was experiencing a shrinking core and a growing periphery in the 1990s. This generated a very large 'old proletariat' in the state sector, and a 'new proletariat and lumpenproletariat' in the private sector. Chan identified that two types of labour movements were brewing and they were both restive. In the state sector, workers had organised strikes, some even led by the local ACFTU branch. In the private sector, labour unrests were taking the form of less organised *wildcat* action, mostly in FIEs in the Special Economic Zones (SEZ). The irony demonstrated in her research was that after the painful and costly SOE reform and privatisation, the once-socialist

state where classes hardly existed transitioned to a post-socialist state, where a proletariat were created.

Chen Feng weighed in on the debate about the working class situation during the SOE reform (Chen, 2000, 2003). He contended that Chinese workers' actions during this period showed they made up a 'class in itself' rather than a 'class for itself'. State workers were largely passive and powerless in the face of SOE reform and layoffs. No matter how passive the workers were, labour protests in the 1990s did have a strong political flavour, such as the use of protest slogans, like 'Down with the new-born bourgeoisie', and 'long live the working class'. For Chen, history indicated that the Chinese working class is capable of 'effectual political action' when working class complaints were politicised, as evidenced in the 1989 incident. Chen's observation then raised an unanswered question: Why did the labour protests during the 1990s not escalate into a political movement by the working class?

Alvin So adopted a state approach to examine the formation of a new state-mediated, class-divided society in China (So, 2003). Echoing Chan, he contrasted the two distinct periods with opposite class dynamics in Chinese society. When the economic foundation of classes was dissolved in the Maoist time, the state used the outdated terms 'class' and 'class struggle' all the time in his political campaigns; in the post-socialist state, the objective economic bases of class division was reconstructed by market transition and class conflict has been intensified. During this period, the subjective categories of class and class struggle were hardly mentioned and there was less effort to analyse the present Chinese society from a class analysis viewpoint. So sees a new class structure emerging after the market reform: the embourgeoisement of cadres and patronisation of capitalists leading to the *cadre-capitalist class*; the semi-proletarianisation of state workers and segmented labour market, leading to the divided *working class*; and the expansion and de-politicisation of the *new middle class*. He argued that the Chinese state used two strategies to manage class conflicts: corporatism (ACFTU & Commerce and Private Business Association) and institutionalisation (labour dispute arbitration system by laws). He raised two important questions: Why did reform stall and follow cyclical patterns in the face of rising state-capitalist class holding on to their interests? Why was there a 'pacified

working class’ and ‘the lack of impetus toward democratisation’? In my view, his questions rightly suggest that class analysis is understudied in post-socialist China.

Following this class-focused approach, Chen highlights the risk that class conflicts posed to the future of reform and democratisation in China (Chen, 2003). He observed that China’s market reforms over the last two decades or more have brought about a significant degree of societal stratification and the rise of class politics. The diversification of class interests forces the party-state leadership to take sides in the emerging class warfare and to show a manifest class orientation in government policy making. Mutual dependence and shared interests between the communist state and the entrepreneurial class (and other middle classes) have led to the formation of a *de facto* anti-democratic or pro-stability alliance. Meanwhile, the rapid expansion of the underclass, widespread resentment against socio-economic polarisation, and the lack of institutionalised channels for articulating and advancing class interests have combined to create a potentially explosive situation. This, to both the regime and its allies, has considerably increased the risks and costs of democratisation. But, using the coercive power of the state to maintain social stability has aggravated state–society tension and could push confrontation in a revolutionary direction.

The second wave of Chinese labour movement was triggered by the influx of FDI after China’s entry into the World Trade Organisation (WTO), the beginning of the so-called ‘World Factory’ era. Anita Chan was quick to respond to the new developments for Chinese working class when China became a big player in the world trade (A. Chan, 2003). She found that there was diversity of opinions about labour social clause and standards in different global South countries. As the global trade regime WTO expanded, more African labour unions supported a workers’ clause in the WTO agreement, according to the International Confederation of Free Trade Unions (ICFTU). In contrast, most of the trade unions from South Asia tend to reject the social clause. Among them, ACFTU in China rejected the two core labour standards: freedom of association and the right to collective bargaining. The case of competition between China and Mexico for the North American apparel market showed that despite enormous employment growth for both countries, apparel workers had not enjoyed wage growth and their conditions were often appalling. When jobs flowed from other export-oriented developing countries to

China - with its huge pool of cheap labour - the former responded by further lowering their own wage standards, thus hastening the vicious 'race to the bottom' cycle.

Pun Ngai is another leading scholar who has followed Chinese labour closely since China became an important part of the global production chain. She argues that a new alternative appeared to replace the old socialist state labour regime, but that alternative failed to offer any genuine protection for labour rights (Pun, 2005). She observed that Levi and other Multinational Companies (MNC) responded to the scandal of using Chinese *prison labour* by drawing up corporate codes of conduct in order to protect their reputation in the consumer market. Pun's study showed that despite the formal institutionalisation of labour standards at the workplace by introducing codes of conduct, MNCs have demonstrated no genuine concern for labour rights. The company codes of conduct serve as a new labour management regime that replaces the role of the Chinese state. Although they appeared to play the role of protecting workers rights, in fact they allowed exploitation to continue by methods such as illegally low-wages and excessive overtime work, and no democratic representation and participation for the workers.

In a similar vein, based on his case study in Fujian South China, Yu argues that the implementation of labour-related corporate social responsibility (CSR) policies and corporate codes of conduct has resulted in a 'race to ethical and legal minimum' labour standards. In other words, the most extreme and inhumane labour rights abuses were curbed, but workers were forced to work harder and faster and earned less, and trade unions installed according to the codes of conduct were more like a 'company union' (Yu, 2008). Yu also found that the average profit margin of MNC, retailer, and manufacturer was 40%, 31%, and 26%, respectively during 1996 and 2004. These profit splits mean manufacturers had more pressure to sustain profit in the production chain, compared to the MNCs and retailers. However, even if manufacturers pay workers a decent living wage, it will only cost less than 2% of Reebok's average profits or marketing expenses during 2002-2004, or merely 4% of Yao Ming's endorsement cost in 2003.

Studies show that labour unrests were increasing, mainly in the private sector, at this early stage of China's integration into the global capitalist production chain. Chan and Pun, for example, took their longitudinal field study in Shenzhen 2003-2007, targeting one Taiwanese and one

German electronic factory. They argued that the specific process of the proletarianisation of Chinese migrant workers contributed to the recent rise of labour protests (Chan & Pun, 2009). Most of the collective actions highlighted in their study involved workers' conflict with management at the point of production, while labour organising mostly took place in dormitories and communities. The type of living space, including workers' dormitories and migrant communities, facilitated collective actions organised on bases of locality, ethnicity, gender and peer alliance in a single work place. The living space also facilitated actions and attempts to nurture workers' solidarity in a broader sense of a labour oppositional force, one that moved beyond exclusive networks and ties, sometimes even involving cross-factory strike tactics. These collective actions are mostly interest-based, accompanied by a strong anti-foreign capital sentiment and a discourse of workers' rights. By providing detailed cases of workers' strikes in 2004 and 2007, Chan and Pun suggested that an emerging new working class is increasingly conscious of, and participating in, interest-based or class-oriented labour protests.

The third wave of Chinese labour movement was characterised by the increasing capital movement caused by China's own industrial re-structuring and triggered by the global economic crisis. In her intensive fieldwork at seven major automobile assembly plants, Zhang found that although the central government's development plan favoured the concentration of automobile production in selected cities, auto firms were establishing production units in new regions in response to both competition among local governments to attract auto-industry investments and differences in the cost and docility of labour forces located in different areas of China (Zhang, 2008). This is a good example of how the national government failed to intervene when the global capital movement became aligned with local governments' pro-capital strategy.

Silver and Zhang, however, reject outright the pessimistic sentiment of 'race to the bottom' thesis caused by capital globalisation (Silver & Zhang, 2009). In the mid-2000s, an unprecedented series of strikes and walkouts hit factories in China's booming PRD. For Silver and Zhang, this period has milestone significance, as those labour unrests not only jolted foreign

and Chinese factory owners,²⁰ but also constituted a direct challenge to the dominant ‘race to the bottom’ narrative. A ‘race to the bottom’ argument posits that globalisation has sounded the death knell for workers’ capacity to collective resistance in both the North and South, as it produces an endless downward spiral in workers’ power and welfare. Silver and Zhang’s study presented a counter-thesis stating that where capital moves geographically in search of cheaper and more docile labour, labour-capital conflict shortly follows and ends up creating new working classes. They also observed that strong labour movements emerged in other late-industrialisation countries when they experienced massive capital flight and de-industrialisation.

According to Silver and Zhang’s counter-thesis, the recent continuous labour activism has brought about a major shift in the balance of power between labour and capital in China, and it is good for both Chinese workers and workers in the West. Rising wages would benefit China as it fosters a healthy and educated workforce, and strong consumption, and foreign capital would stay because of the size of the domestic market. Rising labour costs in China is also good news for the US. For to the extent that the suppression of real wages in the US has been socially sustainable, it has been founded on the massive importation of low-cost consumer items from China. Rising Chinese labour cost would disrupt this balance and put pressure for pay rises in the US. This argument, however, has not considered the regional variation within China.

Pun and Chan took up another case study of Foxconn, as a part of the multi-university Foxconn Research Group since June 2010 (Pun & Chan, 2013). They studied 12 factories over 2 years. They found that the dormitory labour regime was designed by capital to ensure both cost-efficiency and workers off-hours solely being used to prepare for the next shift of work. However, workers in this case study reclaimed the limited living space and time, and created repertoires of social struggles and labour resistance, by such as sharing labour rights awareness, mutual learning about each other's work conditions, and supporting others’ grievances. They also found that even though many of the workers resistance struggles manifested itself in ‘senseless behaviour’ (such as throwing glass bottles from upper floors), underlying it all was

²⁰ For detail, see: Cody, E. (2004). In China, workers turn tough: Spate of walkouts may signal new era. Washington Post, November, 27, A1.

a deep dissatisfaction with work conditions, especially the low wages and long hours. The study also suggested that class analysis, as a weapon of progressive social change, has to be recast in the lived experience of the working class.

Chan's study of Chinese trade unions in the PRD area showcased an alternative form of struggle for the workers (Chan, 2013). The study suggests that trade unions as a class organisation have been a contested domain for migrant workers' struggles in the PRD. Through their collective actions, workers' class consciousness and strategies towards class organisation have steadily advanced during the process of China's integration in the global economy. One of the study's key findings was that the success of the labour actions was much assisted by: having well-educated workers joining and leading the labour protest; and an escalating campaign by getting media involved or getting the public's attention.

On the twenty-year's literature of Chinese labour study, Lee and Friedman suggest that future research should be focused on how labour fragmentation affects employment, and what strategies can be used to engage in labour politics (Friedman & Lee, 2010). They rightly highlighted the fragmented nature of the Chinese working class in the 1990s, as Lee's study showed migrant workers had reportedly had shop floor conflicts with local workers in matters of allocation of work, calculation of piece rates, and mutual animosity due to different dietary habits, lifestyles, and attitudes toward work (Lee, 1998).

New Chinese class study

If the traditional Chinese labour study is said to grow out of the direct concerns over Chinese socialist working class's unjust situations beginning in the 1990s, new Chinese class study derives from wider concerns about rising inequality and its impact on the marginalised bottom classes in Chinese society. Unlike traditional Chinese labour study, that is more or less premised on a pre-existing working class, new Chinese class study is concerned with the whole societal *stratification* in China, and is more critical of the analytical frameworks of class division.

Since income inequality rose above the alert level - as shown by the Gini coefficient - more and more studies have sought to find out how rising inequality impacts on different social groups, especially those marginalised at the bottom. The first comprehensive effort to estimate household income and its distribution in China according to standard international definitions was the Chinese Household Income Project (CHIP), initiated in 1988 by a group of international economists. CHIP has conducted four rounds of household surveys, in 1988, 1995, 2002, and the latest in 2007. The CHIP project participants and other researchers have analysed the data from these four waves and published a wide range of articles, reports, and books (Griffin & Zhao, 1993; Gustafsson, Li, & Sicular, 2008; S. Li, Sato, & Sicular, 2013; Riskin, Zhao, & Li, 2001).

The project first reported their findings in December 1992. The project found that per capita household income was substantially higher and more unequally distributed than suggested by the NBS estimates (Khan, Griffin, Riskin, & Zhao, 1992). The main cause for this was the rural-urban income gap. The true urban-rural disparity in incomes was much greater than suggested by the official estimates and was very high by the standards of contemporary Asia. Public policy aggravated this inequality: an average rural household paid 2% of its income as net tax, whereas an average urban household received a net subsidy of nearly two-fifths of its income. Urban China before the mid-1980's, however, appeared to be more equal than the urban societies of other developing countries in Asia. The high degree of equality was almost entirely because of the extreme egalitarianism of the structure of wages in public enterprises.

Drawing from the second stage of surveys in 1995 and compared with the one in 1988, the research team argued that China was turning from one of the region's most egalitarian countries into one of its most unequal societies at an unusually rapid speed. Income inequality of rural household rose about 23%; while urban inequality increased at an even faster 42% (Riskin et al., 2001). In the recent two CHIP surveys of 2002 and 2007, the migrant population was added as a separate category, because the academic interest and research outcomes on the *hukou* institution had created significant opportunities for further study on income inequality in urban industrial areas. Also, more variables were examined against inequality with detail, as the survey project matured. Although regional variation and the rural-urban gap remained

important, new areas of inequality also included into the research, factors such as housing property, wealth, education, migrant workers discriminated by *hukou*, taxation, urban wages, gender, and ethnicity.

With Gini coefficient standing at 0.48 in 2007, the 2013 report put China as the most unequal country in terms of income distribution among Asian countries, followed by the Philippines and Malaysia at 0.45 (S. Li et al., 2013). Since the living costs were rising in urban areas, especially housing cost, there was a need to reconsider the measurement of poverty for the poor. The research team thus introduced a category of *relative poverty* rate for the first time (one way of measurement is 50% of the median income). Although China's absolute poverty rate dropped from 19% to 8% - and often hailed as one of the greatest achievement in human history - the report found that China's relative poverty rate actually worsened over this period. The relative poverty rate in urban areas has been rising steadily over the past 20 years, from 3.23% in 1988 to 13.51% in 2007 (S. Li et al., 2013, p. 312). This indicates clearly the changed nature of inequality and the shifted research focus toward the urban population. The change and shift also coincided with the labour market reforms in urban China from the mid-1980s onward.

Besides the CHIP research project, there are several other similar independent research projects. For example, Remin University and the Hong Kong University of Science and Technology conducted the Chinese General Social Survey (CGSS), Perking University undertook the Chinese Family Panel Studies (CFPS), the Southern University of Finance and Economics completed its Chinese Household Finance Survey (CHFS), and Sun Yat-sen University did its China Labor Force Dynamic Survey (CLDS). In general, these independent studies found similar or worse inequality figures for China than the official data suggested. For example, after a comparative study of all the major income surveys, the research team from Peking University and the University of Michigan estimated that income inequality since 2005 has reached very high levels, with the Gini coefficient in the range of 0.53-0.55, (Xie & Zhou, 2014).

As part of the quests for more knowledge and understanding of inequality and its impacts, more academic interests adopted multi-dimensional approaches to inequality study. They are interested not only on the traditional cleavages of inequality, such as east-west, provincial, and

rural-urban, but also on newly discovered gaps in gender, ethnicity, occupation, education and skills, and so on. These studies have enriched our understanding of the multifaceted nature and complexity of inequality in China.

Meng's research suggested that there is an evident link between income inequality and labour reform that needs to be further addressed (Meng, 2001, 2004). Meng observes the early stages of urban income inequality and seeks to explain them. In the moderate reform period (1988-1995), the increase in inequality was a result of some parts of society sharing more of the economic gain than others, and that the main cause of this inequality was regional income dispersion. During the radical reform period (1995-1999), income reductions at the lower end of the income distribution were observed; this was mainly due to the large-scale unemployment generated by labour reallocation during the SOE reform period.

There has been an increasing interest in migrant workers and inequality since the early 1990s. For example, some research examines the wage disparity between rural migrant workers and urban workers. By the end of the 1980s and in the early 1990s, the number of rural migrants working in urban areas began to increase dramatically. However, rural migrants were treated differently from their urban counterparts in terms of job opportunities and pay. Meng found that a significant difference in occupational attainment and wages existed between rural migrants and urban residents (Meng, 2001).

Similar to the research on group inequality, some scholars recently have started to focus on the income inequality of urban workers as a whole, regardless of their *hukou*²¹ status (Deng & Li, 2012). Based on a threshold of two-thirds of median hourly wages, and by comparing the income from 1995 to 2007, Li found that a high overall proportion of urban employees were low-paid workers. While the incidence of low-paid remained relatively stable among local urban residents between 1995 and 2008, it declined for migrants from 2002 to 2007, even though the latter were still much more likely to be in low-paid jobs (Deng & Li, 2012). This research is one of the first to focus on Chinese urban workers' income inequality situations.

²¹ *Hukou* is a Chinese term that refers to the household registration system. There are, for example, urban *hukou*, rural *hukou*, or a resident permit in the city, which is an interim form of *hukou* allowing rural populations living in the city.

However, the analytical category of Chinese urban workers, as used in the research, covered a full range of workers including professionals, managers, clerks, as well as manual workers. It remains unclear how the Chinese working class were doing in the face of rising income inequality.

The new class study sees the Chinese working class, or the general class system, with a discernibly different framework to that of the traditional working class study. Scholars subscribe more to the Weberian model of class analysis, with its multi-dimensional approach, including consideration of income, wealth, property ownership, occupation, gender, and so on. How does the literature of new Chinese class study make sense of the rising inequality and its impact on class stratification? There was a heated debate after the SOE reform in the early 2000s. Four differing arguments dominated the debate in China.

First, the cleavage thesis. Sun Liping described an increasingly polarised structure in Chinese society since 1990 (Sun, 2003). Sun warned of antagonism between the top and bottom, and pointed to a potential social unrest if contradictions intensified. Sun argued that a clear cleavage had appeared between the top elite and the bottom marginalised, and that the gap was enlarging. He particularly highlighted the alliance between the political, economic and cultural elites, and the fact that the bottom groups had worse conditions and less and less upward mobility. This led to radical responses, such as crime. Secondly, the middle class thesis. Lu Xueyi (2002) argues that Chinese social class-structure was shifting from a pyramidal shape to an oval shape, as the middle class expanded during the rapid industrialisation in China. Thirdly, a structuration thesis. Li Lulu observes that although economic growth was fast and social transformation was enormous in China, the new class structure was by and large inherited from the traditional old class system, and had developed into a new stable one with clear boundaries through the processes of formalisation and routinisation (Li, 2003). The last major thesis in the debate was fragmentation thesis. Li Qiang, influenced by post-modern theories, focused on people's perceptions and argues that traditional class structure was increasingly fragmented by diverse interests and the development of individualisation (Li, 2002). Each of these theses has their merits and captures some of the characteristics of the new class structure in China.

Li Chunling's comprehensive study on class and stratification in China clearly points to an emerging working class, one that is significantly different to the old ideological and rhetoric working class of the Maoist era. Li (2005) used the panel data from CASS's 'Social structure Change Survey in contemporary China 2001', to test the four main theories: cleavage, structuration, middle class, and fragmentalisation. She comprehensively analysed multiple factors, such as income, social status, consumption, class consciousness, and mobility. Her class analysis model is composed of 10 social strata/classes, with the industrial working class accounting for 17.5% of the surveyed population. Li's key findings include the following. First, economic stratification revealed a four-class system: rural labourers and unemployed or semi-employed; industrial and services workers; professionals and sole proprietors; and executives, entrepreneurs and cadres. Secondly, *educational return* on investment was high, and especially rewarding for the professionals. But, a middle class was not properly formed yet. Thirdly, in terms of social status and reputation, there was no obvious polarised cleavage yet, but the gap between professionals and blue-collar workers was widening. Fourth, consumption stratification was a typical pyramid-shape, with a large population at the bottom, and no clear middle class formed yet. In conclusion, she argued that Chinese society experienced enormous changes, resulting in a re-forming class structure. For instance, entrepreneurs could be previous SOE workers or peasants; industrial workers were largely replaced by rural migrants; and economic stratification was moving toward stabilised structuration, but was still fragmented.

Lin and Wu's study confirms the aforementioned new class structure (Lin & Wu, 2010). They used the framework of Wu Xiao-gang's institutional factors, such as *hukou*, *danwei*, the administrator rank system, and private ownership of production factors. They argue that industrialisation and market reform led to rising inequality that brought about a class structural transformation. More than 16% of the population belonged to the industrial working class, within the 10-class structure. Lin and Wu argue that a debate of 'the return of class structure' in China was fused in with the rise of inequality. Despite their study's merit, Lin and Wu are restricted to the class stratification process in the face of rising inequality, without addressing structural problems such as labour division and mode of production through a genuine class-oriented approach.

Recently, the Chinese working class is increasingly considered a different generation from the old Chinese working class. Lee described workers in the sunbelt as ‘New Labour’ (Lee, 2007, p. 157). Since the late 2000s, official CCP discourse has started to use the term ‘new generation of migrant workers’ and the like²². The annual publication of *The Rural Migrant Workers’ Report*, prepared by the Chinese Academy of Social Sciences (CASS) describes ‘New Workers’ as those with ‘higher education, better access to internet, with higher expectation on work and wage conditions, but lack of interest in rural living’²³. In a government research paper, it is estimated that the New Generation of Rural Migrant Workers has become the core (about 50%) of the total urban workforce in China. It estimated that there were about 100 million of them working in the cities, 60% of them between 16 and 30 years old (ACFTU, 2010). The prominent Chinese ‘New Left’ scholar Wang Hui published numerous works on China’s ‘New Workers’. He is particularly concerned with ‘the failure of the workers’ state and the rupture of representativeness in domestic and international political relations, and their impact on the new workers’ (Wang, 2014). Although these scholars have their own definition of the ‘new workers’, there is no doubt that today’s new Chinese working class has been transformed and is different from the old generation of working class.

In sum, traditional Chinese labour study has a strong flavour of Marxist class analysis. The literature has contributed a great deal on documenting the emergence of the new working class within the context of China’s integration into the world capitalist system. Although this part of the literature has merits in terms of revealing the structural problems of the working class and the uneven power relations between the working class and the other classes, it failed to capture the diverse and multi-faceted nature of the working class, especially in the context of rising inequality. Moreover, these scholars are inconclusive about whether or not the Chinese workers have attained the class consciousness and become the agent for political change. In contrast, new Chinese class study takes a multi-dimensional approach to examine how rising inequality has an impact on social stratification, particularly for those marginalised groups. Although this part of literature does not take class as a given, they tend to often confuse the working class

²² For example, an article in the People’s Daily described the ‘New Generation of Rural Migrant Workers’ as better-educated, but lack of ability to ‘endure hardship’. For detail, see - <http://theory.people.com.cn/n/2015/0608/c40531-27117078.html>. Also, the CCP leadership started to visit and comfort the new generation of rural migrant workers regularly, see - <http://www.boxun.com/news/gb/china/2010/06/201006151331.shtml> (accessed on 25/10/2015).

²³ See CASS’ website: http://iple.cass.cn/ldjjxzt/ldlscdt/201204/t20120419_1949026.shtml (accessed on 25/10/2015).

with migrant workers, urban workers, and use these terms interchangeably. And most importantly, they fail to explore the complex relationship between inequality and the marginalised groups, and the structural causes underpinning these relationships.

1.4 What is known and what is to be done

The previous sections have critically discussed a number of highly relevant themes in the literature around the research topic of Chinese labour study. In this section, I take an integrated approach to these themes and summarise five issue areas. In each issue area, I highlight the key contributions made by the literature and the main issues remaining to be studied. Finally I highlight how these discussions of the literature relate to my choice of research question and research methods.

Firstly, the relevance of Marxist class politics against classical economics and post-industrial identity politics remains an overarching issue in labour study. In reviewing the literature - either the old traditional clash between the Marxists and classical economists on labour, or the contemporary contest between Neo-Marxists and post-modernists – I conclude that each of them has its own analytical merits and weaknesses that cannot be ignored. When it comes to labour study, however, the advantages of Marxist class analysis outweighs both classical economics and identity-based analytical approaches. The fact that labour and class study still survives and thrives today shows its renewed strength in explaining Chinese labour issues in the context of global capitalism.

I argue that many useful elements can be drawn from both sides of the debate and that they can complement each other. Class analysis in Chinese labour study is concerned with the structural problems and is a powerful when unmasking the uneven power relationships between labour and other actors such as the state and global capital. The literature of traditional Chinese labour study demonstrates this strength of class analysis. By contrast, an identity or class stratification approach uses multiple categories, such as income, wealth, occupation, race, gender, and religion. This offers extra dimensions to our understanding of the internal diversity within the

Chinese working class and the dynamics between different classes. The literature of new Chinese class study, for example, helps illustrate where the Chinese working class sits in relation to the whole societal class structure. In my research, I use both class analysis and stratification approaches, hoping to provide some updated empirical evidence to test the validity of each approach. By doing so I hope the research can enrich our understanding of the Chinese working class and contribute to the ongoing debate.

Secondly, Marxist political economy literature, generally speaking, expects the insurgency of the working class in China, and takes it granted that the working class has collective agency and inevitably will bring about social and political change. While this may be the case in the longer term for the Marxists, the Chinese working class's agency needs to be re-assessed in the short term. In addition, Chinese labour study using a Marxist class approach should necessarily point to the antagonistic nature of capital-labour relations, which would ultimately lead to class conflict and labour insurgency. And yet the results of empirical research are inconclusive. Some see the gradually rising of the working class consciousness; many others are pessimistic. Why has the working class insurgency not yet happened now that China is fully integrated into the global capitalist production chain? This challenges Marxist labour theories.

The century-long debate on the nature of labour between classical economics and Marxist political economy will continue to be a core issue in labour study that needs addressing and testing by different research approaches and methods. There are a few key differences between the two traditions: the nature of labour, wage-determination mechanisms, and the long-term solution to improving workers' income and advancing their rights. Classical economics sees the nature of labour as a burdensome sacrifice by individuals, one that should be compensated by reasonable wages. The wage levels are by and large determined by the labour market. An efficient labour market is, and should be, the best mechanism for healthy wage levels and labour-capital relations. Government is more or less responsible for redressing labour wage inequality and other poor labour conditions by using policies of redistribution only when labour market lacks efficiency. For classical economics, the longer-term solution for advancing labour conditions, however, is by improving labour's quality, through education and training.

Marxist labour literature, by contrast, sees labour as essentially being of good nature and an uplifting activity in human life. The misery of labour and struggles at work happens because of the inherent uneven power relationships in industrial production and social reproduction. Addressing these issues of labour and work, as the core issues of any society, could potentially be liberating for human beings. For Marxist political economy literature, labour wage inequality and poor conditions are structurally caused by capitalist production. Capitalists' desire for maximum profit not only necessarily leads to the exploitation of labour's surplus value, but also pushes for technology upgrades and scientific management that are the root cause of cyclic unemployment and work place misery. Longer-term solutions for such conflicts include the empowerment of free labour associations and collective bargaining, social movements, or even revolution.

When it comes to the matter of solution to improving labour wages and rights, there is some incongruence in the literature of Chinese labour study. Traditional Chinese labour study, as discussed before, draws mostly on the Marxist theories. Many empirical studies (Chan, Lee, Chan & Pun) have successfully proved how capitalist production, especially by capitalist scientific management and free capital movement, has caused structural inequality for labour, and has shaped and reshaped the Chinese working class. In terms of immediate solution, there is almost a consensus that the rights to unionisation and collective bargaining are key. For the longer-term solution, however, the theoretical claims and empirical findings seem contradictory. Although the Marxist vision of a working class revolution is usually dismissed as a viable solution - in the foreseeable future - by Chinese labour study literature, *education* is popularly considered to be the long-term and pragmatic solution by scholars (Li, 2005). Can education be a solution for better labour rights in the long-term? Are better educated workers getting better paid? My research plans to shed some light on these questions by examining the new working class's collective agency and its class profile, including a discussion of the role of education.

Thirdly, so far, China is a difficult 'outlier' for liberals' democratisation theories. Liberals often invoke an established law in political science: that over time, countries that grow economically tend to become more democratic. Literature asserts the connection between Chinese political

change study and Chinese labour study, and it points to evaluating labour as an important agent for change. Also, studies of China's political change have long speculated on who will undertake the leading or important role in political liberalisation. And yet, no proper political liberalisation has happened, regardless of what social class leading the movement. To explain the anomaly of China's democratisation, many scholars used structure-focused, top-down approach, such as the role of state and institutions (Pei, 1998, 2009). This top-down approach is not thoroughly satisfactory in terms of solving the puzzle.

Consequently, an agent-focused study of the working class may well provide new insights for the apparent anomaly of China. The very few studies that look at bottom-up grassroots and civil society movements have produced pessimistic findings. For example, study shows that middle classes were not ready to take up the leading role for political liberalisation in East Asia (Brown & Jones, 1995). And yet, this bottom-up analysis draws its conclusion by ultimately referring back to structural and institutional factors. Despite the plausible explanation offered by the structure-focused approach, the study on the role of agency for political change, especially the agency of Chinese working class, is clearly insufficient in the literature. My research, therefore, seeks to contribute to the debates around the anomaly of China's democratisation by taking a somewhat different approach. I move away from a top-down structuralist approach and instead focus on the collective agency of the Chinese working class.

Fourthly, despite the small number of studies, literature on Chinese working class study, especially its agency, is unsatisfactory. The nature of the class conditions of Chinese labour is a complex issue, which can be divided into two aspects: 'class in itself' and 'class for itself'. The question of 'class in itself' is much less disputed in the literature. It is relatively clear from the historical decline of the working class at the beginning of the reform, and its re-emergence in the 'World Factory' era. There are various models of Chinese class structure. Models that draws on Marxian and Weberian theories dominate. Invariably, a working class is consistently identified by these models of Chinese class structure. Therefore, there is not much doubt about whether a Chinese working class exists or not. But, there is one unsatisfactory area in this part of the literature. Although there is extensive study on the boundaries between classes, i.e. what differentiates the working class and middle class, there is little study looking at the intra-class

dynamics of Chinese labour - as Lee and Friedman rightly point out (Friedman & Lee, 2010). My research seeks to produce some new insights into the class profile of Chinese workers and its internal diversity and fragmentation.

In contrast, the issue of ‘class for itself’ seems to be more problematic within the literature. Scholars of Chinese labour study are inconclusive about the working class’s agency. Anita Chan (1995, 2003) and Ching Kwan Lee (1999, 2002, 2008, 2010) have a nuanced but generally pessimistic prospect about the Chinese labour class’s position. For Chan and Lee, the processes of commodification and casualisation of labour after the market reform are the main things that prevents a united labour class from happening. However, Pun and Chan (2005, 2009, 2014), Silver and Zhang (2009) are much more optimistic about the prospect of the Chinese working class’s struggles. Pun and Chan believe that the new generation of Chinese workers has markedly advanced their class consciousness and strategies through collective actions in everyday life, such as dormitory activities, work place struggles, and union organization. Silver and Zhang argue that the global production chain and capital movement has not meant the death of Chinese working class, but has unintentionally strengthened workers’ identity and class solidarity, and triggered new waves of class action as capital moves. New research using innovative methods is needed if we are to tackle this inconclusiveness.

Moreover, there is no solely-dedicated research systematically addressing the issue of the working class’s collective agency. The few agent-focused studies tend to make optimistic conclusions about workers’ agency based primarily on the analysis of their collective *behavioural agency*, but they have not treated *cognitive agency* systematically in any great detail. In addition, literature that does touch on the issue of agency has focused mostly on qualitative case studies. There is a lack of sufficient quantitative evidence, from the subjective perspective of the working class themselves, to support either an optimistic or pessimistic prospect of class actions. Consequently, one of the key objectives of my research is to provide concrete evidence, with both statistical and qualitative sources, showing the cognitive state of mind of the Chinese workers, as a crucial aspect of their collective agency.

Fifth, there is no substantive discussion in the literature on the relations between the rising inequality and the working class's collective agency in Chinese labour study. There is an increasing interest in the literature on the connection between rising inequality globally and the working class position, mostly outside China. Theoretical debate, especially in the West, points to the close relationship between inequality and class struggle (Therborn 2011, Standing 2014). Recent empirical studies also show how economic globalisation and the dominance of neoliberal agenda have led to rising inequality and the deteriorated position of the working class in global capitalist production. Numerous studies have shown this is happening in the western countries.

When it comes to the case of China, this is still largely an under-studied area, both theoretically and empirically. Most of the Chinese labour study in the context of global capital production is concerned about the labour conditions from micro-perspectives, such as work place processes, shop floor management, industrial relations and workers' organisation, with qualitative case study methods. There is hardly any research in Chinese labour study that directly addresses the relations between rising inequality and its impact on the working class from a broader scope and perspective. My research plans to fill this gap in the literature and study these complex relations between rising inequality and its impact on the Chinese working class, particularly its collective agency. The challenge of investigating this understudied issue in the literature is that there is hardly any established theoretical and empirical models to follow. Therefore, an experimental case study approach is required in the research design.

Last but not least, critical discussion of the literature shows that certain methods have been used with efficacy in the previous research. This, in turn, has informed my research design. My research plans to examine the new Chinese working class, with a focus on the working class itself (rather than the work place process, management, and labour organisation), i.e. the workers' collective agency and how it is affected by rising inequalities. Given this preliminary plan of the research design, only those research methods that are relevant will be discussed here.

Most traditional Chinese labour studies have used qualitative methods, and the most common research design employed is case study. The main strengths of case study is that it offers more specific and insightful detail on the working class - by conducting an intimate subject-oriented study, such as case analysis, observation, and interview. Many of the most important and seminal works in contemporary Chinese labour scholarship used case study - scholars such as Anita Chan, Ching Kwan Lee and Pun Ngai, to name just a few. Their study findings are valuable because they provide very specific detail of Chinese workers' experiences and their struggles at work. Their case studies covered differing types of work places, such as SOEs in steel industries in Liaoning, and electronic manufacturing industries in private enterprises in Guangzhou and Shenzhen. In terms of regions, most of the case studies were limited to a few popular regions with a large Chinese working class population, such as the rustbelt (north-east provinces), sunbelt (Pearl River Delta), and Yangzi River Delta. However, the recently increasing working class population in the west and inland China are mostly unstudied. This geographic gap was an important factor when it came to the design of my own research.

The second successful method used in traditional Chinese labour study is comparative study. Much ground-breaking research by scholars has come from comparing two or more cases. Such comparisons often yield surprisingly high-quality findings that unveil hidden patterns. For example, Anita Chan's case study compared two labour movements in SOEs and private enterprises in early 1990s (1995). Lee did a comparative study on labour protests in China's rustbelt and sunbelt (2007). Chan and Pun's longitudinal field study in Shenzhen from 2003 to 2007 compared one Taiwanese and one German electronic factory. All these studies produced significant findings that have contributed much to the literature. In my own research design, I have likewise used comparative study to, hopefully, emulate the useful findings of other scholars in the field.

The weaknesses of qualitative study method cannot be ignored. Traditional Chinese labour study arguably suffers from case-selection bias; it misses the big picture of the working class within society; and it tends to make subjective conclusions by drawing on a limited number of study samples. One of the manifestations of these drawbacks is that the literature using these approaches has produced differing and inconclusive findings on a number of labour issues, such

as wages inequality and class consciousness. In contrast, qualitative research coupled with the use of case study has produced large variety and specificity, which precisely reflects the complicated reality of the Chinese working class. This is certainly one of the advantages of qualitative method. In addition, the drawbacks that do exist can be more or less corrected by supplementary methods. For instance, new Chinese class study primarily uses quantitative methods and statistical sources. Despite their own weaknesses, these methods have, for example, successfully provided convincing findings in terms of how unequally the working class has been treated, and identifying where the working class fits within the societal hierarchy. The broader scope and perspective of their findings are something that traditional qualitative labour study would not usually have been able to achieve.

There is no one size fits all method in the literature. However, learning from previous research - their pros and cons, successes and failures - has helped me choose what I believe are the most appropriate methods for answering the research questions. This is the key area to consider in the next chapter on research approach and design.

1.5 Conclusion

Reviewing the literature has enabled me to clarify the key concepts of my research topic and contextualised my research in relation to what has been studied before. I have attempted to summarise the main themes, identify and discuss critically the main findings of the literature, and have revealed what I consider to be the theoretical, empirical and methodological limitations. In terms of theoretical approach, I argue that Marxist class analysis remains crucial and useful in Chinese labour study, albeit complemented by other approaches.

When it comes to empirical study, I consider there are three main unsatisfactory areas in the literature. First, the relationships between rising inequality and the Chinese working class are very much under-studied. This is particularly true when the Chinese working class is studied through a Marxist class analysis approach in the context of rising inequality and global capital movement. Second, the literature remains inconclusive on the extent of the Chinese working

class's collective agency. Many are pessimistic about Chinese workers' agency, but primarily from a structuralist point of view. A small number of scholars are optimistic, but they are largely focused on workers' *behavioural* agency. Third, the study of the Chinese working class's *cognitive* agency is a gap needing to be filled, in order to have a better and fuller understanding of the working class's collective agency.

In addition, the literature review has informed my choice of research question. Therefore, I sought to explore the extent to which the Chinese new working class has become a substantial and cohesive agent for social and political change. My review of the literature also leads me to conclude that - in terms of the methodological approach - qualitative and statistical methods are both useful for Chinese labour study, and that previous research has proven that the use of case study and comparative study is promising for yielding positive research outcomes. Critical discussions of the literature helped set out the guiding principles for my research framework and design that is the subject of the next chapter.

Chapter 2. Analytical Framework and Research Design

This chapter puts the focus of discussion back to the research question by introducing the theoretical framework of this research, and by outlining the research methodology. The chapter is divided into five sections. The first section summarises the main theories that I engaged with to conduct my research. The next section spells out the research approach and research design. The following section discusses the research methods in detail, such as how I identified the sources of information and data, what analytical factors I chose, and how I collected and analysed information and data for those analytical factors. The penultimate section deals with the issues of research validity and limitation. It highlights the measures taken and limitations considered to ensure the validity and replicability of this study. Finally, section five is a conclusion.

2.1 Theoretical framework

Based on a review of the literature, the previous chapter concludes with the questions that this research attempts to address. The fundamental question addressed by this research is whether the new Chinese working class has become a substantive and cohesive agent for social and political change, in the face of rising inequalities in China. The initial hypothesis is that the more developed a Chinese city is, the greater are its inequalities, and the weaker its working class collective agency becomes. This is a study on Chinese labour with a combined explorative and explanatory purposes (Creswell & Clark, 2007).²⁴ The main concepts include the Chinese working class, inequality, and agency. These concepts are all highly fluid and malleable. To study these concepts and the dynamics between each other requires an appropriate research paradigm that suits the nature and purposes of the research.

²⁴ An *exploratory* research project is an attempt to lay the groundwork that will lead to future studies, or to determine if what is being observed might be explained by a currently existing theory. Exploratory research can come in two big forms: either a new topic or a new angle. New angles can come from new ways of looking at things, either from a theoretical perspective or a new way of measuring something. An *explanatory* research attempts to connect ideas to understand cause and effect. It looks at how things come together and interact (Creswell & Clark, 2007).

This research largely adopted a constructivist or interpretative paradigm as it fits the purposes of my research question.²⁵ This paradigm of research sees reality and truth are not objective but negotiated through dialogue. It premises that truth is socially constructed through meanings and understandings which are developed socially and experientially, and it assumes that reality cannot be separated from our knowledge of it (Mertens, 2005, p. 12). Therefore, it is important that we lay out the main knowledge or theories that the research design is based on and departs from. I have discussed the literature in the field of labour politics and Chinese labour study critically and extensively. I do not intend to repeat that discussion here. Instead, this section is going to highlight some of the key theoretical and conceptual building blocks that are directly related to this research design and implementation.

Theories of class structure

The previous chapter has discussed the definition of class and related theories. Now I would like to highlight two basic class structures that are the theoretical and analytical foundation for this research's approach and design. These models of class structure informed the ways that I used to identify the Chinese working class for data collection from both statistical and qualitative sources.

The first class structure is built on Neo-Marxist theories (Wright, 1985, 1997), which have developed greatly from traditional Marxist class theory. Although they echo the orthodox Marxist view that class divide is based on means of production and property ownership, they see class structure and class formation as two much more complicated processes. They particularly stress that the process from class structure to class formation is complex and that it should not be taken for granted. This process involves practical consciousness, as it is called by Giddens (1982), something that is broadly speaking similar to agency of the workers.

²⁵ Research paradigm is the basic belief system or worldview that guides the investigator (Guba & Lincoln, 1994, p. 105). Common research paradigms include: positivism, post-positivism, constructivism, critical theory, advocacy/participatory, and pragmatism.

For example, from a Neo-Marxist standpoint, a contemporary Chinese class structure, as conceptualised by Li (2005, p. 95), includes four basic classes, depending on what forms of capital they possess: a class who owns *organisational* capital; a class who owns *monetary* capital; a class who owns *cultural and technical* capital; and a class who has no capital at all. There are sub-classes in each basic class. In this model, the working class has little or no capital at all. Although this model of class structure is influential, it may not be applied strictly to China. For example, I did not rule out Chinese workers with their own residential property during the sampling process, because the percentage of housing ownership (comes in many forms) is in general quite high among the Chinese population.

The second class structure widely used by social science is based on Neo-Weberian theories (Goldthorpe et al., 1982; Marshall, Newby, Rose, & Vogler, 1988). This theorisation holds that class is divided by market conditions and occupations. For these scholars, the fundamental class divide lies in the difference between skilled workers (professionals and managerial staff, etc.) and non-skilled workers (physical labourers and routinised office workers, etc.). Based on this theorisation, there has emerged a popular class structure in contemporary China since the 1990s. As part of the research findings of a pioneer social class research project ‘Report for the Contemporary Chinese social strata research’, Lu Xueyi conceptualised a ten-class Chinese society, from the state and societal managers at the top, through to the working class at the eighth stratum, right to the unemployed and semi-employed poor at the bottom stratum (Lu, 2002). This class structure model is practically useful for this research’s sampling process.

Agency and the Chinese working class

As discussed in the literature review, there are differing ways to theorise and measure collective agency, despite its slippery and fluid nature. Here I reiterate the founding theories that guide this research. Orthodox Marxist literature sees the working class has the inherent agency to ‘make history’, although they are a bit ambiguous on when and how it happens. For example, Marx writes:

It took time and experience before the workers learnt to distinguish between machinery and its employment by capital, and therefore to transfer their attacks from the material instruments of production to the form of society which utilises those instruments.

(Marx & Engels, 1976a, pp. 554-555)

Marx's comment at the time of Industrial Revolution sounds still very familiar today. Pun and Chan's (2013) observation of the 'senseless behaviour' from the Chinese factory workers is strikingly similar to the workers' resistance in the early capitalist era in the West. The question is what is the process that would transform the senseless behaviour into history-making agency?

Martin Hewson describes three types of agency: individual, proxy, and collective (Mills, Durepos, & Wiebe, 2009). *Individual agency* is when a person acts on his/her own behalf, whereas proxy agency is when an individual acts on behalf of someone else (such as an employer). *Collective agency* occurs when people act together, such as a social movement. Hewson also identifies three properties of human beings that give rise to agency: intentionality, power, and rationality. Human beings act with intention, and are goal oriented. They also have differing amounts of abilities and resources, resulting in some having greater agency (power) than others. Moreover, human beings use their *intellect* to guide their actions and predict the consequences of their actions. This conceptualisation of agency is one of the guiding principles in identifying the measuring elements of the workers' collective agency (behavioural and cognitive agency) in my research design.

Thompson's theorisation of the working class also informed the analytical framework of this research (Thompson, 1963). He particularly stresses the importance of 'class experience'. Class is not a static social stratum; both class formation and class consciousness are a continuous relational process. Thus, Thompson's work is a critical addition to traditional Marxist economic determinism and structural reductionalism. He argues that class formation requires external conditions, as Marx mostly emphasises, and *internalised* actions. This concept of internalised action is important here, because it leads to the distinction between what the workers do and what is internalised in the workers' mind to cause the action. This distinction prompts me to conceptualise the working class collective agency into two categories: *behavioural* agency and *cognitive* agency.

Cognitive approach is another major theoretical base for this research design. The so-called ‘cognitive revolution’ in psychology study rejects simple behavioural models and brings the ‘mind’ back into agent analysis. Its primary focus is to show how people’s cognitive process shaped the choices they made, which is not always rational (Smith et al., 2012, p. 132). This approach combined with the cognitive questions identified in the Chinese General Social Survey (CGSS), has become the key components of the cognitive strength analysis framework in my research design.

Globalisation, capital movement and inequality

Globalisation has increasingly become a powerful force that shapes and reshapes the dynamics between the working class and capital. Despite the complexity and controversy of globalisation, we cannot but take its impact seriously when it comes to researching the Chinese working class. Firstly, globalisation and capital movement has fundamentally changed the dynamics of inequality, both inter-nationally and intra-nationally. Therborn, for example, observes that development patterns in the world have been changing since 2000 (Therborn, 2012, p. 3). International inequality is declining overall, although the gap between the rich and poor has not stopped growing. But intra-national inequality is, on the whole, increasing. This amounts to a return of class as an increasingly powerful global determinant of inequality. He argues that in terms of inequality, nations are growing closer but classes are growing apart. It is not hard to picture what this conceptualisation looks like in reality. Across the world from the North to the South, new poor and precarious classes are expanding and the top elites are growing apart further away from those at the bottom. This new development of globalisation and inequality has profound impacted on the world’s working classes. This research will examine the Chinese working class through this lens of globalisation and rising inequality.

Secondly, global capital movement has an immediate impact on the working class’s employment and welfare. Silver is one of the few pioneering scholars who develops her own theorisation of the working class in the context of global capital movement and rising inequality (Atzeni, 2013, pp. 46-68). She re-conceptualises the components for an alternative approach to the study of working class formation. She particularly emphasises the recurrent making and remaking of working classes across time and space within the evolution of historical capitalism,

i.e. the increasing global movement of capital. In the context of capital flow from the North to the South, Silver and Zhang (2009) argued that global production chain and capital movement has not meant the death of the Chinese working class, but strengthened the workers' identities and class solidarity, as well as triggered new waves of class actions as capital moves. Silver's theorisation inspired my design of a two-case comparative study, which examines how differing inequalities and capital movements had a dynamic impact on the working class's collective agency.

2.2 Research approach and research design

Based on those important theories discussed above, this research developed its own approach and framework that guide the data collection and analysis in order to answer the research question. Research approach is a necessary instrument in social science research. A good research approach should help accomplish two tasks. First, it should be able to help identify the research object. The Chinese working class is a complex topic. The first and foremost difficulty is that it is a vaguely defined group in the literature. Up to now, there has been no agreed knowledge on the total population of the Chinese working class, where they are located, and whether their own identifications match the social class structure system described by social scientists. How I identified (the methods and processes) the specific groups of Chinese working class as the study object would directly determine the credibility and accuracy of the research outcomes.

Secondly, a good research approach should contribute to generating useful data and information for meaningful analysis. The Chinese working class is an abstract and complex subject to study. I had to make choices about what research approaches work the best to generate evidence and outcomes. I also needed to decide on what aspects or factors should be studied under the research approach that can best help answer the research question. Therefore, research approach is the overarching strategies and action plans that are critical to direct my whole research process, from locating specific groups of Chinese workers, to identifying sources of information

and data, through to information and data collection and analysis that lead to the research findings.

Research approach

There are a number of major research approaches commonly used in qualitative research or in mixed methods research, such as action research, case study, discourse analysis, ethnography, ground theory, and narrative research. This research chose *case study* as the main research approach. Case study is a research approach in which one or a few instances of a phenomenon (a group, an organisation, or an event) are studied in depth (Julien, 2008). The reason why case study was used for this research is two-fold. First, compared with other approaches, case study is a useful methodology for focusing on the lived experiences of the Chinese working class, connecting everyday practices in natural settings, and placing the study's focus on a social situation (Stake, 2013). Second, case study is useful for investigating the working class in depth and providing an explanation that can cope with the complexity and subtlety of this abstract group of population (Denscombe, 2010, p. 55).

Multiple case study was adopted in this research. I used a number of cases with the aim of understanding the Chinese working class as a whole, while allowing for comparison of their intra-class differences, for example, by looking at the working class from different-tier cities. By using multiple case study, the research is looking for patterns and uniqueness, generalisations and particulars in the cases developed. In terms of the potential research outcomes, the individual findings in each case study can be compared, analysed and used to develop a more integrated and holistic understanding of the Chinese working class.

To study the Chinese working class as an abstract and internally diverse group, I needed to select cases that are conducive to yielding useful insights about the study subject, i.e. the working class's agency. Also, I needed to have multiple cases to highlight enough differences and characteristics to enable meaningful comparison to be made in order to test the research hypothesis. Based on these two selection principles, I set out to locate which specific groups of the Chinese working class I wanted to conduct the cases study from. I went through many

categories, such as cities, urban areas and regions in China, paying particular attention to their diverse patterns and trajectories of economic and social development recently.

As argued in the literature chapter, the factor of inequalities has not been integrated well into traditional Chinese labour study. Thus, it became the key considering factor when I chose cases. At the same time, I found that inequalities have strong correlation with economic development levels in urban China. The more developed cities tend to have higher Gini coefficients in China, i.e. higher income inequality. That is how I came up with the idea of choosing cities from different development levels and comparing the Chinese working class between them.

There are various ways to categorise cities according to their development level, such as urban population, annual GDP, GDP per capita, and so on. The World Bank's Urban Development Series report (2015) used primarily urban population to categorise some of the major cities in East Asia. Shanghai, Beijing, Guangzhou and Shenzhen - the latter two combined as the Pearl River Delta area (PRD) - appeared as the first-tier urban areas in East Asia. This categorisation matches the Chinese official categorisation, and, by and large, the media narrative. Indeed, these four cities are indisputably regarded as the first-tier megacities in China in all the selection criteria, such as population, annual GDP, and GDP per capita. Regarding the study topic of Chinese working class, these four cities are also the traditional centres for urban industrial workers. Most of the literature on Chinese labour study have more or less put their focus on one of these first-tier cities. My research used these four megacities as the subject for the first case study.

If identifying the four first-tier cities as the first case study of Chinese working class was relatively easy, finding the second case study was a task that needed extra care. I tried to select the same number of cities, i.e. four, in the second case study, by following a few selection criteria. First, they had to come from either the second or third-tier cities. There are two reasons for not considering any cities lower than third-tier. First, the contrast would be too great between the megacities and cities below third-tier - such as population size, development level, the type of enterprises, and the scale of capital movement. Second and most importantly, the labour

practices and conditions in below-third-tier cities would, potentially, be generations behind those in the megacities, rendering any comparisons as essentially meaningless.

The second criteria was that they must have reached reasonable level of urbanisation with a comprehensive and balanced structure of industries. This criterion would ensure the existence of a large enough group of Chinese industrial workers, mostly in regional and provincial economic and political centres. Also, it would screen out quite a number of outlier cities that were not ‘balanced’ in their industrial composition, or had experienced exogenous economic shock. For example Datong, in Shanxi province, is dependent heavily on one industry - coal mining. Ordos city, in Inner Mongolia, is another example, which has suffered seriously from the crisis of real estate over-development in the past decade.

Based on these criteria and other minor considerations, eventually I chose four cities - Chongqing, Hefei, Guiyang and Yinchuan - as the subject of the second case study. That Chongqing was chosen may raise some dispute. Some may even argue that Chongqing is one of the megacities. From some perspectives, Chongqing appears seemingly big enough. For example, the population of greater Chongqing was 29.7 million in 2014, more than any of the four first-tier megacities. Also, Chongqing stood at the sixth in terms of gross GDP in 2014. However, after comprehensive consideration, Chongqing is one scale below the four megacities for two main reasons. First, the urbanisation rate of Chongqing was significantly lower than the megacities. According to the World Bank report (2015), the real urban population in Chongqing was only 5 million in 2010, much smaller than those in the megacities. Second, Chongqing’s development level was far behind the megacities. Considered by GDP per capita, Chongqing was only a third-tier city in 2014. Overall, therefore, Chongqing was well qualified as a second tier-city.

The other three cities, Hefei, Guiyang, and Yinchuan, are all third-tier cities. They were chosen for a number of reasons. They had similar urban population as Chongqing, and similar levels of development, with GDP per capita slightly higher than Chongqing in 2014. Secondly, they are all provincial capital cities, with a comprehensive industrial structure along with growing urbanisation and an expanding urban industrial working class. Thirdly, they all showed recent

healthy economic growth, with no major governance crisis or exogenous economic shock in the past decade.

Research design

Since two cases were chosen to study, the next step was to identify what kind of data and information to collect in order to answer the research question. There are a number of research designs in qualitative or mixed-method research: correlational research, cross sectional design, and longitudinal research. Correlational design seeks to establish a clear-cut relationship between variables. This does not fit into my research objective. Longitudinal research is used to map change over time. It requires a long period of research time, and consequently is not possible for a doctoral study. *Cross sectional* design, therefore, was chosen for this research. Cross sectional design is referred to as social survey design (Bryman & Bell, 2011, p. 53). The guiding principle of cross sectional design is that data is collected on more than one case at one point in time with at least two analytical factors. These factors are then examined to uncover patterns or association. Data can include surveys, interviews, documents, and statistics.

After cross sectional research design was chosen, I needed to choose what analytical factors I would collect information and data on. The guiding principle is that whatever information and data I tried to collect should serve the purpose of answering the research question. Firstly, I needed to identify the measuring elements of the working class's agency. Since the research sought to find out the extent to which Chinese working class had become a cohesive agent for political change in the face of rising inequalities, I planned to collect information on both the *behavioural* and *cognitive* strength of the working class to measure the working class's collective agency in two cases. Secondly, I needed to identify factors to compare in the two case studies. The research sought to find out how much collective agency the working class has in cities with different development levels and inequality levels. *Inequality* levels thus were chosen as the major analytical factor in the two-case studies.

Based on those guiding research tactics, I planned to collect information and data in the following areas. First, I planned to collect essential profiling information of the Chinese

working class in each case study. This would include the age composition, gender, education, household registration, occupation, and so on. This would help provide a general contour of the Chinese working class in the case study, and enable us to have a much more concrete understanding of this traditionally abstract subject, which most of the previously literature took for granted based on theoretical assumption.

Secondly, I planned to examine the inequality levels, i.e. economic, social and political inequalities, in each case study, and how they had affected the Chinese working class, especially their forming of collective agency. This analytical framework was developed from Weber's tripartite model of social stratification, which has been discussed in the literature review. I used the economic, social and political inequalities, by and large, corresponding to the class, status and command situations in Weber's model (Scott, 1996, p. 45). Among these aspects, economic inequality focuses on wage income and wealth inequality. Social inequality investigates housing, education, healthcare, the physical and mental state of the workers, as well as their social life. Political inequality explores work place democracy, general political participation at the community levels, and political support from civil society for the workers.

Thirdly, I planned to research the workers' collective agency, both behavioural and cognitive. Behavioural agency is relatively straightforward, which I measured by strikes. Cognitive agency is a new dimension introduced by this research. I investigated the workers' attitudes and cognitive understandings toward a number of issues (available in the CGSS survey 2013), such as class identification, social and political stances, willingness to participate in collective action, as well as their sense of class solidarity. The findings of the workers' cognitive agency would be a critical component added to the understanding of the working class collective agency. Moreover, the integrated and comparative analysis between two cases would seek to draw out the logical links and connections, similarities and differences, in order to provide a more comprehensive answer to the question of the working class collective agency.

2.3 Research method

This section explains the research methods in detail, such as the sources of information and data that I used, and how I collected and analysed them. The research sought to collect information and data from two major sources: statistical sources, and qualitative sources, mainly by interviews and observation.

Statistical sources

Statistics sources were particularly useful to reveal the broader contours, boundaries and general characteristics of the Chinese working class. There are two areas in the literature review where statistical research can add value to. First, information on the statistical profile of Chinese working class is very much missing in Chinese labour study. Second, there is no systematic evaluation, especially large-number sampling statistics, of the working class collective agency. Statistical sources used in this research are mostly secondary sources, such as national statistical yearbooks, regional and municipal yearbooks, and statistics documents. In addition, a number of large population social survey projects were considered. At last, the latest round of Chinese General Social Survey (CGSS) 2013 was chosen as one important part of the statistics used in the research. The CGSS study project was initiated by *Li Lulu* from Remin University in China, and *Bian Yanjie* from Hong Kong University of Science and Technology in 2003. The 2013 survey was the 9th and the most recent round of the project.²⁶ The survey in 2013 used a comprehensive questionnaire with hundreds of questions. I only chose those questions relevant to my research question for data analysis.

I chose CGSS for several reasons. First, CGSS is one of the few projects that champions social structure and life quality study in China. It is the best project in China for emphasising the participants' subjective opinions and state of mind, such as their social values, attitudes, social or class identification, most of which underpin the construct of agency, both individual and collective. Secondly, CGSS conducts frequent surveys, on average once every two years, with a reasonably large sample size (about 10,000 samples each round). Consequently, quite recent data is available for study soon after the survey is completed.

²⁶ For detail, see their website: <http://www.chinagss.org>

However, CGSS does have its shortcomings. First, it provides cross-sectional data rather than longitudinal. In other words, CGSS does not trace the changes over a fixed group of participants, preventing the data from being used for longitudinal research. Secondly, there is no strict continuity to their questionnaire design. The CGSS questionnaire is composed of core questions and thematic questions each round. Core questions cover basic and profiling information such as age, residence, education, income, etc. The thematic questions change in each round and are dependent on the theme of that year. Those extensive questions, such as social values, attitudes, social or class identifications, are asked differently - with specific focuses - each round. This makes data comparison difficult.

Thirdly, CGSS's data is elicited data. The CGSS survey is conducted by face-to-face interviews with individuals and households. This form of data does not guarantee an accurate reflection of reality. Silverman suggests that what people say in answer to interview questions does not have a stable relationship to how they behave in naturally occurring situations (Silverman, 2006, p. 39). This entailed an extra cautiousness during the data analysis stage, with some data requiring special treatment, such as acknowledging the discrepancies and highlighting the limitations of data.

Lastly, CGSS data does not perfectly match what the research needs for those eight cities in the two cases. CGSS samples are based on provincial and municipal areas as data collection units. In other words, there is only data for Shanghai, Beijing and Chongqing, not for the other five cities, i.e. Guangzhou, Shenzhen, Hefei, Guiyang, and Yinchuan. Data for the latter five cities is combined in provincial data. Consequently, the research used data from Shanghai to represent first-tier cities, and Chongqing to represent lower-tier cities whenever CGSS data was used in the two cases. This restricted usage of data, however, does not apply to all of the other statistics sources.

Despite all those shortcomings, CGSS was the best data source available that fits quite well with my research design, which primarily is a cross sectional multiple-cases study on Chinese industrial workers. Together CGSS and other statistics sources were used to collect information and data on Chinese working class profiles, the three aspects of inequalities, and the workers'

social values, attitudes, and identifications of class and social positions. The advantage of statistics sources is that they help provide a more tangible and quantitative understanding of the Chinese working class since they work well to paint a broader picture of this supposedly abstract and diverse social group. Compared with qualitative data, statistics sources are also more objective, with stronger reliability simply because of the large sample sizes. The weaknesses of statistics are also notable. Firstly, the sample selection process means that there might be bias toward certain populations, while excluding others. Secondly, statistical sources tend to be overly generalised and omit some of the important exceptions or particularities within the samples.

Qualitative sources

Qualitative sources were also chosen for the research, given the intrinsic weaknesses in statistical sources. The qualitative sources I used were mainly based on interviews and observations from field visits to factories, government offices, labour NOGs, and relevant scholars. Those were conducted during my two field trips in Oct-Dec 2014, and Dec 2015, in Hong Kong, Macau, Beijing, Shenzhen, and Chongqing. Data collection methods ranged from observations, interviews, documents, field notes, though the majority of the data derived from interviews I conducted with workers from two factories in Shenzhen and Chongqing. In what follows I will explain the process of data collection and analysis for the interviews.

Why choose interviews? As discussed before, the intrinsic weaknesses of statistical data need to be complemented by qualitative methods. Interviews serve the purposes of the research particularly well by bringing in some first-hand subjective perspectives of the workers into the study. Interviews usually involve small number of samples with more intimate interactions. So, in general, they produce more specific and credible data compared with statistical sources.

The first step in interviews is question preparation. Because I chose to conduct semi-structured interviews, the questions prepared would be used to guide the conversations in a more relaxed way, or as a so-called ‘topic guide’ (Patton & Cochran, 2002, p. 12). Good questions, well-conceived and well tested, are critical to the success of obtaining good data for the research. I followed a number of qualities for good questions: use of simple language; relevant to both the participants and the research question; easy to understand and answer; and not confusing or

misleading. I also pilot-tested the use of the topic guide on one friend and one worker, and made some changes before I applied the guide to other workers.

The second and most important step of interview was sampling. It was a difficult task to identify sample workers for two cases in China because the field work was overseas from my home country of New Zealand. I had to rely on some of the networks and contacts I made, mostly through some labour NGOs and labour study scholars in China and Hong Kong. Fortunately, I established contact with two workers, Amy and Hongying (all factory names and person names are anonymous in this thesis). It was through these two workers I identified the two factories where they worked in Shenzhen and Chongqing, and slowly gathered and expanded the interview samples.

When it comes to the sampling strategy I used, it came partly out of research plans, and partly out of coincidence via two worker contacts. I applied purposive sampling coupled with snowball sampling to reach my interviewee workers (Marshall, 1996). Purposive sampling is one of the most common sampling strategies. Workers participants were chosen for the richness of information they can provide, according to pre-selected criteria relevant to the research question. One way of purposive sampling is maximum variety sampling. I asked Amy and Hongying to identify workers with diverse backgrounds in relation to age, hometown, education, gender, experience, and social activeness. I planned to interview about 10-20 workers in each factory, or until saturation point was reached - a point when data stops telling new things. Snowball sampling was also used as I often reached new participants referred by those who had completed the interview. Snowball sampling worked surprisingly well in that it brought me a few participants who contributed an unexpected variety of data to the research.

The third step was actually conducting interviews with selected workers. In the end, about 15 workers were interviewed, respectively, in Shenzhen and Chongqing. All were conducted anonymously, respectfully, and with consent beforehand, and a research information sheet supplied for each participant. I adopted one-on-one interviews, either by face-to-face or telephone. A semi-structured form of interviews was used, with prepared and piloted questions to guide the conversations. I took notes of the answers, as well as any relevant observations during the interviews. All interview records and materials were kept securely and confidentially

because the content involved sensitive human rights and political issues. I maintained an observer's role, the so-called 'etic role', staying neutral and impartial as much as possible (Angen, 2000; Richards, 2009). The interviews were conducted in mandarin Chinese. No translator was used because I speak the language. A couple of participants spoke mandarin with a strong local dialect and accent, but this did not compromise the quality of the interviews.

The fourth step was post-interviews data analysis. I followed the recommended process of interview data analysis (Patton & Cochran, 2002, pp. 23-24). Data processing and interviews were often overlapped at the same period of time. In other words, preliminary analysis was conducted between interviews, such as reading and annotating transcripts. Every now and then a batch of interviews would be analysed, for example, to identify and list the themes. These initial themes could then be gathered together to develop a coding scheme. Subsequently, I applied those codes to the whole set of data, by putting simple-worded tags on the transcripts. Data interpretation was conducted after I returned from the field trips to New Zealand.

2.4 Validity and limitation

This section briefly discusses the measures I took to ensure the research was reliable and valid, as well as the limitations and ethics issues involved in this research.

Validity issues

A mixed sources of statistical and qualitative data lays a solid foundation for research reliability. Here, I focus on the validity issue from the qualitative data. Despite the relatively semi-structured form of interview and a relatively small sample size, I took vigorous measures to ensure that the interview data collection and analysis provided high reliability and validity. Four additional measures were used to add to the research's reliability, validity, trustworthiness and transparency.

First, appropriate sampling strategies were adopted to maximize the reliability and validity of the data. A small sample is not a limitation if two conditions are met. Firstly, if the sample fits

the purpose, and allows the researcher to address the research question. Secondly, if the assumptions underlying the sampling approach are not violated by the claims the research makes about the data gathered (Goodrick, 2011). I strictly followed these two conditions during the course of sampling.

The second measure to highlight was one I took during the coding stage. The whole data set was coded to ensure that analysis did not just concentrate on data that the research was interested in and wanted, and that it was a truly comprehensive analysis. This maximises the reliability of the research findings.

Thirdly, I used triangulation to maximize the validity, or trustworthiness, of the research findings. Triangulation is a method that deliberately seeks evidence from a wide range of sources and compares findings from those different sources (Patton & Cochran, 2002, p. 26). It is an important method for achieving dependability, credibility, transferability and transparency of data. For example, if an interview participant raised a new issue, I would try to discuss the new issue with the next participant and compared their responses, or even checked that response with the statistics to see if it made sense. If they coincided, that strengthened my faith in having identified a new issue. Another similar method was used, called member checking. It often refers to the follow-up stage of the data analysis. It involves feeding the findings of the analysis back to the participants, through a follow up conversation, which I did by telephone. Member checking used in this way was helpful to assess the data and findings from the perspective of participants, thus enhancing the trustworthiness of the research.

The last measure to improve validity of small sample interview research was dealing with what are known as deviant cases or findings (Patton & Cochran, 2002, p. 26). Deviant cases are those that do not fit with other findings or the overall thesis conclusions. Any case found different or unique during the process of data collection and analysis was looked into in more detail, and any differences were accounted for. This also strengthened the validity and transparency of the research.

Limitation

Although broader limitations of the whole research will be discussed in the end chapter of the thesis, this section briefly points out limitations of the research methods.

Although the CGSS 2013 overall provided the best matching data for my research, the quality of the CGSS data could be improved. When the data was analysed, there were some clear contradictions and errors found in the survey participants' answers. Potentially, this could undermine the accuracy of the research outcome. Moreover, the CGSS survey is not functionally designed solely for studying the working class. It would be better if a new survey study could be established specifically for the study of the Chinese working class.

Secondly, the reliability of the official statistics in China is in question, not only widely in the Western media, but also amongst academics. Especially when it comes to the matter of income and wages, there are usually 'grey' areas in the data, for both the public and the government to deal with. This research used statistics from the NBS, as well as from other central and local governments and agencies. Although triangulation was used to double-check the reliability of the Chinese official data, there might still be some incongruent outcomes caused by this issue.

These issues of research method limitation can hardly be overcome for a doctoral thesis project, because of the limited time and resources available. For future study, statistical and qualitative data, with medium- and large-sample sizes, generated by an independent survey, would help get more reliable research outcomes.

Ethical consideration

Ethical considerations were well thought through and the research proposal was approved by the Human Ethics Committee at the Victoria University of Wellington in May 2014 before the field research was carried out. However, I would like to highlight the following:

Firstly, this research was strictly anonymous. An information sheet in Chinese was supplied and oral consent was implied by voluntary participation in the semi-structured interview. The identity and privacy of all participants were protected. Secondly, a vigorous procedure for the storage of, access to and disposal of data - both during and at the conclusion of the research -

was in place as part of the research. All written materials, such as interview questions, interview notes, and meta-data, were kept in a secure place. The research was completed with no ethics related dispute arising. All the names of the factories and people from the interviews appear as anonyms in this study.

2.5 Conclusion

This chapter has laid out the theoretical and methodological frameworks for the research's planning and implementation. A constructivist research paradigm and a number of theoretical building blocks on class structure, class agency, and globalisation and class relations were chosen as the theoretical foundation of the research. These guiding theories led to the use of comparative multiple-case study as the research approach, and the use of cross sectional data with mixed methods (statistics, interviews, observations) as the research design. Two case studies were chosen on different tier-cities (four megacities and four smaller cities), with inequality and development levels as the key analytical factors. Behavioural and cognitive strengths were identified as the measuring elements of the working class's collective agency. This chapter also has discussed how I ensured the research methods matched with my research questions, objectives, and hypotheses. All research processes were planned and implemented step by step, under the framework of the research approach and design. Measures were taken and research limitations and ethics issues were considered, to ensure maximum validity and replicability of this study.

Chapter 3. Historical Context

It is important to have some background historical knowledge of the Chinese working class in order to better understanding today's new working class. This chapter provides a historical context on the Chinese working class, highlighting some historical patterns and lessons. Historical context is discussed in three sections: the pre-socialist period, the socialist period and the post-socialist period. For each period, the historical position of Chinese industrial workers inextricably depended on the relations they had with other political actors, such as the state elite, political parties, the industrial entrepreneurs, business associations, and trade unions. History suggests that the agency of Chinese working class is a complicated matter and affected by many factors, such as inequality and labour conditions, the state's attitude toward labour, and how the dominant political actors aligned their political strategy with the working class.

3.1 Pre-socialist period

Labour in Dynastic China

The earliest portrait of Chinese labour traces back to the Spring and Autumn period, approximately 771 to 476 BC. *Han Fei*, a philosopher of the Chinese legalism school, wrote about 'mai yōng', or to hire a labourer, in his classic work. 'mai yōng ér jué dòu', which means to hire a labourer to excavate a watercourse for discharging (Tang, Liu, & Liu, 1998).

Industrial labour was still quite rare in a predominantly agrarian society. There had been always a strong ties between family and business in pre-modern Chinese economy. Workers were employed privately for individually-owned businesses in a few regions, which is not the mainstream mode of production in a mostly rural and feudal society. Some of today's most successful modern Chinese enterprises originally started as a family business. For example, *Luzhou Laojiao* is a famous liquor maker in China and a public-listed enterprise today;²⁷ it

²⁷ In Chinese: 泸州老窖.

started as a family business in Sichuan, West China in 1573. *Chan Li Chai* is the oldest operating pharmaceutical enterprise in the world today; it was created by Mr. Chan and Mr. Li as a two-family business in Canton, South China back in 1600²⁸.

The long tradition of family business was a defining force that shaped early Chinese labour relations. Early labour disputes had strong features of being familial, sporadic, unorganised and disorganized. Some substantial documentation of Chinese labour dispute was first found in the Ming Dynasty, in the late 16th Century, when embryonic forms of commercial and market activities started to emerge (Tang et al., 1998). The first ever large-scale workers' uprising took place in a Suzhou silk mill in 1601. More than 2,000 workers and some silk mill owners protested against the local government for unjust and exorbitant taxes and levies. It was spontaneous, unorganised, disorganised but centred on the family-owned business. However, it at least shows that labour activism and agency can emerge for a cause, even in the absence of formal labour organisation.

The first self-organisation bodies appeared for the business owners. Business associations, *huiguan*, started to emerge as early as in Song Dynasty (960-1279). *Huiguan* means literally 'clubhouse' in Chinese. The growth of commercial activities came hand in hand with the remarkable urbanisation in regional centres. Hangzhou, the capital of the Southern Song, had a population of 1.2 million by the middle of the 13th Century (Skinner & Baker, 1977, pp. 29-31). Business associations at the time had similar functions to the *guild* in European history, beginning with the late Middle Ages, which usually was established based on protectionism and exclusiveness of trade. In 18th Century China, guilds or *huiguan* were predominantly merchant guilds, rather than for workers. Each guild usually looked after one business, or similar to an occupation. And its leader was called 'headman', or *hangtou* in Chinese, literally meaning 'line of trade'. Merchant guilds worked as the brokers between the governments and the businessmen, and they had control over the prices of merchandise such as tea and silk, as well as the servicing trade, for example, employing servants. *Huiguan* was also a privatised

²⁸ In Chinese: 陈李济.

form of the previous government-sanctioned brokerage institution that regulated and taxed the travelling merchants and their transactions.

In contrast, organisations for the workers emerged much later, and then mostly for the skilled workers. In the early 19th century, a new kind of Chinese guild arose, and part of its function was the organisation of skilled workers' collective actions (Skinner & Baker, 1977, p. 562). These were the craft and service guilds in the big cities. In Suzhou from 1780 to 1850, for instance, twelve such guilds are documented including tailors, hatters, cabinet-makers, tanners, and butchers. Craft guild members were usually persons of common geographic origin, and they sought protection and regulation, often relying on the help of the officials in doing so. Their functions also covered mediating quarrels among members, providing guidance for the daily wages of artisans (*jiang*) and apprentices, membership dues, and so on. In the major centre for silk trade in Suzhou, wholesale merchants had long depended on the master of a specialised shop to control the workers, who were strong unmarried men recruited from certain areas of the province. Ultimately, however, stability in the silk processing industry depended on the coercive power of the government, who periodically suppressed the workers' trade-union-like action. During these infrequent outbreaks, workers sometimes claimed to belong to a society, *tang*, which suggests sworn brotherhood. Such an organisation of workers was regarded by the government as illegal and was always suppressed (K. Liu, 1988, pp. 18-19).

We should not forget the class division and situations within which such workers' actions took place. There were major social cleavages, whether you call it class divide or stratification, in imperial China. At the top of society was the unquestioned imperial authority. A centralised government was composed of civil servants, the so-called elite literati (*shi dafu*) class selected by the examination system. Workmen were basically under control and owned by the merchants, a feudal servant labour system firmly supported by successive governments. Those centuries of tradition of class division would have a profound influence on modern Chinese society and on Chinese industrial workers in particular.

Some economic historians find imperial China's relatively simple social table, portraying a society divided between a tiny elite and the rest of the population, who were all largely equally

impoverished (Milanovic, Lindert, & Williamson, 2007, p. 47). Little difference existed between the income of the poorest and the wealthiest commoners, while the land elite sat atop the income scale, controlling a state bureaucracy whose purpose was to ‘pump resources out of the population and into the hands of rulers’ (Ansell & Samuels, 2014, pp. 24-25). Although a centralised imperial system like this usually held on to their power for hundreds of years, the problem was that the social system usually ended up being redressed by violent insurgency or revolution when class conflicts built up and reached a flash point. And the primary forces of change were peasant revolution, led by savvy political actors. Although little study has been done on peasants’ agency in dynastic China, my hunch is that peasants’ resistance and agency were both inertial and elastic, stretching until it became explosive.

Labour in revolutionary times

The history of modern Chinese labour runs in tandem with the emergence of industrial capital production. Usually, it is believed that Chinese labour as a social class in a modern sense comes debuts at the start of the 20th century (Shaffer, 1981). After 1895, the growth of modern industrial enterprises, both Chinese and foreign, began to create a modern *proletariat* in China. Shaffer argues that the coming into being of modern Chinese labour is the direct result of the increased influx of foreign-owned factories after the Treaty of Shimonoseki ended the Sino-Japanese War in 1895 (Shaffer, 1981, p. 31). On the one hand, the Treaty facilitated the construction of foreign-owned factories in China and the hiring of Chinese workers. Private foreign capital, directly initiated the formation of Chinese labour class. It is from that moment on that it begins to make sense to talk about the industrial tensions between labour and capital.

On the other hand, the treaty also had a chain reaction effect, creating China’s own modern industries. The defeat of the once a grand empire by the previously small and peripheral nation of Japan, had traumatized the Chinese elites and the public. One result was an ever increasing number of Chinese entrepreneurs that emerged to ‘fight fire with fire’. After introducing foreign-owned factories and modern industrial production, capital ownership started to diversify. Chinese Qing Dynasty officials and businesses responded with a ‘self-strengthening’ slogan and tried to develop their own industries. Capital ownerships began to diversify,

including differing forms of capital hybridity between the government and private merchants (Feuerwerker & Sheng, 2013; Köll & Goetzmann, 2004). From 1895 to 1911, there was an impressive growth of private nationalist capital investment (Köll & Goetzmann, 2004, p. 160).

From 1895 till the end of the imperial China in 1911, Chinese industrial workers, however, had not become a key factor in the revolution. Although the industrial workers lived in a world of quite extreme inequalities, with literally no regulations and laws to protect them from the primordial capitalist accumulative production, labour unrest did not happen frequently or at least is not recorded so. The major actors that brought down the Dynasty before establishing a new republic were new armies, provincial elites, and student revolutionaries. Workers were only involved in political activities within limited areas, especially in Canton province, because the Chinese proletariat in this region had the longest and most intense relationship with the West and its industrial revolution (Chan, 1977, as cited in Shaffer, 1981).

From 1911 to 1920, Chinese industrial workers' number grew significantly, and historians assert this period marked the beginning of their class consciousness. The size of the Chinese proletariat was doubled by an industrial boom caused by a strong international demand and the absence of European competition during the World War I (Shaffer, 1981, p. 32). The Chinese public was deeply disappointed by the settlement at Versailles, where the Western powers allowed Japan to keep what they had taken from the Germans in Shandong province. Chinese industrial workers became involved in the mass protests in 1919, as part of the anti-imperialist May Four Movement.

From 1920-1927, Chinese urban industrial workers became a dramatic and revolutionary player, an addition to an already torn-apart country controlled by local warlords and Western powers. Disappointed by the Treaty of Versailles and inspired by the Bolshevik Revolution, the veteran Nationalist Party, the fledgling Chinese Communist Party, and urban workers were all brewing for the next political movement to counter the warlords and imperialists. These players combined and staged a dramatic display of the political power of organized labour (Shaffer, 1981, p. 32). The coalition led waves of strikes and protests began in 1922 with two labour focused themes: protecting wages from a relentless inflation; and securing for workers the right

to form class-delineated modern unions. As the Nationalist-led Northern Expedition, joined by the CCP, had a second attempt at forming a new Republic, both peasants and workers' unions rose up to assert their economic and political demands and assist the coalition armies. The workers of Shanghai did not even wait for the armies of the Northern Expedition but seized the city in March 1927 and ran it. The *Shanghai Commune* of 1927 was created after a massive rebellion by a workers' grassroots movement overthrew the local warlord. The seizure of Shanghai gave workers political control of China's most strategic urban centre. However, this movement was crushed on April 12, 1927, when Chiang Kai-shek entered the city, resulting in the Shanghai Massacre, a merciless destruction of the mass movement and its union leaders.

Despite the crackdown of the Shanghai Commune and the defeat of the 1927 revolution, a puzzle remains for scholars: why did such a small number of urban workers managed to play such a significant role in Chinese politics? There are two main reasons. Firstly, geographic concentration. Historians estimate there were about 1.5 million Chinese proletariat, or less than one percent of the population, in 1919 (Chesneaux, 1968). Chesneaux argues that the reason so few could accomplish so much was that these modern workers were concentrated in large enough numbers in certain strategic places. There were pockets of workers already labouring under the modern conditions that Marxists believe to be conducive to revolution: concentrating and alienating.

Second, skilled workers and craft guilds played a key role in the organization of labour movement. Shaffer argues that 'artisans or other traditional workers played a leading role in the Communist led Hunan labour movement and in other provinces as well' (Shaffer, 1982, p. 210). Perry makes a strong case that the backbone of Shanghai's Communist labour movement from the 1920s through the 1940s was composed of skilled workers who came out of an artisan guild tradition based on native-place associations (Perry, 1993, p. 239). She further differentiates the CCP and the Nationalist Party in terms of labour alliance. She argues that the CCP had close affinity with the guild-based Southern-Eastern Chinese artisans except in Canton delta; whereas the Nationalist Party closely associated with the gang-based North Chinese machine operators.

This shows that from 1911 to 1927, Chinese industrial workers had become an independent actor who had developed their own labour organization in their own traditional guilds and institutions. They were already an organized power independent from either of the political parties, but one that was ready to work with either party for their own interests. Shaffer even argues that Chinese workers did not have to be organized, rather their allegiance simply had to be transferred from one institutional leadership to another.

During World War II, the CCP and the Nationalist Party continued to engage with labour movements, though little is known about the details. After 1927, the CCP's underground movement remained active at least in Shanghai until 1931. The Nationalist Party's management of labour began to falter thereafter, and only managed to confine most labour outbursts until 1931. During the Japanese invasion from 1937 to 1945, the limited source material shows that the standard living of the workers deteriorated rapidly and that political repression worsened in divided China: Japanese-occupied areas, CCP-controlled areas, and Nationalist-controlled areas (Epstein, 1980; Shih, 1944). Sporadic labour unrests resurfaced between 1935 and 1936. But just who was leading these remains unclear (Liu, 1969; Ma, 1955; Snow, 1945).

During the Civil War from 1945 to 1949, there was little documentation on organised labour activity. The network of Nationalist control over labour had been destroyed and could not be re-established. Historians do note 'an inordinate amount' of labour unrests spurred on by inflation and unemployment (Suzanne, 1978). Most of the labour activities were pursued quite independently of any political party. The Nationalists warned the workers continuously that they were being exploited by the Communists. Historians maintain that the exact role of labour movement in the CCP's victory in the Civil War remains unknown (Shaffer, 1981, p. 37).

In sum, Chinese workers did not become active in the pre-socialist period until the 1919 Revolution. Chinese urban workers, often led by skilled workers, became independent actors and played an increasingly important role in Chinese history. Their exercise of agency was the result of both their inherent class resistance to inequalities that built up to a critical point, as well as external shock events, such as conflicts between warlords, political parties, and imperial powers.

3.2 Socialist workers in Maoist time

From 1949-1978, the Chinese labour regime was transformed by the dominance of the socialist state unit (*danwei*) system, and urban Chinese workers were lifted up to a privileged class position as the state ideology dictated. There are three types of *danwei* in terms of how they operate: *qiye danwei*, or enterprise units; *shiye danwei*, or nonproduction, non-profit units; and *xingzheng danwei*, or administrative units (Lu & Perry, 1997, pp. 6-7).

The privileged state unit workers

Danwei is a hierarchy of state-owned workplace units, such as factories, banks, schools, hospitals, and government agencies. Their members were in a peculiar employment relationship, and they were guaranteed a variety of perquisites denied to peasants in the rural areas: secure jobs, affordable housing, inexpensive medical care, a range of subsidies for everything from transportation to nutrition, and generous retirement pensions (Lu & Perry, 1997, p. 3). Each *danwei* also provided comprehensive social welfare over the years that, in many ways meant that a *danwei* constituted a self-sufficient and multifunctional ‘small society’ (*xiao shehui*). *Danwei* took over most of the responsibility for social welfare and entitlement provisions from the Maoist state. *Danwei* managed to absorb the new working population internally so as to reduce the pressure of urban employment. In other words, children had much easier access to jobs in their parents’ unit than outsiders. It was not unusual that children directly took over their parents’ job when they retired. *Danwei* also looked after retirees by providing a pension and related benefits.

Unit workers’ welfare benefits came at the price of political freedom. The party branch at each work unit closely monitored employees’ public and private life, using a combination of rewards and sanctions to ensure politically correct behaviour and party loyalty. *Danwei* became an effective instrument for the party state to inhibit large-scale organised opposition, and to maintain a relatively high level of urban social order. This explains why labour protests in Maoist China were mainly ‘cellular protests’, as termed by David Strand. The *Danwei* system

also greatly controlled the mobility of employees, in a similar way as *hukou*. Without proper permission duly noted in their dossiers (*dang'an*), employees could only dream about a job transfer (Lu & Perry, 1997, p. 8).

There are a number of explanations for the origin of *danwei*. Lu argues that the key welfare components of the *danwei* system are rooted in the practices and institutions of the wartime Yan'an era (Lu & Perry, 1997, p. 36). First, the CCP forces adopted a free supply system to all members including combat and non-combat personnel, due to their weak financial revenue base during the long period of guerrilla war. Second, the CCP created the officially endorsed economic activities of army and administrative units to cope with the economic difficulties caused by the Japanese blockade of the Communist base region and a lack of material supplies to the local population from the Nationalist government in the late 1930s. Mao formally advocated the idea of 'letting the army produce for itself' in 1939.

Perry, in contrast, argues that the Communist historical labour movement in the 1920s to 1940s contributes to the formation of *danwei* system in the 1950s (Lu & Perry, 1997, pp. 42-55). First, most of the key party officials appointed for labour policy making for the new People's Republic of China (PRC) were key labour activists in the revolutionary era. *Li Lisan* was charged with primary responsibility for formulating labour policy, working under *Liu Shaoqi*, the honorary head of ACFTU. Li overlooked the writing of the first labour union law, which gave critical welfare functions to the unions. Moreover, he was responsible for labour insurance regulations stipulating that new welfare provisions were to include generous medical care, disability pay, retirement pensions, and the like. These labour insurance regulations (*laobao*) were a defining element of the emerging *danwei*.

The second principle architect of China's industrial policy was *Chen Yun*, whose own background as a skilled worker helped to ensure he remained loyal to the interests of factory artisans (Lu & Perry, 1997, p. 46). His concern for providing special welfare benefits to a subset of the industrial work force was made manifest in December 1949, when Chen delivered an important speech entitled 'Skilled Personnel Are an Indispensable Force in Implementing National Industrialisation'. Chen referred to the then 300,000 skilled workers (out of a 3 million

industrial work force) as a ‘national treasure’ deserving special material benefits that would guarantee freedom from financial worries.

There is not only a personnel connection, but also an institutional link between the new *danwei* system and the pre-1949 Communist labour movement. Workers’ welfare and rights in most of the state-owned enterprises were overseen by the local federation of labour unions (Lewis & Cohen, 1971, p. 125). These unions had been dominated by former activists in the Communist labour movement. Although the welfare measures supplied by the *danwei* were financed by the enterprise itself, they were administered through the unions. The new PRC regime worked actively to keep alive memories of the pre-1949 labour movement. Just four days after the Communist takeover of Shanghai in May 1949, a workers’ congress to commemorate the 24th anniversary of the May Thirtieth movement was convened. Four months later, the city of Shanghai boasted more than 980 new unions with an enrolled membership of some 667,900 workers (Lu & Perry, 1997, p. 47). Unionisation for SOE workers proceeded rapidly throughout China. By February 1950, 70% of the permanent industrial work force (90% in Shanghai) had been unionised.

New inequality under the *danwei* system

Danwei, however, was the core institution that invented new forms of inequality and class division in the pre-reform socialist period. Firstly, the rural-urban inequality was the primary area of inequality, even though the peasants, in theory, were entitled the same privileged class position as the workers. The *Danwei* system created new exclusive socioeconomic hierarchy in Maoist China, in which a privileged minority of the urban industrial work force existed at the expense of the majority. Most of the state-owned enterprises were located in urban China. The imposition of the household registration (*hukou*) system in the 1950s severely curtailed geographic mobility. The *Danwei* system and *hukou* system worked in tandem to create an unprecedented urban-rural gulf, particularly between the privileged class of *danwei* socialist workers and rural peasants.

Secondly, inequality existed between urban formal workers in the state units and those who were private workers. China's labour market included over 8 million private workers in 1952, over 35% of the total industrial workforce. The traditional family-based labour market that dominated allocation patterns since ancient times - and had been challenged only in the nineteenth century by the increased presence of foreign enterprises - had always been characterised by a high degree of informality, and had relied heavily on kinship and friendship. After the nationalisation of Chinese industry in 1956, during the so-called 'classic' period of socialism, the number of Chinese private workers was reduced progressively, until they virtually disappeared from the national statistics in the last years of the Cultural Revolution (Tomba, 2014, p. 10).

Thirdly, the *danwei* system also created inequality by excluding other non-permanent workers. Before the end of the Great Leap Forward, temporary workers were widely employed in industry and infrastructural construction, either for particular labour-intensive production needs or as seasonal workers in different locations and in response to manufacturing necessities (Tomba, 2014, p. 10). They included temporary and contract workers, workers at small joint-ownership firms, apprentices, and displaced workers. Moreover, the wage difference between urban SOE *danwei* workers and urban collective enterprise workers had developed a sense of class belonging, so that a SOE *danwei* worker belonged to a class higher in the social and political hierarchy than a worker from a collective *danwei* enterprise.

Fourthly, the *danwei* system created inequality within the state *danwei* workers themselves because of the Soviet wage hierarchy it used. The Soviet style wage system is based on the principle of 'distribution according to labour' with fixed-income differentiation for various duties among staff and workers, from the top-ranking cadres to the frontline workers. As there is no easy standard to measure the value of labour, it was left to the party authority to interpret this principle. Also, this system was not effective because overt egalitarianism may cause discontent among unit workers. Perry (1993) documents the intra-unit disputes over wage difference in Shanghai.

Socialist workers' unrest

Multi-dimensional inequality and class division created by the privileged *danwei* system had fuelled major labour unrests in every decade of China's history since 1949. In 1956-57, as the institutionalisation of the socialist *danwei* system was completed, a strike wave of monumental proportions swept Chinese cities (Lu & Perry, 1997, p. 48). When Chairman Mao called upon the masses to criticise 'bureaucratism' as part of the Hundred Flowers Campaign, workers responded with unexpected passion. From the Autumn of 1956 to the Spring of 1957, the central party acknowledged that more than 10,000 strikes had occurred nationwide. And during the next three months, labour unrests erupted at 587 Shanghai enterprises in the Spring of 1957 alone, involving nearly 30,000 workers²⁹. The strike wave of 1956-57 was participated mostly by those left out of the new *danwei* system. They formed autonomous associations, such as 'united command posts' and 'redress grievances societies', to demand the same securities of employment and welfare guaranteed to permanent *danwei* workers. The resistance of those barred from the benefits of workplace socialism grew especially vociferous whenever political circumstances permitted, and turned into substantial political agency.

Labour unrests erupted again in 1966-67, at the start of the Cultural Revolution. When Chairman Mao called upon the masses to combat 'revisionism', tensions within the workforce again burst into flames. Thousands of contract and temporary workers took to the streets to demand a redress of grievances, creating a so-called 'wind of economism' (*jingjizhuyi feng*). Apart from contract and temporary workers, there were about 183,000 Shanghai workers returning from the mission of supporting 'rural construction' who were sent away from Shanghai city after the Great Leap Forward. All these workers formed a coalition by establishing a 'Shanghai workers rebel general headquarters' in November 1966. They confronted the Shanghai municipal government and demanded the same wages and equal rights as the SOE permanent workers. Perry argues that the wave of labour unrests represented a fundamental criticism of the unjust labour relations within the whole socialist command economy (Lu & Perry, 1997, p. 49).

²⁹ These figures are extraordinary, even by comparison with the revolutionary period of the Republic. In 1919, Shanghai experienced only 56 strikes, 33 of which were in conjunction with the May Fourth Movement. In 1925, Shanghai saw 175 strikes, 100 of which were connected to the May Thirtieth Movement (Lu & Perry, 1997, p. 48).

Even the privileged permanent *danwei* workers were not immune to protest. For them, *political* issues were often the uniting force that brought them together. The advantage for them was that the socialist *danwei* units provided a ready-made organisational resource for collective protests. For example, in the April Fifth Movement of 1976, more than a million mourners streamed to Tiananmen Square to pay homage to recently deceased Premier *Zhou Enlai*. *Danwei* workers from up to two thousand units marched on Tiananmen Square to vent dissatisfaction with the radical excesses of the Cultural Revolution. With this tradition of *danwei* workers in mind, their involvement in the 1989 Tiananmen Square protests can be seen as a completely natural continuity of their role as a political actor. In 1989, SOE employees sought to demand job securities being challenged by the new industrial policies, and became a major part of the Tiananmen Square protests. The Beijing Workers Autonomous Federation (*gongzilian*) spoke for the workers when it stated that Deng's market reform era was replete with 'economic mismanagement and official duplicity, during which workers gained little'. Labour unrest continued, despite the violent repression in 1989 and its aftermath. A confidential report of the ACFTU estimated that more than 50,000 Chinese workers engaged in strikes or other protests in the two years following June 1989 'to air grievances over the socialist system's failure to meet their basic needs'(Lu & Perry, 1997, pp. 50-51).

In sum, the socialist *danwei* system created new inequality and division between the state permanent workers and others, such as informal workers and peasants. The *Danwei* system also transformed the basis of Chinese workers' identity from native-place to work place. When asked 'where are you from?', people from both the imperial and republic periods would usually say 'I am from Shanghai', for example, whereas socialist workers would say 'I am from Number Five Textile Mill'. Worker's agency in the socialist *danwei* era was the outcome of manoeuvring between dependence and resistance to the authorities. For some, workplace relations under communism were reminiscent of a much older feature of Chinese political culture: *dependency* in the face of authority. An earlier dependency on the dynastic officials, associations or guilds, gave way to a new reliance on workplace authorities (Walder, 1991). But the political culture of so-called traditional China was so diverse and full of contradictions that the workers had to constantly shift between dependence on authority and *resistance* to domination.

3.3 Post-socialist period

From market reform to ‘World Factory’

The Chinese working class experienced a number of major transformations in the post-socialist period. First and foremost, the ‘reform and opening’ policy initiated the decades-long marketization. At the onset of the reform (1979-1983), the CCP took a vague strategy of ‘wade across the stream by feeling the way’, and the experiment first took place in rural areas. The market-oriented and household-based production contract system was introduced to replace the communes and production brigades (Chan, 2013). Export-oriented urban economic reform was limited to four Special Economic Zones (SEZ) – Shenzhen, Zhuhai, Shantou, and Xiamen. This expanded to fourteen coastal cities after Deng’s first visit to Shenzhen in 1984. The economy of the South-East coastal urban areas took off and overshadowed the early reform of the rural areas. Shenzhen, for example, grew at spectacular speed, with its GDP increasing eleven-fold by 1983. Foreign investment were favoured, especially in the SEZs. FDI increased from US\$1.3 billion in 1984 to US\$33.9 billion in 1990. The fast growing Foreign-Invested Enterprises (FIE) immediately put the efficiency of SOEs into question. In order to enhance the efficiency and productivity of the SOEs - at least to the CCP - they decided to keep the central and strategic SOEs, and let go the small and insignificant SOEs. Two further outcomes of SOEs ownership reform were the privatisation of small SOEs and the opening to foreign ownership.

Secondly, labour regime is an important part of the market reform. All was ready in the SEZs except one key element – labour. It required a large amount of cheap labour, an eased labour regime, and a flexible labour market to accommodate the ambitious economic marketisation. The market forces, in this case, did go ahead of the government regulations. After the Spring festival of 1987, the annual ‘wave of migrant workers’ flooding into the train stations of coastal cities was captured by the media for the first time (Chan, 2013). Official data estimated that the number of migrant workers in Guangdong province alone was around 10 million by 1993.

The state urged labour marketisation to increase labour performance. In 1983, the Ministry of Labour and Protection called for the principle of ‘from each according to his ability, to each

according to his labour', and to end the 'iron rice bowl' in SOEs. At the same time, contract workers were encouraged. In 1987 the number of contract workers reached 6 million, slightly more than 5% of the total industrial work force. The number of contract workers in SOEs in 1990 rose to 13.7 million, or 13.3% of the workforce. It reached 26.2% in 1994, and 52% in 1997 (Tomba, 2014, p. 111). The transition from *danwei* system to contract labour system may seem a gradual and slow process. This change, however, has had the single biggest impact on the Chinese working class. I argue that this Chinese 'shock therapy' of labour reform has had long-lasting and unfinished repercussions for the future of the working class.

Thirdly, the Chinese Government presided over a series of legal reforms to institutionalise the new labour regime. A new *Bankruptcy Law* piloted only in the SOEs in 1986. It allowed for the dissolution of unprofitable SOEs. The employment percentage of SOEs dropped continuously. Between 1990 and 1999, SOEs shed 17.7 million jobs, and urban collective firms (mostly wholly owned subsidiaries of SOEs) shed another 18.4 million jobs (Huang, 2003, p. 346). In other words, more than 36 million workers in total were laid off in 10 years. Before the Bankruptcy Law, the state had actually pre-emptively undertaken a constitutional amendment to tackle the challenge of labour dissatisfaction. 'Freedom of strike' was removed from the *Constitution* in 1982 (Chang & Cooke, 2015). Since the fourteenth Party Congress in 1992, China has acknowledged that the development model for its economy is '*market socialism*'. The final decision to adopt labour market policies required a clear statement that labour is a commodity; thereafter, the discussion turned more concretely to what a socialist labour market had to be like.

Contrary to the popular belief, the combination of these three legal changes were, in fact, radical enough not to be called 'gradual and piecemeal reform'. Consequently, China's traditional socialist labour relationship started to collapse as a result of a series of market reforms. Labour forces were laid off and faced unemployment or re-employment in the newly liberalised labour market. The fierce resistance from the Chinese working class was testimony of the unjust and unfair nature of these reforms.

Finally, China had managed to go further from market reform to become the economic powerhouse of full-fledged capitalism. The CCP and Chinese Governments set the tone for mainstream discourses of '*jie gui*' (connecting the track with the West) and '*ru shi*' (participation in the WTO) as the rational and inevitable choice for modernization and development. During the marathon WTO negotiations from 1986 to 2001, the economic and political advantages were over-emphasised by the state, including: gaining a place in that important international organisation; engaging in international trade under more predictable rules; preventing the US and other Western powers from using trade disputes as a means to punish China for political reasons; pushing China's enterprises to improve their competitiveness; and promoting national pride. However, the adverse impacts on the domestic economy, the labour market, social protection, social inequality, and human welfare were vastly overlooked and downplayed.

As the Chinese government embraced global capitalism and global capitalists' ongoing search for new markets and lower production costs, China had officially become the paradise of capital. FDI grew from US\$33.9 billion in 1990 to US\$98.6 billion in 2012. Since 2003, China has surpassed the US to become the number one FDI-inflow country in the world. China's export as a percentage of GDP jumped from 25% in 2002 to 39% in 2006, making it the so-called 'World Factory'. China became the world's largest trading nation, overtaking the US in what Beijing described as 'a landmark milestone' for the country. Its annual trade in goods passed the US\$4 trillion mark for the first time in 2013³⁰. China also overtook the US in 2010 and became the largest capital market for Initial Public Offerings (IPO)³¹. It is evident that China became fully integrated into the global economy and championed in the labour-intensive manufacturing and export-oriented industries. One of the most dramatic impacts on the labour market was the rapid increase in the number of migrant workers. Migrant workers' numbers soared from 84 million in 2001 to 274 million in early 2015. Most of them were employed by the private sector in labour intensive industries, such as garment, manufacturing, and services. The number of the workforce employed by the SOEs has continued to drop since 2000.

³⁰ For detail, see: <http://www.theguardian.com/business/2014/jan/10/china-surpasses-us-world-largest-trading-nation> (Monaghan, 2014, January 10).

³¹ For detail, see: <http://www.bloomberg.com/news/articles/2013-12-01/china-sets-ipo-reform-plan-signaling-end-of-freeze-on-listings> ("China's Move to End IPO Halt Sparks Rally in Finance," 2013, December 2).

By the early 21st Century, the transition from a socialist system to a contract-based employment system had been largely completed (Kuruvilla, Lee, & Gallagher, 2011). Urban China had gone from a highly protected 'iron rice bowl' system that guaranteed state workers permanent job, cradle-to-grave benefits - and a relatively high degree of equality - to a market-determined contract-based employment system at its core, and massive informal and unprotected sectors at its periphery.

Labour unrest in the post-socialist era

The first wave of labour unrest began in the early 1990s and was mostly concentrated in SOEs. Under the strategy of 'retaining the large, and letting the small go', more than 30 million SOE workers were laid off between 1993 and 2003, with more than 600,000 workers in the petrol industry alone. The SOE reforms struck at the very heart of the *danwei* system and generated remarkable resistance from the formerly privileged state workers. The *Daqing* oil field and *Liaoyang* workers protests are two examples often cited. In 2001, a metal plant in *Liaoyang* North East China went bankrupt without any transparent plans for dealing with the state assets and the workers. Large number of workers took to the street to protest against privatisation³². In March 2002, about 50,000 oil workers at the *Daqing* oil field protested for many days against restructuring and downsizing, and called for independent trade unions³³. These two examples highlight the painful process of SOE reform for Chinese labour.

There are two defining differences of the labour protests during the SOE reform period. First, compared to pre-socialist period, they were more labour resistance in pure form. Large labour protests were not new since 1949. However, the previous labour protests were all associated with large political crises that also engulfed other social groups seeking to redress grievances, such as the Hundred Flowers Campaign and the Cultural Revolution. Second, the scope and scale of labour resistance was unprecedented. The incidence of separate labour protests from the mid-1990s increased drastically. An official, but conservative, estimate indicates that in 1995 labour-related demonstrations involved more than 1.1 million people in more than 30

³² <http://www.clb.org.hk/content/liaoyang-workers-still-fighting> ("Liaoyang Workers Still Fighting," 2002, Nov 5)

³³ <http://news.bbc.co.uk/2/hi/asia-pacific/1870936.stm> ("Chinese oil workers in massive protest," 2002, March 13)

cities. In 1998, such demonstrations reportedly had leaped to 3.6 million workers (F. Chen, 2000).

In contrast, the second wave of labour unrests started from the mid-2000s and were primarily from the heart of ‘World Factory’, i.e. the PRD and coastal economic centres. They are described as the ‘epicentre of world labour unrest’ (Silver & Zhang, 2009). Most of the disputes concentrated in foreign and private owned enterprises. Non-payment of wages, appalling working and living conditions, managerial abuse, workplace injuries, and low pay were the most common problems that incited outbursts of insurgency (Friedman & Lee, 2010). One defining characteristic was insurgency among the new generation of rural migrant workers. These workers had defied stereotypes of docility and passivity, and have been engaging in all manners of resistance, both covert and incredibly overt, since 2000 (Friedman & Lee, 2010; Pun, 2005).

High profile strikes, albeit mostly in ‘rank-and-file’ style (Ness, 2015, p. 144), were widely reported. For example, on 7 April 2007, approximately 300 workers at Shenzhen’s Yantian Port went on strike, crippling dock work and preventing 10,000 containers from being loaded or unloaded³⁴. The workers not only demanded better wages, but also asked for more fundamental rights, such as setting up their own union. The workers strike at Honda in May 2010 is widely considered the milestone event for labour activism in China. Workers from Honda Nanhai, Foshan city in South China, went on strike to demand higher wages and the right to form their own unions. More than 1,900 workers participated. They were not happy about receiving an initial pay rise of 10.2%, while senior management got a 19.8% pay rise. After a one-day strike, a new deal was agreed that junior workers would get a pay rise of 14.4%, plus a housing subsidy of 50 *yuan*³⁵.

While in general accepting the hegemonic discourse of ‘rule by law’, the new Chinese working class in China’s ‘World Factory’ had become increasingly willing to take radical direct action

³⁴ <http://news.sohu.com/20070409/n249299898.shtml> ("No Pay Rise, Yantian Port on Strike [in Chinese]," 2007, April 9).

³⁵ <http://www.clb.org.hk/content/scmp-strike-forces-honda-halt-china-factories> ("SCMP: Strike forces Honda to halt China factories," 2010, May 28).

if official channels failed to resolve their grievances. Some assert that it marks the potential awakening working class consciousness in China (Pun, 2005; Pun & Chan, 2012). Others argue that although workers' protests may have the effect of getting an individual case investigated, putting pressure on the responsible officials, and even achieving economic gains, they failed to challenge the overall strategy of privatisation and marketisation by an authoritarian state (A. Chan, 2011; Friedman & Lee, 2010; Lee, 1999, 2007).

Response from the state and civil society

Growing concern of labour disputes and social instability led to the passage of three new major labour laws in 2008, namely the Labour Contract Law, Employment Promotion Law, and Labour Dispute Mediation and Arbitration Law. The most consequential is the new Labour Contract Law, which came into effect in 2008; it was introduced to shore up labour protection against the trend of diminishing employment security. It introduced new restrictions on short-term contracts and labour subcontracting, much to the consternation of employers (Gallagher & Dong, 2011). A series of socioeconomic reforms were also introduced after 2003 under Hu's administration. Mark Frazier suggests the pension reform is another countermovement initiated by the state to mitigate the socially destabilising effects of employment insecurity (Gallagher & Dong, 2011).

The pervasive labour disputes and unrests also suggested that the CCP needed the ACFTU to boost the influence to its wide membership and to maintain social stability. The recognition of such a need was reflected in the new legislation, such as the 1994 Labour Law, the 1992 Trade Union Law, and the revised PRC Constitution. The state had retreated from direct administration of enterprises and required trade unions to act as a counterbalance to management and share the burden of mediating labour-management conflict - as stipulated in the 1992 Trade Union Law, and the 1994 Labour Law. The state-sanctioned ACFTU was urged to strengthen their position at the enterprise level and participate in labour dispute settlement. They were also urged to safeguard and represent the rights and interests of workers and staff members - as stipulated by the 1994 Labour Law.³⁶

³⁶ See the Article 7 in 1994 Labour Law, and Article 6 2001 revised Labour Law (Chang & Cooke, 2015).

However, the ACFTU had been mostly absent or impotent during the labour unrest in the post-socialist period. Two major constraints limit the ACFTU's ability to fulfil its role. First, its intrinsic weakness that comes from its traditional subservience to the party state and enterprise management makes it very unlikely that it would gain independent bargaining power when dealing with labour disputes. Second, its current ambivalent response to the market-oriented labour relations is constrained by official socialist ideology, i.e. the unity of interest of workers and the enterprises. On the one hand, if the ACFTU prioritises the workers' interests over the enterprises, it is against the priority of economic growth by the CCP and the government. On the other hand, if it subordinates the needs of workers to enterprises, it becomes alienated from the workers and lose the legitimacy of its existence to its constituency (Shen, 2007, p. 78).

The ACFTU's weak position begged for other actors to fill the institutional gap. According to internal CCP sources, underground unions had appeared in some places where SOEs were concentrated (Lee, 2007). Labour-focused NGOs also started to appear in the PRD area in the mid-1990s. The fourth World Conference on Women by the United Nation was held in Beijing in 1995. It drew thousands of members of NGO staff from the world to China. Among them, there were anti-nuclear-weapon NGOs, wages-equality activists, and sexual orientation educators. The Chinese were dazzled by the power and passion from the colourful world of global civil society (Roberts, 1996). NGOs instantly became a fashion in China and have been adopted by just about every rights advocate and social activist.

Labour-oriented NGOs operate in a semi-legal zone under the watchful eyes of the Chinese state. Their activities, of varying scope, nature and effects, have created pressures on the official unions to innovate. Study shows how some local and regional unions were experimenting with new forms of union organising and bargaining in localities where small-and-medium-sized enterprises concentrate with the support from labour NGOs (Liu, 2011; Liu, Li, & Kim, 2011). However, as Lee and Shen have pointed out, these 'unofficial' NGOs faced inherent structural limitations when it comes to defending workers' interests. Whereas grassroots unions were often hamstrung by the ACFTU's political dependence on the party and beholden to the pro-investment inclination of the local governments, labour NGOs were subjected to the twin

pressures of political co-option and commercialisation (Kuruvilla et al., 2011, p. 10; Lee & Shen, 2008).

As workers with formal jobs mostly turned to independent unions to replace the increasingly ineffective ACFTU, more traditional forms of native-place based organisations were emerging among workers with informal jobs or with no signed-contract. Perry argues that the mobility of the work force under the post-socialist reforms had apparently stimulated a return of patterns of labour mobilisation that long predated the Communist era. In Shenzhen, research shows that migrant workers from outside formed ‘regional gangs’ which often created disturbances and became a factor in long-term social instability. For instance, 15 strikes took place in *Longgang* Town in Shenzhen, with eight of them instigated by Sichuan workers, three by Guangxi workers, two by workers south of the *Changjiang*, and two by *Hu’nan* workers (Lu & Perry, 1997, p. 52).

In summary, the Chinese working class faced unprecedented challenges from the beginning of the reform, though to the SOE restructuring, to the recent ‘World Factory’s era’. They had accordingly become more active in order to have their voice heard. However, the nature of their industrial actions remains a subject for scholarly debate.

For state workers, their collective agency was more influenced by the legacy of decades of class struggles in Maoist style, with constant reference to the language of class exploitation and class conflict. Labour demonstrations in the midst of subsistence crisis during the 1990s often used slogans reading ‘Down With the New-born Bourgeoisie’, ‘Yes to Socialism, No to Capitalism’, ‘Protecting Working Class Interests’, ‘Long Live the Working Class’, ‘Down with the Nobility’, and ‘Factories Belong to All the Workers’. These slogans mixed an ‘anti-bourgeois’ tone that had been popular during the Cultural Revolution in the Communist doctrine about the political superiority of the working class (Chen, 2000). However, this use of class rhetoric precisely indicates workers’ lack of an alternative vocabulary to frame their claims, and has been considered political incorrect by the CCP after the SOE reform.

In reference to recent unrests from the ‘new Chinese working class’, some scholars suggest that migrant workers in China are unlikely to engage in collective protest. Lynn White, for example, argues that new arrivals to big cities from rural areas tend to reproduce their conservative form of community in the metropolitan environment, but politically remained separate from it. Perry questions this assertion and argues that it is possible for Chinese migrant workers to undertake collective action. She reasons that ‘contemporary China is heir to a rich tradition of urban sojourning that imbues its migrant workers with organizational know-how in the form of *regional gangs*, *native-place associations*, and the like’. Perry also asserts that many migrant workers take up temporary and contract work, which actually contributes to the political savvy of China’s migrant workers. The activism by temporary and contract workers during the Hundred Flowers Campaign and the Cultural Revolution is ample testimony to the protest potential of this downtrodden segment of the workforce (Lu & Perry, 1997, pp. 52-53).

3.4 Conclusion

In the light of the historical study of Chinese labour, this chapter concludes that although labour had an inherent tendency to resist against harsh conditions in capitalist production, how and to what extent this resistance is turned into political agency is a much more complicated matter than labour resistance *per se*. The successful transformation from a labour resistance to a labour collective agency is largely dependent on the levels of unity within the working class and solidarity built within the society, and on the leadership of the better-educated workers and intellectuals. The old Chinese working class, either in the sense of ‘class in itself’ or ‘class for itself’, evolved with contradictions and fragmentations. A modern Chinese working class emerged in the late dynastic period with business guilds as the anchor of their organizing institution. They grew steadily in the revolutionary period before 1949, and formed a strong tradition and foundation of a working class. During the Maoist period, they were guided and shaped by CCP’s class ideology. As a mostly privileged class, they only came into play in politics when specific incidents happened, particularly in times of political turmoil. In the post-socialist period, class rhetoric largely subsided and was avoided by the state. During the SOE reforms and world-factory period, workers unrests were endemic as a response to full-fledged state capitalism. While state workers often re-used the class language during the SOE reforms,

the new Chinese workers recently adopted the rank-and-file or wildcat style of strikes to express their grievance and fight for their rights. Is today's new Chinese working class ready to rise and become a much hoped-for agent for political change, like they used to in a few rare historical occasions? The next two chapters will embark on the discussion of the empirical research findings of the new Chinese working class in detail.

Chapter 4. The Working Class in Megacities

As one of the two case studies, this chapter examines how the rising inequalities in the four megacities has impacted on the working class's agency. This chapter is divided into five sections. The first section introduces the background to the megacities, as well as a profile of the Chinese working class in the megacities. Section two discusses how economic, social and political inequalities have affected the working class in the megacities. The third section is about workers' agency based on behavioural and cognitive dimensions – with an emphasis on the cognitive belief structure of the workers. Section four presents the findings of a case study in a Shenzhen factory. The chapter finishes with a conclusion.

4.1 Working class profile

Megacities: an introduction

Beijing, Shanghai, Guangzhou and Shenzhen are the four first-tier cities, also known as the megacities. They represent the most developed regions in China. They have long been the gravitational centres for capital and labour - both professional and unskilled. The economic development levels in the megacities, measured by GDP output, are similar to those high-income economies in the West. According to national and municipal statistics, the total population of the four megacities was only 5% of China in 2014, but they accounted for over 14% of the country's annual economic output. The combined nominal GDP of the four megacities was about US\$1.25 trillion in 2014, roughly equivalent to South Korea, Spain, or Mexico. Each megacity in 2014, if considered separately, had an economy that ranged from US\$250 to US\$380 billion, comparable to developed nations such as Ireland and Denmark³⁷.

³⁷ National and municipal statistics are from NBS various years; statistics of other countries are from the websites of the World Bank Group and OECD.

Each megacity alone is a high-income economy by the World Bank's standard (Table 1). Measured by nominal GDP per capita in 2014, these four Chinese megacities ranged from US\$15,000 (similar to Chile), to US\$25,000 (similar to South Korea), and were all above the high-income country's threshold of US\$12,736 set by the UN³⁸. Among the four cities, Shenzhen had the highest GDP per capita of US\$25,241, similar to the average level of OECD countries, higher than Taiwan, but only slightly lower than South Korea.

Table 1 Economic Development Profiles of Megacities 2014

2014	Population (million)	Area (sqkm)	GDP (billion US\$)	GDP per capita (US\$)	Average wage (US\$) per annum	Minimum wage (US\$)
Shanghai	24.15	6,300	380	14560	10,370	3,522
Beijing	21.52	16,400	344	15011	11,276	3,019
Guangzhou	12.92	7,400	269	21039	8,922	3,000
Shenzhen	10.63	2,000	258	25241	9,181	3,500

Source: Statistical Yearbook, various cities, 2014 or 2015 (various units); Minimum wages from Chinanews.com (accessed on 25/8/2015).

Urbanisation has been happening at break-neck speed in the megacities in the past decade (Table 2). Population inflow to the four megacities from 2000 to 2010 were 31 million people, almost a quarter of the total increased population nationwide. At the same time, the amount of urbanised land area reclaimed by the megacities was even more staggering. On average, annual land expansion in the megacities was at 5.5%, while population increase was only 4.8%, both markedly higher than the national level. When it comes to economic growth, megacities were also the frontrunners, with annual GDP growth above 12% before 2008. However, they have since been overtaken by the four smaller cities, and barely maintained their GDP growth around 7-8% in 2014 (Figure 2).

Table 2 Urbanisation Megacities vs National 2000-2010

2000-2010	Increase in urban land (sqkm)	Average annual rate of increase	Increase in urban population	Average annual rate of increase	Population density 2010 (sqkm/person)
PRD (GZ, SZ)	2,491	4.5%	14,921,980	4.5%	5,992
Shanghai	1,877	8.1%	10,175,349	5.6%	6,949
Beijing	889	4.0%	5,953,080	4.5%	6,151
Megacities	5,257	5.5%	31,050,409	4.8%	6,364
National	23,647	3.1%	131,388,021	3.3%	5,339

Source: Statistical Yearbook, national and various cities, 2013; 'East Asia's Changing Urban Landscape', the World Bank Group 2015.

³⁸ According to the World Bank's website, the threshold in 2014 is US\$12,736 (GNI): <http://data.worldbank.org/about/country-and-lending-groups> (accessed on 25/11/2015).

Figure 2 GDP Growth in Megacities and Smaller Cities, 1998-2014

Source: Statistical Yearbook, various cities, various years.

Profile of the working class

It is important to ask who the new working class in the megacities are, and not to take it for granted. In state media and documents, the names of ‘new workers’ and rural migrant workers were often used interchangeably. Are they the same? What follows is an attempt to answer these two questions. To find out how many industrial workers there are, and who they are in the megacities turned out to be difficult due to inherent vagueness in the official statistics.

Official statistics provide the numbers of the working population broken down by major industries. In 2013, Shanghai and Beijing each had a working population of about 10 million and Guangzhou and Shenzhen each had about 7 million. These numbers include non-working-class occupations or industries, such as accountants, lawyers, and bankers. Next, I identified the major occupations or industries where the working class is traditionally concentrated – manufacturing, construction, and service industries³⁹ (Figure 3). These numbers, however, include skilled workers, for example managerial staff.

³⁹ Service industries was not a category in the yearbooks. To get an estimate for the service industries, I combined the key components of services industries: wholesale and retail trade, and hotels and catering services, as listed in the yearbooks.

Figure 3 Working Population in Megacities 2013

Source: *Statistical Yearbook, various cities, 2014 (unit: million people).*

How can we estimate the actual industrial working class's population out of the total work force in these three industries? I used the ratio of unskilled workers to total staff to estimate the working class population. The unskilled workers to total staff ratio differs from industry to industry. Some industries require more professional, technical, supervisory and managerial staff than others. Based on my field observations, the services industries had the highest unskilled labour percentage, followed by the construction and manufacturing industries. I therefore estimated that about 30% of the work force were unskilled workers in the manufacturing industries, 40% unskilled in construction, and 50% in services. This brought the total number of unskilled workers in the four megacities to: 2.5 million in manufacturing industries; 0.8 million in construction industries; and nearly 4 million in services industries (Figure 4). Thus, the total estimated working class population in the megacities was about 7 million in 2013, or 10 % of the total residential population of those megacities.

The sectorial composition gives us a big picture of the industrial background of the working class in the megacities. However, we need more detail, such as demographics, to gain a better understanding of the working class's profile. I then developed a basic profile of the working class in the megacities (Table 3), based on my own estimation that combined data from the CGSS 2013, the National Rural Migrant Workers Report (NBS, 2014), and my own field observations. The working class profile coupled with the sectorial composition demonstrates

the diverse background of the new Chinese working class. And it is considerably different from the profile of rural migrant workers⁴⁰. The distinctive characteristics of the working class in the megacities is that they were, on average, much more urban, better educated, and younger than the national working class.

Figure 4 Sectorial Composition of Chinese Working Class in Megacities 2013

Source: Estimated by the author.

Table 3 Working Class Profile in Megacities 2013

	Age <35 yo	Avg age	Gender (M/F)	Rural or urban hukou	University / below university / no education
National	46%	37	61% / 39%	74% / 23%	7.1% / 88% / 3.7%
Megacities	53%	32	55% / 45%	61% / 38%	18.1% / 81% / 0.8%

Source: developed by the author; based on CGSS 2013; and *The Migrant Workers Report 2015* (NBS).

Demand for labour

Although we have a basic profile of the working class in the megacities, we should not take these numbers as static. The employment of the working class is subject to the market dynamics of demand and supply of labour. The process of industrialisation and capital movement largely determines the structural demand for labour. Overall, labour demand in the megacities peaked in late 2000s. The demand for manufacturing workers declined, especially in Guangzhou and

⁴⁰ Although the working class profile was considerably different from the rural migrant workers' profile, they both had the similar development trends: they continued to age, and get more educated. For details, see 'Rural Migrant Workers' Report', various years, by the NBS.

Shenzhen, after the global financial crisis in 2008.

The longer-term impact on labour demand by industrialisation is best shown in the changes of economic status of the primary, secondary and tertiary industries. There have been diverging trajectories for industrialisation between the megacities and the whole country (Figure 5 & 6). Employment in the secondary industries steadily declined in all four megacities from 53% in 1995 to 35% in 2013, whereas it steadily increased nationwide from 18.3% to 30.1% in 2013. This shows a trend of industrialisation nationally, and a trend of *de-industrialisation* in the four megacities. Take Shenzhen for example. The three industries' division in 1990 was: primary industry at 6%, secondary industry 70%, and tertiary industry 24%. But in 2013, this division changed dramatically: secondary industry fell to 52%, tertiary industry rose to 48%, and primary industry literally disappeared. De-industrialisation was even more apparent in Beijing. The latest 2013 industry division for Beijing was: primary industry 5%, secondary industry 20%, and tertiary industry 75%. Since 1997, tertiary industry has gradually become the absolute dominant industry.

The process of de-industrialisation in the megacities was complicated by two factors. Firstly, developmental state policy in China has immediate effect on labour demand. The long-term harm of GDP-focused and investment-driven growth became widely recognised. Shanghai was the first megacities that did not put GDP growth target in its economic plan in 2014. Some megacities, Beijing for example, started to relocate some heavy industries such as mining and steel to the peripheral regions because of significant environmental and traffic congestion concerns. This caused a large negative impact on labour demand in the megacities. Secondly, fiscal intervention by the state also had significant impacts on employment. For example, the massive fiscal stimulus after the crisis of 2008 created a sudden shortage of labour in the megacities, especially in the PRD; the withdrawal of the policy after 2010 in turn caused labour redundancies.

Figure 5 Employment Composition in Three Industries National 1995-2013

Source: China Statistical Yearbook, various years.

Figure 6 Employment Composition in Three Industries in Megacities 1995-2013

Source: Statistical Yearbook, various cities, various years.

Apart from the state economic policy, the volatility of capital movement, especially international capital, was another major cause for the fluctuation in labour demand. Take

Shenzhen for example. As an export-oriented city, Shenzhen's capital investment was much more subject to domestic political conditions and external market speculations. While the overall capital investment in Shenzhen fluctuated over the past three decades, the investment by foreign capital (from Hong Kong, Macau, Taiwan and other foreign countries) was far more volatile than flows of domestic capital (Figure 7). The overall trend shows that Shenzhen became less attractive for foreign capital. The growth of foreign capital inflow dropped from more than ten-fold at the beginning of the reform, to barely struggling to grow between 2007 and 2012. Two major dips (below 100) happened during the Asian financial turmoil in the late 1980s, and the global financial crisis in 2008. The other megacities more or less followed this trend in capital movement.

Figure 7 Growth of Investment in Fixed Assets in Shenzhen 1980-2012

Source: Statistical Yearbook, Shenzhen, various years (preceding year = 100).

Capital flow is quick to react to domestic and international economic prosperity because of its pursuit of maximum profits and cheap labour. Economic crisis is often a catalyst to speed up

the profit-chasing movement of capital and its relocation. And this, over time, has a huge impact on working class employment. For example, China's total exports decreased by 16%, from 1.4 trillion yuan in 2008 to 1.2 trillion yuan in 2009, because of capital flight after the financial crisis (Wong & Cheng, 2015, p. 83). While there was a 1 million shortage of labour in the PRD (300,000 in Shenzhen alone) in 2003, 20 million workers were laid off after the financial crisis in 2008 (C. Chan, 2012a, p. 23). This volatility repeated in the 2010s. While there was a 2 million worker shortage in the PRD in 2010 after the fascial stimulus, the waves of worker layoffs started again in 2014.

Supply of labour

As market reform proceeded, there were, in general, three streams of population that contributed to the army of Chinese industrial workers in the megacities. Firstly, SOE reform provided a large number of redundant workers in the megacities. The megacities were traditionally the bases for most of the Chinese SOEs - particularly the manufacturing industries - that employed a large number of industrial workers. The SOE reform since the mid-1990s was a brutal shock therapy by the state, at the price of the working class's job and life security. Labour force participation rate has been dropping since 1995. In the five largest cities, unemployment rate remained high in 1996 (6.8%), 2002 (11.1%), and 2005 (6.7%) (Bank, 2009, p. 39). Nationally, it is estimated that more than 36 million workers were laid off between 1990 and 1999 (Huang, 2003, p. 346). For example, in Beijing (Figure 8), SOE reform caused massive labour redundancy. In 2013, the majority of the working class in the megacities were employed by private or mixed ownership enterprises (Table 4).

Table 4 Employment by Ownership Types in Megacities 2013

	Beijing	Shanghai	Guangzhou	Shenzhen	Average
SOE	18.9	n/a	13.0	26.8	19.6
Collective	2.0	n/a	1.4	0.3	1.2
Mixed domestic	62.5	n/a	69.1	37.0	56.2
Foreign & HK MC TW	14.8	n/a	16.5	35.9	22.4

Source: CGSS 2013 (unit: %).

Figure 8 Employment by Ownership in Beijing 1978-2012

Source: Statistical Yearbook, Beijing, various years.

Secondly, rural migrant workers have increasingly become the backbone of the working class in the megacities. Rural migrant workers were a unique population in China created by the discriminative institution of the household registration system (*hukou*); they can work in the cities, but are denied most of the social welfare benefits available to local urban *hukou*. As four megacities were the frontrunners of market reform, millions of migrant workers⁴¹ have flocked into the coastal economic and industrial centres since the 1980s. By 2014, Chinese migrant workers had become the largest migrant cohort in modern history. According to the NBS, in 2014 there were 273.95 million rural workers, or 12 % of the whole population in China. Among

⁴¹ It is important not be confused by different terms centred on migration. For example, the government of Beijing defines: Migrant population: refers to the population with no household registered in Beijing, from provinces, autonomous regions and municipalities outside of administrative areas of Beijing, and living in Beijing for more than 6 months (Statistics Yearbook, Beijing, 2014). Rural migrant workers: workers, who have a rural *hukou*, work in a non-agricultural job for more than 6 months in a year, away from their home town/city. (Migrant workers report, NBS). Rural workers: workers, who have a rural *hukou*, work in a non-agricultural job for more than 6 months in a year.

them there were about 105 million (38%), who were locally employed, and over 168 million (62%) were rural migrant workers.

Megacities are the preferred job destination for rural migrant workers (Table 5). In 2014, each megacity accommodated about 5-6 million migrant rural workers. The total number of rural migrant workers in the four megacities was 23.19 million in 2014, or about 14% of the total number of rural migrant workers across the country. However, the attractiveness of megacities has gradually flattened out since their development momentum slowed down and the costs of living in megacities became very high.⁴²

Table 5 Migrant Workers in Megacities 2014

	Beijing	Shanghai	Guangzhou	Shenzhen
Population	21.15	24.15	12.92	10.36
Local population	13.13	15.18	5.53	2.51
Migrant population	8.02	8.97	7.39	7.85
Rural migrant workers	5.61	6.28	5.17	6.13

Source: Statistical Yearbook, various cities, 2014, (unit: million).

Thirdly, it is getting more common for tertiary education graduates to join the working class. The megacities are the education centres in China, where hundreds of universities and vocational colleges are based. Of the 39 top Chinese universities sponsored by the state strategic tertiary education ‘Project 985’, 14 of them are located in the four megacities. Each year, millions of fresh graduates are added into the labour market. The underlying strategy of China’s higher education since the 1990s had been marketization and commercialisation. China is making a \$250 billion per year investment in tertiary education.⁴³ In July 2014, a record 7.26 million tertiary students graduated from the country’s universities - more than seven times the number 15 years ago, not to mention the tens of millions of graduates from the vocational colleges. The four megacities alone contributed more than 600,000 new graduates (Table 6). The megacities remain the popular destination of work for graduates from the whole country. If other new graduates from other regions joined the job searching competition in the megacities, tertiary education is estimated to have contributed more than one million graduates in the megacities in 2014.

⁴² Bear in mind, however, not all rural migrant workers were automatically industrial workers. Although most of the rural migrant workers in the megacities were low-wage, non-skilled workers, some migrant workers had done better, for example, becoming a supervisor or skilled worker, so they should not be categorised as part of the working class any more.

⁴³ See the website of New York Times: http://www.nytimes.com/2013/01/17/business/chinas-ambitious-goal-for-boom-in-college-graduates.html?_r=0 (Bradsher, 2013, Jan 16).

Table 6 Graduate Students in Megacities 2014

	Beijing	Shanghai	Guangzhou	Shenzhen	National
Graduate number	230,000	177,000	147,700	59,200	7,490,000
Graduate starting salary (yuan/mth)	3109	3241	2839	2905	2443
Employment rates	28.4%	62.4%	87.24%	94.61%	76%

Source: Developed by the author, based on various media reports.⁴⁴

Labour market and the reserve army of labour

The balance of labour supply and demand in a labour market determines the employment or unemployment for the workers. This manifests most obviously in the manufacturing workers (Figure 9). After 2008, manufacturing workers had a better employment prospect nationally than those in the megacities. The abundant supply and decreased demand for labour in the megacities means there was a consistent and ready, in a Marxian sense, reserve army of labour. The abundant *supply* of labour was mainly created from the SOE reforms, the influx of rural migrant workers, and the ever expanding cohort of tertiary education graduates. However, this surplus of the labour supply had recently stabilised because of a demographically aging population, and migrant workers' diversified their choice of work location. The decreased *demand* of labour was primarily caused by the inherent law of de-industrialisation as urbanisation proceeded to the limit in the megacities; the economic slowdown; and the volatile capital movement, especially international capital, in pursuit of higher profits and cheaper labour. The creation and long existence of a reserve army of labour functioned as the buffer for the labour market. It ensured there was a demand market that favoured the employers. This further exacerbated the already weak bargaining power for industrial workers in the megacities.

In sum, economic development of the four megacities (Beijing, Shanghai, Guangzhou, Shenzhen) had been on the 'fast lane' and reached the level of a high-income economy in 2014. The accelerated pace of urbanisation and the liberalised migration and labour market had contributed a great deal to the rapid development of the megacities, and yet posed unprecedented challenges for the new Chinese working class. The changing dynamics of supply

⁴⁴ Source: Peking University 'Generation 90's graduate salary report 2014' – Ganjiwang.com, Shenzhen figures from: <http://edu.sina.com.cn/kaoyan/2015-01-27/0846455888.shtml>; Guangzhou figures from: http://career.eol.cn/kuai_xun_4343/20141202/t20141202_1208521.shtml; Shanghai figures from: http://wap.eastday.com/node2/n112/n114/u1ai499281_t71.html; Beijing figures from: <http://www.jinghua.cn/zhuantu/2013/znjy/> (accessed on 15/11/2015).

and demand for labour in the megacities had a profound impact on the working class in many ways, such as employment opportunities, wages level, and their negotiating power when dealing with the employers. All these set the scene of the megacities, for a further discussion of the relations between inequality and the working class agency in the following sections.

Figure 9 Manufacturing Workers' Employment Growth in Megacities 2003-2013

Source: Statistical Yearbook, national and various cities, various years.

4.2 Higher inequalities and the making of working class

In this section, I discuss in detail how different aspects of inequality have impacted the Chinese working class in the megacities. They include economic, social and political inequalities.

Economic inequality

In general, income and wealth are two of the key components of economic inequality. How unequal is it in the megacities in China? The Gini coefficient is usually a good starting point. An independent study (UN, 2010) shows that the Gini coefficients in some of the big Chinese cities were higher than most of the cities in Asia (Table 7). The inequality levels in many Chinese cities were very much well over the alert level of 0.4. The Gini coefficient of Shenzhen

was 0.49 in 2005, very close to that of Hong Kong.⁴⁵ State statistics shows that the inequality levels in Shanghai and Beijing were significantly lower than the rest of the cities shown in the report. This is dubious. On the one hand, the figure was quite old, calculated in early 2000's. On the other hand, the reliability and accuracy of these figures for Shanghai and Beijing supplied by the state statistics is questionable. The following discussion will shed light on it. More importantly, Gini coefficients do not tell a lot about who exactly experiences what level of inequality. Consequently, we need other indicators for showing how the working class was affected, and by how much.

Table 7 Gini Coefficient of Selected Chinese Cities

	Hong Kong (2001)	Shenzhen (2005)	Shanghai (2004)	Beijing (2003)	Zhuhai	Yichang
Gini Coefficient	0.53	0.49	0.32	0.22	0.45	0.42

Source: 'State of the World's Cities 2010/2011' (UN 2010).

Inequality starts from the labour market. Wages are the most common form of income for the working class, because the majority of them are low-wage, non-skilled manual workers. Their wages are either around the level of the minimum wage or even lower. The disparity between minimum wages and the general work force's average wage is therefore, an important indicator of income inequality for the working class.

Minimum wages remain very low in China despite being one the first countries in East Asia to introduce minimum wages. China's first *Provisions on Minimum Wages* was released by the Ministry of Labour and Social Security in 1993, earlier than Hong Kong, Taiwan, and many countries in the region. The standard monthly minimum wage applies to full-time employees whereas the hourly minimum wage applies to non-full-time employees. In early 2015, the highest minimum wage was 2,030 *yuan* per month (US\$327), or 18.50 *yuan* per hour (US\$2.90), in Shenzhen, followed by Shanghai at US\$325, Guangzhou at US\$305, and Beijing at US\$277. The hourly rate was hardly used by the employers.

Minimum wages in the megacities were too low to protect the working class, both domestically and internationally. First, minimum wages fell much behind national and local average salaries. The gap between the minimum wage and the average wage for the general work force has been

⁴⁵ Hong Kong is a classic example of free market capitalist economy with very high income inequality in the world. For more details, see 'Income inequality and distributive justice: A comparative analysis of mainland China and Hong Kong' (Wu, 2009).

widening during the past two decades (Figure 10) despite the implementation of the minimum wage guideline policy in 2003. This gap is a clear indicator that industrial workers have become increasingly worse off in wage earnings compared with the average population. Secondly, minimum wages in Chinese megacities were very low by international standards. Bear in mind that the development level in four megacities was identical to that in South Korea and Taiwan, if measured by GDP per capita. However, the minimum wages in megacities, were only 35% to 40% of that in South Korea, or 46% to 52% of that in Taiwan. International comparison shows a clear sign of wage suppression for the working class in China's megacities (Table 8).

Figure 10 Minimum Wages in Perspective in the Megacities 1995-2015

Source: Statistical Yearbook, National and Beijing, various years, and government websites.

Table 8 Minimum Wages by International Comparison

	New Zealand	US	Korea	Taiwan	Hong Kong	SH/SZ	GZ/BJ
Min wage US\$/hour	11.68	7.25	5.1	3.88	3.87	2	1.8

Source: Developed by the author, based on the government websites, various countries.

Minimum wages have not performed well as the government hoped. The reason is two-fold. Firstly, minimum wages work in favour of the employers, especially in non-state enterprises. It gives employers the power to set the lowest denomination of labour cost acceptable for them. The employers use minimum wages as a legitimate excuse not to offer more competitive wages, even though the wages are much lower than market levels. Secondly, employers know how to

work around the policy and still keep the labour cost low. For example, manufacturing enterprises often raise the workers' basic wages following the rise of minimum wages, and then find other ways to cut the labour cost, for instance reducing allowances, and cutting benefits such as accommodation and food.

As one of the major sources of the working class, tertiary graduates' starting wages is another indicator of working class income inequality (Table 6). As discussed before, the over-supply of graduates consistently puts downward pressure on their employment and wages. Unemployment rates among new graduates six months after leaving university was around 15% in 2014, according to the official statistics. However, the real unemployment rate among new graduates is estimated to be more than 30%, meaning some 2.3 million people unemployed in 2014. Cheng at City University of Hong Kong commented, 'These are big numbers. You can easily imagine this could certainly be a very important source of unrest in China'⁴⁶. It became increasingly common for new graduates to get a job traditionally held by poorly educated workers. State statistics show that the starting wages for fresh graduates in the four megacities ranged from 2,839 *yuan* in Guangzhou to 3,241 *yuan* in Shanghai in 2014. These figures were for those with university degrees. For those from other further educational institutions, such as vocational education and polytechnic colleges, their starting wages would be lower than for university degree holders.

Apart from statistics on minimum wages and graduate starting wages, there is an independent database that surveyed the working population's actual wage/salary. 'Jobui' provides rich statistics and information.⁴⁷ First of all, the sample size was remarkably large in the four megacities: about 540,000 in Beijing, 410,000 in Shanghai, 330,000 in Guangzhou, and 320,000 in Shenzhen - a total of about 1.6 million samples in the four megacities in late 2014. Secondly, the survey had been continuously open to enable the whole working population to contribute. Everyone can comment about the reliability of the wage survey results. All the statistics in the selected industries was rated highly reliable by contributors surveyed.

⁴⁶ See the BBC's website: <http://www.bbc.com/news/business-28062071> (Sharma, 2014, July 1).

⁴⁷ The wages data was gathered from a Chinese human resource website <http://www.jobui.com/salary>. There is, however, one disadvantage of this database. Because the database used internet as the only medium to record participants' input, it was quite possible that workers with no internet access or lack of computer or mobile-device skills were left out of the database. Generally speaking, those workers left out in the database tended to be less educated and low-wage workers. Therefore, the results of the data captured tended to slightly skewed towards the higher-waged and better-educated workers. In other words, the results of the wages data may have slightly overestimated the actual wage income of the working class.

Consequently, the survey is a good representation for the actual wages in the megacities (Figure 11).

Figure 11 Wage Distribution in Megacities 2014

Source: Developed by the author, based on the wage data from Jobui.com (accessed in Dec 2014).

This wage database shows that in the megacities most of the workers' starting wages were around 2,000 *yuan* per month in 2014. Among the three major sectors, catering and service workers had the lowest wages. Many workers in catering still received less than 2,000 *yuan* per month: 12.3% in Beijing, 19.1% in Shanghai, 15.2% in Guangzhou, 24.2% in Shenzhen. Manufacturing workers were the next worst-paid group, with most of them earning between 2,000 to 4,000 *yuan* per month. Construction workers seemed to be the highest income group. Nevertheless, about half of the construction workers earned less than 3,000 *yuan* per month. If we consider all these wages in the context of long working hours (up to 60 hours per week), their actual hourly wages were even lower. In contrast, the real *median wage* for the whole work force in the four megacities was about 6,500 *yuan* per month in the end of 2014 - since about 46.7% of employees surveyed were paid below 6,000 *yuan*, and 52.7% of them earned over 6,000 *yuan*.

Moreover, there was a major difference in wage distribution between the working class and the work force as a whole in the megacities. Wage distribution for the whole work force in the megacities was comparatively flat and even. About 10 to 20% of the working population's pay fell into each range, except the lowest pay band, i.e. below 2,000 *yuan*. It is worthwhile mentioning that there was a higher percentage of the work force falling into the high pay ranges (10-15k and <15K) than the working class. This is strong income statistical evidence for an expanding middle class in the megacities. In contrast, wage distribution for the working class was much more skewed. Construction workers had, relatively, the highest wages of the three selected industries. A large proportion (36%) of construction workers' monthly wage fell into 4,500 to 6,000 *yuan* range. Manufacturing workers came in the second place. About 46% of their monthly wages ranged between 3,000 to 4,500 *yuan*. Workers from the services industries had the lowest wages. About 52% of services workers had their wages ranging from 2,000 to 3,000 *yuan*. Furthermore, a staggering 15% of service workers earned less than 2,000 *yuan* in the megacities in 2014.

Figure 12 Working Class Wages in Perspective Megacities 2001-2014

Source: developed by the author; starting wages are estimated based on the minimum wages and other indicators, average wages and GDP data from Statistical Yearbook, various cities, various years, (unit: *yuan*, per year).

If we consider the whole working class - including those main industries - from the four megacities, we can discover some interesting trends in terms of their wage changes over the past years. As expected, overall wages for the working class in the four megacities rose. That rise, however, is much overstated. And it is dwarfed by the rise of average wages and GDP per capita in these megacities from 2001 to 2014. In 2001, wages for the working class were 25.6% of the average salary in the megacities. In 2014, the percentage dropped to 23.3%, despite the fast-rising wages of the past 15 years. That gap between the working class and the rest of working population has continued to widen in the past 15 years (Figure 12).

Apart from the Jobui.com wages database, data by CGSS 2013 also provides insightful findings on working class wages. More than 40% of the workers in Shanghai earned 30,000 *yuan* or less per year, equivalent to about 2,500 *yuan* per month. There was a very polarised pattern in Shanghai's wage structure. Shanghai had a very high percentage of people on higher-end incomes. More than 32% of the Shanghai workers earned above 50,000 *yuan* per year in 2013, markedly more than the workers national average (Table 9).

These two statistics sources (Jobui.com and CGSS 2013) combined, provide strong evidence there were still many industrial workers receiving low wages to the extent that they literally lived under the *relative poverty* line (50% of the median wage income). About 40% of them received *real wages* less than 2,500 *yuan* per month. These results send a strong signal that the working class in the megacities existed within the lower economic strata in post-socialist China.

Table 9 Working Class Wages in Shanghai and National 2013

Annual income	Shanghai	National
10,000 <i>yuan</i> and below	8.2	13
10,001 to 20,000 <i>yuan</i>	9.3	13
20,001 to 30,000 <i>yuan</i>	25.4	15
30,001 to 40,000 <i>yuan</i>	13.4	10
40,001 to 50,000 <i>yuan</i>	9.1	11
Above 50,000 <i>yuan</i>	32.1	21

Source: CGSS 2013 (unit: %).

Economic inequality goes beyond labour market and wage differences. Wealth inequality is generally higher than income inequality in most countries worldwide. China's national wealth inequality had risen rapidly in the last decades. China's top decile population owned about 64 %

of the total wealth in 2014, up from 48.6 % in 2000 (Credit Suisse, 2014), while the bottom decile only held 1 % of the wealth in 2004 (Davis & Wang 2009, p12). This puts China as one of the nations with the highest wealth inequality - only behind the very high inequality group (such as Hong Kong and the US), with China's Gini coefficient for wealth standing at 0.72 (Credit Suisse, 2014). National wealth Gini coefficient, however, does not tell us how much the wealth inequality is due to the working class perspective in the megacities. To gain some understanding of this aspect, we need to discuss the primary source of wealth for the urban workers – housing.

Figure 13 Housing in Megacities 2002 & 2007

Source: 'Zhongguo Shouru Chaju Biandong Fenxi' (S. Li et al., 2013, p. 139).

Urban residents mostly used to be SOE workers, or with household members working in an SOE. They usually received some kind of subsidised housing from the state during the socialist era. The State Council officially announced the marketisation of residential housing in 1980. The main idea was to turn public ownership into private rights to use. There were two underlying policies: to increase the rents for public housing while the state work units paid a modest housing allowance to the state workers; and to commercialise public housing, so that urban state workers could purchase their public house at a subsidised price. Consequently, urban property turned into a highly sought-after commodity. Property prices have skyrocketed in the past ten years in the megacities. House price to income ratio in most of the megacities reached

20 times in 2015, much higher than international cities such as Hong Kong and Sydney.⁴⁸ Many urban *hukou* residents' wealth soared many times over, especially after 2006. However, the working class in the megacities, being mostly migrant workers and young graduates, were largely excluded from this opportunity.

Property wealth inequality contributes a great deal to the overall economic inequality within the urban population. Housing affordability is one of the most acute problems facing low-wage workers in the megacities. One research study showed that migrant workers, in general, have much lower house ownership, having dropped from 7.2% in 2002 to 3.9% in 2007. More than 74.5% of migrants were in rental housing in 2007, compared with 9.8% for urban residents (Figure 13).

Figure 14 House Value in Quintiles National 2002 & 2007

Source: 'Zhongguo Shouru Chaju Biantong Fenxi' (S. Li et al., 2013, pp. 132-184), (unit: yuan).

Moreover, the gap of property values owned by the low-income and high-income population continued to widen. According to national statistics, in 2002, the top quintile owned about 13 times the property value of the bottom quintile. In 2007, the top-income earners' house values had jumped to 22 times that of the bottom quintile (Figure 14). As urbanisation proceeded, ever more land around the megacities was turned into urban development. Between 1987 and 2001, more than 7 million acres of previously arable land were acquired for urban use (Davis & Wang,

⁴⁸ For detail, see: <http://finance.people.com.cn/n/2015/0605/c66323-27106183.html> ("House Price to Income Ratio in 35 Cities: Which Cities Are the Worst? [in Chinese]," 2015, June 5).

2009, p. 13). According to the World Bank report (2015), from 2001 to 2010, a further 1.3 million acres of land were turned into urban development in the four megacities alone. Government officials, developers, and village chiefs took most of the profit. Even villagers gained from the land development. But again the working class, particularly the young graduates and migrant workers, mostly missed out on this wealth accumulation.

In sum, economic inequality had risen to extremely high levels in the megacities. Firstly, the wage gap between the working class and the whole work force continued to widen in the four megacities. Wage distribution in the megacities was markedly more uneven and more polarised than the national level. Minimum wages set by the megacities had been parsimonious, and they had the unintended effect of wages suppression. Secondly, many of the working class in megacities still lived in poor and dire situations. My research estimates that about 2.8 million industrial workers from the megacities lived under the *relative poverty* line. Thirdly, the working class in megacities faced very high wealth inequality mainly because of the skyrocketed residential property prices and the workers' significantly lower levels of house ownership than the average work force. This worsening economic inequality suggest that there are material grounds for the emergence of a new working class in the megacities.

Social inequality

To grasp the whole experience of inequality for the working class, we need to understand how social inequality affected them in the megacities. Social inequality in the megacities is discussed in terms of the following aspects: education, health care, housing, *hukou*, welfare, and social bonds.

Firstly, better education has not brought better wages and more opportunities to the working class in the megacities. The new working class in the megacities is much better educated. For example, in 2013, Shanghai workers had more than twice the portion of individuals holding tertiary education than the national average (Table 10). Higher education, however, does not guarantee a well-paid job any more in the megacities. Graduate starting salaries have been stagnant for years. More and more graduates have joined the army of industrial workers.

Despite being better educated themselves, the new working class in the megacities faced

increasing difficulties getting access to public education for their children. This seems to be the case not just for the older rural migrant workers, but also for younger urban workers. Most of the rural migrant workers failed to send their children to public schools in the megacities, above all because they did not hold the local urban *hukou*. Extremely low housing affordability in the megacities further prevented the rural migrant workers from having children with them in the cities. For the younger urban workers, with or without local urban *hukou*, they had difficulties sending their children to public schools, mainly because of the housing problems. Most of the public schools require permanent housing not far from the school. It is almost impossible for the working class to actually plan ahead to form a family or have children in the megacities, due to the extremely high living costs. The extremely high barrier of *hukou* has created a widespread problem of abandoned children. A new generation of ‘left behind’ children was growing up in China’s countryside with parents’ away working in the megacities for most of the year. The 2010 census counted 61 million children in that category. Nearly half of them had no parents at home. A 2014 survey estimated that 10 million rural children had not seen their parents for more than a year.⁴⁹

Table 10 Education of Working Class in Shanghai 2013

	College & University	Other education below college level	No formal education
Education level for industrial workers in Shanghai	18.1	81	0.8
Education level for industrial workers countrywide	7.1	88	3.7

Source: CGSS 2013 (unit: %).

Secondly, industrial workers from the megacities generally had worse physical health, but slightly better mental health compared with their national counterparts (Table 4.11-13). Overall, for physical health, the CGSS survey results show the majority of the Shanghai workers rated themselves as average (a kind of sub-healthy conditions in this context). Although a high proportion of Shanghai workers were living in the sub-healthy conditions, a lower proportion of them actually said that their work performance was affected by physical health issues, 6%, comparing with the 10% national average (Table 4.12). This suggests either that more Shanghai

⁴⁹ See the Hong Kong news website: <http://www.scmp.com/comment/insight-opinion/article/1891253/reforming-its-hukou-system-china-also-creating-labour> ("In reforming its hukou system, is China also creating a labour shortage for its biggest cities?," 2015, Dec 15).

workers were pressured to maintain high work attendance and performance despite sub-healthy living conditions, or there were better and more accessible health care facilities and services in the megacities than nationwide.

On mental health, the survey results show that a smaller proportion of workers in Shanghai were affected by mental health issues than the national average (Table 4.13). About 22% of the Shanghai workers were more or less affected by the mental health issues, compared with the 30% national level. However, more Shanghai workers, about 2%, were subject to serious mental health problems, almost double that of the national proportion.

Table 11 Health Condition of Working Class in Shanghai 2013

	Very healthy	Healthy	Average	Not healthy	Very unhealthy
Shanghai	20	31.5	36.5	10.1	1.9
National	25	36	20	15	4

Source: CGSS 2013 (unit: %).

Table 12 How Physical Health Condition Affected Shanghai Workers 2013

	Never	Seldom	sometimes	Often	always
Shanghai	63.8	17.1	11.7	6.1	1.3
National	35	35	16	10	3

Source: CGSS 2013 (unit: %).

Table 13 How Mental Health Condition Affected Shanghai Workers 2013

	Never	Seldom	sometimes	Often	always
Shanghai	58.1	20	15.5	4.5	1.9
National	30	39	22	7	1.1

Source: CGSS 2013 (unit: %).

Table 14 Health Care Facilities in Shanghai 2013

	Very negative	Negative	Neither	Positive	Very positive
Public health is fairly provided across regions?	7.5	27.5	14.7	6.4	0
Public health is for the public good?	10.1	25.3	15.5	4.8	0.27
Public health is convenient?	1.3	9.1	14.7	26.7	4.5

Source: CGSS 2013 (unit: %).

The health care facilities and services survey perhaps can help us understand how much welfare support the industrial workers received in Shanghai (Table 14). Workers in Shanghai thought relatively highly of the convenience of the public health care system. However, they were more critical about the public health care system on some issues. For example, more than 35% of the

Shanghai workers did not think public health was fairly provided across different regions. Even worse, more than 35% of them criticised the public health care system as being too commercialised and insufficiently aimed at the public good. This is particularly true for rural migrant workers.

Thirdly, the working class had to cope with the unprecedented unaffordability of housing in the megacities. Housing really highlights how economic inequality and social inequality are closely intertwined. Housing conditions in the megacities posed a huge challenge for the low-wage working class. For a start, house prices had climbed up to an incredibly high level that was out of the reach of many of the middle class and the majority of the working class. In addition, affordable housing projects presided over by the government had not performed as well as expected in the megacities. A 2013 CGSS survey traced the public opinions of housing quality with well-designed questions. The responses from the industrial workers in Shanghai are shown in Table 15. About 50% of the Shanghai workers were not happy with property price regulation by the local government.

Table 15 Housing Conditions in Shanghai 2013

	Very unsatisfactory	Unsatisfactory	Neither	Satisfactory	Very satisfactory
Low-rent housing	4.5	10.4	27.5	13.1	0.8
Public housing	4.8	9.3	29.9	12	0.27
Rebuild shanty areas	2.4	8.5	26.1	17.1	2.1
Renovate dilapidated rural housing	1.87	6.9	34.4	11.4	1.6
Property price regulation	24.3	15.7	9.3	6.6	0.2

Source: CGSS 2013 (unit: %).

The survey results show that affordability, rather than *hukou* status, now constituted the strongest barrier to accessing quality housing for the working class in the megacities. Average housing prices in all four megacities had overtaken traditional expensive international cities, such as Hong Kong and Sydney. In 2014, Shenzhen and Beijing's house price to income ratio had reached about 20 times, while most of the international cities stood at about 10 times. The

bulk of low-income housing was provided as collective housing (such as dormitories provided by employers) outside formally established government programs, or private rental units in ‘urban villages’. In Shanghai, for example, only 5.5% of migrant households can afford commercial housing, and some 80% were renters, while the rest live mainly in employer-provided dormitories.⁵⁰

Informal rental markets became an important source of housing for the working class. And their importance grew as labour mobility increased. The stagnant or even declining real wages of the workers in the megacities, coupled with the extreme unaffordability of housing, led to various new forms of ‘urban villages’ (*cheng zhong cun*) emerging in the megacities. Urban villages were urban slums with Chinese characteristics. Liu et al. (2010) described it as a mixture of rural and urban society and a self-organized grassroots unit, which provides interest for urbanized villagers on one hand and low-cost residential space for migrants on the other. There were roughly 200 urban villages in Beijing in 2010, about 140 in Guangzhou, 104 in Shanghai, and 240 in Shenzhen, with a combined population of reportedly up to 10 million. Cheaper housing was the key alternative offered by the slums to the expensive urban living in the megacities.

Now, new extreme forms of slums arose as a consequence of the precarious income situation combined with the rising costs of urban living. A group of Beijing residents in *Tangjialing* were dubbed as the ‘ant tribe’ because of their cheap and ratty accommodation. Most of them were hard-working young university graduates and other migrant workers. It is estimated there were more than 160,000 ‘ant tribe’ members in Beijing alone in 2014. Around a third had graduated from China’s most prestigious universities.⁵¹ ‘Scrap village’ was another new form of slum that thrived in the suburbs of the megacities. Villagers lived beside rubbish dumps and made a living by sorting out scrap metal along with millions of tons of other waste.⁵² The most recent innovation in low-cost living was by the ‘rat tribe’, who dwelled in a deep and dark underground maze of cells in Beijing.⁵³ These new forms of urban slums offered a cheaper alternative for living, but at the cost of losing basic human facilities such as medical care, child schooling, and

⁵⁰ www.labour-daily.cn/web/newlabourelectronic/newpdf/pdfnews.aspx?Calender=2011-9-24 (accessed on 10/2015).

⁵¹ See the BBC’s report: <http://www.bbc.com/news/business-28062071> (Bradsher, 2013, Jan 16).

⁵² See the report: <http://www.theatlantic.com/china/archive/2013/11/how-china-profits-from-our-junk/281044/> (Minter, 2013, Nov 1).

⁵³ See the report: <https://www.foreignaffairs.com/articles/china/2015-04-06/beijings-rat-tribe> (Yin, 2015, April 6).

even safety. Moreover, urban slums had become melting pots that transcended regional, urban-rural, educational, and occupational boundaries. Although many of the villagers were migrant workers, they were increasingly joined by local urban residents, young university graduates, and office workers. They shared only one commonality – being low-wage working class who looked for shelter in increasingly unaffordable megacities.

Figure 15 Weekly Rentals vs Work Hours in Megacities 2014

Source: Developed by the author, based on own observation and calculation (unit: rental in yuan; work in hour).

Added to that crisis was that the purchasing power of the working class's real wages continued to be stagnant or declined against the ever rising living costs in the megacities. Take housing for example. If we compare the industrial workers' common wages against the average rental prices in the megacities, and consider how many hours workers had to work in order to be able to afford a one-bedroom apartment in these megacities, the results were quite depressing (Figure 15). In Shanghai, for instance, an industrial worker had to work 109 hours per week if he/she wanted to live in a one-bedroom apartment in the urban area.

Fourthly, *hukou* remains a major barrier preventing the working class from integrating into the megacities. Compared to the national average working population, industrial workers in Shanghai were more urban. But still, more than 60% of the workers surveyed in Shanghai held rural *hukou*, according to the CGSS survey 2013.

As the state decided to gradually liberalise the *hukou* system in 2010 to push more rural labour into urban industrial centres, you may well ask how difficult for rural migrant workers to get

an urban *hukou* in the megacities. Impossible, is the answer. For example, a *hukou* scoring system is adopted by many big cities to assess an applicant based on age, education, property ownership, tax record, and so on. In 2015, the minimum score needed was 120 points in Shanghai. Most of the graduates from the prestigious universities in Shanghai struggled to reach that score, not to mention the poor rural workers. More than 1.1 million migrant population applied for residents permit in Shanghai in 2015. Of those, 300,000 people scored above 120 points, but only 26,000 people were granted urban *hukou*.⁵⁴ All the other megacities shared a similar problem of the *hukou* barrier for rural workers, with Beijing being especially notorious.

Fifthly, the working class were heavily disadvantaged in terms of social welfare provision. In early 2014, low-income protection benefit (*dibao*) for urban citizens was 362 *yuan* per month, with 23.08 million people qualified. The problem with this *dibao* program is that there was extremely strict criteria that had prevented many of those needing it the most from actually receiving it. For example, in order to be qualified for the *dibao* program and receive the government benefit, you have to earn less than 50% of the minimum wage, per month, in Beijing in 2015. There were only 87,600 urban residents qualified for the official *dibao* in Beijing, less than 0.5% of the Beijing population.⁵⁵

Utilising the framework of the National Transfer Accounts Project, Shen and Lee analysed the benefit incidence of public transfers in China in 2009, and showed the government is not helping those who need it the most. Public education transfers favoured city dwellers, females, and the wealthy at the tertiary level. Public health-care programs tended to equally target the young and middle-aged from different socio-economic groups but tilted toward urban dwellers, males, and higher-income groups at older ages. Public pension spending strongly favoured high-income groups, with rural residents, females, and lower income groups receiving greatly reduced benefits (Shen & Lee, 2014).

Last but not least, urban living in the megacities also contributed to serious problems of social alienation and social trust among the working class. According to the CGSS 2013 survey,

⁵⁴ See the Chinese news website: <http://finance.sina.com.cn/roll/2016-01-29/doc-ifynzanm3818231.shtml> (Harney, 2015, Jan 22).

⁵⁵ See the People's news site: <http://finance.people.com.cn/n1/2016/0103/c1004-28005387.html> ("Beijing Standardised *bidao* Programme [in Chinese]," 2016, Jan 3).

industrial workers in Shanghai performed significantly worse than their national counterparts in a number of measures, such as health condition, depression, cultural life and social interactions (Table 16).

Table 16 Social Alienation in Shanghai 2013

	Shanghai workers	National workers
Has health conditions	13.35	10.3
Feeling depressed sometimes or often	21.88	6.5
No cultural life participation (arts, shows, etc.)	59.66	48.03
No social life participation (friends, etc.)	17.1	11.2
Consumption limited on necessity	65	50

Source: CGSS 2013 (unit: %).

Table 17 Social Interaction in Shanghai 2013

	never	seldom	sometimes	often	very often
Shanghai	22.7	29.6	28	14.6	5.1
National	8	31	33	24	5

Source: CGSS 2013 (unit: %).

Table 18 Social Trust in Shanghai 2013

	Extremely disagree	Disagree	Neither	Agree	Extremely agree
Shanghai	10.1	22.4	16	43.4	8
National	5	24	16	49	5

Source: CGSS 2013 (unit: %).

Inequality in education, health care, and housing for the industrial workers not only affected their human capital, but also to a great extent determined their performance at work, and affected their social bonds and connection in the community (Table 17-18).

The responses to these questions on social interaction and social trust provided interesting insights for understanding the social alienation of the working class. On the one hand, industrial workers in Shanghai were significantly less connected to their family and friends. More than 22% of the Shanghai workers surveyed never visited their family and friends in the previous one year, almost three times higher than the national average. On the other hand, the trust toward others among Shanghai workers tended to be more polarised than the national level. More than 10% of workers in Shanghai had extreme distrust toward the public and society, double of the

national average. On the opposite of the spectrum, 8% of Shanghai workers were extremely trusting, also significantly higher than the national working population. These two results suggest that rising and high social inequality can seriously erode social trust, and ultimately social cohesion, for the working class, as well as the society as a whole.

Political Inequality

Political participation and representation has a great impact on the working class. The political realm is the most direct reflection of the workers' agency, more so than the economic and social realm. Three areas of political inequality are to be discussed: work place democracy and participation, local elections, and support from civil society.

Firstly, the working class in the megacities had a higher rate of unionisation. Official state statistics show that the unionisation rate with ACFTU has increased in the past decades. There were 209 million AFCTU members in 2008; 50% of the rural migrant workers (66.7 million) became members⁵⁶. Results of the CGSS 2013 data show otherwise (Table 19). The working class, both Shanghai and nationally, had quite low union participation. Shanghai workers, however, had a higher unionisation rate than the national working class. More than 22% of the Shanghai workers were members of the union at the time of survey, and more than 31% of them used to be part of the unions. This compares with only 8.4% of active union membership and 10.5% of old union membership among national workers. The survey, however, did not make it clear in the questions whether union meant ACFTU or not.

Table 19 Union Rate in Shanghai 2013

	Yes	Used to be	Never
Shanghai	22.9	31.7	45.3
National	8.4	10.5	80.5

Source: CGSS 2013 (unit: %).

Table 20 Local Elections in Shanghai 2013

	Yes	No	Not eligible
Shanghai	57.6	38.9	3.5
National	41.5	53.5	5

Source: CGSS 2013 (unit: %).

⁵⁶ See the ACFTU website:

<http://news.acftu.org/template/10001/file.jsp?aid=17318&title=30%C4%EA%C0%B4%B2%BB%B6%CF%B7%A2%D5%B9%D7%B3%B4%F3%B5%C4%D6%D0%B9%FA%B9%A4%BB%E1> (accessed on 25/11/2015).

Secondly, workers in the megacities had a higher involvement in the local elections than in work place democracy, even though the whole local election process was not conducted in the western democratic ways. Voter participation rate in 2013 was more than 50% among Shanghai workers, higher than the national level (Table 20).

Thirdly, megacities were the centres for labour NGO support activities. As the state-sanctioned ACFTU was not doing enough to stand up for the workers' interests, grassroots worker NGOs played a more and more important role in educating, organising and mobilising workers to fight for their rights. These NGOs are emerging as the organising core of the new workers' movement in China. They first established themselves in the megacities, and their work is still mostly focused in the megacities and surrounding areas. China's first ever labour NGO, the Women Workers Services Centre, was set up in Shenzhen in 1996. It was mainly caused by a series of labour accidents and labour rights abuses in Shenzhen, such as the great fire in Zhili Toy Factory in 1993. Its establishment was assisted with the support of adjacent Hong Kong labour groups. Other prominent labour NGOs included: Migrant Workers Word-Processing Service Department (Guangzhou), Migrant Worker Centre (*Dagongzhe*, Shenzhen), Workers' Bookstore (Shenzhen), and Being Peer-workers Home⁵⁷ (C. Chan, 2012b). Up to 2015, most the labour NGOs in China were still concentrated in the megacities, particularly in the Pearl River Delta of Guangdong province.

These labour NGOs started and were able to survive in the megacities because of multiple factors. Firstly, party chiefs and executive leaders in megacities were keen to explore new ways of involving NGOs to appease the rising labour unrest. However, local officials also inherently distrust labour NGOs, especially those supported by overseas organisations. Secondly, the municipal governments in the four megacities were in general more transparent and efficient than in the other regions. The governance of the first-tier cities undergoes more close scrutiny by the citizens of the city and the nation as a whole. Good performance in these cities by the party chiefs guarantees political reward, such as promotion or other offers of economic interest. Therefore, party chiefs and municipal officials deal with labour disputes in a more careful and balanced way. Thirdly, labour NGOs in the megacities received most of the attention, financial

⁵⁷ These peculiar names of the labour NGOs suggest they tried to avoid using political sensitive names.

support, and other resources from Hong Kong and the West. A number of labour groups contributed to the development of grassroots labour NGOs in mainland China. The Hong Kong Christian Industrial Committee operated as a group of scholars, social workers, and they raised funds from Hong Kong and liberal Western societies. Another Hong Kong-based organization, Students and Scholars against Corporate Misbehaviour (SACOM), had Corporate Social Responsibility (CSR) as their focus and committed to a large amount of labour rights investigation projects in China.

Labour NGOs in the megacities, however, eventually would be considered by the party state as a challenge to the *status quo* instead of a cooperative ally. This is because the state struggles between maintaining industrial relations harmony and its pro-capital strategy. So, for example, *Li Yufu* (the vice-chairman of the ACFTU) warned that a new NGO law is needed to prevent 'hostile foreign forces and their intensifying infiltration'.⁵⁸ This distrusting attitude and coercive measures by the CCP have greatly limited the scale and continuity of the new workers' movement.

4.3 Agency and the making of working class

Economic, social and political inequalities and the making of the working class, as discussed above, are closely associated with the notion of 'class in itself'. They illustrate how the working class in the megacities were economically, socially, and politically stratified, insofar as inequalities led to objective commonalities of the industrial workers, as well as visible boundaries in relation to the other social groups. These commonalities and boundaries are the essentials of defining today's new working class. In what follows, we move into a very different terrain of 'class for itself'. This critical dimension determines whether the working class has acquired the agency for social and political change, with collective interests and goals. Workers' agency is discussed from two aspects: behavioural agency, and cognitive agency (including class identification, social and political stance, willingness to act, and class solidarity).

⁵⁸ See the news website: <http://www.ft.com/intl/cms/s/0/b5c16e4e-c0ac-11e4-876d-00144feab7de.html#axzz42TTG57ly> ("China union chief warns of 'foreign forces'," 2015, March 2).

Behavioural agency

Labour resistance in the megacities, particularly in the PRD, has become more and more visible in recent years. There were a number of reasons. Firstly, the ‘World Factory’ model has proven vulnerable and subject to the volatility of international market and capital movement. The two waves of workers strikes around 2009/2010 and after 2014 are the testimonials to that volatility. Secondly, the workers in the megacities became more aware of using the legal instruments to protect their rights at work place, with educational and organisational support from the expanding labour NGOs based in the megacities.

Since 2008 the number of industrial disputes have been hovering at about 800,000 cases every year (Figure 16). All the labour dispute cases accepted by different levels of courts for mediation or litigation amounted to 1.4 million in 2012 (M. Wang, 2014, p. 206). Wages arrears, low wages, managerial abuse, breaking the promise of contributing to workers ‘insurance and funds package’ were the most common violations of workers’ rights by employers. There were three common results following the legal procedure: case won by employer; case won by workers; or employer and workers won partially. From 1999-2011, the percentage of cases won by employers remained stable, at about 13-14%. The number of cases won by workers, however, had declined, from 54% in 1999 to only 33% in 2011 (M. Wang, 2014).

Figure 16 Number of Labour Disputes in China 1999-2012

Source: *Labour Statistical Yearbook, national, various years, (unit: 1000 cases).*

As both legal action and the official trade union ACFTU have failed to give the best results, Chinese industrial workers have been increasingly eager to get their voice heard through

collective actions in the past decade, especially after the global financial crisis in 2008. The number of strikes nationwide more than doubled in 2014 to 1,378 from 656 the year before.⁵⁹

The number of strikes in the four megacities have also risen hugely in the past five years (Table 21). If megacities, particularly those in the PRD, are the epicentre of the labour resistance, then Shenzhen is clearly the centre of the epicentre. The number of reported large-scale strikes in Shenzhen soared from 15 in 2011 to 62 in 2014, nearly double year on year. By the end of May 2015 alone, there have been 36 strikes reported in Shenzhen, about 60% of the total for 2014. It appears that labour resistance are contagious in the megacities, and the other three cities have been affected by the shock waves from Shenzhen. By May 2015, the number of strikes in Beijing and Shanghai had overtaken Guangzhou.

Table 21 Number of Large-scale Strikes in Megacities 2011-2015

	Beijing	Shanghai	Guangzhou	Shenzhen
2015 (Jan-May)	17	15	10	36
2014	20	44	27	62
2013	13	11	68	53
2012	5	12	30	32
2011	2	6	10	15

Source: Developed by the author, based on the data from China Labour Bulletin 2015.

Amongst the causes of worker strikes in the four megacities, wages arrears was the most common, comprising 44% of all cases. Relocation and factory shutdowns leading to layoffs with no compensation came as the second most common reason for strikes, in about 20% of total cases. Low wages and no payment of insurance and housing fund were the third and fourth most common causes of workers' strikes (Table 22).

Table 22 Causes of Strikes in Megacities 2011-2015

	Wages arrears	Relocation, shutdown, laid off	Low wages	No payment of insurances & fund	Others
BJ SH GZ SZ	44%	20%	15%	5%	16%

Source: developed by the author, based on the data from China Labour Bulletin 2015.

⁵⁹ See China Labour Bulletin's website: <http://www.clb.org.hk/content/reuters-china-labor-activists-say-facing-unprecedented-intimidation> ("Reuters: China labor activists say facing unprecedented intimidation," 2015, Jan 22).

Outcomes from these strikes have been mostly positive. Take, for example, a few high-profile workers' strikes in the megacities from the past few years. In May 2010, 2,000 workers struck for 17 days at Nanhai Honda auto transmission plant near Guangzhou. This landmark strike shut down delivery of parts to all Honda assembly plants in China and ultimately won wage hikes of \$30 more per month⁶⁰. Strikes then got larger. In 2014, some 40,000 workers in seven Yue Yuen shoe factories in the PRD, went on strike to successfully demand that their employer make pension payments required under the law⁶¹. It is, however, never guaranteed that workers achieve what they wanted through strikes. For instance, in a Hewlett-Packard case, the worker who collected 4,400 employee signatures opposing a restructuring decision was fired shortly after the strike began⁶². Fired strikers may turn to the courts to contest their unfair termination, but they virtually never win in this kind of situation.

Despite the partial success of the strikes, all of the strikes demonstrated a lack of a political motive and a will to advance workers' rights and representation in the decision-making process in the work place, or at the local government level. And most of the strike tactics were unorganised and disorganised rank-and-file or wildcat styles. One worker from a factory in PRD China said, 'Workers will either silently swallow insult and humiliation or alternatively they will do much more extreme things such as blocking roads in order to get back their money since there will be no one to tell them what they should and should not do and how to fight for their rights legally'.⁶³ Some workers decided to take a firm hand with their factory managers. In Jan 2013, workers at an electronic factory in Shanghai held captive ten of their Japanese managers, to protest working conditions. In July 2013, desperate workers kidnapped an American boss and held their captive for six days after negotiations broke down⁶⁴.

Although behavioural activities directly show the working class's collective agency, the cognitive belief system arguably has a more profound impact on workers' long-term construction of collective agency. For *cognitive agency*, we examine the workers' class identification, social and political stances, willingness to undertake collective action, and class

⁶⁰ See CNN's website: <http://edition.cnn.com/2010/BUSINESS/06/14/china.honda.strike/> (Eztler, 2010, June 14).

⁶¹ See detail: <http://www.corpwatch.org/article.php?id=15947> (Chatterjee, 2014, May 3).

⁶² See a Hong Kong news website: <http://www.scmp.com/comment/insight-opinion/article/1723213/chinas-new-collective-bargaining-rule-too-weak-ease-labour> (Halegua, 2015, Feb 25).

⁶³ See detail: <http://www.clb.org.hk/en/content/strikes-and-protests-china%E2%80%99s-workers-soar-record-heights-2015> ("Strikes and protests by China's workers soar to record heights in 2015," 2016, Jan 7).

⁶⁴ For detail, see: <http://www.economist.com/blogs/analects/2013/07/labour-disputes> ("Horried bosses," 2013, July 3).

solidarity in the megacities.

Class identification

Class identification, in fact all identity and identification, is a complex concept. It is in general believed that it involves two key processes: the process of self-recognition, and the process of recognition by others (Jenkins, 2014). Above all, whether a social class has reached a collective agency depends on whether the members of the class share the same identity and identification. Firstly, the working class in the megacities, especially those from Shanghai, showed stronger class consciousness and coherence compared to the nationwide working class as a whole (Table 23). The latest CGSS survey 2013 tested how workers from Shanghai self-identified themselves in a number of pairs of contrasting identities.

Table 23 Working Class Self-Identification in Shanghai 2013

	Shanghai workers		National workers	
The rich or the poor	3.7	56	2.5	66.6
Cadre or the masses	4.5	91.2	2.5	93.6
Urban person or rural person	87.2	8.5	33.5	57.2
Property owner or non-property-owner	20.5	61.9	15.6	65.5
Manager or be-managed	7.1	67.6	6	63
Well-educated or poorly-educated	17.3	62.8	8.1	75.5
White-collar class or Working class	8.5	71	5.7	45.5

Sources: CGSS 2013 (unit: %).

The results show that three top group identities by the Shanghai workers were: the masses (91.2%), the urban resident (87.2%), and the working class (71%).⁶⁵ In other words, industrial workers first see themselves as part of the masses, and urban working class comes second. In comparison, the top three identifications for the national workers were: the masses (93.6%), the poorly-educated (75.5%), and the poor (66.6%). Working class identification turned out to be the weakest, at 45.5%, for national workers. The contrast shows two important points. First, the identification with industrial working class is not prominent yet, in general, in either the Shanghai workers or the whole working class nationwide. Both cohorts in the survey saw themselves as part of the masses, *renmin qunzhong*, above all. Second, workers in Shanghai

⁶⁵ This, by and large, was caused by the choice of words in the questionnaire design of CGSS 2013. The wording of this binary choice of the white-collar class against the working class is not the best choice.

had a much stronger identification with the working class than the whole working class in China.

Secondly, the identification of class position in the societal ladder also contributes to the formation of cognitive agency of the working class. Workers in the megacities saw themselves in higher social strata, in general, than the whole Chinese working class on average - though megacities workers perceived themselves more in the polarised positions at both ends of the strata. CGSS results show that workers from Shanghai saw their position in the social stratum system as mostly concentrated in strata 4 to 6, whereas the national working class saw themselves mostly in strata 3 to 5 (Table 24). Interestingly, workers in Shanghai had more polarised views on their social position. For example, there were markedly more workers in Shanghai who perceived themselves at the lowest stratum 1, than their national counterparts, and likewise, more who perceived themselves to be at the highest stratum, 10.

Table 24 Class Position Self-identification Shanghai 2013

	1	2	3	4	5	6	7	8	9	10
Shanghai	11.2	4	10.4	13.6	32.8	17.3	5.9	2.9	0.8	1.1
National	8.1	8.4	16.3	18.9	32.5	9.8	3.1	1.5	0.3	0.7

Source: CGSS 2013 (unit: %).

Thirdly, the perception of class conflict was high among the workers as well as the general population (Table 25). Here the Shanghai figures represent the perception of the working class in the megacities, whereas the national figures represent how the public views the class conflict, including the working class's position in the society. Class conflicts are primarily concentrated on two flashpoints: between the rich and the poor, and between the cadres and the masses. These are more prominent flashpoints than those between the property owners and non-property-owners (the new language for the old term *proletariat*), the urban residents and rural residents, and the industrial workers and the white-collar workers. Those who prioritised the conflict between the working class and the white-collar workers were in a very small percentage.⁶⁶ This further confirms the widely accepted assumption that the once political dominant language of working class has, by and large, been avoided deliberately in day-to-day discussion of societal affairs by the public, and increasingly abandoned by the working class in the megacities.

Workers in Shanghai looked at social conflicts from a different perspective than the national

⁶⁶ Again, this question was not framed in its best way by the CGSS survey.

population. The primary social conflict for Shanghai workers lay in between the rich and poor, whereas the majority of the national population saw the conflict between the cadres and masses as the key problem. This shows the governance quality or official corruption was less a concern in Shanghai, where a modern system of government administration was increasingly becoming the norm, than in the rest of the country. This partly explains why Shanghai workers were less inclined to collective industrial actions.

Table 25 Perception of Class Conflict in Shanghai 2013

	Shanghai workers	National population
The cadres and the masses	37.1	42.1
The rich and the poor	40	31.0
The managers and the managed	4.8	9.5
The ones with property and without	3.2	3.9
The urban and the rural	2.9	4.1
The white-collar and the worker class	2.7	1

Source: CGSS 2013 (unit: yuan).

Social and political stance

Class identification is one key area reflecting the coherence of the Chinese workers' cognitive agency. Cognitive agency, however, needs to be further explored by looking into the workers' political stance and their social values, as these ultimately guide the working class in differing social and political struggles.

First of all, this research shows that the working class in the megacities better understand the issues of inequality and distribution than their national counterparts, on average. Yet the megacities working class exhibited less consistency at the same time (Table 26). More than 50% of Shanghai workers believed the well-educated and skilled professionals were most entitled to have a higher income, much more than the national level of 35%. This shows education and capability were more highly regarded in Shanghai and megacities than other regions. Labour market in the megacities were also much more competitive, rewarding only the top talents and most capable. More than 20% of Shanghai workers believed that hard working manual labourers deserved a higher income, more so than state officials, enterprise managers, and property owners. They were aware of the stark contrast in reality, hence only 1% of the Shanghai workers believed that manual workers had benefited the most in the past 20 years of economic development. A landslide majority of Shanghai industrial workers, as well as national

respondents, supported policies to improve workers' and peasants' income, showing that it was an obvious well-known and pressing social issue among the public. Shanghai workers had, on average, a stronger sense of social justice in the face of inequalities than their national counterparts.

Table 26 Political Stance on Inequality and Distribution in Shanghai 2013

	Shanghai Workers	National Workers
Which group has benefited the most in the past 20 years?	56 - cadres 1 - workers	48 - cadres 1 - workers
Which group deserves higher income?	52 - professionals 21.3 - workers	35.4 - professionals 20.6 - workers
Policy should be in place to improve workers and peasants' income.	93 - Yes 2.5 - No	91 - Yes 4.5 - No
Some earn more, others earn less. In general, it is a fair society.	48.2 - Yes 40.1 - No	52.9 - Yes 35.9 - No
Rural migrant workers in the cities should have the same access to facilities and welfare as the urban residents.	72.5 - Yes 17.3 - No	85.1 - Yes 7.4 - No
The rich should be taxed more to help the poor.	79.3 - Yes 11.4 - No	73 - Yes 15 - No
The children of workers and peasants have the same opportunity to become wealthy and well-respected.	75.8 - Yes 17.6 - No	69.2 - Yes 22.1 - No

Source: CGSS 2013 (unit: %).

When it comes to the question of how fair the society was, respondents' answers were in general quite divided. Just under half of the Shanghai workers thought it was a fair society they lived in, whereas 40% of them thought not. Almost 80% of them agreed taxation should be used for wealth redistribution from the rich to the poor. However, more than 17% of these workers denied the same rights for rural workers living in the cities, more than the double their national counterparts. As the matter of social class fluidity, the survey shows there was more social upward mobility in Shanghai than nationally. Results show that 75% of Shanghai workers believed their children have the same opportunity to become as well off as the children from the wealthy family, slightly higher than nationally.

In sum, industrial workers in Shanghai were aware that their income was falling much further

behind than other groups. They were, however, still relatively optimistic about the prospect of moving upward by themselves or their future generations. They looked to solutions of either self-help by working harder (48% believed the society was fair and 75% thought their children will have the same opportunity), or the help of fiscal policies, such as taxation, instead of criticizing the overall system or society. They downplayed the criticism toward the state, even though they by and large resented that cadres have benefited the most in the past development. A measure of justice for the Shanghai workers is that those who are better educated and more capable deserve a higher income.

Table 27 Political Attitude to Government Policies in Shanghai 2013

	Totally disagree	disagree	neither	agree	Totally agree
Government should tolerate criticism	14.6	24.3	21.6	24.8	14.4
Government should let go one child policy	27.7	35.5	12	16.3	8
Government should let people choose where to work and live	7.2	12.3	21.3	37.3	33.9

Source: CGSS 2013 (unit: %).

Secondly, the working class in the megacities had a divided and conservative response to the three major government social policies. There were three questions in the CGSS 2013 survey that tested how workers positioned themselves in relation to major policies set by the government that affected people's life and work (Table 27). On the issue of free speech and criticism toward government, Shanghai workers' responses were clearly polarised. About 40 % workers agreed and 40% disagreed. In contrast, Shanghai workers' stance on the 'One Child Policy' showed a clear majority view. More than two thirds of them favoured the government's control of people's family planning, a sign of conforming to the authority. Shanghai workers shifted to the opposite stance when asked whether they support the *hukou* registration system and the control of population migration. More than 70% of the shanghai workers disapproved the government's policy on *hukou* and migration regulation. Thus, the foundation for the workers' weak collective agency was partly formed by fragmented and conservative attitudes to basic rights.

Thirdly, values and attitudes toward general politics are also important when it comes to the extent to which the working class are able to make independent and meaningful choices as a

collective agent. For example, freedom of speech and the rights to elect and to be elected freely, and the space for collective action and mobilisation, are the basic instruments that form the basis of political power. The political stance of workers on these issues has an immediate influence on how one sees its class position currently and the direction of where one wants the change to be.

The CGSS survey shows that Shanghai workers had overall quite vague, and sometimes contradictory, attitude to democracy and political participation, despite their slightly better performance than the national workers (Table 28). Above all, most of the workers in Shanghai had a false understanding of democracy, as about 70% of them agreed that democracy means ‘government makes decisions for the people’, as opposed to the democratic principle of people’s participation. On another similar question on democracy, but asked in a different way, 83% Shanghai workers agreed that it is democracy only when the masses have rights to vote and select their representatives in local and central government. The way they answered these two questions shows an obvious contradiction in their perceptions. There were still quite a large percentage of them who were uncertain about what democracy requires in order to function well.

Table 28 Values on General Politics and Democracy in Shanghai 2013

	Shanghai Workers	Nationwide workers
Political participation should be left only to people with higher education and capability.	20.2 - Yes 72.1 - No	30 - Yes 59 - No
Democracy means ‘government makes decisions for the people’.	69.3 - Yes 20 - No	79.2 - Yes 13.2 - No
Democracy also requires freedom of speech and decision making by the masses.	62.5 - Yes 25 - No	68.2 - Yes 18.8 - No
It is democracy only when the masses have the rights to vote and select their representative in local and central government.	82.7 - Yes 9.4 - No	77.5 - Yes 10.3 - No

Source: CGSS 2013 (unit :%).

Two main reasons underly the poor understanding of democracy among the working class in the megacities. One, no social environment existed where democratic discussions and debates were encouraged, and fostered by institutions, such as the free press (relatively), academic institutions and intellectuals, and civil society including NGOs. Two, the population had no

practical experience in actually engaging in democratic activities, such as elections, and dealing with differing or even contesting perspectives on government policies as well as general governing principles.

Willingness to undertake collective action

Being aware of the issues of inequality and social injustice, however, does not necessarily mean the working class in the megacities would take social and political action to change the status quo. The CGSS survey results show some interesting findings about the cognitive state of mind of the workers (Table 29). When asked whether they would join other workers in a collective industrial action against the employer, 42% of the Shanghai workers said yes, less than the national average of 48%. In addition, about 35% of the Shanghai workers rejected joining *any* industrial action, significantly higher than the national average of 19.3%. This shows a strong mentality of ‘be worldly wise and play safe’ among workers in the megacities. In other words, the working class in the megacities had a more obvious cognitive tendency of *inaction* toward collective labour movement, despite the fact that their rate of trade union membership was double the national average.

Table 29 Willingness to Participate in Collective Action in Shanghai 2013

	Shanghai	National
Strongly support, actively participate	20.3	21
Only participate, not to lead	22.7	27
Depending on how does it develop	22.9	29.4
Not to participate, no matter what	35	19.3
Others	1.9	4

Source: CGSS 2013 (unit: %).

Class solidarity

How tolerant and embracing of other oppressed and marginalised groups is an important indicator showing how much political strength a social group or class has, in terms of gathering support for a wider social movement and transformation. In the UK, the miners’ strike in the 1980s mobilised to gain broad social support, including the gay and lesbian community, and ultimately contribute to a change of government (Kelliher, 2014). Similarly, the African American civil rights movement succeeded in the US because they were politically quick in building solidary and alliances with a broader spectrum of social groups, such as women and

ethnic minorities (Platt & Fraser, 1998). In China, the sheer scale of the students' protest in 1989 was hugely expanded because they drew in passionate support from workers, teachers, intellectuals, and even some soldiers and cadres - who shared the broad political appeal (Perry, 1993).

Table 30 Political alliance and solidarity in Shanghai 2013

	Shanghai workers	Nationwide workers
Migrant workers in cities should be treated the same as the other urban residents.	72.7 - Yes 17.9 - No	84.7 - Yes 8 - No
Female employees should be laid off first when economic downturn comes.	12.5 - Yes 72.4 - No	11.5 - Yes 64.9 - no
Do you support homosexual behavior?	4 - Yes 81 - No	2.3 - Yes 83.2 - No

Source: CGSS 2013 (unit: %).

The CGSS survey 2013 shows that 12.5% of Shanghai workers agreed that female employees should be laid off first before anyone else during the economic crisis, more than the national working class average of 11.5% (Table 30). In other words, the working class in Shanghai were slightly more selfish and lacked of sense of social justice in terms of supporting female workers, who were usually discriminated against. This does not bode well for building political alliances.

When it comes to migrant workers, the social conservativeness and even social discrimination of the Shanghai workers is demonstrated in an obvious way. About 18% of the Shanghai workers refused to accept that migrant workers should be treated in the same as the other urban residents by the local government, which was more than the double the national percentage of 8%. Why were the working class in the megacities significantly more xenophobic toward the migrant workers than the rest of the country? This not only is a sign of social conservativeness, but it can also be explained by the origin of economic conservativeness. The highly competitive and capitalist urban life in the megacities had not only boosted individuality of the workers, but also enhanced their sense of exclusiveness and defensiveness toward other groups who might potentially take away their economic resources and opportunities.

On the final issue of attitude toward gays and lesbians, the majority of Shanghai industrial workers (81%) opposed the lifestyle of the gays and lesbians; a figure not much different from the national level. The working class from Shanghai were not more politically advanced than

the national level as many expected, even though they lived in the most modern and westernised city with better education and opportunities. These CGSS survey results show that workers in the megacities still have a long way to catch up if they are to become more embrative and able to build solidarity and alliances with other oppressed social groups.

4.4 Case: working in Shenzhen

A general statistical study has provided us with the broader contours, profiles and characteristics of the working class and its collective agency in the megacities. In this section, we are going to use a case study to enhance our understanding of the working class in the megacities. We will do this by analysing more detailed and specific information. This case study was mainly built on my interviews with and observation of workers from a factory in Shenzhen, NGO staff, and academics during my field research in China.

Factory A was an electronic manufacturer located in the district of Nanshan, Shenzhen. It was established in 2002 and was owned by a Hong Kong company. There were about 3500 employees in early 2015, 85% of them working on the shop floors. It runs as a supplier for some of the key electronic brands, including mobile phones, computers, and gaming consoles. There were eight production lines, which were arranged by different brands or products.

By talking to some of the workers, I realised that shop floor workers had a diverse background. Shop floor workers came from an age group ranging from 18 to their 40s, though the typical age range was between 18 and 26. The youngest age Amy (my main contact point in the factory) knows of was 15 years old, a girl from a smaller town in the northern part of Guangdong province, about 200 kilometres away from Shenzhen. This shows that child labour did exist in Factory A. It occurred occasionally when the factory was desperately short of workers to cope with an urgent order or an extra order from the clients. Whereas workers older than 30 were rare before 2010, workers above 35 were not uncommon by 2014. Some of the older and more experienced workers still worked in the assembly line, but more of them worked in logistics jobs, such as security, warehouse, and cleaning. Gender-wise, about 70% of the shop floor workers were female.

The shop floor workers were indeed a diverse cohort. Take Amy, Song, and Jenni for example. Amy was typical of most of the shop floor workers. Amy was a female rural migrant worker, 21 years-old, and a vocational college graduate. Amy estimated that there were about 70% of the shop floor workers were like her, from rural areas of other provinces. Amy was from Jiangxi, a neighbouring province of Guangdong. She grew up in a rural village about 150 kilometres from the capital city Nanchang. She studied quite well and got accepted into a high school in Nanchang in 2008. After high school she decided to complete a diploma in office administration in a vocational college in Nanchang, instead of competing for a place in the National University Entrance exam (*gaokao*). She could not find a job in office administration after graduation. She put the white-collar dream aside, and came south to Shenzhen to try her luck with a college friend in 2009. Not long after she arrived in Shenzhen, she found a job in a shoe-manufacturing factory owned by a Taiwanese company. She stayed in the factory for only 3 months and was laid off just before her probation period came to an end. Her second job did not last much longer because the Japanese boss faced increasing operational costs and decreasing numbers of overseas orders, and decided to move the factory to Vietnam after 9 years' business in China. Her current job with Factory A was her fifth one, within her 6 years *dagong*⁶⁷ life in Shenzhen. She started in 2011, and it was her fourth year with Factory A when I talked to her. By the time of my field research in 2014, she worked on an assembly line producing computer mouse for a Japanese client. Her job was to put three circuit parts together.

Song, in contrast, was an urban migrant worker from Changsha, Hu'nan province. He was 28 years-old, and a high school dropout. Song suggested that 15-25% of the workers at the shop floors were from other urban areas across the country, mostly from Guangdong, Hunan, Sichuan, Hubei, Jiangsu, and Zhejiang. Jenni was an urban local resident worker, representing the minority of the cohort. She was 20 years-old, with an associate degree in administration management. Jenni said about 5 to 10% of the shop floor workers were from Shenzhen with local urban *hukou*, and that percentage had been increasing. Although I interviewed about 15 shop floor workers in Factory A, I only introduce these three workers' bio because their stories were good representations of most of the shop floor workers' experiences. In what follows, we

⁶⁷ '*Dagong*' is a popular term for the working class, referring to the contract employment for most of the jobs in the post-socialist market economy era. It is a term used to distinguish the new workers from the state unit (*danwei*) employment during the old socialist era.

are going to discuss the work place inequalities experienced by these workers, and how that affected their class agency.

Economic Inequality

Wages were determined by Factory A with extreme care. Usually they were calculated to make sure they can attract enough workers to come while still keeping labour costs as low as possible. In Factory A's recruitment poster, put up at the factory entrance, the starting salary in early 2015 was 1550 *yuan* per month. Accommodation and meals was included (but actually with fees). Basic worker requirements included: aged from 16 to 35; male or female; basic literacy and the ability to read 26 English letters; and possession of a legal identification document.

Table 31 Wage Hierarchy in Factory A 2004 and 2014

	Starting wage	Experienced	Supervisors	Managers	Executives
2014 (<i>yuan</i>)	1550	1980	3200	5800	19500
Wage gap	1	1.27	2.06	3.74	12.58
2004 (<i>yuan</i>)	680	880	1200	2000	5500
Wage gap	1	1.29	1.76	2.94	8.08

Source: developed by the author (based on the interviews with workers and one accounting staff member from the personnel department of the company).

According to the wage structure (Table 31), there was a clear divide between unskilled and skilled workers (including supervisory staff, professionals, and managerial staff). The wage gap among shop-floor workers remained relatively small and stable. In 2004, experienced shop-floor workers earned 1.29 times as much as new workers. This gap by and large had stayed the same over the past ten years. In fact, experienced workers earned slightly less in 2014 than they did in 2004 compared with new workers. During that decade, however, the wage disparity between shop-floor workers and senior staff continued to grow. In 2004, executives earned 8 times as much as the shop-floor workers. But, by 2014, senior staff earned 12.5 times more than the shop floor workers.

Shop-floor workers' take-home wages have been stagnant in the past five years. When Amy started in 2011, her basic salary was 850 *yuan*, as in a probation period. Her take-home wage was about 2,100 *yuan*, more than the double basic salary, because she worked overtime hours

on average 4-6 hours a day. The interesting thing is that after the basic salary was more than doubled from 850 to 1780 *yuan* between 2011 and 2014, Amy's take home wages only increased from 2,100 to 2,780 *yuan*. Basic wages increased obviously because it was pushed up by the minimum wage guideline set by local government. The stagnancy of take-home wages over the 4-5 years was sustained by the canny cost management of the factory owners. She said that workers now had to pay for things like accommodation and food that were supplied free-of-charge by the employers previously (Table 32). And the work target was raised and it became more demanding for all workers.

Table 32 Wages Changes in Factory A 2011-2014

	Basic salary	Overtime	Food	Accommodati	Take home pay
2011 (probation)	850	110-130	Free	free	2100
2011 (after pbtn)	1060	80-140	Free	-40	2810
2012	1550	80-120	Free	-70	3180
2013	1690	60-80	-250	-110	3130
2014	1780	36-60	-250	-110	2780

Source: developed by the author, based on the interviews with workers and one accounting staff member from the personnel department of the company, (unit: yuan).

Song was one of the comparatively few experienced workers on the shop floor. He had been with Factory A for almost ten years. He was a team leader for a group of about 20 shop floor workers. He basically did the same as his team workers, plus making sure his team followed factory rules and reported issues to his boss, a shop floor supervisor. His wage was not much higher than average workers, about 2,100 *yuan* of basic wage per month, up to a take-home wage about 2,500-3,500 *yuan*, depending on how much overtime he worked.

Jenni was a young city girl, who followed her parents and moved to Shenzhen when she was four years old. She grew up and went to school in Luohu district, part of the urban area of Shenzhen. She had been with Factory A for only 7 months. She nearly decided to quit during probation period, earning only a basic wage of 1,520 *yuan* per month. She failed to find a job she liked in two months after probation period. She eventually decided to stay for a bit longer and wait and see, since her wage went to about 2,300 *yuan* by working many overtime hours.

When asked about how fair their wages were, and what the gap between shop floor workers and senior management meant to them, their answers varied. Rural migrant workers in general

dealt with their own dissatisfaction. Amy was not happy about the fact that her wages went down recently, despite her being in the factory for more than four years, and her wages going up in the first three years. Her take home wages in mid-2014 were even lower than in her first year after the probation period. She did not care much about how large the income gap was between shop-floor workers and the senior management staff. Her priority was to make enough money to cope with rising living costs. After that, she would like to have some savings and send money back home to her parents and grandparents in Jiangxi.

Urban migrant workers, usually better educated and more experienced, complained yet remained optimistic. Song's wage was one of the highest amongst the shop floor workers. He was in general happy about working in Factory A, since it was his ninth year there. However, he was expecting wages to rise, as it did from 2004 to 2012, so that he could have enough savings to afford the down payment of a city apartment in a suburb of Shenzhen. He felt very frustrated by the recent wages cut, because less business orders meant less overtime hours needed by the factory. But he was hopeful that business will pick up as it follows a cycle of boom and bust.

Urban local workers, in contrast, were slightly more expressive and defiant about the system. Jenni was vocal about her low wages. On the one hand, she complained about how low the wages were compared with the managers. She said 'it is unfair...we work harder at the shop floor, for longer hours, but why do supervisors and managers get pay so much higher than us?...what I earn is absolutely not enough for a decent living. I need some good dresses to go out, and I have not upgraded my old mobile phone for more than a year. It's lucky my parents give me some pocket money once in a while. Otherwise I cannot survive, unless my boyfriend is rich'. On the other hand, she was grateful that she was employed, saying 'some of my school friends are unemployed at the moment. The economy is not good in China. Even they have a job in a restaurant, or work as a white-collar office clerk, they earn almost the same as me, and at least I have cheap accommodation provided by the factory.'

Wealth possession level was low amongst shop-floor workers. Savings in a bank account were the primary form of wealth for most of them. Despite low wages, Amy believed that she can always save some, more or less, if she tried hard and spent carefully. The good thing about

Factory A was they took care of the accommodation, meals provided, although the company had started to deduct a small amount from the wages. Amy managed to put aside about 1,000 *yuan* into the bank, depending on how much her take-home wages were, which were determined by the overtime hours. That was about 30% of her monthly wages. Amy said, she spent most of the wages on clothing, occasional outings on her day-off, and her mobile phone that she used a lot on social media with friends. And every quarter she would remit 2,000 *yuan* back to her parents in Jiangxi and they would look after it for her. The money partly was for the support of her parents, partly for saving up for future re-settling back to her hometown (getting married and building a house, etc.). Because of her rural *hukou*, Amy still has entitlement of her family's farmland. Since land is the most sought after commodity in China, Amy and her family had high hopes on their land that they could either build a house on it, or a property developer would buy it off them with a lucrative offer.

Song worked even harder on saving. He lived an austere life and did not spend on things that was not necessary. He had no place to get back to in his hometown, except visiting his parents once a year, who lived in a small city apartment in Changsha. He had got about 120,000 *yuan* in a bank account, and aimed to get up to 300,000 *yuan* as a down payment so he could be able to buy a small apartment in the suburb of Shenzhen, which cost about 1.6 million *yuan* in 2014. Apart from this big plan, Song did not own any expensive items or assets.

Jenni lived quite a different lifestyle. She basically did not care to save. She spent all her wages on fashion and beauty items, going out in the city with friends, and so on. She got some pocket money every month from her parents. She currently had no savings in her bank account, and she even owed a few thousand *yuan* of debt on her credit card.

Social inequality

More than 85% of the shop-floor workers from Factory A were recruited through dispatch companies. There are multiple dispatch companies to which Factory A outsourced its shop floor worker recruitment services. This is because Factory A had to maintain highly efficient plans of worker recruitment to meet its key strategies of labour cost competitiveness and work force flexibility. On top of the highly efficient services from the dispatch companies, Factory A also did its own casual advertisement, such as posters and fliers, even via a Chinese social media

Wechat. In front of the main entrance of the factory, a one-meter high coloured printed poster displayed their updated workers-wanted message all year long, including information such as recruiting requirement and compensation.

All workers had negative feedback on the long work hours and tight time-management. Factory A adopted a two 12-hour shift system for the shop-floor workers. The day shift ran from 8am to 8pm, and the night shift went from 8pm to 8am. Workers were allowed to have meals and rest time of around 2 hours in total; including 1 hour for lunch, 40 minutes for dinner, and a few 10-minute short breaks during the shift. The ID-swipe card system was also a part of the scientific management established by the factory. Workers must use their swipe card to clock-in when they enter the shop floor. If they forget to do so, and do not notify their supervisor, they will be recorded as absent and punished by a wage deduction at the end of the month. Similarly, workers must clock-out at the end of the working day. Amy said she wasted a lot of time every day on the clock-in and clock-out queues. There were only two clock machines in each assembly line with about 300 to 400 workers. It usually took them 15 to 20 minutes to queue up in front of the clock machines and finish the process. Time off was usually only used for rest as people regularly work shifts of 11 to 130 hours. Working hours were so long that people slept in the shop floor during a busy season. Additionally, if targets were not met, lunch breaks were often cancelled. Days off were rare and trips home to visit family were only allowed once a year. This was particularly concerning as most of the workers were immigrants from distant provinces.

Most of the interviewed workers were not happy about the food services by the factory. During meal times, workers were not allowed to go out of the shop floor buildings. The gates of the buildings remained closed until the workers finished their shift each day. Workers swiped a card to receive meals from the factory cafeteria. Meal costs had already been deducted from the monthly wages. There were only four meal-dispense windows in the cafeteria, so the workers had to queue and wait for about 20 minutes to receive their meals. Jenni was not very happy about the meals, ‘especially the meals for the night-shift workers, they were usually not fresh and soggy, and tasted like the leftover from last night.’ There were other problems, such as bad hygiene in the kitchen, food spoilage, and insufficient food supply.

All the interviewed workers were upset about the inhumane and military style of the dormitory accommodation. Most of the workers were offered a place in the factory's dormitory buildings. Eight workers shared one dormitory room. The factory's scientific management extends to full control over workers' working schedules, as well as their free time. Workers were prohibited from using many electrical devices. Their rooms could be raided if they were found to have broken any of the strict rules. They were fined and required to confess their guilt publicly as a punishment.

Demanding shop-floor work coupled with the military and scientific management had direct impact on workers physical and mental wellbeing. Many workers, especially those who had been in the factory for more than 2 years, suffered from various kinds of occupational and chronic physical conditions. The common ones included skin allergies (especially hands), asthma, deteriorated vision and hearing, muscle pain, and arthritis. Amy had peeling and tender skins on her hands since the second year working in the factory, as well as weakened vision, because she handled small electronic parts with fingers repetitively every day. Song had had back pain in the last 3 years, as his job required standing for 10 to 12 hours per shift. There was no first-aid kit on the shop floor. There were no basic medical facilities in the whole factory either. When workers got an injury or medical conditions, they would have to go to the closest local hospital, which was about 10 minutes away by taxi.

If physical problems caused by harsh management were more widely noticed by the workers (even the management knew that), mental issues were far less visible among workers. Scientific management and long working hours at the shop floor every day, as well as the military-style management at the dormitory, had made mental and psychological problems a widespread issue among the workers. Many workers displayed low moods, frustration, lack of passion for things, sadness, anxiety, depression, and so on. But they hardly tried to get medical or counselling help. Partly this was because there was a lack of awareness and knowledge about mental illness in the general population, and partly because they were simply too busy and too tired after their work shift.

The sad thing is that it is not possible for the workers and the factory to realize how mentally unwell a worker was, until the problem built up and worker collapsed. Amy's assembly line lost

nine workers during her employment period in the last four years, all because of various mental issues. Once a worker was found to have mental issues, the most common practice was voluntary resignation with no compensation. Neither the factory management nor the majority of fellow workers showed much empathy towards those with mental problems, as a pervasive social discrimination and cultural taboo towards the mentally disabled exists in Chinese society. Amy recalled there were also a few aggressive assaults and a couple of worker suicide cases reported over the past few years from other shop floors. Whether they were caused by untreated mental problems or not is hard to confirm. But it is safe to say if they were offered help, such as support from peer workers or unions, had easier communication with family and friends, had counselling and treatment, and so on, their problems were much less likely to lead down to a tragic ending.

As already mentioned, there were very poor and limited medical facilities in the factory. The only option for workers to deal with medical conditions was to go to the local healthcare services in Shenzhen. The closest public hospital was 15 minutes away, a suburb/district level hospital. Public hospitals run like a private for-profit ones in most of the places in China. Workers pay for the clinic counselling as well as the medicines with very limited government subsidies. It usually takes a long time to go through a few queues. Local Shenzhen residents usually have a medical insurance card, with sufficient funds contributed both by the employers and employees, to help pay for hospital costs. But workers in Factory A did not get a medical insurance contribution from the employer until 2013, after pressure mounted from the workers, as well as multiple government documents issued to strengthen the implementation of ‘five insurances and one pension’ for rural migrant workers. By the time I talked to the workers, they still only had minimal funds in their medical card, because of the minimal contribution made by the employer. Amy tried to avoid going to the hospital because a normal flu would have cost her about 300 *yuan*, or 10% of her monthly wages. Jenni, as well as many of the workers from Shenzhen, actually received the same contribution from the employer even though she had got the urban Shenzhen *hukou*. This fact contradicts the traditional institutional cleavage between urban and rural workers as observed by many social researchers.

Further education for workers was practically impossible simply because they were fully occupied on the shop floor. Most of the workers had not married or had children. This was

determined by two things. One, although recruitment criteria set the age range between 16 to 35 years old, company actually preferred new workers from 16 to 25 years old. This recruitment practice had largely screened out those with a family and children. Two, the military-style management at the factory had also largely prevented them from having children around. For those older workers with children, the most sensible option for them was to leave the children at their hometown cared by the parents. An older security worker in the factory had two children left in his hometown looked after by their aunt, and he can only visit them once a year, or even every other year. He tried to get the children moved to Shenzhen, but rural *hukou* children still had very limited access to public education in 2014, not to mention education and living costs to consider. He eventually gave up the idea.

Workers had complicated and yet increasingly converging experiences of social discrimination, regardless of their diverse backgrounds. They mostly commented that when they walked on the street of CBD in Shenzhen, usually no one would care, except when they forgot to change their factory uniform. Some would be recognized and teased as rural migrant workers, and names called out like '*nongmin gong*', '*dagong mei*', '*gongchang mei*' etc. When Song went out with his factory uniform on, he was yelled at a few time by the local youths as 'go home, rural bastard!' Jenni experienced similar discrimination problem when she walked on the street with factory uniform. When asked how did she feel about urban locals' discrimination towards rural workers, she said in a half-joking and half-annoyed way, 'it is funny I was looked down at simply because I wore the factory uniform, even though I am a 100% local Shenzhenian. Did they discriminate me for being a factory worker (*gongchang mei*), or for being a rural worker (*nongmin gong*)? But sometimes I myself laugh at rural workers from other provinces too.' The interviews also revealed that girls working in the factories were easily being targeted by men as the financially unsatisfied and sexually unfulfilled subject desperately needing urban men's help. Amy said she was sexually harassed a few times in the city of Shenzhen, and was offered sex work.

Political inequality

Compared with economic and social inequality, the issues of political inequality seemed a much more sensitive issue for workers to discuss, even though the interview questions had been designed to eschewing explicit political terms, or paraphrasing them. One of the basic findings

was that the workers had very limited knowledge about political representation. Although most of the workers at least had heard of the state trade union ACFTU, very few workers knew exactly what the ACFTU did for the workers in the factory. Amy did not recall she had met anyone from the ACFTU in the factory on any occasion during the past four years. Song said he believed the ACFTU sent people to the factory on occasions such as factory banquet for the Spring Festival each year. They were usually invited by the Human Resources department of the factory. But Song himself had not met or talked to any of their officials before. Song also said that, officials from the ACFTU probably hung around only with management and people from the Human Resources (HR) department.

In the absence of an actually functioning union, the ways in which workers sought to resolve industrial dispute were very much unorganised and disorganised. There was no independent elected trade union in Factory A, even though there was a failed attempt in 2012 to establish one to represent workers' interests. Nonetheless, most of the workers did not know whether there was a trade union in the factory or not, nor did they believe they were allowed to democratically elect their own union leaders.

Whenever disputes between workers and the factory management arose, workers usually went to the team leaders or supervisors to raise the issue first. The factory did not produce and distribute any information to the workers on labour relations and dispute resolution mechanisms. Amy said team leaders usually stayed on the workers' side because they earned pretty much the same wages as the frontline workers. Supervisors, however, could stand on either the management's side or the workers' side, depending on how much the supervisor earned and whether the factory management wanted to co-opt the supervisor when a particular assembly line caused too much trouble. Song recalled the factory actually had tried a few different ways to manage the industrial disputes over the past 7 years or so. There was a strike in 2009, when shop-floor workers were not happy about wage arrears. The factory boss hired some thugs from outside and beat up the strike leaders and fired them after. The strike was suppressed, and the factory did not raise wages again until 4 months later when local minimum wages were raised by the government of Shenzhen. The factory learned a lesson from that strike and set up an 'employee's relations committee', affiliated to the HR department, with a hope that workers could voice and solve the labour disputes through this mechanism. The problem was, Song said,

the committee was led by a HR manager and they never genuinely stood for the workers and justice. After about a year, the committee was disestablished simply because workers no longer went to them.

Behavioural agency

Between 2012 and 2014, strikes, large and small, happened more and more frequently at Factory A. From a couple of strikes during the whole year of 2012, strikes occurred every two months in 2014. The cause of strikes had diversified from the old problem of wage arrears, to poor working environment, low wages, no contribution to insurances and pensions, management styles and managers' attitudes toward the workers, and so on. In response to this new development, the factory set up a worker's Party Branch and an ACFTU branch in September 2015. The head of the ACFTU branch was the factory boss's wife, who was also an independent non-executive director of the board. These Party and ACFTU branches, Song said, had done a lot to control and manage the workers' behaviour rather than to protect their rights.

As mentioned before, there was an attempt to form an independent union in 2012. Song recalled that it was a turbulent year for the workers and the factory management. There were about four strikes by June 2012, and the factory managed to get away from them with no major response to the workers' problems and disputes. The factory boss was well connected with the local district government and its agencies, such as the police and the ACFTU, and they worked together to either harass the workers' leaders or fired them after. Given that four strikes failed in a row, the shop floor workers, most of the team leaders - as well as some of the supervisors - felt the same frustration, the level of which reached boiling point. Three worker leaders decided to elect and form their own workers union and represent the workers to negotiate with the factory management. The factory refused to recognize the newly formed union and its representative. Management called what they did harmful to the building of harmonious labour relations and to the whole social security in Shenzhen, and thus it was illegal. After two-day strikes and a stand-off, the factory got the local police over to crack down on the strike. The three new union leaders were arrested and detained for 7 days before being released. They were of course fired by the factory after. What was worse, Song said, was that the factory boss spread slanderous messages about the worker leaders around in the industries and businesses, effectively making the worker leaders non-employable. They had had to leave Shenzhen and

go somewhere far away to look for jobs. Since then, there had been no new attempt at electing workers union, though workers' strike continued in rank-and-file style.

Shop-floor workers not only had limited knowledge of actual political representation, but also had conservative prospects of the working class and of the connection between workers' rights and democracy. The majority of the workers did not see the positive connection between the upholding of workers' rights and the overall beneficial effects of fair representation and democracy. Some aligned with the state propaganda and saw democracy as a western plot to contain the development of China. Others suspected that the fight for democracy would cause social instability or even repeat the chaos of the Cultural Revolution. When asked what the most important thing is for protecting the workers' rights, most workers said it is getting the attention of the Central Party to make sure that local officials' governance is on track. Others said it is the justice of the legal system. It is fair enough that their views are shaped as they interacted with the state and government, and they had learnt the rules of game. As long as it concerns economic and legal demands, it is safe for the protest. Sometimes they would invoke communist slogans in order to make sure they are not misunderstood by the government as reactionary or counter-revolutionary. The common communist slogans included: 'long live the CCP', 'we love Chairman Mao', and 'support Deng's policies'.

Cognitive agency

Plenty of information on the Factory A workers' class position and cognitive agency was generated by interviews and observation. First of all, shop floor workers had relatively weak class identification. For many of the younger generation of workers, the term 'workers' class' (*gongren jieji*) became gradually obsolete. It was hard for them to pinpoint who made this happen and how. The term 'class' was particularly ambiguous and sensitive. It could invoke the class rhetoric during the Cultural Revolution, when ridiculed class struggles, class antagonism, and so on had caused enormous physical and psychological damages that will linger for generations to come. Amy said the workers class had long gone with the Maoist history. Instead, Amy called herself part of the working stratum (*dagong jiecheng*). She felt so much more comfortable in using this term, and talked a lot about why she was part of it, and how people in the stratum were doing. Many of the workers shared this belief.

Others, especially the older workers, still believe the ‘workers’ class’ was the advanced social force, and that it was a shame to stop talking about it. Song’s friend from the same province, Gao, was 46 and worked as the warehouse guard. He reminded people that the Communist Party of China is a party for the workers’ class, and the Chinese nation is the workers’ nation. Workers, he continued, should not be treated badly, and this was going to be changed someday.

Many of the urban workers, in contrast, had a much more individualised opinion. Jenni, as an urban and educated girl, said workers class is nonsense. ‘We are not even part of the working stratum (*gongxin jiecheng*). We are simply the working women (*dagong mei*), or rural workers (*min’gong*). I double checked with her if she was sure she was a rural worker. She said, ‘why not, as we all work in a factory shop floor, we all considered *min’gong* by the others on the street, no matter what *hukou* we hold or what education we had’. Many urban workers more or less shared this kind of view of the working class and themselves. It is interesting how the connotation of ‘rural migrant workers’ has changed and has started to mean all low-wage industrial workers.

Compared with the weak sense of class identification, workers had much clearer views on inequalities and their impact on their rights. Almost all workers interviewed believed that society had become increasingly unequal. They can see the state had risen as a remarkably large economy, but that most of the workers had not benefited much from the growth of the economy, whereas the rich and the powerful at the top had taken away most of the wealth and power deriving from the economic reform and development. Many also realised that inequalities in society had already caused problems for the workers. Amy said, ‘Of course inequality has caused trouble. We go on strike not just because of low wages. We go on strike because what happens here in the factory is not fair. We work the hardest job, and make the least wages, compared with the factory management, in terms of how hard they work and how much profits they make.’

The discussion of inequalities actually prompted workers to rethink the future of workers and even class issues. When asked whether everyone has got a fair chance of becoming better off, if they wanted to change their circumstances, most of the rural and urban migrant workers had a negative prospect for the future, with only a few urban young workers staying positive. Jenni,

for example, said, 'I only stay in the factory for a temporary period of time. Yes there is big inequality between the rich and the poor. But our country has offered fair chance after economic reform and opening up. You can certainly get richer if you try hard enough. Working hard is not enough, like us *min'gong*. We have to do something better than shop floor work. You have to be smart and know the right people and do the right things.'

The discussion naturally led to the class issue again, about the better-off class, and the ruling class. There was nothing surprising about most of the workers not thinking that China was led by the workers' class and the peasants' class. What was interesting was when they were asked by whom was the Chinese state led by. The answers varied largely. Most answered 'the officials' (*dang guan de*). Many answered 'the rich'. Other answers included 'the powerful', 'the dealer/rule setter', 'the most capable', 'the well-connected', 'the smart', 'the smooth and slick', and 'the brutal and malicious'.

Discussion eventually came down to the workers themselves, in terms of what they can do to make changes for the better. There were three main barriers to effecting changes. Firstly, most of the workers were hesitant to participate, let alone to lead, the collective action against the factory management. For them, the difficulty was not just the capitalist management, but also that a powerful government stood mostly behind the capitalists, foreign or domestic. In addition, many workers said they had their own priorities to fight for, from purchasing the next consumer product they desire, such as a new smart phone, to saving up to buy an apartment.

Secondly, many workers once again displayed their conservatism on the question of whether workers can unite and challenge the people in power. Amy said, 'the rich are rich because they have money and power and know how to make profit by exploiting workers like us. There is not much we workers can do about this.' Jenni said, 'we can certainly try to unite and we may win and get a few hundreds of pay rise and better working condition, and less humiliation by the management. But there is no way we can make big changes, except revolution, which is too bloody and violent like the 1970s. The best way is to leave the shop floor work, and go to something with a brighter future, such as to having your own business, or do something that needs skills, for example, modelling, acting, bankers, etc.' Song got quite serious on this question and said, 'workers absolutely need to unite, and make our voices heard by the capitalist

bosses, by the rich and powerful, and by the Party officials. We workers helped the Party to beat off the international imperialists and capitalist Nationalists in history. We now deserve a better life at work, and deserve respect by the Party and the whole nation.’

Lastly, workers were naive when it came to describing solutions to support the workers’ collective actions. For example, take the question, what should the workers do in order to get wider support from the public? Many of the popular options from workers included getting attention from the central party; getting the attention of the media; having hope in local officials and perhaps a righteous judge at the court, and so on. In other words, they greatly lacked a sense of building social and political alliances to support advancing their rights.

4.5 Conclusion

The working class in the megacities had some great opportunities and yet they faced some of the hardest challenges posed by rapid urbanisation and its side effects, including rising inequalities⁶⁸ and volatile capital movement. Megacities, with a name that speaks for itself, were a great attraction for the workers. They were the hub of most of the multi-national enterprises invested in China, offering most of the exciting jobs. Some young workers naively told me that they loved iPhone so much that they dreamed of getting a shop floor position in Foxconn Shenzhen someday so that they could be a part of the Apple business empire. However, the reality in the megacities was far less rosy than the workers expected. A number of recent changes in the megacities were particularly relevant to the workers and caused insecurity and uncertainty for employment. Economic growth in the megacities had considerably slowed down, and has been overtaken by smaller cities. This had a negative impact on jobs and employment for the whole work force. The overall trend of de-industrialisation in the megacities exacerbated the already-weaker employment prospects, especially in manufacturing jobs. Capital movement had been diverted by many more options in the smaller inland cities, rather than capital only going to the megacities along the coast. And the flow of

⁶⁸ Most of the workers did not perceive the challenges in a class term, precisely because they had not had the collective class consciousness and become an agent for social and political change.

capital became even more unpredictable following the recent volatile global economy. This is evident in the labour market boom after the fiscal intervention in 2009, and the labour market bust when China's economy started to slow down in 2013.

In that context, rising inequalities in the megacities have a profound impact on the working class. Very high economic inequality was manifested by the very uneven and polarised wages distribution at work places and within society, and by an extremely large wealth gap, primarily caused by skyrocketing housing prices in the megacities. High social inequality in the megacities is mainly caused by the high threshold of urban *hukou*, poor access to public facilities, and very low housing affordability. These tough social situations have contributed to lower than average health conditions and a higher level of social alienation and distrust. Politically speaking, workers in the megacities have better representation and participation at work places and in local elections than the rest of the country. In addition, they have the best support from NGOs and civil society, despite the heightened control from the government. However, workers in the megacities face similar institutional difficulties to that of the whole Chinese working class, such as no independent unions allowed at work places, no universal suffrage to elect pro-labour politicians, and no nod from the CCP to develop a mature and well-functioning civil society. All these rising inequalities have differentiated the working class from the others in the social structure as a 'class of itself', more so than in the rest of the country.

However, these research findings point to an overall weak working 'class for itself' in the megacities, despite inequalities rising to an extreme level. It is perhaps not surprising that all the tough unequal situations in the megacities have led to considerably more strikes compared with the rest of the country. The increasing strikes were mostly aimed at addressing work place injustice, in rank-and-file or wildcat styles, with no sign of posing any political challenge to the *status quo*. More importantly, how the workers subjectively responded to a series of class identity and socio-political issues reveals a weak cognitive agency. Although workers in megacities had a higher working class identification than the rest of the country, they had a weak class identity overall. On social and political issues, workers in megacities were economically more progressive than the rest of the country, for example on taxation. But, they were socially more conservative, such as on rural migrants' rights. Politically, workers in the

megacities were even more conservative, in terms of their willingness to participate in collective action, than the rest of the country. Class solidarity-wise, workers in megacities were less inclined to align with rural migrant workers and women workers. This represents a very weak sense of solidarity. All these subjective positions point to an overall weak and conservative cognitive agency of the working class in the megacities.

Chapter 5. The Working Class in Smaller Cities

In the previous chapter, we examined, in-depth, how high inequalities in the megacities had shaped the new working class, and greatly impacted on their class agency. The findings logically lead to another question: do the working class in megacities represent the whole Chinese working class? To answer that question, this chapter presents research findings from four smaller cities with a lower development level and perceived lower inequalities. The first section profiles the Chinese working class in the smaller cities, as well as explaining the context of development in the smaller cities. Section two discusses how economic, social and political inequalities have affected the working class in the smaller cities. The third section focuses on the working class's collective agency, especially their cognitive agency. The penultimate section discusses the findings of the case study in a Chongqing factory. The last section is the concluding discussion.

5.1 Working class profile

Smaller cities: an introduction

Chongqing, Hefei, Guiyang, and Yinchuan are the four smaller cities chosen for this research. Compared to the four megacities discussed in the previous chapter, there was a large difference in development level for these four smaller cities (Table 33). First, they all had a smaller population, except Chongqing. Second, the economic development level in these four smaller cities was much behind that of the megacities, and only slightly above the national average level. As a key indicator of economic development, their GDP per capita were all below the World Bank's high-income economy threshold of US\$12,736 in 2013.⁶⁹ For example, although Chongqing's GDP in 2014 was nearly the size of Guangzhou or Shenzhen, its GDP per capita was only a third of that in Guangzhou or Shenzhen. Internationally speaking, in 2014 Chongqing was at a similar economic development level to Cuba or Russia.

⁶⁹ According to the World Bank's website, the threshold in 2014 is US\$12,736 (GNI): <http://data.worldbank.org/about/country-and-lending-groups> (accessed on 25/11/2015).

Table 33 Economic Development Profiles of Smaller Cities 2014

	Population (million)	Area (sqkm)	GDP (billion US\$)	GDP per capita (US\$)	Average wage (US\$)	Min wage per annum (US\$)
Chongqing	29.70	82,400	230.00	7,763	7,852	2,419
Hefei	7.08	11,400	83.19	11,032	8,018	2,903
Guiyang	4.32	8,000	40.27	8,990	6,931	2,419
Yinchuan	2.08	9,555	22.51	10,909	9,211	2,419

Source: Statistical Yearbook, various cities, 2014 or 2015 (various units); minimum wages from Chinanews.com (accessed on 3 April 2015).

Among these four chosen cities, Chongqing is very big, with a population of a first-tier city. But its development level was the lowest. Hefei is a second-tier city, whereas Guiyang and Yinchuan are medium-sized third-tier cities. These four smaller cities are all inland. Their development took off after the megacities and coastal cities. The turning point was in 2000, when the ‘Great Western Development’ strategy was initiated by the state (Lai, 2002, p. 436). This strategy resembles the so-called ‘flying geese’ development model ⁷⁰(Kojima, 2000), with Chinese characteristics.

All four smaller cities are the main development centre of their respective region. For example, Chongqing became the fourth direct-controlled municipality by the central government in 1997, the only such municipality in inland western China. Traditionally, due to its geographical remoteness, Chongqing had been an important military base. Two thirds of China’s machine weaponry were made in Chongqing during the anti-Japanese wars and civil wars. Chongqing’s industries had diversified in the past decades. But unlike eastern China, its export sector was small due to its inland location. Instead, domestic-oriented consumer goods such as processed food, cars, chemicals, textiles, machinery and electronics were the common industries. Chongqing recently became China’s third-largest centre for motor vehicle production and its largest for motorcycles. In 2007, it had an annual output capacity of 1 million cars and 8.6 million motorcycles.⁷¹ Leading makers of cars and motor bikes included some of China’s biggest corporations, such as Chang’an Automotive, Lifan-Hongda Enterprise, and Ford Motor

⁷⁰ According to this theory, the main driver is that the lead goose has an imperative for internal restructuring due to industrial upgrade. As the comparative advantages of the lead goose push them further and further away from labour-intensive production to more capital-intensive industries, they shed the low-productivity industries to less developed regions further down in the hierarchy.

⁷¹ Critical Eye on Chongqing: Pillar of the West, China Business Review (Lammie, 2009, Jan 1).

Company, with the US car giant having three plants in Chongqing.⁷²

The other three smaller cities share a similar path of industrial development. Guiyang, for example, experienced fast economic development recently. As the capital city of one of the poorest provinces in China, Guiyang was once known for its reliance on old-fashioned state-owned enterprises. But now it is positioning itself as a centre for ‘big data’. Its party secretary, Chen Gang, used to serve as party boss of Chaoyang District in Beijing. Shortly after his appointment to Guiyang in 2013, Beijing’s ZhongGuanCun Science Zone and China’s Palo Alto signed an agreement to establish an operation in Guiyang. China’s state-owned telecom giants have invested in data centres in the city. Private companies such as Alibaba host cloud-computing facilities there. A high-speed rail connection with Guangzhou opened at the end of 2014, cutting the journey time to the economic powerhouse of the PRD from 22 hours to four.⁷³

Table 34 Urbanisation Smaller Cities vs Megacities 2000-2010

	Increase in urban land (sqkm)	Average annual rate of increase	Increase in urban population	Average annual rate of increase	Population density 2010 (sqkm/person)
PRD (GZ, SZ)	2,491	4.5%	14,921,980	4.5%	5,992
Shanghai	1,877	8.1%	10,175,349	5.6%	6,949
Beijing	889	4.0%	5,953,080	4.5%	6,151
Average		5.5%		4.8%	
Chongqing	265	6.1%	1,687,958	4.2%	8,497
Hefei	188	6.4%	1,946,828	8.0%	8,937
Guiyang	44	3.5%	622,833	3.6%	13,997
Yinchuan	85	8.2%	573,457	6.6%	7,736
Average		6.1%		5.6%	

Source: ‘East Asia’s Changing Urban Landscape’ (World Bank Group 2015).

In recent times, the urbanisation of these four smaller cities has been happening at even more spectacular speed than the megacities (Table 34). From 2000 to 2010, the average urban land expansion rate per annum in the four megacities was about 5.3%, and the average annual population increase rate was about 4.8%. For the same period in the four smaller cities, their respective annual growth rates were about 6% and 5.6%. Attention is drawn to Hefei, where the annual population growth was 8%. Or Yinchuan, where the urban land expansion had been

⁷² ‘Ford breaks ground on China plant key to growth plans’, from <http://www.reuters.com> (“Ford breaks ground on China plant key to growth plans,” 2012, Aug 27).

⁷³ For detail, see the website: <http://www.theworldin.com/article/10491/rising-suns?fsrc=scn/tw/te/bl/ed/theworldin2016> (Q. Liu, 2015, Nov 3).

growing at 8.2% per annum. Both cities' growth exceeded that of Shanghai, for example.

These four smaller cities were the exemplars of the second wave of economic take-off in China, following the coastal cities. They had emerged as the new economic power houses in China in the new century, and had eclipsed the megacities in terms of economic growth after 2005 (Figure 2). During the SOE reforms in the mid-1990s, smaller cities struggled from the painful transition to market economy and liberalisation of the labour market. GDP growth in the four smaller cities were below the megacities but were gradually catching up. From 2003 to 2013, the GDP growth in the smaller cities had stayed in double-digits, faster than the megacities. Particularly after the global financial crisis, the smaller cities' GDP grew, on average, 3 to 4% faster than the megacities, and remained above 10% each year. Guiyang, for example, consistently topped the chart of GDP growth in China's major cities. In 2014, Guiyang's GDP growth rate was 13.9%, when most of the other cities and the whole country struggled to accomplish the set target of 8%.

The profile of the working class

Who comprise the working class in the smaller cities? As urbanisation and industrialisation continue to proceed in the smaller cities, industrial workers become an important part of the total working population. To find out more about the population of the working class, I identified the major industries where traditionally unskilled workers were concentrated in, namely the manufacturing, construction and service industries (Figure 17).

These raw numbers, however, are not yet an accurate estimate of the number of people in the working class. Using the same method applied to the megacities, I estimated that about 30% of the staff were unskilled industrial workers in the manufacturing industries, 40% in construction, and 50% in service industries. This brings the total numbers of industrial workers in four smaller cities to as follows: 0.834 million industrial workers employed in the manufacturing industries; 0.984 million in construction; and 1.425 million employed in service industries. That is a total of 3.24 million industrial workers in four smaller cities combined, in 2013, about half the size of the industrial workers' population in the megacities. Industrial workers accounted for only 7.5% of the total residential population, also lower than that in the megacities.

Figure 17 Working Population in Smaller Cities 2013

Source: Statistical Yearbook, various cities, 2014 (unit: million people).

The sectorial composition of industrial workers in the smaller cities (Figure 18) displays a number of distinctively different characteristics to that of the megacities. The percentage of industrial workers employed in the construction industry in smaller cities is triple that of the megacities. Also, in smaller cities, manufacturing industries had the lowest percentage of industrial workers, showing the potential for these cities to further industrialise in the future. This also means more employment opportunities for the working class.

Figure 18 Sectorial Composition of Working Class in Smaller Cities 2013

Source: Estimated by the author.

Statistics from the CGSS survey 2013 show a rather different working class profile in the smaller cities to that of the megacities (Table 35). The new working class in the smaller cities were on average older, more rural, and much less educated than the working class in megacities. The average age in the smaller cities workers was 41, older than the average of 32 in the megacities. Only 27% of the workers held urban *hukou* in the smaller cities, compared with 38% in the megacities. About 8% of the workers had a college education in the smaller cities, less than half of their counterparts in the megacities.

Table 35 Working Class Profile 2013

	Age <35 yo	Avg age	Gender (M/F)	Rural or urban <i>hukou</i>	University / below university / no education
Megacities	53%	32	55%/45%	61% / 38%	18.1% / 81% / 0.8%
Smaller cities	49%	41	59%/41%	72% / 27%	7.8% / 80.5% / 9.8%

*Source: developed by the author; based on the CGSS 2013;
and the Migrant Workers' Report 2015 (NBS).*

Demand for labour

The above snapshot of sectorial composition of industrial workers shows services industries employed the most industrial workers in the smaller cities in 2013. This prompts a question: how much demand for employment was from different industries, and what were the changes over the years? State statistics show how employment numbers by the primary, secondary and tertiary industries have changed over the past two decades in smaller cities.

Employment changes in the three sectors show a trend of mild de-industrialisation followed by a process of considerable re-industrialisation in the smaller cities (Figure 19). From 1995 to 2002, there was a mild process of *de-industrialisation*. Similar to the megacities, the work force employed by the primary sector in smaller cities has continued to drop over the past two decades. The work force employed by the secondary sector in smaller cities also dropped, from 36.5% of the total working population in 1995, to 29.7% in 2002. The decrease in the primary and secondary industries gave way to a rapid expansion of tertiary industries. From 2002 to 2013, there was a robust process of *re-industrialisation*. As primary industries continued to decline, tertiary industries stabilised. Secondary industries, however, returned to a rapid expansion. By 2013, more than 41% of jobs offered were in the secondary industries, even exceeding the fast-developing tertiary industries.

Figure 19 Employment Composition in Three Industries Smaller Cities 1995-2013

Source: Statistical Yearbook, various cities, various years.

Figure 20 Capital Investment in Smaller Cities 1996-2013

Source: Statistical Yearbook, various cities, various years.

Apart from the process of industrialisation, capital movement also played a critical role in changing the labour demand. Capital increasingly favoured the smaller cities. Government-led projects and private investments continued to expand, while FDI increasingly favoured the smaller cities (Figure 20). Official statistics show that the four smaller cities took about 11% of

the national foreign capital investment and 3.4% of the domestic capital investment in 2013, a drastic increase from merely 1% and 0.5%, respectively, in 1996.

There has been a surge of capital influx in the smaller cities, really taking off from the mid-2000s. The SOE reforms between the mid-1990s and early 2000s coincided with the state's encouragement of foreign investment and private investment. This investment helped the process of privatising some of the less strategic SOEs. In Chongqing, for example, actual utilised capital, both domestic and foreign, increased explosively since the SOE reforms (Table 36). However, the most dramatic capital influx did not happen until after the global financial crisis in 2008. The three other smaller cities more or less follow a similar development pattern to Chongqing. In 2012, Foreign capital utilised was US\$1.91 billion in Hefei, US\$0.47 billion in Guiyang, and US\$0.13 billion in Yinchuan; all significantly higher than the pre-2008 levels. The explosive influx of capital from both domestic and foreign capital created more employment for the industrial workers.

Table 36 Actual Utilised Capital in Chongqing 1996-2013

	1996	2000	2005	2008	2012	2013
Domestic capital	3.41	4.30	20.59	84.28	591.46	600.72
Foreign capital	0.44	0.34	0.70	2.85	10.57	10.59

Source: Statistical Yearbook, Chongqing, various years, (Unit: 100 million US\$).

As demand looked optimistic and wages rose, more and more industrial workers chose to either stay or migrate to these smaller cities for jobs. This was particularly true after the global financial crisis in 2008, when manufacturing enterprises were forced to restructure or relocate to cope with the volatile domestic and international economic situations. Foreign capital was swift to react and increase their investment in the smaller cities. Consequently, the expansion of labour demand in the smaller cities continued to eclipse that of the megacities in recent years.

Supply of labour

Similar to megacities, there are three main sources for the work force that contributed to the army of industrial workers in the smaller cities. One source is laid-off SOE workers. Like the megacities, smaller cities experienced SOE reform in the late 1990s. By 2013, average employment by the SOEs had dropped from above 80% before the reform, down to below 20% (Table 37). Millions of laid-off SOE workers suffered during the transition period of the reform.

Some remained employed by SOEs with a minimum living subsistence paid, or were not paid at all. Some went straight into unemployment. Many had to go through further education or vocational training and struggled to get a new job in non-SOE enterprises. The difference in the smaller cities is that the portion of collective enterprises in the economy remained largely intact after the reform, still accounting for a fifth of the total employment in 2013.

Table 37 Employment by Ownership in Smaller Cities 2013

	Chongqing	Hefei	Guiyang	Yinchuan	Average
SOE	6.90	9.55	37.90	13.82	17.04
Collective	33.81	18.33	1.60	30.83	21.14
Joint Venture	2.00	11.36	n/a	14.68	9.35
HK MC TW	1.03	0.58	n/a	0.35	0.65
Foreign	1.14	1.05	n/a	0.86	1.02
Private	18.24	15.10	n/a	24.35	19.23
Individual	21.44	14.17	n/a	14.94	16.41
Others	15.45	29.86	n/a	0.17	15.16

Source: Statistical Yearbook, various cities, 2013 or 2014 (unit: %).

The second primary source for the working class is migrant workers. Urbanisation proceeded at a rapid pace after the reforms started. The average urbanisation rate for the four smaller cities in 2013 was 52.67% (Table 38). Of these, Yinchuan had the highest urbanisation rate, at 65%, whereas Hefei had the lowest rate, at about 37%.

Table 38 Urbanisation Rate in Smaller Cities 2014

	Chongqing	Hefei	Guiyang	Yinchuan	Average
Urban	58.30	37.60	49.47	65.30	52.67
Rural	41.70	62.40	50.53	34.70	47.33

Source: Statistical Yearbooks, various cities, 2013 or 2014 (unit: %).

Urbanisation happened necessarily in tandem with rural-to-urban migration. There were two ways that migration contributed to rising urbanisation in the smaller cities: internal migration, and cross-region migration. As most of the smaller cities were inland and less developed than coastal cities, not to mention the megacities, traditionally they were the cities that suffered from migration loss at the early stage of market reform. This trend, however, gradually eased, if not reversed. Take Chongqing as an example. According to a small number sample survey in Chongqing 2012–2013, the outward migration of Chongqing continued to drop. Fewer workers migrated out of Chongqing city, and more workers migrated into Chongqing from other cities between 2012 and 2013 (Table 39). Other smaller cities displayed a similar pattern of migration

in the past few years, particularly after the global financial crisis in 2008.

Table 39 Migration in Chongqing 2012-2013

	2012	2013
Outward migration	10.19	10.43
Outward migration outside Chongqing	5.34	5.31
Inward migration from outside Chongqing	1.35	1.43
Net migration	-3.99	-3.88

Source: Statistical Yearbook, Chongqing 2013 (unit: million people).

Thirdly, college graduates are another source of labour supply. Tertiary education had expanded extremely quickly over the last two decades. The number of students enrolled in tertiary education had increased eight- to ten-fold in these smaller cities between 1996 and 2013 (Table 40).

Table 40 Number of Enrolled Tertiary Students in Smaller Cities 1996-2013

	1996	2000	2005	2008	2012	2013
Chongqing	79.9	132.5	357.9	485.0	670.2	707.6
Hefei	n/a	58.9	242.1	372.6	458.4	557.2
Guiyang	n/a	n/a	n/a	n/a	n/a	n/a
Yinchuan	11.0	15.9	40.9	50.0	78.7	88.5

Source: Statistical Yearbooks, various cities, various years (unit: 1000 persons).

The rapid expansion of tertiary education in these four cities invariably put increasing employment pressure onto the new graduates each year. In Chongqing alone, about 203,000 university students graduated in 2015. The increasing numbers of graduate students in the job market was only one of the problems contributing to the mounting employment pressure in the labour market. The skills that students obtained from tertiary education not matching the demand from the employers in the job market was another major problem. This problem of supply exceeding demand for university graduates in turn created more downward pressure on graduates' wages in the job market.

Labour market and the reserve army of labour

The balance of labour supply and demand determines the employment conditions in the labour market. In the smaller cities, both supply and demand for labour have been increasing, overall, despite their own fluctuations. For example, the employment in the manufacturing industries

reflected the volatility of labour supply and demand in the smaller cities (Figure 21). Thanks to the increased inward capital movement, the smaller cities managed to get through the ups and downs of economic cycles and caught up with the megacities in 2008, and have maintained their advantage in labour employment growth against the megacities ever since.

Figure 21 Employment of Manufacturing Workers in Smaller Cities 1999-2012

Source: *Labour Statistical Yearbook, various cities, various years.*

In sum, the changing dynamics of economic development and labour employment in the smaller cities had significant impacts on the working class in many ways, such as employment opportunities, wage levels, working conditions, and collective bargaining capacity against the employers. All these impacts set the scene of the smaller cities for further discussion of the relationship between inequalities and the working class's agency.

5.2 Lower inequalities and the making of working class

The working class in the smaller cities faced different challenges to workers in the megacities. SOE reforms, volatile capital movement (capital flight at times), job-following herds of migrant

workers, and the abundant graduates had contributed to the army of the working class in the megacities. By contrast, in the smaller cities, extra-eager pro-capital local governments, inward capital movement, the return of outbound migrant workers, and many new graduates had forged the new working class. In this section, I discuss how economic, social, and political inequalities has impacted on the class experiences of Chinese workers in the smaller cities. These experiences are essential to the making of the new working class, in the sense of ‘class of itself’.

Economic inequality

As I did for the megacities, I examined economic inequality from the perspectives of income and wealth. The Gini coefficient is a good starting point to measure economic inequality. It is generally estimated that the Gini coefficient in smaller cities ranged from 0.4 to 0.45, according to Chinese official narratives. This means their income inequality level was lower than the megacities. For example, the Gini coefficient in Shenzhen was 0.49 in 2005, in the smaller city of Zhuhai it was 0.45, and in Yichang, 0.42 (UN 2012). Many argued these figures underestimated the real income inequality. This research largely agrees with that argument.

There is limited information about income inequality in the four smaller cities. But, government documents from the smaller cities did hint at their income inequality. In 2011, the then mayor said that Chongqing would put ‘managing income inequality’ into one of its development targets in its ‘Twelfth Five-Year Plan’. Specifically, Chongqing would endeavour to decrease its Gini coefficient from 0.42 to 0.35 in its Five-Year Plan⁷⁴. Firstly, if what the mayor of Chongqing said was true, a Gini coefficient of 0.42 in 2011 means income inequality in Chongqing was markedly lower than the national level, where the Gini coefficient was 0.47 at the time, and much lower than in a megacity, such as Shenzhen. Secondly, the Five-Year Plan’s goal to drive down income inequality to 0.35 means that Chongqing sought to transform itself into an economy with income inequality levels similar to that of the high-income social welfare states, such as Greece in Europe, or Taiwan across the Strait. Now almost five years on, we are in a good position to assess that goal set by Chongqing’s mayor. In what follows, I discuss income inequality in the smaller cities and how it impacted the working class.

⁷⁴ For detail, see the Chinese news website: http://news.xinhuanet.com/politics/2011-01/09/c_12960966.htm ("Chongqing Put Gini Coefficient Control into its Twelfth Five-Year Plan [in Chinese]," 2011, Jan 9).

As in the megacities, the majority of industrial workers in smaller cities were low-wage, non-skilled workers, who were mostly concentrated in the manufacturing, construction, and service industries. Their wages were closely related to the minimum wages set by the local government. Therefore, minimum wages were a key indicator of the industrial workers' income in the smaller cities. Minimum wages in these four smaller cities have been increasing. Most of the time, smaller cities were the followers of the megacities in terms of their minimum wages. However, a divergence happened after 2011, when the growth of minimum wages in the smaller cities started to stagnate while minimum wages grew at an accelerated rate in the megacities from 2011 to 2015 (Figure 22). The stagnation of the minimum wages in the smaller cities is clearly opposite to their plans to drive down income inequality.

Figure 22 Minimum Wages in the Smaller Cities 1993-2015

Source: developed by the author, based on the government websites and media reports (unit: yuan).

Why did the governments of smaller cities cease being a follower of the megacities on minimum wages after 2011? There are a number of reasons. First, local governments in the smaller cities prioritised GDP growth over low-wage workers' welfare. While GDP growth rate was closely monitored - monthly, quarterly, and annually - and growth targets were set by the local governments, the wages for the low-income earners were far less important in the government agenda. Since Provisions on Minimum Wages legislation was passed in 1993, and amended in

2003, local governments were legally required to adjust the minimum wages at least every two years. However, both the adjustment frequency and minimum-wage level in the smaller cities fell behind the megacities. Smaller cities adjusted minimum wages reluctantly when the two-year timeline loomed. From 2010-2015, for instance, megacities adjusted their minimum wages almost every year, whereas the smaller cities only adjusted two or three times. In 2014, for example, minimum wages in Chongqing was 1,250 *yuan* per month, one of the lowest in China, even lower than Hefei and Yinchuan. In 2015, Chongqing as a state-led municipality (alongside Beijing, Shanghai, and Tianjin), had a minimum wage set at only 62% of the minimum wage in Shanghai.

Second, local governments in the smaller cities put capital first and ahead of labour. In order to maintain fast GDP growth, local governments did everything they could to attract capital investment. One of the key tactics for smaller cities to maintain economic competitiveness was to have a wider wage gap between the low-wage unskilled workers and the skilled and professional work force. In an interview, a spokesperson from the Bureau of Human Resources and Social Security of Chongqing was not shy about admitting that ‘keeping the minimum wages low was a necessary and vital way to stay on top of the competition for capital investment with neighbouring cities and provinces’.⁷⁵ Up to early 2015, the minimum wage in Chongqing was lower than that of its neighbouring capital city, Chengdu - where the minimum wage was set at 1,400 *yuan*. However, the salaries for professionals and executives in Chongqing were generally higher than in Chengdu. For example, the average salary for employees in finance and banking in 2015 was 100,437 *yuan* per annum in Chongqing, 15% higher than the average in Chengdu, according to the Statistical Yearbooks of these cities.

Graduate salary is another key indicator of income inequality for the working class, especially because graduates increasingly filled jobs that used to be the preserve of poorly-educated workers. According a large survey (more than 350,000 samples) completed by the Market and Media Research Centre of Peking University in 2014, the average starting salary for all graduates nationwide in 2014 was 2,443 *yuan*. That converts to only about US\$2.5 per hour (assuming it is a full-time job with no overtime hours). A survey conducted by a consultancy

⁷⁵ For detail, see the website: <http://laodongfa.yjbys.com/zixun/260161.html> ("Minimum Wages Standard in Chongqing [in Chinese]," 2015, July 3).

(Maikesi) in 2012 showed that about 69% of university graduates earned less than 2,000 *yuan* per month, as starting wages, in China. In comparison, the average rural migrant worker in urban China made 2,290 *yuan*. This was widely reported by the media.⁷⁶

Table 41 Graduates' Starting Wages in Smaller Cities 2014

	Chongqing	Hefei	Guiyang	Yinchuan	Megacities	National
Graduate starting salary (yuan)	2,536	2,717	2,182	1,987	3,024	2,443
Graduate number (people)	203,000	n/a	103,690	n/a	614,000	7,490,000
Employment rate	63.92%	85%	n/a	n/a	67%	76%

Source: developed by the author; based on government websites and media reports.

The low wages problem for university graduates was worse in the smaller cities than in the megacities (Table 41). In most of the smaller cities, the starting salary for a university graduate was only slightly higher than the national average. Among the four smaller cities, the graduate starting salary in Hefei and Chongqing was 2,717 *yuan* and 2,536 *yuan*, respectively in 2014, slightly higher than the national average. The graduate starting salary in Guiyang in 2014 was 2,182 *yuan*, even lower than the national average. And even worse in Yinchuan, 1,987 *yuan*, or US\$2 per hour, about 20% lower than the national average. In some cases, university graduates were only offered the minimum wages as their starting salary. For example, in one of the job fairs in Yinchuan in 2011, most of the employers in the job fair offered a starting salary ranging from 1,200 to 1,500 *yuan* per month. The lowest starting salary offered by an employer was only 900 *yuan* at the time, exactly the same as the minimum wages set by the local government.⁷⁷

Besides the low and stagnant starting salary, graduates have been finding it increasingly difficult to find a job. Although official statistics show graduate employment rates were rising, from about 88% in 2008, to over 90% in 2010, many are sceptical about these figures. The 2013 and 2014 years were widely reported as the 'hardest job-seeking season in history' for graduates. During the job-seeking season of spring in 2013, only 52.4% of the Chinese students set to graduate had signed a job contract, down 7% from 2012. An online survey by Peking University

⁷⁶ For detail, see: <http://finance.people.com.cn/n/2012/0726/c1004-18600506.html> ("69 Percent Graduates' Salaries Lower than Rural Migrant Workers," 2012, July 26).

⁷⁷ For detail see: http://edu.ifeng.com/zhichang/detail_2011_03/10/5068414_0.shtml ("Better Education Does not Mean You are More Capable in the Job Market [in Chinese]," 2011, March 10).

in 2014 showed the overall employment rate was as low as 14.3%⁷⁸.

It used to be the norm that graduates, especially university graduates from famous universities, would head to the megacities, or at least one of the coastal economic centre cities. Things have gradually changed since the financial crisis. More and more graduates choose to go to the smaller cities. There are a number of reasons. First, the megacities were losing momentum, in terms of economic growth, compared with the smaller cities. Slower growth in the megacities means there were fewer new jobs created for new graduates. Secondly, compared to the megacities, the smaller cities had been catching up in terms of economic growth by implementing more aggressive policies to attract capital flows and investments. That of course provides more jobs for graduates. Thirdly, the high living cost in the megacities, especially skyrocketing housing prices, poor quality housing, and time-consuming commutes, altered the trade-offs for graduates when they chose between living in the megacities and living in smaller cities. Lastly, abundant labour supply (graduate, migrant etc.) created a highly competitive labour market, so most graduates were open to the option of working in smaller cities.

Minimum wages and graduate starting wages are two basic indicators used to estimate industrial workers' income. But they are only indicators. The best way to gauge wage differences is to get the direct wage data. According to wages survey website Jobui.com, the wages for the working class in the smaller cities were significantly lower than for the average work force in their cities, as well as for the working class in the megacities (Figure 23). I wish to highlight a number of particular characteristics here.

Firstly, overall wages in smaller cities were markedly lower than in the megacities. The *median* wage for smaller cities was about 3,500 *yuan* per month in 2014, which was 40% lower than in the megacities. Note that official state statistics show that the average wages in Chongqing was about 45,392 *yuan* per year in 2012, i.e. 3,782 *yuan* per month. In general, median wages are slightly lower than average wages, showing the wages data from jobui.com is quite reliable.

Secondly, the wages distribution for the whole work force was more concentrated in smaller

⁷⁸ See news website: <http://www.forbes.com/sites/gordonchang/2013/05/26/college-grads-are-jobless-in-chinas-high-growth-economy/#2390aeel1479> (G. G. Chang, 2013, May 26).

cities, while it was more polarised in the megacities. The majority of the wage income was concentrated in the 3,000 to 4,500 *yuan* range for the whole work force in the smaller cities, with a quarter of them falling into that range. In contrast, only 18% of wage income was concentrated in the 3,000 to 4,500 *yuan* range for the whole working population in megacities. Also, there were smaller proportion of workers in high income ranges in the smaller cities than in the megacities.

Figure 23 Wage Distribution in Smaller Cities 2014

Source: Developed by the author, based on data from Jobui.com.

Thirdly, the wages distribution for the working class in smaller cities was much more skewed, not just against the whole work force in the smaller cities, but also compared with their counterparts in the megacities. Like the megacities, construction workers had the highest wages amongst industrial workers in smaller cities. Their wages mostly fell into the 2,000 to 3,000 *yuan* range, still significantly (two ranges) behind the construction workers in the megacities, who mostly made 4,500 to 6,000 *yuan* per month. Manufacturing workers' wages came in second place, one range behind those in the megacities. Similarly, services workers' wages were the lowest among the industrial workers in the smaller cities. Staggeringly, more than 60% of the workers from service industries earned 2,000 *yuan* or less per month, whereas only 15% of them in the megacities did so.

CGSS's survey results provided another point of reference as to how much the industrial workers were earning in 2013 (Table 42). About 30% of workers in Chongqing earned 10,000 *yuan* per year or below. And 54% of them earned 20,000 *yuan* per year or below. This is significantly below the national average, and much lower than their counterparts in the megacities.

Table 42 Working Class Wages in Chongqing 2013

	Chongqing workers	National workers
10,000 <i>yuan</i> and below	30	13
10,000 to 20,000 <i>yuan</i>	24	13
20,001 to 30,000 <i>yuan</i>	16	15
30,001 to 40,000 <i>yuan</i>	10	10
40,001 to 50,000 <i>yuan</i>	8	11
Above 50,000 <i>yuan</i>	11	21

Source: CGSS 2013 (unit: %).

These two databases combined provide good insights into the wages income of the working class in smaller cities. For example, using 50% of the median income (3,500 *yuan*) as the *relative poverty* line, i.e. 1,750 *yuan* per month or 21,000 per year, more than 50% of the working class in smaller cities earned less than that. This percentage is even higher than their counterparts in the megacities (about 40%), and significantly higher than national population (about 15%, Li Shi 2013).

Analysis of minimum wages, graduate starting salaries, and the workers' wage survey support the underestimated income Gini coefficients in the smaller cities (official statistics suggesting the Gini coefficients in the smaller cities were lower than the national level). But, whether or not the income inequality in the smaller cities was higher than the megacities remains a question, because there was smaller percentage of workers earning higher wages in the smaller cities than in the megacities. Nonetheless, another important aspect of economic inequality – wealth – will be discussed next. Here, we focus on house ownership as a marker of wealth.

The working class in the smaller cities had a reasonably high ownership of housing property. According to the survey results of CGSS 2013, housing property ownership by the working class in 2013 was at 43.7%, about the same level as the national population. According to a study by Zhejiang University and Tsinghua University, housing ownership among the whole

population in Chongqing was much higher than the megacities.⁷⁹ Chongqing's overall housing ownership was 80.2%, ranked nationally at number 11. The four megacities ranked at the bottom of the 40 cities in the study. At the same time, renting, as a form of housing for the working class, was significantly lower in the smaller cities, not just lower than the working class in the megacities, but also lower than the national level. The CGSS survey shows that only 5.3% of the working class in Chongqing had rental housing, compared with national level at 13.3%, and the working class in Shanghai at about 20%.

Table 43 Housing Affordability in Major Cities 2015

	House Price to Income Ratio
Shenzhen	21.7
Beijing	20.1
Shanghai	19.7
Guangzhou	12
Heifei	9
Chongqing	8.7
Guiyang	7.2
Yinchuan	6.6

Source: developed by the author; based on the information from kanshangjie.net (2016)⁸⁰

How do we make sense of this higher housing ownership in the smaller cities? First, it is evident that affordability of housing property was much higher in the smaller cities than megacities. In 2015, the house price to income ratio in the smaller cities, for example, was only about half that of those megacities (Table 43). In other words, it only took about 8 years of household income, on average, to buy an apartment in Chongqing, whereas it took about 20 years in most of the megacities in 2015.

Secondly, there existed more 'grey areas' for informal housing in the smaller cities than in the megacities. The phenomenon of 'uncompleted-right houses', either for self-owning or for renting, was widespread in the smaller cities. It is estimated that there were more than 70 million units of uncompleted-right property nationwide in 2014.⁸¹ By definition, any property built on collectively-owned land is deemed as 'uncompleted-right houses' (*xiao chanquan fang*).

⁷⁹ Chongqing's overall housing ownership was 80.2%, ranked at number 11 nationally. The four megacities ranked at the bottom among the 40 cities in the study. For detail see: <http://www.cqgj.cn/html/news/2012-08/2154.html> ("Housing Ownership Survey: Chongqing Is far Ahead of Chengdu [in Chinese]," 2012, June 5).

⁸⁰ For detail, see: <http://www.kanshangjie.com/article/61203-1.html> ("House Price to Income Ratio in 35 Cities in China [in Chinese]," 2016, Jan 7).

⁸¹ See news website: <http://house.people.com.cn/n/2014/1025/c164220-25906324.html> ("70 Million Uncompleted-Right Properties Yet to be Legalised [in Chinese]," 2014, Oct 25).

Officially uncompleted-right property is illegal, as they have no official property entitlement recorded with the government. It is illegal to put such houses on the market for trade.⁸² Although they are illegal property, there has been massive interest in them, from parties such as the village-level government, village collective enterprises, villagers, and commercial property developers and investors. All are keen to capitalise on the lease of the collective land. The rising demand for the alternative housing comes from several sources. First, rural migrant workers who are working in the cities. Second, recent college and university graduates, who usually earn low wages and struggle to get a cheaper place to live in. And last, other low-income urban residents.

In Chongqing, for example, most of the uncompleted-right properties are owned by the villagers, the developers or those who have a connection with the developers. These properties are then rented to the poor and marginalised. In 2010, 57% of the uncompleted-right apartments or houses were rented to migrant workers working in Chongqing city. The second largest group of uncompleted-right property occupants are college or university graduates, who accounted for 30% of those living in these rental properties. Only a small portion of the occupants were urban-*hukou* residents who are either poor or whose houses were demolished by land grabs for urban development.⁸³

In summary, the working class in the smaller cities faced lower economic inequality. In terms of income inequality, it does not seem to be lower in the smaller cities than in the megacities as the official Gini coefficients show. In fact, the working class earned markedly lower wages than their counterparts in the megacities. The wage gap between the working class and the average work force in the smaller cities has continued to widen in the past decade. About 50% of the working class in the smaller cities lived under the *relative poverty line*, a higher proportion than that in the megacities. When it comes to wealth inequality, it is significantly lower for the working class in the smaller cities than the megacities, mainly because of housing affordability. The working class in the smaller cities had higher levels of housing property ownership, and a

⁸² The Interim Regulation on Real Estate Registration was promulgated and came into force on March 1, 2015. To integrate real estate registration responsibilities, regulate registration, facilitate the people's application for registration, and protect the lawful rights and interests of right holders, this Regulation is developed in accordance with the Property Law of the People's Republic of China and other relevant laws. (<http://www.lawinfochina.com>, accessed on 15/08/2015).

⁸³ For detail, see: <http://finance.sina.com.cn/roll/20070928/16191698237.shtml> ("The Dilemma of Uncompleted-Right Property [in Chinese]," 2007, Sept 28).

much lower percentage of rental housing than in the megacities, although informal housing with unclear property rights was quite common in the smaller cities.

Social inequality

To grasp the whole experience of inequality for the working class in the smaller cities, we need to understand how social inequality has affected the working class in areas such as education, health care, housing conditions, *hukou*, and social cohesion.

Firstly, the working class in the smaller cities was significantly less educated than the working class in the megacities. Results from the CGSS survey 2013 show that industrial workers, for example in Chongqing, were markedly less educated (Table 44). Workers with a tertiary education comprised only 6% of the workforce in Chongqing. More than 10% of the workers in Chongqing had no formal education at all, compared with the national average of 3.7%.

Table 44 Education of Working Class in Smaller Cities 2013

	College & University	Other education below college level	No formal education
Education level for workers in Chongqing	6	82.5	10.2
Education level for workers in Shanghai	18.1	81	0.8
Education level for workers nationally	7.1	88	3.7

Source: CGSS 2013 (unit: %).

Education is a key contributor to human and social capital. Poor education caused several disadvantages for workers in the smaller cities. First, less educated workers were more likely to be rejected by the employers, and subject to lower pay and other labour rights abuses. They also had fewer chances of moving upward on the social ladder. Second, poor education could potentially hinder the working class from uniting in collective action. It is often harder for the less educated workers to understand the nature of labour collective action. Therefore, it is harder for them to set the right strategies in place to achieve the broader social and political goals of a labour movement. Moreover, poor education among the workers often leads to intra-class fragmentation and conflicts. Less educated workers were more prone to be influenced by harmful social networks, such as gangster and crime groups, especially local identity based groups, or so-called fellow-townsmen associations (*laoxiang hui*).

Secondly, the working class in the smaller cities had overall poorer health conditions than those in the megacities. For example, Tables 45-47 highlight a selection of health measures taken from Chongqing. The CGSS 2013 results show that the health condition of more than half of the workers (56%) was average or below, significantly more than the national average population, and slightly more than the workers in Shanghai. About 44% of the Chongqing workers were more or less affected by their physical health conditions at their work place, significantly higher than workers in Shanghai and nationally. When it comes to mental health, workers in Chongqing also suffered more than Shanghai workers and their national counterparts.

Table 45 Health Condition of Working Class in Smaller Cities 2013

	Very healthy	Healthy	average	Not healthy	Very unhealthy
Chongqing	14	30	25	22	9
Shanghai	20	31.5	36.5	10	1.9

Source: CGSS 2013 (unit: %).

Table 46 How Physical Health Condition Affected Workers in Smaller Cities 2013

	Never	Seldom	sometimes	Often	always
Chongqing	22	32	20	18	6
National	63.8	17.1	11.7	6.1	1.3

Source: CGSS 2013 (unit: %).

Table 47 How Mental Health Condition Affected Workers in Smaller Cities 2013

	Never	Seldom	sometimes	Often	always
Chongqing	16	40	32	9	1.2
National	58.1	20	15.5	4.5	1.9

Source: CGSS 2013 (unit: %).

How do we make sense of these statistical findings about the poor physical and mental health conditions among workers in Chongqing? Answering this question requires discussion of a number of intertwined aspects. Work conditions in the smaller cities were related to workers' health. Work conditions in the smaller cities were usually worse than in the megacities. There were fewer strict regulations, and poorer implementation of the regulations, by the local governments on the shop floor environment, in areas such as health and safety and pollution. Smaller cities were basically the 'follower geese' that repeat the development path of the megacities. Profit-chasing enterprises, pro-capitalist local governments, less exposure to media scrutiny, and less support from international civil society all contribute to the challenging working conditions for industrial workers in the smaller cities.

However, the working class in the smaller cities were in general more satisfied with the health facilities compared to their counterparts in the megacities. As migrant workers have better chance to obtain the local urban resident *hukou* in recent years, the positive effects of having access to urban health care show up in the statistics (Table 48). The CGSS survey results show that industrial workers found that the health care services in smaller cities, especially in Chongqing, were reasonably convenient, as more than 20% of the respondents had positive feedback about the public health care service. Moreover, a lower percentage of Chongqing workers (17%) thought negatively in terms of how evenly the public health care services were provided across different regions, compared to that of 36% in Shanghai. When it comes to how well the health sector maintained its balance between serving the public good and meeting the market's demand, about 16% of the workers in Chongqing believed the public health services should be less commercialised and do more for the public good, compared to 35% in Shanghai.

Table 48 Health Care Facilities in Smaller Cities 2013

	Very negative	Negative	Neither	Positive	Very positive
Public health is fairly provided across regions?	2.7	14	22	8	2
Public health is for the public good?	3	13	23	7.7	0
Public health is convenient?	1.2	12	14	18	2

Source: CGSS 2013 (unit: %).

Thirdly, housing conditions are an important manifestation of social inequality. Since we have discussed the housing ownership of the working class in the previous section of economic inequality, here we focus on the quality of housing for industrial workers. Higher housing ownership in the smaller cities does not guarantee good quality of housing, because of the complex and diverse housing qualities in the smaller cities.

The CGSS survey 2013 traced public opinions of housing quality with well-designed questions. The results show that the working class in Chongqing were significantly more satisfied about local government's housing policy than workers in Shanghai (Table 49). The biggest contrast between Chongqing workers and Shanghai workers seems to be the issue of property price regulation by the government. A total of 17.5% of the working class in Chongqing were more or less unsatisfied with the local regulation on property price, whereas the unsatisfaction rate was 40% among the Shanghai workers.

Table 49 Housing Conditions in Chongqing 2013

	Very unsatisfactory	Unsatisfactory	Neither	Satisfactory	Very satisfactory
Low-rent housing	2	7	25	10	1
Public housing	0.6	5	28	9	1
Rebuild shanty areas	0.6	3	31	7	2
Renovate dilapidated rural housing	0.6	7	15	19	4
Property price regulation	2.5	15	17	7	4

Source: CGSS 2013 (unit: %).

Even though housing satisfaction rate for the working class in the smaller cities was higher than those in the megacities, housing conditions for the workers in the smaller cities remains a concerning issue. Many of the migrant workers, poor industrial workers, those who were in between jobs, and those who had no *hukou* registration at all, may physically work and live in the cities but socially are remote from the urban world around them. Perhaps it is not surprising that they were often missed out by the sampling of CGSS survey, and most of the social science surveys. Modern forms of poor housing thrived in smaller cities. For example, urban slums in Chongqing, the so-called ‘*container villages*’ came into being in 2014, where small flats were installed by using recycled shipment containers. Do not confuse this kind of housing with those modern property developments with modern and innovative architectural design. These ‘container village’ were extremely shabby, and usually shared by eight people in one unit, costing only about US\$1 per day.⁸⁴

Fourthly, the *hukou* system was much more liberalised in the smaller cities, compared to the megacities. Statistics show that the working class was more rural in the smaller cities. In Chongqing, for example, there were less workers holding non-rural *hukou* than in the national working class. However, a higher proportion of Chongqing workers were holding resident

⁸⁴ See report from a Chinese news website: http://news.china.com/socialgd/10000169/20150727/20084517_all.html ("The Containers' Village in Chongqing [in Chinese]," 2015, July 27).

hukou, an intermediate status toward a full urban *hukou* (Table 50).

Table 50 Hukou Composition in Chongqing 2013

	Rural <i>hukou</i>	Resident <i>hukou</i>	Non-rural <i>hukou</i>
<i>Hukou</i> status for workers in Chongqing	41.3	29.2	28.6
<i>Hukou</i> status for workers countrywide	52.4	9.7	37.8

Source: CGSS 2013 (unit: %).

The highly rural nature of the working class in the smaller cities is rapidly changing because of a pioneering reform of the *hukou* institution started in the smaller cities. Chongqing, for example, started its *hukou* reform in July 2010. Under its reform policy, the Chongqing municipality was divided into three zones: the main central urban zone, the district or county centres, and the township centres. Each came with different criteria for *hukou* conversion from a rural *hukou* to an urban one. The township centres were basically open to all migrant workers who wished to work and live there. In the 31 district or county centres, migrant workers could be granted urban *hukou* if they had worked or had business there for more than three years. Finally, in the main central urban zone, migrant workers would have worked in or run a business for at least five years, or purchased a residential property, to gain urban *hukou*. By September 2012, 3.5 million rural people, or 888,000 households, had been granted urban *hukou* in Chongqing.⁸⁵

The liberalisation of the *hukou* system in the smaller cities (something that remains impossible for rural migrant workers in the megacities) sounds like a humane policy toward the migrant workers by the local government. However, the liberalisation of the *hukou* system was, in fact, primarily driven by the local government to accommodate the interests of property developers. The over-capacity of the property supply became an alerting concern for the smaller cities, since the previously overheated property market left millions of apartment units to be sold. Migrant workers were encouraged by the local government to purchase residential housing property to enhance their chance of getting the urban *hukou* in the smaller cities, so that more apartments could be sold and a property market crisis avoided.

⁸⁵ For details see news by Chongqing Daily: http://cqrbeper.cqnews.net/cqrb/html/2012-09/28/content_1576309.htm ("More than 3.5 Million Rural Migrants Granted Urban Hukou in Chongqing [in Chinese]," 2012, Sept 28).

Last but not least, the various aspects of social inequalities discussed above - such as education, healthcare, housing, and *hukou* - not only have complex effects toward each other, but also have wider consequences on the working class's performance at work, and their social bonds and social cohesion within society. Statistics from the CGSS 2013 show that the working class in the smaller cities, in general, maintained closer relationships with their family and friends than their counterparts in the megacities (Table 51). For example, 30% of the Chongqing workers often socialised and visited friends and family, whereas less than 20% of the workers in Shanghai were able to do the same.

Table 51 Social Interaction in Chongqing 2013

	never	seldom	sometimes	often	very often
Chongqing	9	38	22	25	5.2
Shanghai	22.7	29.6	28	14.6	5.1

Source: CGSS 2013 (unit: %).

Table 52 Social Trust in Chongqing 2013

	Extremely disagree	Disagree	Neither	Agree	Extremely agree
Chongqing	5	16	13	59	6
Shanghai	10.1	22.4	16	43.4	8

Source: CGSS 2013 (unit: %).

In addition, the working class in the smaller cities had significantly higher social trust towards the others in the society, compared with the workers in the megacities. According to the CGSS survey (Table 52), more than 65% of the workers in Chongqing agreed that most people in society were trustworthy in 2013, whereas only about 50% of the working class in Shanghai had the same view. Moreover, the percentage of those who extremely disagreed in Shanghai was twice that of Chongqing. Some aspects of life in smaller cities worked in favour of social cohesion: more locals in the population meant city life was less of a culture-shock; and work in the smaller cities was more accessible. These aspects made it more likely that workers could build social bonds with other workers – who, after all, were more likely to share a similar identity.

Political inequality

The political realm most directly affected the working class and its agency. In this part, I

examine the degree that political inequality in the smaller cities has affected the working class. I look more closely at three aspects: work place democracy and participation, local elections, and support from civil society.

The first point to make is that the working class in the smaller cities had a significantly lower unionisation rate than those in the megacities. According to the CGSS survey results (Table 53). For example, Chongqing workers only had a unionisation rate of 3%, compared with more than 22% in Shanghai. Also, as many as 92% of the workers in Chongqing never had joined the union, whereas the equivalent rate in Shanghai was only about 45%. Union rates were clearly lower in the smaller cities, meaning that workers were less involved in the decision-making on issues that related directly to the workers. Lower union rates in the smaller cities also meant that workers had less collective bargaining power to address and redress problems when labour disputes did arise at work places.

Table 53 Union Rate in Chongqing 2013

	Yes	Used to be	Never
Chongqing	3	3.5	92
Shanghai	22.9	31.7	45.3

Source: CGSS 2013 (unit: %).

Table 54 Local Elections in Chongqing 2013

	Yes	No	Not eligible
Chongqing	54	43	3
Shanghai	57.6	38.9	3.5

Source: CGSS 2013 (unit: %).

The working class from smaller cities had a slightly lower turnout at local elections than in the megacities, but still higher than their national counterpart. Take Chongqing, for example. The CGSS survey 2013 results show that about 54% of the workers had participated in the local grassroots election, slightly lower than workers in Shanghai, where about 58% of the workers turned out (Table 54).

Local government policies can have a great influence on how equal a society is. Take the development strategy by the local government of Chongqing, for example. *The Chongqing Model*, advocated for a short period of time, was once hailed as a powerful alternative to the GDP-obsessed developmental model in most of the major cities. In 2011, Chongqing became

the first local government to put battling inequality into their five-year development plan. Hence, their two catchy slogans: ‘Narrowing the Three Gaps; Achieving Common Prosperity’. The Chongqing Model under Bo Xilai’s administration could be summarised down to four main aspects of economic and social reform. First, Bo pushed a public education campaign combining traditional Maoist virtues and a revival of Communist Red Song choir performance. Second, he reformed the urban-rural divided institution, the *hukou* system, and facilitated rural migration into the city and the broader process of urbanisation in Chongqing. A series of socially progressive policies were introduced to aid the migrant workers, such as building affordable housing, and access to urban schooling for the children of migrant workers. Third, Bo courted foreign investors and capital in general, and accelerated the industrialisation in Chongqing. Lastly, he initiated an anti-corruption campaign with a bolstered police force and increased foot patrols.⁸⁶ Although these policies were as short-lived as Bo’s political career in Chongqing, and Chongqing largely failed to achieve the goals of building a more equal society, the progressiveness of these policies (especially the aid to the migrant workers) and their long-term impact remain a debated issue in China.

One last aspect of political inequality to note in the smaller cities is the almost complete absence of labour NGOs and other independent labour support groups. As discussed in the previous chapter, all independent labour NGOs and support groups were located in the economic centres along the east coast in China, mostly concentrated in the PRD area. In essence, this isolates the working class movement in the inland smaller cities, because they have little if any support from domestic civil society and international labour organisations.

5.3 Agency and the making of working class

So far, we have discussed how various aspects of inequality have affected industrial workers in the smaller cities. These aspects of inequality are a manifestation of ‘class in itself’ for the working class in the smaller cities. In this section, we will look at how the intersection of various inequalities has contributed to shaping the working class’s behavioural and cognitive agency in the smaller cities, the so-called ‘class for itself’.

⁸⁶ See the online report ‘China’s falling Star’, (Johnson, 2012, March 19).

Behavioural agency

Industrial workers in the smaller cities were considerably less active when it came to labour collective action, for instance strikes, than workers in the megacities. According to the strike statistics of the China Labour Bulletin in 2015, there were 116 large-scale strikes in total in the four smaller cities from 2011 to May 2015 (Table 55), whereas the number was 486 in the megacities during the same period. That is, the number of strikes in the smaller cities was only 24% of strikes in the megacities.

Table 55 Number of Large-scale Strikes in Smaller Cities 2011-2015

	Chongqing	Hefei	Guiyang	Yinchuan
2015 (Jan-May)	10	3	5	2
2014	22	11	12	7
2013	10	10	9	1
2012	2	1	3	1
2011	4	3	0	0

Source: developed by the author, based on the data from China Labour Bulletin 2015.

However, the number of strikes in the smaller cities had been rising more dramatically than in the megacities. Take Chongqing as an example. Strikes recorded in Chongqing had gone up five-fold from 2012 to 2013, then a further two-fold from 2013 to 2014. This explosive increase in strikes in the smaller cities demonstrates a copycat process for the working class in the smaller cities, as they endeavoured to follow suit with the working class in the megacities in standing up for their rights. For example, in Oct 2012, about 4,000 workers went on a strike in the Foxconn factory in Zhengzhou city, north China. This was influenced by the continuous labour struggles by Foxconn workers in the megacities, particularly in the PRD, that started in 2010. About 2,000 workers started a strike at the Yue Yuen factory complex in Jiangxi province (a small city), southern China, joining at least 10,000 employees at another Yue Yuen factory complex in the PRD, who had been on strike since 14 April 2014.

In terms of causation, money is at the heart of why workers went on strike in the smaller cities (Table 56). Overall, nearly 70% of the strikes were triggered by wages disputes - either wage arrears or low wages. In the four smaller cities, more than half of the strikes were caused by wages arrears. In contrast, strike incidents caused by factory shutdowns, relocations and lay-

offs were far fewer in the smaller cities than in the megacities. Only 9% of strikes in the smaller cities were caused by capital relocation, less than half the proportion in the megacities. This confirms the idea, previously discussed, that smaller cities in general had a more healthy demand for labour thanks to the capital movement in favour of the smaller cities after 2008.

Table 56 Causes of Strikes in Smaller Cities 2011-2015

	Wages arrears	Relocation, shutdown, laid off	Low wages	No payment of insurances & fund	Others
CQ HF GY YC	52%	9%	17%	8%	14%

Source: developed by the author; based on the data from China Labour Bulletin 2015.

Apart from behavioural agency, cognitive agency is another crucial component of the working class's collective agency. In what follows, I analyse the working class's cognitive agency in relation to four aspects: class identification, social and political stances, willingness to undertake collective action, and class solidarity.

Class identification

Working class identity is analysed through two processes: self-identification and recognition by others. Firstly, it is important to look at whether the members of the same social class share the same identity and identification in order to find out whether the working class has achieved collective agency. The CGSS survey 2013 tested how the workers in Chongqing self-identified themselves in relation to pairs of contrasting identities (Table 57). The survey results show that the three top group identifications for the workers were: the masses (96%), the poorly-educated (85.8%), and rural person (80%). These three aspects were the primary determinants of how Chongqing workers perceived themselves. In contrast, the identification with the working class among Chongqing workers turned out to be very weak. Only 30% of the workers in Chongqing identified as a part of the working class, less than the workers nationwide, and significantly weaker than workers in Shanghai.⁸⁷ This could be explained by the fact that most of the Chongqing workers had a rural background. With 80% of the workers in Chongqing seeing

⁸⁷ Similar to megacities, the question used for the smaller cities asked participants to choose between the 'white-collar class' and 'working class'. The question design is not the best for reflecting the dynamics between classes. Other comparisons such as capitalist class and working class, or elite class and working class, would have resulted in different survey results and a different interpretation of those results.

themselves as rural person - which closely relates to the identification of peasants - it is natural that fewer of them would identify themselves as part of the working class, with its connotation of being urban workers.

Table 57 Working Class Self-identification in Chongqing 2013

	Chongqing workers		National workers	
Are you the rich or the poor?	3	76	2.5	66.6
Cadre or the masses?	2.4	96	2.5	93.6
Urban person or rural person?	16	80	33.5	57.2
Property owner or non-property-owner?	15.4	72.8	15.6	65.5
Manager or be-managed?	3	68	6	63
Well-educated or poorly-educated?	3.6	85.8	8.1	75.5
White-collar class or Working class?	3	30.2	5.7	45.5

Source: CGSS 2013 (unit: %).

Secondly, a shared identification of class position in the society is another important part of the working class identity and consciousness, and also one that ultimately contributes to the formation of collective class agency. Nationally, workers' class position self-identification was concentrated more toward the middle strata, with 68% of the workers identified as mid-lower strata 3 to 5, whereas workers in Shanghai identified themselves toward strata 4 to 6. Industrial workers in Chongqing, in contrast, had a much higher concentration toward the lower end of the strata, with 54% of them identifying themselves as strata 4 and below (Table 58).

Table 58 Self Class-Position in Chongqing 2013

	1	2	3	4	5	6	7	8	9	10
Chongqing	11.8	11.8	11.8	18.3	30.2	6.5	4.1	2.3	1.2	1.7
Shanghai	11.2	4	10.4	13.6	32.8	17.3	5.9	2.9	0.8	1.1

Source: CGSS 2013 (unit: %).

Thirdly, mutual class recognition and perception is diverse and fragmented among the working class in smaller cities. Here, the Chongqing figures represent the perceptions of the working class in the smaller cities, while the national figures show the national population's view on class conflict. Similar to megacities, class conflict was perceived by workers in the smaller cities and the national population as primarily concentrated on two flashpoints: between the cadres and the masses, and between the rich and the poor (Table 59). About 35% and 28% of

workers agreed on these two class conflicts, respectively, in Chongqing. The only class conflict involving the working class was between the white-collar class and the working class, and then only a tiny percentage⁸⁸. However, there is one noticeable difference in Chongqing workers. Whereas the two primary class conflicts perceived by the Shanghai workers dwarfed the other class conflicts, the conflict between the managers and the managed perceived among the Chongqing workers stood out, at 16%. This work place conflict is almost identical to the conflict between capital and labour, as workers do not make a clear distinction between the managers and the bosses. The result actually shows that work place conflict between the unskilled working class and the managerial worker force was quite common in Chongqing and other smaller cities.

Table 59 Perception of Class Conflict in Chongqing 2013

	Chongqing	Shanghai
The cadres and the masses	35.5	37.1
The rich and the poor	27.8	40
The managers and the managed	16.0	4.8
The ones with property and without	6.5	3.2
The urban and the rural	5.3	2.9
The white-collar and the worker class	0.6	2.7

Source: CGSS 2013 (unit: %).

Social and political stance

In order to fully understand the cognitive agency of the workers, we also need to get to know their political stance and social values, both of which play a critical role in guiding the working class's interests and goals in different social and political struggles. Firstly, a series of questions in the CGSS survey were used to find out some of the fundamental values of the working class in the smaller cities, and what stance they took over these issues. Again workers' responses in Chongqing provide an interesting contrast with megacity workers (Table 60).

On the questions of which group benefited the most in the reform, as well as the issues on migrant workers' income and their children's opportunity, workers in Chongqing gave quite similar answers to those from Shanghai. Hence, I do not repeat these issues here. Workers in

⁸⁸ This also has a lot to do with the way in which the CGSS survey framed the question as between the 'white-collar class' and the 'working class'.

Chongqing, however, showed some distinctive characters on other issues. One, workers in Chongqing exhibited considerable economic conservatism. For example, Chongqing workers had much more naïve idea about inequality, with 65% of them believing society was fair, 17% higher than the Shanghai workers. Only 67.5% of Chongqing workers agreed on progressive taxation for the rich, compared with nearly 80% of Shanghai workers. Two, workers in Chongqing were more socially liberal than Shanghai workers, especially when it came to the treatment of rural migrant workers. When asked which group deserved a higher income, the opinion-split between the professionals and the industrial workers was narrower among Chongqing workers (26% vs 23.7%) than Shanghai workers (56% vs 21.3%). In addition, 92.9% of the Chongqing workers agreed that rural migrant workers in the cities should have the same access to facilities and welfare as the urban workers, whereas only 72.5% Shanghai workers agreed so.

Table 60 Political Stance on Inequality and Distribution in Chongqing 2013

	Chongqing	Shanghai Workers
Which group has benefited the most in the past 20 years?	53.3 – cadres 0.6 - workers	56 - cadres 1 - workers
Which group deserves higher income?	26 – professionals 23.7 - workers	52 - professionals 21.3 - workers
Policy should be in place to improve workers and peasants' income.	94.7 – Yes 1.2 - No	93 - Yes 2.5 - No
Some earn more, others earn less. In general, it is a fair society.	65.1 – Yes 23.7 - No	48.2 - Yes 40.1 - No
Rural migrant workers in the cities should have the same access to facilities and welfare as the urban residents.	92.9 – Yes 1.2 - No	72.5 - Yes 17.3 - No
The rich should be taxed more to help the poor.	67.5 – Yes 19.5 - No	79.3 - Yes 11.4 - No
The children of workers and peasants have the same opportunity to become wealthy and well-respected.	72.8 – Yes 14.8 - No	75.8 - Yes 17.6 - No

Source: CGSS 2013 (unit: %).

Secondly, in regard to the workers' attitude toward some of the government policies, workers in the smaller cities were slightly more conservative than those in the megacities (Table 61). When asked how much free speech and criticism from the public should be tolerated by the

government - a highly politically charged question - workers were in general very conservative in their opinions. Almost 50% of the workers in Chongqing who responded did not challenge the notion of government-sanctioned public discussion. On the less politically-sensitive issue of family planning, i.e. the One Child policy, workers responded with clear majority support for the policy. More than 60% of the workers in Chongqing were positive about the One Child policy, despite the policy bringing about pervasive violations of human rights, especially for women and female infants in rural China. Lastly, on the issue of freedom to migrate - a more modest political issue, nearly 60% of the Chongqing workers agreed that the government should not intervene in where people choose to work and live. This of course is not a major surprise, as the Chongqing governments, as well as many smaller cities' governments, have started the *hukou* reform. This finding could well reflect that the working class in Chongqing, for instance, have benefited more from this reform, than those in the megacities.

Table 61 Political Attitude to Government Policies in Chongqing 2013

	Totally disagree	disagree	neither	agree	Totally agree
Government should tolerate criticism	10	38	29	19	3
Government should let go One Child policy	19	43	13	20	3
Government shouldn't intervene where people choose to work and live	4	22	15	42	15

Source: CGSS 2013 (unit: %).

Thirdly, attitudes toward general politics and democracy can be used to gauge whether the working class in the smaller cities were able to make independent and meaningful choices in terms of being a collective agent for political change. Some of the questions by the CGSS survey tested workers in Chongqing on their basic understanding of general politics and democracy (Table 62). Responses from the workers in Chongqing were quite similar to those in Shanghai, albeit with an even higher level of contradiction than in Shanghai.

On the one hand, workers in Chongqing seemed to be more conservative on issues to do with political participation. Nearly 28% of the Chongqing workers agreed that political participation should be left only to people with higher education and capability - more so than workers in Shanghai, where about 20% of them agreed so. On the other hand, workers in Chongqing tended to have an even more contradictory understanding of the basic concepts and operations of

democracy than Shanghai workers. Two questions were used in the survey to test the workers' understanding and stance on democracy. Although 72% of the workers in Chongqing agreed that 'democracy requires freedom of speech and decision making by the masses', the vast majority of workers (84%) also agreed that 'democracy means government makes decisions for the people'. This confused stance on the meanings of democracy among Chongqing workers was more obvious than those in Shanghai, where the split of answers to the two questions were 62.5% to 69.3%, respectively.

Table 62 Values on General Politics and Democracy in Chongqing 2013

	Chongqing workers	Shanghai Workers
Political participation should be left only to people with higher education and capability.	27.8 – Yes 62.1 - No	20.2% - Yes 72.1% - No
Democracy means 'government makes decisions for the people'.	84.0 – Yes 3.6 - No	69.3% - Yes 20% - No
Democracy also requires freedom of speech and decision making by the masses.	72.2 – Yes 16.0 - No	62.5% - Yes 25% - No
It is democracy only when the masses have the rights to vote and select their representative in local and central government.	76.9 – Yes 11.2 - No	82.7% - Yes 9.4% - No

Source: CGSS 2013 (unit: %).

How do we make sense of the conservatism and contradictions on politics and democracy among the workers in Chongqing - and most likely the other smaller cities? Two reasons already discussed for the Shanghai workers apply to Chongqing workers too. First, there is no social environment where democratic discussions and debates were encouraged, and supported by certain institutions, such as impartial media, academic and educational institutions and civil society. Second, the population had no practical experience in actually engaging in democratic activities, such as free elections or engaging with government policy debates. A further reason to account for the conservatism and contradiction among the Chongqing workers is their lower education levels than megacity workers. This had put up barriers in terms of their understanding and participation in politics and democracy.

A Willingness to participate in collective action

Although workers in Chongqing had a much lower unionisation rate, their overall willingness to participate in collective industrial action was not less than those in Shanghai (Table 63). In fact, Chongqing workers were less conservative than their Shanghai counterparts; 17.8% of the Chongqing workers chose the answer ‘not to participate, no matter what’, whereas 35% of the Shanghai workers chose this answer.

Table 63 Willingness to Participate in Collective Action in Chongqing 2013

	Chongqing	Shanghai
Strongly support, actively participate	16.4	20.3
Only participate, not to lead	25	22.7
Depending on how does it develop	28.5	22.9
Not to participate, no matter what	17.8	35
Others	12	1.9

Source: CGSS 2013 (unit: %).

Class solidarity

This is the last aspect of the cognitive agency to show the extent the working class in the smaller cities can build alliances and solidarity with workers with different identities. Similar to our analysis of workers in the megacities, we are going to look at how tolerant and embracing the workers in smaller cities were toward those oppressed and marginalised groups in the society (Table 64). This is important in modern social and political movements, because solidarity and alliances, instead of antagonism and factions, will gain greater support from a wider spectrum of the population.

First of all, workers in the smaller cities were significantly more liberal toward the issue of rural migrant workers than those in the megacities. The results of CGSS survey 2013 show that workers in Chongqing agreed at a very high rate (92.9%) that rural migrant workers in the cities should be treated the same as the other urban residents. Only 1.2% workers in Chongqing said no on this question, compared with 17.9% of workers saying no in Shanghai. This is logical when one considers that the working class in smaller cities is made up of a comparatively high proportion of workers with a rural demographic background.

However, the picture becomes more mixed when it comes to the issue of women workers. When

asked whether female workers should be laid off first when an economic downturn comes, 11.2% of the workers in Chongqing said yes, being indicative of a conservative stance and gender bias, which is slightly lower than the 12.5% in Shanghai workers. In contrast, 56.2% of Chongqing workers said no, being indicative of a liberal and supportive view of women workers, considerably less than the 72.4% in Shanghai. In other words, when it comes to women workers' rights, there were slightly fewer conservatives, at the same time considerably few liberals, among Chongqing workers' responses. This finding basically matches the common expectation that people from rural inland China are generally more culturally biased toward women, and more conservative on women's rights issue.

Last but not least, workers in Chongqing had quite similar attitudes toward the gay and lesbian group to those in Shanghai. In fact, the whole working class shared a common stance on this issue, in that about 80% of them did not support this marginalised social group. Although the issue of gay and lesbian community might seem a bit ahead of the politics - especially labour politics - in China, it is nonetheless an important indicator to show how mindful the Chinese working class is in building internal and external solidarity and alliances in order to become a stronger and more cohesive agent for social and political change.

Table 64 Class Solidarity in Chongqing 2013

	Chongqing Workers	Shanghai workers
Migrant workers in cities should be treated the same as the other urban residents.	92.9 – Yes	84.7 - Yes
	1.2 - No	8 - No
Female employees should be laid off first when economic downturn comes.	11.2 – Yes	11.5 - Yes
	56.2 - No	64.9 - no
Do you support homosexual behaviour?	2.4 – Yes	2.3 - Yes
	80.5 - No	83.2 - No

Source: CGSS 2013 (unit: %).

In sum, the research findings point to an overall weak working 'class for itself' in the smaller cities. In terms of behavioural strength, workers in the smaller cities did not strike as often as megacities workers, although momentum for taking strike-action was rising very quickly. However, when it came to workers' cognitive agency, workers in the smaller cities even outperformed workers in the megacities in some issue areas. Although workers in the smaller cities had a weaker class identification than megacity workers, they were socially more liberal

than megacity workers, such as on the issue of rural migrant workers' rights. They had a more naïve understanding of politics and democracy, but had a greater willingness to participate in collective action. Lastly, workers in the smaller cities had a slightly higher sense of solidarity than those in the megacities, mainly because they were much more likely to align with and support rural migrant workers, which is a core cohort of the new Chinese working class in the smaller cities.

5.4 Case: working in Chongqing

The previous sections have provided us with a basic understanding of the working class in the smaller cities, with a focus on how inequalities had an impact on their collective agency. This section is going to use a specific case study to enhance our understanding of the working class in the smaller cities. It examines workers in a real social setting, as a way of producing more detailed, specific and credible information. This case study was mainly built on my interviews and observations of workers from a factory in Chongqing, as well as NGO staff, and academics during my field research in Chongqing and Beijing.

Factory B was again an electronics manufacturer, but located in Yubei district, Chongqing. It was established in 2011 and is reasonably new. It is owned by a Chinese businessman from Guangdong province. There were about 2,800 employees in his Chongqing factory, along with five offices in Guangzhou, Hong Kong, and other main cities in mainland China. Almost all employees of the factory were shop floor workers, about 90% of them, whereas the majority of employees working in the other offices were professionals, managerial, and white-collar staff.

Because I only visited Chongqing very briefly, I got to know the factory and other workers mainly through a contact, Hongying, a 24-year-old local girl from Yubei, Chongqing. By talking to Hongying, I ascertained that the age range of the shop-floor workers ranged from 16 to their 50s. Unlike Factory A in Shenzhen, shop-floor workers in Factory B Chongqing were not predominantly young workers between 18 to 26. Workers here were spread fairly evenly from all the age ranges. Compared to Factory A, Factory B had a markedly higher proportion of older

workers (aged 35-50). About a third of the shop-floor workers were aged the 20 to 30, a third of them aged 40 to 50, and about a third from other age groups.

Aside from the age range, shop floor workers were diverse in terms of background. Gender-wise, about 60% of the workers were female. In terms of *hukou*, more than 50% of the workers had got a Chongqing local *hukou*; of these, roughly 60% were rural *hukou* and 40% were local Chongqing urban *hukou*. The rest of the workers had non-Chongqing *hukou*, i.e. they were cross-region migrant workers. Many were from other cities in Sichuan, others were from other provinces - mostly neighbouring ones such as Yunnan, Guizhou, Hubei, and He'nan. Of these cross-region migrant workers, most had rural *hukou*, but about 10% of them had urban *hukou* - mostly from adjacent urban areas in Sichuan province.

In terms of education, most of the shop floor workers had only a basic education, i.e. primary-to middle-school levels. A small number of workers had not finished primary school; they were assigned simple jobs, such as being security guards and drivers. These workers got their jobs in the factory usually because their family had connections with the supervisory and managerial staff. Workers without a minimum primary school education generally are not accepted to the shop floor job during the recruitment process.

Hongying was from a poor family in urban Chongqing. Her parents passed away in an accident when she was 8. She had been brought up by her grandmother and aunt. She did not perform well at school and dropped out at year-9 in middle school. She had been doing odd jobs since she was 16-years old, mostly helping her aunt at her neighbourhood grocery store. She also had done a few jobs in some of the local township factories before she joined Factory B in 2011 when it was first established. And she had been with this factory for three years now, her longest job so far.

Economic inequality

Like factory A in Shenzhen, wages in Factory B were determined by careful calculation. At the time when I interviewed the workers, the starting wage for the shop floor workers was 1,150

yuan per month. Accommodation and meals were provided, but fees were deducted from the wages. On the factory's recruitment poster, the basic requirements included: aged 16 to 45, basic literacy, and the ability to read 26 English letters, and no criminal record.

Although Factory B was reasonably new, I still managed to find out the pattern of wages hierarchy among all the staff and the changes that had taken place over a short period. From the wage structure (Table 65) we can see a few obvious gaps between shop floor workers and non-shop-floor staff (supervisors, managers and executives). Shop floor workers' wages remained slightly below the minimum wages set the local government of Chongqing, both in 2012 and 2014. Does it mean Factory B violated the labour law by paying workers under the minimum wages? Hongying said the factory's explanation was that they supplied plenty of subsidies on food, accommodation, and other welfare benefit in-kind as substitution for cash payment.

Table 65 Wage Hierarchy in Factory B 2011 and 2014

	Starting wage	Experienced	Supervisors	Managers	Executives
2014 (<i>yuan</i>)	1150	1380	1950	3800	8500
Wage gap	1	1.2	1.7	3.3	7.4
2012 (<i>yuan</i>)	960	1160	1600	2680	6600
Wage gap	1	1.2	1.6	2.8	6.8

Source: developed by the author; based on the interviews with workers in Factory B.

More importantly, the gaps between the shop floor workers' wages and the managerial staff's salaries had been widening. In 2012, executives' salaries were 6.8 times that of the shop floor workers', whereas in 2014 this gap had increased to 7.4 times. However, this gap remains considerably smaller compared with Factory A in Shenzhen.

Similarly, although basic wages rose in the past few years in Factory B, workers' take-home pay had not changed much. When Hongying started in the factory, she had a 6-month probation period when her basic wages were only 680 *yuan* per month. She had to work 5-7 extra hours every day to get a decent amount of wages at the end of the month. On average, she made about 1,850 *yuan* a month back in 2012. At the beginning, she was quite satisfied with this, as the wages were considerably higher than what she earned in the grocery shop and other little township or collective-owned factories. She thought she would make more and more money

each month after she finished the probation period, as long as she worked lots of extra hours every day.

However, things did not go how Hongying expected. After her probation period, Hongying got a pay rise in her basic wages, but she was assigned more fluctuating hours - depending on the amount of orders from the clients. Her average take-home wages were only about 300 *yuan* per month more after the probation period. Worse still was that since mid-2012, the factory had applied charges to food and accommodation, and these charges were increasing year by year. By 2014, Hongying's take-home wages were only 130 *yuan* more than her first year after probation (Table 66). Hongying was one of the least-paid experienced workers on the shop floor. Other workers with two to three years' experience usually got paid about 2,600 *yuan* take-home a month. Hongying said she was the least paid because of her poor education. Most of the other workers had a middle-school graduate education.

Table 66 Wage Changes in Factory B 2011-2014

	Basic salary	Overtime	Food	Accommodation	Take home pay
2012 (probation)	680	120-140	free	free	1850
2012 (after pbtn)	960	90-150	-50	-60	2150
2013	1080	80-120	-80	-100	2260
2014	1200	40-80	-100	-150	2280

Source: developed by the author, based on the interviews with workers in Factory B, (unit: yuan except time in hour).

When I asked Hongying about other staff's pay in the factory, she said she didn't mind that the supervisors and managers were getting higher pay because they had university degrees or special skills. What was unfair, for Hongying, was that some of the workers with no education or skills got higher wages than her, simply because they came to join the factory through their personal connections with the managerial staff. For example, one security guard got into the factory, one year after Hongying, straight from working in a farm from a rural village in Chongqing. All because his mother-in-law was a manager in the finance department of the factory based in the office in Chongqing CBD. Hongying continued, with a hint of frustration, that this guy worked as a security guard, one fixed shift 12 hours, basically just sitting there playing with his smartphone, and his wages were 2,200 *yuan* guaranteed.

Why were there older workers still working in the shop floor? I was curious. Hongying estimated, that about one third of the shop floor workers were in their 30s to 40s. Most of them were older workers with many years of experience. Many had worked in the ‘World’s Factory’ zone in the coastal cities, such as Shenzhen, Dongguan, and Suzhou. They returned to their hometown in Chongqing because life in the ‘World Factory’ was too tough, and the demand for workers had dropped, particularly after the global financial crisis in 2008. Even though they probably made higher wages in the coastal cities, they usually had to leave their family and children behind and deal with an expensive and isolated life in the big cities by themselves. In addition, after the crisis in 2008, there was a lot of uncertainty in the ‘World Factory’. Companies either did not offer as many working hours as before, or they simply did not need as many workers in the shop floor any more. This was either because they had upgraded their production technology - such as using robots - or the number of orders from the domestic and international market had been volatile.

The returning of this older generation of experienced workers from the ‘World Factory’ zone coincided with a shift of economic development that saw capital moving west and inland with cheaper production costs, and particularly cheaper labour. These experienced workers did not ask for much in wages in their hometown, because the living cost was not as high as that in the megacities. Hongying said, they were a highly sought-after commodity in Chongqing by the newly established factories. They were usually offered about 1,800 *yuan* as starting wages, slightly higher than the local workers. If extra hours were considered, their take-home wages would be around 2,400 *yuan* per month. Even this take-home wage was not as high as they used to earn in the ‘World Factory’, but returning workers were happier than before, because they now lived in their home town with their family, and living costs were considerably lower than the megacities. They could save more money than they did in the megacities. It was a win-win situation for the factory as well. When the factory opened in Chongqing, they could hire experienced workers relatively easier than in the coastal cities. These workers were remarkably productive and hardworking, and the factory saved about one third of the wages spent on shop floor workers in Chongqing than in the traditional ‘World Factory’ cities such as Shenzhen and Dongguan.

Although wages were relatively lower in Chongqing compared with Shenzhen, to my surprise, workers from Factory B had had a reasonable amount of savings. Hongying lived in the factory accommodation and spent her days-off in her grandma's place, which was only 15 minutes by bus. And because her living costs were quite low, she managed to save about 1,500 to 1,800 *yuan* a month. Also, because she did not need to save up for long trip home like those working away in the megacities, she ended up with a 60,000 *yuan* savings after three years working in Factory B. Hongying's aim was to save up to 150,000 *yuan* so that one day she could afford a small apartment in Chongqing.

Hongying also told me about those older-generation workers in the factory. They usually had quite considerable savings after years of working in the coastal cities. Some had bought their own apartment in Chongqing and had families with children. For example, one worker (Guoyu), with almost ten-year's experience working in coastal cities, got offered a job by Factory B in a promoted position as a shop floor supervisor last year when he returned from Guangzhou. He had just moved into a city apartment this year.

However, many workers lived in extremely poor situations and they had no substantial savings or assets. Their low wages were spent on family support. One scenario was that they broke the one child policy and had to pay the fine, up to 20,000 *yuan* per child, in the name of 'social maintenance fees'. Another scenario could be that they had family members with chronic diseases. Shop floor worker Jing spent all the wages on her husband's lung disease pneumoconiosis (black lung) that he got from working in a denim factory in Dongguan for 5 years. He received no compensation from the factory and returned to Chongqing with only minimal social welfare support. Jing had no savings but was in debt of 60,000 *yuan* for paying her husband's medical treatment and medication.

Social inequality

The social inequality faced by the workers in Factory B was a complicated and mixed picture. We will discuss the interview findings from the following aspects of social inequality: management at the work place, health conditions, education, social trusts and discrimination.

There is a diverse range of management styles seen in the manufacturing industries in the smaller cities. As the emerging economic powerhouses in the inland China, with an increasing capital inflow, smaller cities were the new hubs where new scientific management systems were introduced to the local less-developed economy, with a less educated work force. The end results were often *unbridled management*, where efficiency could be high. However, crude scientific management and poor work conditions - reminiscent of the early days in the ‘World Factory’ - had often been restaged and repeated in many manufacturing factories in the smaller cities.

In Factory B, social inequality began with the recruitment process. For most of the workers in Factory B, the experience of going through the recruitment process was neither transparent nor enjoyable. Like megacity factories, most of the shop floor workers were recruited through despatch agencies. More than 90% of the workers in Factory B got the job through a number of local Chongqing despatch agencies. Workers need to pay 100-400 *yuan* (\$15-62) as service fees as well as another 100 *yuan* (\$15) for the pre-hire health check. Although it was relatively easier to recruit workers in Chongqing than in megacities since 2012, local municipal and district governments had been keen to assist in the kick-off of the new factory. Hongying said, facilitated by the district government, hundreds of students from local vocational schools were sent to the factory for *internship*. They worked for 3-12 months, with low pay or no pay, to meet their program requirement by the schools. Other forms of discrimination were prevalent during workers recruitment. Workers were declined employment for reasons such as having a tattoo in visible parts of the body; being pregnant; and failing to present one-child certificate. Hongying recalled that once, a Uyghur-looking young lad was declined for a job with no explanation from the factory.

Long and unpredictable working hours were cruel to workers. Factory B applied a two, 12-hour shift system for shop floor workers. The day shift went from 8am to 8pm, and the night shift from 8pm to 8am. Workers were allowed to have meal and tea breaks up to four times a shift. They used clock machines to register their work hours. If they forgot to do so, they would have to tell supervisors, otherwise their unregistered hours would not be calculated and paid. On average, shop floor workers I interviewed worked between 15-16 hours per day, seven days per week, at rush times; or merely 5-6 hours, 4 days per week, during the low season.

The factory adopted the *Comprehensive Working Hours System (Zonghe Gongshi zhidu)*. Employers can take a month, a quarter, six-months, or even a year as the calculated period for overtime. This system usually was designed for some industries where a regular work pattern of an 8-hour work day, 40-hour work week is not practical, such as some long haul drivers, seasonal workers, and so on, and it should be approved by the government. Nonetheless, Factory B managed to have the permit from local district government. Under this flexible-hour system, even if workers' work time was over 8 hours in a day, the excess was not counted and paid as overtime hours, as long as their actual accumulated hours was not over the legal limit within a certain longer period of time - such as a month or a year. For example, Hongying's work hours per day fluctuated between 5 hours in quiet time, to 16 hours when an urgent order was received from clients. However, she hardly received any overtime pay because her total hours were not over the legal limit for a month. From managers to supervisors, all had attended training on production time management, and had a responsibility to keep the productivity high and labour costs low.

Time management was even harsher when it came to new and inexperienced workers. Overtime was imposed on new and slow workers. Some of them had to work 4 to 7 extra hours per day in order to finish the work target set for them. But they were not paid overtime for the extra hours. The factory said these workers' performance was not up to the standard yet and they were under training and probation. There were other unpaid hours too. This applied to all shop floor workers as they had to spend 30 minutes before and after work to attend work meeting on matters such as motivation, performance and discipline. These times were not paid for either.

Crude management style and unreasonable rules for the workers were common, according to the workers interviewed. Most of the newly recruited workers went through a short but intense program of induction. It ran over one day and used a kind of military style of training to indoctrinate the idea of absolute obedience into the new workers. It usually involved activity such as military marching, standing for long periods, and listening to military discipline lectures and so on. After that, every worker would attend a pre-work section of gathering presided over by the supervisor. The supervisor would reinforce the military doctrines set forth during the induction program over and over every day, and would add on other matters such as work motivation, efficiency, discipline, and obedience. Sometimes supervisors would publicly denounce workers with poor performance or disciplinary problems, and give them a warning or even publicly humiliate them. One worker recalled that the supervisor of her assembly line once humiliated a new worker by yelling at him that 'you are more stupid and clumsy than a pig; even a pig can learn faster than you.' There was a common saying in the factory that 'supervisors act like they are the emperor in the assembly line but behave like a minion in front of the managers and boss'.

There were numerous strict rules on the shop floors, in the canteens, and back in workers' dormitories. On the shop floor, workers were not allowed to sit during the whole shift; they had to remain standing for 8 to 16 hours - depending on the length of that day's shift. Although the factory claimed that two ten-minute breaks were given to the workers, many workers had to skip breaks because the work target set by the supervisors were usually too high. Hongying said she would end up having swollen legs when she finished a shift lasting more than 12 hours. She could do nothing but lay down on bed when she got back to the dormitory.

Back in the dormitory, the supposedly personal space had nothing personal about it. There were posters ubiquitous on the walls with a long list of things forbidden. To name just a few: workers were not allowed to bring friends and family to their rooms; not allowed to eat in the room; and not even allowed to have their own key to the room – instead, they had to use the key by leaving their work ID to the security guard.

Military discipline and scientific management had had a great impact on the workers' health conditions, both physical and mental. Many workers had physical health problems related to work. Common problems included: muscle pain or joint problems from standing for long periods on the shop floor; and respiratory and lung diseases from bad ventilation, the dusty work environment, or long-term contact with chemicals. Hongying had had asthma since the second year she worked in the shop floor, and it had gotten worse recently. She had to take many days off two months ago, and she had been on medication.

Mental problems leading to resignation in Factory B were reported as being not as common as in Shenzhen. Usually when workers found they were in emotional and mental trouble, they would choose to take some leave and spend some time with their family. Many of them would feel better and came back to the factory, Hongying said. She had to take two weeks off at the beginning of 2014 because she was feeling disinterested in things and depressed at times. She returned eventually as she could not find anything that looked more promising than the job in this factory.

As *hukou* reform first took place in smaller cities, many workers, especially the migrant workers, were entitled to obtain Chongqing *hukou*. This was because they had a job for consecutive years, and had their own permanent residential apartment in Chongqing. Many of them were able to afford a city apartment because they had financial support from the whole family. Most of the workers from my interviews believed they basically had the same access to local facilities as the local residents, such as adult education or vocational training, healthcare, and the unemployment benefit. When asked whether she had any plans for further education and preparation for better job, Hongying said she was feeling too old and it was too difficult for her to study again. Likewise, many of their children were able to access the local public school as long as they went through all the bureaucracy and got all the paper work completed.

From the liberalised *hukou* reform in the smaller cities to the better access to public facilities for the workers, it is perhaps not surprising to see better social trust among workers in the smaller cities. Workers I interviewed from Factory B by and large confirmed this positive development in the smaller cities. More than three quarters of the workers interviewed said they

were satisfied with the bonds and communication they have their family and friends. This is simply because most of them were from Chongqing or somewhere not far from Chongqing.

Interviews with the workers in Factory B also demonstrated a stronger social trust toward others in the society, and less social discrimination by others, compared with those in the Factory A. About 60% of the interviewed workers had positive comments about the trustworthiness of their peer workers and society in general. Less than half of the workers expressed concerns about discrimination or shared actual experiences of being discriminated against.

Political inequality

Interviews with the workers from Factory B show that by and large they had very limited knowledge about political representation and participation; their emerging collective actions mostly mimicked those in the megacities; and they often turned desperate and violent without proper organisation and support.

Workers at Factory B had very little idea about workers' organisation, especially the younger generation. Many workers said they had not heard of the ACFTU. Some workers said the ACFTU was only set up for workers in the SOEs. Older workers recalled that they had seen officials from the ACFTU when they worked in the 'World Factories' in cities such as Shenzhen or Guangzhou. Officials from the ACFTU were despised, because they usually took the side of the factory's management. Most workers did not know they can elect and run their own trade unions in the factory. In fact, most of the workers had a quite naïve idea about trade unions. To their knowledge, a trade union was like a state department, one that was supposed to control the workers and make sure no strike happened in the factory. In fact, a trade union was only established two years after the factory was set up. The chairperson of the union was the administrator of the executive office. He had gradually formed the union committee by identifying a small pool of worker representatives that he trusted - mostly supervisors and managers - and occasionally a few shop floor workers who did not make trouble. His role in the union was to build relationships with the workers representatives internally, and externally with the district government and ACFTU Chongqing.

When it came to industrial disputes, workers usually felt hopeless and even desperate whenever labour disputes happened in the factory. Supervisors and managers were often not approachable. In the beginning, workers usually used passive aggressive tactics, such as work stoppages and slow-downs, but these would eventually hurt themselves by affecting their wages. Workers then turned more aggressive or radical at times when it came to dispute resolution. Once, a worker stabbed a manager from the HR department because his resignation was not accepted and his ID card was held by the HR department. Other workers chose the opposite end of radicalism – suicide, in times of desperation. Hongying recalled that there had been two suicide attempts since she joined the factory, but fortunately both workers were saved.

Behavioural agency

Workers in Factory B were too disorganised to put forth any proper form of union, though strikes had just been discovered by the workers as a fashionable and effective way to get what they wanted. Strikes only became a thing for the workers from mid-2013 in Factory B. Before that, strikes were unheard of among the workers. Quite a few workers commented that the idea of strikes was spread from the megacities, especially from the ‘World Factory’ zone in the PRD. They watched the state television news when rural migrant workers went on strike, in various dramatic ways, such as threatening suicide and hijacking the factory boss. And usually the workers ended up getting what they demanded, such as a pay rise, or payment of arrears. So for the workers in Factory B, state television news and the other media were like an educational channel, where they learned new instruments to deal with industrial disputes in their own factory.

Apart from responding to labour disputes in whichever way the workers chose to, the remaining workers had to ponder the question of whether they should stay or leave. Many chose to leave. Because many workers were poorly educated, few better options existed for them. Many ended up taking the ‘easy ways’ to get rich: ‘male workers turn bandits; female workers turned prostitutes’ was a semi-mocking saying among workers. When asked to comment on this saying, Hongying laughed at first and then gave a long sigh, ‘they had no choice and I don’t blame them’. She said it was more so for the girls. When girls were tired of the factory, they

want something quick and pragmatic. The lucky ones were those who became a mistress of someone rich and got looked after (free apartment, monthly pin money etc.); the not-so-lucky ones ended up in night massage parlors.

Male workers usually had more options than the women. Many had been tempted by the idea of setting up their own small business, usually a grocery store, a machong parlor, a pool table bar, or going back to do modern farming. Some did go the 'easy way' and became a bandit, usually ganging up with other workers from the same village or province (*laoxiang hui*). Hongying said, sometimes she saw village gangsters gathered at the entrance of the dormitory who were trying to get more subscriber workers to expand their influence and territory. They usually ended up doing all the typical bandit things: robbery, street fighting, drugs, and other illegal businesses. In Chongqing since the early 2000s, this type of gangster - formed by laid-off workers - has become increasingly common.

Cognitive agency

According to responses from the interviewed workers in Factory B, most had a weak sense of belonging to the working class, especially when the term denoted the Maoist class struggles. Instead, they adopted a diverse blend of identities, old and new, local and foreign.

Many workers, especially the younger workers, had little idea what '*gongren jieji*', or the working class, is. Nor did they have much knowledge about what the Chinese working class had done during the revolutionary periods. They were educated from primary school that the working class and peasant class coalition were the foundations of the Chinese state. And yet most of them cannot relate that idea to the realities of their working life. Hongying said, 'where is the working class? I couldn't see it. In a market economy, we are free workers; we are '*nongmin going*' (rural workers). We need to work hard so the boss will reward us more.' Most of the young-generation workers shared this view.

The older workers had a different take on of this working class discussion. Yong and Ming talked in telephone interviews. They were both in their early 40s. Ming had worked in a SOE

for more than 20 years. Ming still remembered the good old days in *danwei*, where everything (aside from wages) was taken care of: such as housing, children's education, medical care, social life and entertainment. 'It is change of an era. After a massive detour, we are poor proletariat again and exploited by the capitalist.' Ming said. 'And there is nothing we can do about this. It is a market economy now, and we don't want to go back to the dark ages again. Things would not get much better for us. We have poor education and we are peasants.'

Yong returned from working in Shenzhen for more than ten years. 'Who cares about the working class? In fact, you better not to mention the 'working class' when you negotiate with the bosses and the government officials. It is a dangerous word that you might be put into jail for being a revisionist and anti-revolutionary, stirring up the class struggles within the masses (*renmin qunzhong*), and damaging the unity of Chinese people. We have seen this enough in Shenzhen.' Instead, Yong continued, 'tell them that we are the poor rural migrant workers (*nongmin gong*), and we need help from the government to protect our legal rights that we are entitled to have decent wages on time, and no wage arrears should be allowed from the employers. Yeah, just say *nongmin gong*. This is a popular and welcome name for us. And the CCTV news will come and help if you say *nongmin gong* and wages arrears.' Yong sounded particularly proud that he knew how things work in China.

When it came to the question of who is the ruling class, workers' responses show a generational difference. Most of the younger workers did not think that China was led by the working class, since they did not even know much about what the working class is. Hongying said China was led by '*dang guan de*' (government and party officials). And many young workers shared this view. Others answered 'the wealthy' and 'those with connections'. In contrast, older workers had a slightly different view. Ming said, 'the party officials had too much wealth and too much power. They ruled the country but they are not the working class or peasant class. This is not right. There would be reckoning someday. We, the working class will return and wear the breeches (*dangjia zuozhu*).' Yong had an even more pessimistic prospect, perhaps coming from his tough life experience from the 'World Factory'. He said, 'people at the top are gangsters, they have both money and power, and the networks. Officials are the bosses, the bosses are the officials. It was too tough to stay in Shenzhen. Things are slightly easier here, but sooner or

later it will become another Shenzhen here. If you want change, save up some money and be your own boss.'

Workers in Factory B had an almost unanimous response to the issue of rising inequality. Many workers knew that society was getting much more unequal, although China was getting bigger and wealthier as an economy. Hongying said, 'our country is getting bigger and wealthier, but why can't I feel the same, nor can my family? Working in the factory feels like living in a different world, and I don't think people outside the factory, especially those rich people, can understand what it is like here.' Ming said, 'factory workers are left behind at the bottom of the society. There is no hope that people at the top would change this. They got rich because we workers created the wealth and all have gone to their bank accounts. Why would they change that?' Yong said, 'Who said the world should be equal? Only the smart and those who know the right people can be the winners. Workers could be the bosses someday. Whoever understands the times is a great man.'

Since the workers saw the primary structural problem lay in the issue of inequality, rather than class conflict, what did they think the workers can do to deal with the issue and make changes? Workers from Factory B were almost uniformly pessimistic about workers' capability of changing the system. Hongying said, 'workers are poor peasants, we don't fight with the powerful. We need help, perhaps the media, scholars and ask the government to have a look at our life and help us?' Ming said, 'there is no way workers can challenge the state. They can lay off millions of SOE workers, which means they had made the hard decision. It is impossible for them to go back to the old history of *danwei*. Workers are abandoned by the state already.' Yong said, 'don't even try. They failed miserably in Shenzhen. Even if you win and get the wages a bit up, they had other ways to make your life difficult. Leaders and trouble makers would be punished, and watch out for your family too. Government officials in Chongqing, they are worse; they are the same gang as the factory bosses.'

However, workers in Factory B exhibited more enthusiasm toward collective actions, though with little knowledge about class solidarity for social movement. Most of the workers in Factory B were more inclined to participate in a collective action, to either support other workers in

trouble or to advance the whole factory workers' rights. They had a stronger sense of belonging to the collective identity of 'the workers' family', or 'brothers and sisters'. This could explain, or perhaps be explained by, their stronger sense of social trust in a more closely knitted community, compared with those working in the megacities. Nonetheless, they had little idea what class solidarity is. Most of them believed that other marginalised groups (except rural migrant workers), such as women and gays and lesbians, are different to workers' issues, and irrelevant to the success of the workers' struggles.

In sum, the Factory B case study in shows some idiosyncrasies in the lives of shop-floor workers that is both similar to and different from workers in the megacities. Firstly, shop floor workers in Factory B had very low wages, considerably lower than the wages of megacity workers. But, overall, the wealth and asset possessions of Factory B workers were reasonably more substantial than those living in the megacities - partly because living costs were lower in Chongqing, and workers can access family support more easily than those working in the megacities. Secondly, workers in Factory B faced a very tough management style, in some aspects even tougher than what occurs in the megacities. But they suffered less socially because of better support from family and friends. Thirdly, compared to megacity workers, workers in Factory B had fewer opportunities to voice their dissatisfaction with work issues, and for building their own trade union to enhance their capacity of collective bargaining. Finally, workers in Factory B show much less knowledge about the history and politics of the working class and they had weaker self-consciousness of being part of the working class, compared with workers from the megacities. But they had better sense of unity when it comes to collective action. Workers in the smaller cities also had a more pessimistic attitude toward the role of workers and the working class, and toward the question of whether the workers can be united to change the *status quo*.

5.5 Conclusion

Four smaller cities used to play a secondary role in the national economic development and employment hierarchy, 'insipid, yet one loathes to part with it' as many workers commented.

Recently, however, the four smaller cities have re-staged the miraculous economic take-off that occurred in the megacities at the early time of reform, the so-called ‘Shenzhen speed’. They had indeed overtaken the megacities in terms of both urbanisation growth and economic growth. More local workers and those around the region chose to stay in the smaller cities. Even many outward-bound migrant workers returned to make the most of this development boom. One of the decisive drivers behind this boom was the local government’s pro-capital policy, which complemented almost perfectly with capital’s pursuit of higher profits and lower labour costs. The alliance of these two not only poured oil on the fire of development - leading to more employment - but also created an environment ripe for the capitalists and local officials to take advantage of the cheaper labour.

Despite a lower income Gini coefficient according to the official statistics, inequalities had been rising and shaping the new working class in the smaller cities. Economic inequality was high as shown by income and wealth. Although the wage structure in the smaller cities was less polarised than in the megacities, workers experienced even lower absolute wages, with more than 50% of the working class living under the relative poverty line. However, wealth inequality was lower in the smaller cities, mainly because properties were much more affordable, which explains why overall economic inequality was lower in the smaller cities. Social inequality was not as high as in the megacities, because workers in the smaller cities had a greater chance to get local urban *hukou* – and hence access to most of the local facilities and more affordable housing. In addition, a higher proportion of the workers came from the cities themselves or the surrounding regions. This logically links to the finding that workers in the smaller cities had significantly higher social trust and cohesion than those in the megacities. Political inequality was similar in the smaller cities to that in the megacities, simply because the basic political institutions were similar across the country. However, workers in the smaller cities had a lower unionisation rate, and nearly no support from labour NGOs.

Similar to the megacities, these research findings point to an overall weak working class’s agency, or ‘class for itself’, in the smaller cities. In terms of behavioural agency, workers in the smaller cities put forth far fewer strikes than those in the megacities, though they had started to catch up quickly. However, when it comes to workers’ cognitive understanding, workers in the

smaller cities outperformed workers in the megacities in some issue areas. Although workers in the smaller cities had weaker class identification than megacity workers, they were socially more liberal, such as on the issue of rural migrant workers' rights. They had a more naïve understanding of politics and democracy than those in the megacities, but were more willing to participate in collective action. Lastly, workers in the smaller cities had a slightly higher sense of solidarity than those in the megacities, mainly because they had a much greater tendency to align with and support rural migrant workers. But, after considering both the behavioural and cognitive strengths, the overall conclusion of this chapter is that the working class in the smaller cities had a weak agency for social and political change.

Chapter 6. Discussion and Conclusion

This chapter presents a comprehensive discussion of the research findings and some concluding remarks. It is divided into four sections. The first section summarises the most important research findings, including the answers to the main research questions, the main arguments based on the findings, and how we make sense of those findings. Section two discusses the theoretical and empirical significance of the findings. A pluralist framework is established that demonstrates why inequality and cognitive agency are two important analytical factors in the study of Chinese labour. It also highlights why these two new dimensions of labour study are significant to the literature. Section three discusses the potential contribution of the study to a wider audience, such as labour NGOs and support groups, intellectuals and the public, and policy community. It also summarises the limitations of the research, and makes recommendations for future research. Section four ends the chapter and the whole study with a number of concluding remarks.

6.1 Research findings and discussions

In this section, I would like to summarise the key research findings. After a two-case comparative study of the Chinese working class in the megacities and smaller cities, the research shows that megacities and smaller cities were at very different development stages, with varied inequality levels and distinct dynamics of capital movement. This posed different and unique challenges to the working class and their construction of collective agency for social and political change. This study establishes that the Chinese working class, in both the megacities and smaller cities, had not become the much hoped-for substantial and cohesive agent for social and political change, in the face of rising inequalities and volatile capital movement. By and large, the research findings also confirm the initial *hypothesis* that the more developed a Chinese city is, under the Chinese model, the greater are its inequalities, and the weaker is the working class's cognitive agency.

This two-case comparative study shows that, overall, the Chinese working class had a weak behavioural strength, and a weak and conservative cognitive strength. Their weak behavioural strength is manifested by inconsistent wildcat-style strikes, which had no clear political strategies to challenge the structural problem of the capital-labour conflict under the labour regime constructed by the state. This confirms the already well-studied literature on Chinese labour movement (Chan, 1995, 2011; Friedman & Lee, 2010; Lee, 2007).

Analysis of workers' cognitive belief structure – based on a series of subjective aspects – has led to fresh insights on the nature of the workers' collective agency. Overall, this research shows the working class's cognitive agency to be both weak and conservative. Workers in both cases performed particularly poorly when it comes to class identification, their understanding of democracy, their willingness to participate in collective action, and their sense of class solidarity.

Based on these findings, I argue that inequalities do not have a simple and unidirectional relationship with the working class's agency. On the one hand, inequalities (often exacerbated by capital movement) can arouse the working class' behavioural strength quickly, such as wildcat strikes. On the other hand, workers' cognitive strength, for instance class identification and class solidarity, is more inert and does not correspond neatly to inequalities and capital movement.

Making sense of inequality and cognitive strength

We need to understand why the working class's cognitive strength, and ultimately its 'class for itself', was still weak in the face of rising inequalities and volatile capital movement, and why it differed in the megacities and smaller cities (Table 6.1). Workers' cognitive strength is analysed from three main aspects: class identification, willingness to participate in collective action, and political stance and class solidarity (Table 6.2). These three aspects are the key parts of workers' collective class identity and consciousness. Not only are they the core components that form workers' cognitive agency, but they are also important indicators of the strength of agency among the Chinese working class.

Table 67 Class in itself and Inequality

		Megacities		Smaller cities	
Economic inequality	Wage gap	Very high	Very high	High	High
	Wealth gap	Extremely high		High	
Social inequality	Hukou barrier	Very high	Very high	Low	Medium high
	Public facilities	High		Medium	
	Housing	Extremely high		High	
	Health	High		High	
	Social bond and trust	Very high		Medium	
Political inequality	Unionisation	Very high	Very High	Very high	Very high
	Local election	High		High	
	Civil society support	High		Extremely high	

Source: developed by the author; (based on the research findings in chapter 4 & 5).

Table 68 Class for itself and Strength of Agency

		Megacities		Smaller cities	
Behavioural action	Participation to collective action	Medium	Medium	Medium low	Medium low
Cognitive belief structure	Class identification	Weak	Weak & more conservative	Very weak	Weak & less conservative
	On economic policy	Progressive		Conservative	
	On social policy	More conservative		Less conservative	
	On politics and democracy	Weak		Very weak	
	Willingness to collective action	Less active		More active	
	Class solidarity	Very weak		Weak	

Source: developed by the author; (based on the research findings in chapter 4 & 5).

The first question we need to consider is, why does the Chinese working class have a weak class identification? Research findings show that the Chinese working class, as a whole, primarily identified themselves in the language of the masses, the poorly-educated, and the poor. Their self-identification, however, varied slightly in megacities and smaller cities. Workers in the megacities tended to identify with the masses, the urban, and the working class. In contrast, workers in the smaller cities mostly identified themselves with the masses, the poorly-educated, and the rural. When it comes to the question of relative class position, workers from both megacities and smaller cities positioned themselves at the bottom stratum. But workers from the megacities tended to identify themselves with slightly higher positions in the social strata than workers from the smaller cities.

Interview data echoed, by and large, the statistical results on workers' self-identification of class position. In interviews, most of the workers identified themselves as part of the masses, the poor, and the poorly-educated. A variation in self-identification between Shenzhen and

Chongqing workers was also discernible. Workers from the Shenzhen factory commonly identified themselves as part of the masses and as rural migrant workers. For them, the term ‘rural migrant workers’ was used interchangeably with ‘working class’. ‘Rural migrant workers’ was a term adopted and reclaimed by the new generation of Chinese workers to represent themselves, even though many of them grew up in the cities. The term had become, in workers’ minds, the convenient label for an occupation of shop floor workers in the World’s Factory, a way of life as *dagong* stigmatised by the rich and privileged classes in the megacities.

In contrast, workers from the Chongqing factory mostly identified themselves as being part of the masses, the peasants, and the poorly-educated. The fact that more workers in the Chongqing factory grew up in the rural areas with rural *hukou* set themselves apart from those in the megacities. When the question of class was asked, they usually associated the question with traditional class language in the Maoist era. They mostly rejected the association with the working class. Rather, they tended to identify themselves as part of the peasantry class, if they had to choose in their mind from the old Maoist rhetoric of ‘the democratic dictatorship of the proletariat and peasantry’.

Inequalities play an important role in shaping the workers’ class identification. Strong political control and shifted ideology in the post-socialist era had an overarching effect on the weak class identification in both the megacities and smaller cities. However, class identification varied in other forms between the two studies. The more extreme economic inequality, found in the megacities, meant that workers perceived class primarily in terms of an individuals’ financial status, and they saw the top social conflict as being between the rich and the poor. Very high social inequality also caused social stigma and cultural discrimination, hence the ‘rural migrant worker’ stereotype. By comparison, workers in the smaller cities faced lower economic and social inequality, but higher political inequality. Corruption by local officials was much more pervasive, and the conflict of officials and the masses was much more severe in the smaller cities. This explains why workers in the smaller cities perceived the top social conflict as being between the cadres and the masses, instead of the rich and the poor. Extremely high political inequality, especially the lack of NGO support, combined with their poor education, left these workers with a much weaker sense of belonging to the working class.

Secondly, why does the Chinese working class show low willingness to participate in collective action? It is evident from the research that the Chinese working class has a weak tendency to either initiate or participate in collective actions for advancing their rights. Overall, less than half of the workers opted to participate or follow in collective class action. Compared with workers from the smaller cities, workers in the megacities were markedly more conservative on collective activism in the face of industrial disputes. More than a third of the workers in the megacities completely ruled out the possibility of participation, significantly more than workers in smaller cities.

Interview data shows similar results. Workers in the Shenzhen factory showed more signs of individualisation. They seemed to worry more about their individual interests, particularly material interests, than for the collective good of the workers, compared with workers in Chongqing. Interviews also suggest that workers in Shenzhen exhibited more diverse and personal calculation when industrial disputes arose, and they had fragmented opinions in terms of what goals should be set for industrial negotiations with the management. In contrast, workers in the Chongqing factory showed more collective spirit, though often exhibited as herd behaviour - in that they were relatively easy to mobilise and direct to collective action.

The Chinese working class's weak willingness to undertake collective action, and how it varied in different-tier cities has a lot to do with inequalities too. At a cursory level, it is easy to assume that high political inequality dictated this outcome. But, this perspective alone fails to account for the incongruence between the megacities and smaller cities – how workers in the smaller cities, with higher political oppression and lower support by NGOs, were more willing to undertake collective action than workers in the megacities. The reason partly is that social inequality has a bigger impact than political inequality on workers' will power. The working class from the smaller cities had significantly lower social inequality, mainly because they had a lower *hukou* barrier to access urban facilities, much better housing affordability, and closer proximity to family and friends. Lower social inequality in the smaller cities was clearly linked to those workers' healthier social bonds with other people, and higher social trust for both their peer-workers and the society in general. Stronger social bonds and social trust contribute a great

deal to the working class's willingness to undertake action in the smaller cities, whereas heightened social alienation and severe social mistrust partly explain workers' weak and stagnant will power in the megacities.

Finally, why does the Chinese working class have a weak class solidarity? The issue of class solidarity in this research context is essentially about the clash between class and identity. The research tested workers' attitudes towards other three major underprivileged groups: rural migrant workers, women workers, and gays and lesbians. Nationally, there was reasonably good support for rural migrant workers and women workers, but an overwhelming neglect and apathy toward gays and lesbians. What is more significant perhaps is the contrast between the megacities and smaller cities. When it comes to attitude toward rural migrant workers, workers in the megacities were significantly more apathetic toward rural migrant workers' welfares than those in the smaller cities. Workers in the megacities also showed markedly less solidarity with women workers - in the face of large-scale industrial layoffs - than workers in the smaller cities. This again confirms workers' higher degree of individualisation and self-centred characteristics in the megacities.

Interview data not only confirms the dynamics of these three conflicts of class identity (rural migrant worker, women workers, and gays and lesbians), but also reveals extra dimensions to class fragmentation among the workers. In megacity Shenzhen, industrial workers were divided by two visible social cleavages. The first was between local urban workers and rural migrant workers. There was an explicit distrust between local urban workers and rural migrant workers, mainly caused by discrimination by local urban workers towards rural migrant workers, and the social stigmatism suffered by the rural migrant workers. The second cleavage lay between formal workers and informal/dispatch workers. This cleavage was caused by mutual resentment by both sides. Formal and permanent workers resented that high turn-over dispatch workers kept production running but drove wages down; informal and dispatch workers resented they worked harder but earned less than the formal and permanent workers - and without any welfare or job security.

In lower-tier city Chongqing, the main intra-class cleavage within the workers was location-based. A few major source provinces of migrant workers, such as local Chongqing, He'nan, Shandong, and Hu'bei, had become the boundaries that also divided workers. The regional group identifications garnered workers' loyalty and separated them by divided interests. In their more extreme manifestations, the identifications served to either provide intimate support for workers away from home, or enable them to pursue collective dominance over other workers with a different regional identity, through bullying and violent or even criminal acts.

Although the research shows that inequalities varied and had different impact on the new Chinese working class's cognitive belief structure in the megacities and smaller cities, how do we make sense of their seemingly contradictory and unpredictable nature? Why, for instance, does high economic inequality in the megacities relate to stronger class identification than in the smaller cities? Why, in apparent contradiction, does high social inequality in the megacities show a correlation with workers' weaker willingness to undertake collective action than in smaller cities? I believe there are two aspects that explain these seeming contradictions. Firstly, inequality, I argue, has paradoxical effects on the working class's cognitive agency in different-tier cities. On the one hand, there is a *centripetal* effect from higher inequalities. This centripetal effect unites the working class by creating an agonistic sense in workers against 'others'. On the other hand, there is a *centrifugal* effect, which breaks down the working class by creating competition and mobility. In megacities, I believe there are dynamics between economic and social inequality that combine in ways that result in seemingly contradictory manifestations. Higher economic inequality means there is a stronger centripetal effect, one that results in a stronger differentiation between workers and 'others'. This leads to a stronger class identification in megacities. In contradiction to that, higher social inequality in megacities results in a stronger centrifugal effect, one that erodes social cohesion, leading to a lower willingness among workers to undertake collective action.

Secondly, we have to adopt a holistic analysis of the three dimensions of inequality if we are to fully understand how inequalities impact on each of the cognitive strengths. For example, if we look at political inequality alone, extremely high political inequality in the smaller cities may prompt us to conclude that workers' willingness to undertake collective action must be lower

than those in the megacities. However, if we look at all dimensions of inequality, we find that social inequality had a stronger impact on this specific cognitive strength. Lower social inequality in the smaller cities had the primary impact on those workers' stronger willingness for collective action.

Therefore, the above comprehensive analysis of inequality and agency in a two-case study underpins two key research conclusions. Firstly, I conclude that, overall, the centrifugal effect of all dimensions of inequality has been stronger than the centripetal effects for the Chinese working class as a whole, leading to an overall weak cognitive agency (Table 6.2). This explains the cognitive weakness and stagnancy of the whole Chinese working class and the associated current impotence of Chinese labour social movement. Secondly, the contrasting impact of inequalities on the construction of workers' collective agency between the megacities and smaller cities (Table 6.1 & 6.2) reveals the patterns of economic development, inequalities, and the working class agency (particularly cognitive agency) in different-tier cities. I conclude that the megacities are more economically developed, with higher inequalities, but with considerably weaker and more conservative working class agency; whereas the smaller cities are less economically developed, with lower inequalities, but with less weak and conservative working class agency. This conclusion, by and large, confirms the initial hypothesis that the more a Chinese city developed, the greater are its inequalities, and the weaker its working class agency becomes.

Making sense of the new working class

Inequality not only plays a profound role on working class cognitive strength, but more broadly, has also shaped the new generation of Chinese working class from head to toe. This research shows that the new Chinese working class has been transformed by decades of rising inequality in the context of neoliberal market reform. Economic, social, and political inequalities have become interwoven with occupation, precarity and conservativeness and created the new Chinese working class, who are dramatically different from older generations of the Chinese working class. In essence, the first generation working class during the revolutionary era (1911-1949) is proletariat in a purer sense than subsequent generations. These were low-waged manual labourers exploited by imperialists and nationalists alike. The second generation

working class of the socialist era (1949 – 1980s) were mainly state unit workers, driven largely by ideological rhetoric, and who were in fact a privileged class. What makes the working class today new and different from the older generations? I discuss the characteristics of the new Chinese working class from three main aspects: occupation-based, precarious, and conservative.

First, the rise of the new Chinese working class is the result of re-proletarianisation and the re-emergence of the capital-labour struggles. One of the defining characteristics of today's new working class is a return to one of the non-ideological factors of class – *occupations*, or in the Marxist sense, production relations. The research findings show that although the profile of the new Chinese working class is increasingly diverse, we can only understand the existence of the new Chinese working class, in the sense of 'class of itself', by their common position in the capitalist mode of production. No matter whether they work in manufacturing or services industries, are employed by the FIE or SOE, and come from a rural or an urban area, they are part of the new Chinese working class - as long as they are working in those occupations where they are dependent on a low-wage for survival by selling their commodified labour under economic or non-economic compulsions (Van der Linden & Atzeni, 2013, pp. 70-84).

The new Chinese working class has a diverse profile, in both the megacities and smaller cities. Firstly their age range is broader than ever before. Most of the workers are still young, aged between 18 and 30. However, it is increasingly common to see older workers staying in the workforce, workers in their 40s, and even a small number in their 50s and above. It is more common to find older workers in the lower-tier cities than in the megacities. There are two reasons for this. The competition for a job and being able to stay in that job is more intense in the megacities, putting older workers at a physical and mental disadvantage. In addition, many older workers - especially rural migrant workers - have family and children in their hometown to look after. That is a big incentive for older workers to stay closer to their family as they get older.

The second profiling information that underpins occupation as the defining characteristic is that the new Chinese working class has gradually grown out of the old paradigm of being either

SOE *danwei* workers or rural migrant workers in the private sector; occupation has replaced these two categories because the new working class has become increasingly diverse with ever more urban and local young workers. In the post-socialist era, especially between the 1990s to the end of 2010s, the term ‘rural migrant workers’ and the term ‘new workers’ were almost used interchangeably by the public and the state. This finding of the diverse and hybrid nature of the new Chinese working class, especially after 2010, poses a challenge to the old use of the terms that conflates the rural migrant workers and the working class in general. This hybridness is another defining new characteristic that distinguishes the new Chinese working class from the older generations. This finding contradicts some of the current Chinese labour study that equates rural migrant workers with the new Chinese working class (J. Zhang & Wang, 2009).

The third important profiling factor that shapes the new Chinese workers as an occupation-based class is their historically high levels of education and skills. There are two driving forces underlining the making of a new educated Chinese working class. One is that general economic and social development over the period of socialist state and market reform had dramatically lifted the population’s literacy rate. The literacy rate for China’s young people (ages 15 to 24) was 99.6 % by 2014.⁸⁹ The second force is the marketisation of tertiary education since the mid-1990s. This resulted in the supply of millions of new graduates and skilled workers every year for the labour market. In 2012, more than 90% of the workers had a formal education or were trained to have modern production skills.

Basic education, the 9-year obligatory schooling in China, does have inherent positive effects on the Chinese working class. It opens up people’s mind – especially for people from rural areas; it increases job mobility, and brings more opportunities to people. However, the inherently positive role of education has been turned against the working class by businesses within the global capitalist production. The value of education has been increasingly depreciated by the neoliberal labour market. A college degree from a university or vocational institute was once well-regarded and offered a supervisory role in the job market 10 years ago. But this has changed profoundly. The research shows that today, many people holding tertiary

⁸⁹ <http://www.theglobalist.com/11-facts-chinas-improving-literacy-rate> (accessed on 25/11/2015).

qualifications are more likely ended up being part of the working class, working on the shop floor or in a frontline service job earning low wages, than before.

Many would argue that the advances in technology and modernisation of production require higher education and skills from the working class. And it does sound reasonable. But a closer look at changing work processes over time rebuts that argument. Modern capitalist production deliberately breaks down complex work process into smaller and smaller jobs. This ensures almost anyone with basic literacy and numeracy can execute the simple tasks required for these jobs. For example, shop floor-workers in most of electronics factories are all assigned to a tiny but specific task on the assembly line. It only takes them from a few seconds to a few minutes to finish one task, but they have to repeat the same task over and over thousands of times per day. Thus, the more advanced is the production technology, the more workers are qualified for the production jobs. The increased supply of educated workers exacerbates the over-supply of qualified labour and puts the capitalist employers at an advantageous position, as well as puts pressure on wages. This contradiction of a better-educated working class and their stagnant wages confirms the literature that it is a natural law of capitalist production to depreciate education and degrade labour and work, by the so-called scientific management and ‘creative destruction’ (Braverman, 1998; Schumpeter, 1942)⁹⁰.

Under the façade of a diverse workers’ profile is one converging and defining characteristic of the new Chinese working class: no matter who they are, where they are from, or who they work for, they are part of the new Chinese working class - as long as they work in the non-professional, non-managerial, front-line, low-wage precarious jobs. These jobs are most common in a number of industries, including the three industries this study chose to look at: manufacturing, construction, and services. In other words, it is the occupations, or what job you do, that determines whether or not you are part of the new Chinese working class. If we go even deeper, these new working class occupations are not random. Instead, they are occupations or jobs stemmed from certain types of capitalist production, ones that involve scientific

⁹⁰ For example, Schumpeter (1942) writes, ‘The fundamental impulse that sets and keeps the capitalist engine in motion comes from the new consumers, goods, the new methods of production or transportation, the new markets, the new forms of industrial organization that capitalist enterprise... if I may use that biological term, that incessantly revolutionizes the economic structure from within, incessantly destroying the old one, incessantly creating a new one. This process of Creative Destruction is the essential fact about capitalism. It is what capitalism consists in and what every capitalist concern has got to live in.’

management and a de-skilling process, that are designed to maximize the exploitation of the workers' surplus values. This confirms the neo-Marxist literature on new forms of labour exploitation within the global capitalist production chain (Harvey, 2005; Harvey, 2010; Spencer, 2008).

The second characteristic of the new Chinese working class is the *precarity* of job and career. The findings that confirm the precarity of the Chinese working class are mostly from studies of workers' economic and social inequality. Several factors contribute to the precarious job and career of the workers. One important factor is the informalisation and casualisation of jobs in the labour market. Increasing numbers of informal workers and dispatch workers are found in the low-wage jobs, especially following the major waves of wage hikes in early 2010s. Moreover, many workers still have no formal contract so that there is no assurance on their pay date and employment length.

Another factor contributing to precarity is the marketisation of welfare, such as medical care, housing and education. Many workers struggle to access affordable housing. This was particularly a pressing issue in the megacities where housing and rental costs skyrocketed in the past decade. Access to children's education in the cities, especially for rural migrant workers, was a big worry. As the state continued in its strategy of marketising welfare, low-wage workers increasingly struggled to afford those facilities and services, not matter what *hukou* category they held.

Last but not least, capital movement and technological upgrade have profoundly contributed to the Chinese workers' precarity. Global capital movement is driven by a seemingly insatiable need for lower production costs (especially labour cost) and high profit margins. This is shown by the large-scale factory shutdowns and relocations when the global financial crisis hit in 2008 coupled with the rise of production costs in south China. Consequently, millions of factory workers were laid off and had to find another job elsewhere. This phenomenon of workers being forced to follow the movement of capital has become one of the major sources of precarity for the Chinese working class in the globalised production chain system. Technology and production upgrades have also added to the working class's precarity. For example, massive

layoffs in many electronic factories in Guangdong were caused by the rapid replacement of keypad-style mobile phones with touch-screen smart phones. This finding confirms the theorisation of the expanding precarious working class in the South caused by the global capital movement, as discussed in the literature (Silver, 2013; Silver & Zhang, 2009; Therborn, 2011, 2012).

The third defining characteristic of the new Chinese working class is *conservativeness*. Many Marxist scholars stay hopeful in that, for all the structured inevitability purported by the Marxist paradigm, the most revolutionary element bequeathed to us in the Communist Manifesto was the conscious agency of workers (McCallum, 2013, p. 15). Contrary to this traditional Marxist view that sees the working class imbued with heroism and inevitable agency, this research discovers a more conservative side, one that can be elaborated in two dimensions.

The first and foremost dimension of that conservativeness lies in workers' social and political attitudes. Overall, the new Chinese working class had quite a low awareness about how unequal their society is. More than half of the workers thought that China was a fair society despite the rising income inequality to alert levels. In relation to taxation policy, there was still about a quarter of the working class who disagreed with using progressive tax instruments to redress the unequal income distribution. This conservativeness on economic policy was more prevalent among workers from lower-tier cities. When it comes to the question of what social group deserves a higher income, conservativeness prevailed. Merely 20% of the responding workers thought the working class deserved a higher income, whereas more than 35% of them believed that professional and managerial staff deserved a higher income. In terms of this specific question, megacity workers were more conservative than those from the smaller cities.

In terms of political attitudes, the new Chinese working class exhibited a combination of conservativeness and contradiction. Overall, most workers tended to agree that democracy means government makes decisions for the people, which is opposite to the founding spirit of democracy. They also agreed that democracy requires freedom of speech and decision-making by the masses, which is aligned to the spirit and meaning of democracy. Comparing workers from megacities and smaller cities, this research finds that a greater proportion of workers from

the smaller cities had that confused understanding of democracy than workers from the megacities.

The second dimension of conservativeness is a consequence of the increasingly individualised nature and fragmented class solidarity of the new Chinese working class. As previously mentioned in the discussion of workers agency, many workers (especially in the megacities) showed diverse individual interests and personal calculation when industrial disputes arose. This could be largely explained by the increasing individualisation within society set against a backdrop of pervasive capitalist production and consumption-based culture. Moreover, there was lack of sense of solidarity and social and political alliance-building among the new Chinese working class. This, as discussed before, is mainly responsible for the working class's weak agency, and inability to build broad-based support from the whole society to effectively bring about social and political change.

We can make sense of this individualised and fragmented nature of the new working class in a number of ways. From a labour regime's perspective, labour market reform has much to do with the precarity and individualisation of the new workers. At a cursory look, a free contract-based labour market seems like great progress for the workers, as they can choose where to work and what job they take, regardless of their work history (such as SOE or private), and *hukou* status (migrant or local). However, a free neoliberal labour market with no independent unions also means that the employers have much more power than the workers. They use a series of strategies to increase production efficiency: informal jobs, part-time jobs, and enlarging wage differentials. These strategies have consequently led to more job insecurity, and more intra-class competition and fragmentation for the workers, who now largely identify themselves by occupation. This nature of occupation-based identity coupled with intra-workers competition has contributed greatly to the increasingly individualised nature and weak class identification of the new workers, in stark contrast with the older generations of workers who had a clear group identification, such as the SOE workers in the 1990s, and the rural migrant workers in the 2000s.

From a psychological perspective, the new working class's individualised and self-centred character has a lot to do with the changing cognitive process toward morality and justice. One basic psychological observation is that when people feel helpless to change things, they begin to rationalise away the unfairness (Lerner, 2002). At one level, the sign of a rural migrant worker suffering without any hope of change is simply incompatible with human sense of justice. However, in order to reconcile those two facts, observers tend to 'rationalise the irrational', by deciding that the poor worker must have done something wrong to justify his or her punishment. This psychologically internalised process to justify an unjust world applies to not only the individual, but also to the class and to the whole society. And this justification of the unjust world may well explain the working class's increasing indifference toward a collective action for justice.

From Marxist' critique of capitalist society, the concept of alienation remains relevant today in China. Marx was right when he asserted that alienation, ultimately, is the greatest source of misery for the working class in the work place and in society. However, he did not foresee how much damage this alienation could cause to the workers psychologically, and potentially contribute to the construction of a conservative working class. From a socio and psychological perspective, Neilson argues that the global neoliberal social system is sustained by disavowal strategies that emphasise self-sufficiency and competitive individualism. These strategies work in tandem with precarity to foster social division and tear society apart (Neilson, 2015). This research finding on the conservativeness of the Chinese working class largely confirms the neo-Marxist literature.

In sum, these three main characteristics – occupation-based, precarious, and conservative - really distinguish the new Chinese working class itself from the older working class of the revolutionary era and Maoist era. These empirical findings, in addition, help in providing a better theoretical understanding of the new working class in today's new, complex, and increasingly globalised situations. For example, using this new theoretical understanding, we can contend that Mao fundamentally misused the Marxist term of working class - which essentially refers to the working poor in relation to the capitalists. In reality, however, after the nationalisation of the industries, the historical mission of the working class - in the Marxist

sense - should have been completed and class should have been demolished. The Maoist narrative of ‘the democratic dictatorship of proletariat and peasantry’ was logically wrong and self-contradictory. In today’s ‘World Factory’ in China, by contrast, the suppressed use of working class rhetoric also starkly contradicts the actual prominent class struggles between the precarious workers and the capitalists.

6.2 Research significance

This section seeks to go beyond the research conclusions, to a discussion of the theoretical and empirical significance of the research findings. A pluralist framework is established and it demonstrates why inequality and cognitive agency are two important new analytical factors added to the literature. It also highlights the scholarly significance of these analytical factors of inequality and cognitive agency to the literature of Chinese labour study.

A pluralist model of working class study

In light of the previous discussion, the significance of inequality as an explanatory factor is two-fold. Firstly, inequality is a necessary link added to the traditional structure-agent binary approaches. Doing so will effectively help enhance our understanding of the agent and make sense of the transformation of the agent in a way that the traditional structure-agent approaches did not deliver. Secondly, inequality has full and multi-dimensional impacts on the working class as a collective agent. Whereas the discussion of inequality and cognitive strength directly links to the aspect of ‘class for itself’, the discussion of inequality and the characteristics of new working class more or less is about the aspect of ‘class in itself’, the essence of the Chinese working class. Although this research is focused on the ‘class for itself’ aspect of the working class, these two aspects are very much mutually influenced by each other and intertwined under the influences of inequalities. We cannot have a full understanding of the Chinese working class as an agent, and its agency, without a pluralist approach that cover both class in itself and class of itself.

To illustrate the complex, intertwined and mutually influenced relations between structure, agent and inequality, I have developed a pluralist approach to Chinese working class study,

represented in a diagram (Figure 24). Corresponding to the working class as a collective agent, ‘structure’ in this approach is factors of influence, such as the state, market, institution, and capital. Although structural factors themselves have direct influence on the agent, they also change the dynamics of inequalities. This, in turn, exerts long-lasting effects on the agent that are beyond the initial impact of the structural factors.

Take unions as an example. As an institution at the work place, unions give workers the rights and power to organise themselves and represent themselves to employers and the government. Unions significantly enhance the collective power of the working class during negotiations and bargaining with the employers and government. At first sight, the tight control of independent unions in China seems to have direct and straight-forward effects on workers; simply weakening the working class’s collective power to bargain. However, the impact of unions on the working class is much more profound if we add in inequalities as explanatory factors. The lack of free unions not only directly affects workers’ collective organising power, in the form of institutionalised political inequality, it also gradually pushes the workers down to the bottom end of the wage hierarchy. It entrenches economic inequality and class division. Moreover, the absence of free labour organisations increases social inequality by eroding the social connection of the workers, and even creating social alienation and intra-class fragmentation. High social inequality, in turn, weakens the workers’ cognitive strength. This leads to less frequent and cognitively weaker resistance to the system over the longer term. These negative, long-term consequences of economic and social inequality on the working class go much beyond the initial effect of poor unionisation in work places as a structural factor.

This pluralist approach not only shows that structure, agent and inequality are interconnected, but it also shows that inequality has blurred the boundaries between the ‘class in itself’ and ‘class for itself’ aspects of the Chinese workers. Take occupation as an example. Occupation is one of the key elements that defines the workers’ ‘class in itself’. In the megacities, very high inequalities led to a weak class identification (contributing to weaker ‘class for itself’) among workers. However, this weak class identification also varied by occupation. In general, workers in services industries, such as retail or restaurant wait staff, had even weaker class identification. This is for two reasons. First, services workers face higher social inequality as they are even

less organised than workers in manufacturing industries, and less supported by labour NGOs. Secondly, services workers, in a cultural sense, are less associated with the ‘workers’ class’, because ‘workers’ class’ in Chinese means ‘industrial workers’ class’ (*gongren jieji*). Service industries simply do not fit in within that meaning. This example shows that inequality factors shape the working class by transcending the boundaries between ‘class in itself’ and ‘class for itself’, and between structures and agents.

Figure 24 A Pluralist Analytical Framework for Chinese Working Class Study

Source: Developed by the author.

By now we should have a better understanding why some theoretical approaches have difficulty in interpreting Chinese working class politics, as already mentioned in the literature review. For example, a structural, state-centric approach does not work well in working class studies. This kind of structural approaches tends to be overly simplistic, positing the deterministic role of structural features, and often too static in practice. An agent-focused analytical framework adopts more pluralist approaches than the state-centric approach. And yet, using agent-focused

approaches, Chinese traditional labour study still is inconclusive on the issue of Chinese working class's consciousness. Using the new pluralist analytical framework (Figure 6.1), we can now see this is because most of the studies by agent-focused approaches miss the critical analytical factor – the cognitive strength, which reveals a great deal about the working class's collective agency.

Inequality between structure and agent

This research – particularly with the help of its pluralist analytical framework – fits in well, and makes a positive contribution to the broader landscape of Chinese labour study. This research has demonstrated that inequalities as explanatory factors are constructively useful for enhancing our understanding of the Chinese working class, and how that class has been transformed by different structural factors. This is beneficial, as most of the literature either fails to utilise the explanatory power of inequality in pursuit of agency study, or completely ignores inequality as an explanatory factory. This pluralist analytical framework helps identify strengths and weaknesses of the literature, and what can be done in the future in Chinese labour study.

The important role of inequality confirms the very few studies in the literature that are able to identify the connection between the rising inequality and the return of working class action, hence the continued relevance of labour politics in the age of globalisation. For example, Therborn observes that development patterns in the world has been changing since 2000. International inequality is declining overall, although the gap between the rich and poor has not stopped growing. But intra-national inequality is, on the whole, increasing. This amounts to a return of class as an increasingly powerful global determinant of inequality. In today's world, 'nations are growing closer and classes are growing apart' (Therborn, 2012, p. 12).

The literature relating to the study of class in China does, indeed, put inequality at the centre of their inquiry, but researchers are more interested in the whole structure of class stratification, not in the Chinese working class itself. More importantly, they traditionally do not study

inequality in the context of structure-agent relations, where inequality brokers the transformation of both structure and agent, the so-called ‘mutual constitute’ process. For example, Li Shi’s comprehensive study on inequality covers many years and many dimensions of inequality, with abundant amount of valuable data. But, there is no agency analysis, i.e. the impact of inequality on different marginalised groups such as women, migrants, and urban workers (Griffin & Zhao, 1993; Gustafsson et al., 2008; S. Li et al., 2013; Riskin et al., 2001). The pluralist analytical framework utilised by this research suggests that the study of inequality can potentially yield substantial outcomes for many of the marginalised groups or classes, should researchers choose to follow that direction.

In contrast, traditional Chinese labour study is inherently focused on the working class. However, it more or less misses out the explanatory power of inequality on the study of working class. Traditional Chinese labour study is somewhat limited by the binary structure-agent paradigm. One of the major focuses of traditional Chinese labour study has always been around structure, such as the study of the state, market, institution, and capital. And these structural approaches do have their limitations. For instance, Lee’s hallmark study of the SOE workers’ struggles after the restructuring reform makes a strong case that the rise of market economy led to workers diversity and new intra-class fractures among the state workers, which had undermined working class solidarity (Lee, 1998, 2007). Her argument would have been even stronger if inequality was added in as an analytical factor, for example, at how inequality brokered the transformation of the workers affected by the structural change, i.e. the state and the market.

A comparative study of inequality also contributes to resolving the inconclusive debate about the workers’ class consciousness. Pun and Chan (Pun, 2005; Pun & Chan, 2012, 2013; Pun & Lu, 2010) have a more optimistic prospect of the Chinese working class’s consciousness based on great depth of longitudinal field study collecting large amount of data on the lived experience of the workers, as if harsh labour conditions would inevitably result in more labour activism. However, the absence of inequality as an analytical factor potentially undermines their optimistic prospect. This research, for example, indeed shows high social inequality had a remarkable impact on the workers’ social life. However, social inequality varied in the

megacities and smaller cities, and they thus had differing impacts on the workers. Working conditions were even harsher in the smaller cities, but workers in the smaller cities were markedly less active in strikes than those in the megacities. Again this scenario could be well explained by using a comprehensive analysis of inequalities coupled with a full assessment of the workers' cognitive agency.

More broadly, the structure-agent analytical framework is not yet complete, be it a structure-focused or an agent-focused approach. Inequality as an explanatory factor does not sit neatly on either the structure side or the agent side. To incorporate inequality as an explanatory factory is to open up new possibilities to a deeper understanding of the Chinese working class.

Cognitive belief and agency

The findings of this research demonstrate that systematic analysis of cognitive strength makes a significant contribution to producing reliable outcomes on the working class's collective agency. This research takes an agent-focused approach, but with a particular focus on the systematic analysis of the workers' cognitive belief structure. In contrast, traditional Chinese labour study, while adopting a similar agent-focused approach, largely ignores any systematic analysis of cognitive strength. From anthropological and social perspectives, traditional Chinese labour study emphasises the *behaviours* of the working class, by collecting rich details on, for instance, what the workers do at the work places, at communal places (dormitories), and what actions they take to resolve industrial disputes. Despite the rich details, the literature is inconclusive about the Chinese working class's agency. I argue that the missing analysis of cognitive strength of the working class is largely responsible for this inconclusiveness within the literature.

Scholars with a somewhat pessimistic outlook on the working class agency tend to shift their agent-focused study back to a more structural-deterministic interpretation. For example, Anita Chan argues that the state and institutions have largely contained the labour movement through their strategy of corporatism (Chan, 1993, 2008). In a similar vein, Friedman and Lee (2010), undertake a sweeping review of Chinese labour politics over the past 30 years, but without

mentioning the state of working class agency based on a comprehensive assessment. For Lee and Friedman, two structural processes play a decisive role in shaping the Chinese working class. Firstly, employment relations have been characterised by a shift from a social contract to a legal contract, a process that implies the commodification of labour power. Secondly, an increasing proportion of workers have informal and casual jobs with low-wages. Commodification and casualisation together have further dissolved class cohesion and increased the precarity of workers' lives. In their review, it remains unclear how strong or weak the working class agency is.

Scholars with a more optimistic prospect for the Chinese labour movement draw their conclusions from intense case studies of workers' lived experiences, but without systematic analysis of the workers' collective cognitive strength. Ngai and Chan, for example, argue that workers' class consciousness and their strategies toward class organisation have steadily advanced, through their collective actions during the process of China's integration into the global economy (Pun & Chan, 2012, 2013). For them, trade unions as a class organisation has been a contested domain for migrant workers' struggles in the PRD. This conclusion may seem reasonably fair in the context of their own specific cases. However, it becomes less convincing when applied to the whole Chinese working class, because it lacks systematic measurement of the working class's behavioural and cognitive strengths.

Re-visiting the literature of structure and agent theory provides two useful criteria to gauge the working class agency. Giddens puts forth two criteria. Firstly, there are two sites of class struggle in the capitalist societies: class struggle in the work place; and the pitting of labour movements against the organised power of employers and of the state. Judging by these criteria, the Chinese working class is arguably still weak in the first-site class struggle, and largely absent in the second. Secondly, for the working class to become a collective agent, it needs to have the capability of 'making a difference', of intervening in the world to influence events. For a worker to be a human agent, is for that person to be a 'highly knowledgeable and skilled individual, who applies that knowledgeability in securing autonomy of action in the course of day-to-day life.' (Giddens & Dallmayr, 1982, p. 212). Following these criteria, this research proves that the Chinese working class has not yet become the collective agent for political

change. This is because, currently, the working class has a weak, contradictory and fragmented cognitive belief structure – not enough to become a knowledgeable and politically savvy agent. In this sense, the new Chinese working class is indeed more wild-cat than lion.

Literature of social change theory sketches out the boarder contour of a social change mechanism for agent, based on the dialectical theory of structure and agent (Dwyer & Minnegal, 2010, p. 636). For example, Sahlins holds that the crucial mechanism facilitating agency for social change is the ‘structure of the conjuncture’, where actors strive to bring conventional understandings to bear on new situations. Ortner, in a similar vein, argues that the crucial mechanism of social change relies on the existence of ‘conflicting *discourses* and conflicting patterns of *practice* that recurrently pose problems to actors’. For these scholars, it is crucial to have a kind of strategic counter-hegemonic force, both intellectually and physically, in order to activate the agent for social change. In this sense, the new Chinese working class lacks both, particularly the intellectual and cognitive capability to counter the dominant hegemon.

It is important to give agency due attention as an independent analytical approach when it comes to the empirical study of real labour politics. For it is important not to confuse the *stagnancy of working class* with the *stagnancy of cognitive agency*. The former denotes an inactive labour movement, often caused by an oppressive state, as in China. The latter, in contrast, denotes a weak and conservative cognitive strength of the working class. This distinction is vital. The stagnancy of cognitive agency has profound implications for the Chinese labour movement. A weak and conservative cognitive strength means that even if the state has a legitimate crisis someday, the working class is still not united and cognitively knowledgeable enough to advance their struggles and rights. Will the Chinese working class stand up more assertively to advance their political rights by a collective social movement if a window of opportunity appears in the wall of state oppression? This question is beyond the scope of this research. However, there is no doubt that a strong analytical framework that includes both structure and agent analysis - particularly the cognitive strength of the working class - is a good starting point for predicting how the working class will react.

6.3 Research contribution

This section reflects on the potential contributions the findings of this research could bring to the wider audience who have a stake in the development and future of Chinese labour, such as labour NOGs and supporting organisations, the public and intellectuals, and the government policy makers. Given the relatively weak and conservative agency of the Chinese working class shown in this research, it is important for all the interest groups and stakeholders to re-think strategies of labour relations and labour organisation.

Cognitive strength and labour organisation

When it comes to the working class's agency in the age of globalisation, Cole and Lauesen (2015)'s observation is particularly pertinent:

'Owing to the central position of the new proletariat in the South, its strength in the global economy (that the workers in the South don't realise) is much greater than it was under the wave of national liberation that swept the world in the 1960s and '70s. However, the political realization of that strength is not at all given. The subjective forces are not in place either in the South or in the North.'

Cole and Lauesen (2015, p.66), *with author's own emphasis*

Ever since they established themselves in China, labour NGOs have by and large taken the working class's agency and political strength for granted. They assume, perhaps subconsciously, that Chinese workers are naturally chosen to undertake their historical responsibility, and given political consciousness, will fight for their class interest. Most of the labour NGOs have focused on helping workers to better organise themselves politically by, for example, supporting the strike organisation, helping with collective bargaining, and establishing independent unions. This means that labour NGOs and other support groups largely have not fostered workers' cognitive strength, which is critical to their collective agency. Labour NGOs have, at best, offered legal knowledge training so that workers are better

equipped to protect their legal rights. The legal domain, however, is well known to be barely touching the structural causes of labour rights issues, and has been proven to be an ineffective domain when it comes to challenging the triangular alignment of state, local government and capital. Therefore, if they really want to make a change to the *status quo*, it is vital that for labour NGOs - be they grassroots or international - to develop appropriate strategies to have *cognitive engagement* with the working class, and nurture the political cognition necessary for any meaningful collective movement.

Working class and emancipation

The working class's survival and emancipation in China are in desperate need of wider public support, such as from the media, intellectuals, and anyone who stands by the marginalised, morally and politically. On the eve of the May Fourth Movement, the Chancellor of Peking University *Cai Yuanpei* stated in his speech that 'labour is sacred and inviolable' in 1918.⁹¹ But today, the long lack of public support is partly responsible for the weak and conservative working class. Thus, the public, especially the intellectuals, have an undeniable obligation to give voice to the workers and re-establish *intellectual engagement* with the working class.

The intellectual silence surrounding the working class in China largely originated from the contradiction between an obsolete labour-based socialist state ideology and the realities of a pro-capital development strategy. There is a fear that giving voice to the workers may be interpreted as invoking the class struggle idea that neither the party nor the state want to see. This in turn exacerbates the de-politicisation of the working class issue, in the form of migrant workers issues, women workers issues, and so forth. What strategies the intellectuals and the public should adopt in the context of these political constraints deserves much more thought from the intellectuals and anyone who cares about the welfare of workers. Perhaps, for example, redressing inequality is the best starting point for helping the workers at the moment. This would at least give the working class some extra bargaining power, alongside the so-called political and economic power (Ness, 2015) and associational power (Silver, 2013), and help redress the uneven power relations between workers and the triangular alignment.

⁹¹ Cai said this in November 1918, in Chinese it is '劳工神圣'. For detail, see (Smith, 2002, p. 124).

Free debate of any alternative to the capitalist global production can offer healthy moral and intellectual support for the workers. Currently, very few intellectuals would publicly discuss any form of alternative to the capitalist production system in China. In the West, there has been always discussion of the negative side of capitalism, and alternatives for creating a better work place for the working class. For example, Volvo experimented with innovations in automotive assembly from the 1970s to early 1980s to make shop floor experience less boring and miserable (Breen, 2015). Today, more and more alternative ways of doing business have sprung up, particularly after the global financial crisis. For example, there is exploration of the idea and practice of cooperatives in the US, where a business entity is 100% employee-owned and democratically governed (Meyers & Vallas, 2016). In Spain, there are actual and successful alternatives to capitalist production.⁹² Experiments such as these offer food for thought for the alternatives to the *status quo* and for the work-place emancipation of the working class in the long run.

One last intellectual engagement to discuss here centres on the issue of political emancipation. Among the few intellectuals who give voice to the workers, most of them have envisioned the working class's role in democratisation - though they are aware of the difficulties under the CCP state. Putting the difficulties aside, analysis of workers' cognitive strength raises doubt on how much change democracy could bring for the working class. The doubt is two-fold. First, there is scepticism whether democracy can eliminate inequalities, as well as class division, which are the two sides of the same coin after all. Žižek rightly points out that class struggle is more effective than democratic elections for wider social emancipation, because 'we do not vote on who owns what', or about 'the relations in the factory' (Žižek, 2011a, 2011b). The fact that many western democracies today struggle to deal with rising inequalities is proof of that. The second worry is that the Chinese working class's own conservative tendency does not bode well for a pro-workers' election result. This research's findings implies that they might prefer the *status quo*, or they might be pro-business and conservative in elections. With this backdrop

⁹² For example, Mondragon Corporation is a big corporation with 85,000 staff, composed of many co-operative enterprises grouped around four main areas: industry, finance, retail and knowledge. In each enterprise, the co-op members (averaging 80-85% of all workers per enterprise) collectively own and direct the enterprise. For detail, see: <http://www.theguardian.com/commentisfree/2012/jun/24/alternative-capitalism-mondragon> (accessed on 25/01/2016).

in mind, the redressing of intertwined inequalities seem extremely important. Redressing fundamental economic equality requires change of power relations in politics. But politics does not just mean institutional changes, i.e. free elections or a western parliamentary government. It ultimately requires intellectual enlightenment and moral guidance to help those who are marginalised, to help them unify, and to put them back to the centre of political struggles.

Inequality and development

This research also hopes to provide food for thought for policy makers and those with power to influence. Alarmingly high and ever-rising inequalities raise doubts on the decade's long GDP-obsessed development strategies in China. The Chinese government should give up wishful thinking that China's inequalities (particularly income inequality) will fall at some point after a period of rising alongside economic growth and urbanisation - according to Kuznets hypothesis (J. Chen & Fleisher, 1996; Kuznets, 1955). Chen et al., for example, projected that overall regional inequality as measured by the coefficient of variation is likely to decline modestly in China (J. Chen & Fleisher, 1996). The mind-set of 'develop first, redress later' is both costly and potentially disastrous. The comparison between the megacities and smaller cities provides not just a spatial but also a temporal contrast on the development trajectory in China (a bit like a time-lapse experiment). On the one hand, Shenzhen is the pinnacle of the Chinese development model, and has an economy with a high-income per capita similar to that of South Korea. But that comes at the price of extremely high inequalities. If Chongqing (or China) follows Shenzhen's development model (assuming all other factors remain constant), China in 2030 could be more or less like Shenzhen in 2015, becoming a high-income economy, and a miserable epicentre of labour unrests with extremely high inequalities. This is diametrically opposite to the so-called 'China Dream' envisioned by the CCP. And the real long term risk is that once inequalities are sustained and class division is entrenched, it is much harder to reverse them. These issues should be pondered on carefully by policy makers.

Secondly, policy makers should seriously consider giving more space to labour self-organization and the civil society around it. Not all workers movements are aimed at politically challenging the party state. Labour movement, carefully guided, is a healthy and constructive channel for resolving inherent conflicts between capital and labour, without harming social

stability. The western experience shows that the struggles of labour movement to improve the general economic and social conditions of the working class, and to realise civil rights, have helped profoundly realise the golden time of capitalist societies, i.e. the social democratic welfare state period after the Second World War. For government policy makers in China, therefore, it is much wiser to adopt *organisational engagement* rather than coercive containment toward labour.

Limitations and future research

Although this research has achieved largely what it proposed to do at the beginning, there are limitations to consider, which may potentially affect the degree of validity and transferability of the research findings. All research comes with limitations. Identifying them is an important part of the research process that offers lessons to learn from and points to further study to address these issues. I summarise these limitations in terms of research framework and methods.

Firstly, the cognitive strength analysis of the working class needs further study. By design, this research has identified it as a new and important explanatory factor. However, the pilot study of workers' agency in this research - particularly the introduction of cognitive analysis – requires further development. Some cognitive aspects have been investigated extensively (class identification, class solidarity etc.), but not others. A systematic picture is still lacking. We need to attach great importance to the development of a systematic framework for analysing the working class's agency. It is thus a pressing task for social and political researchers to work further on this area. This research is hopefully a useful pointer to a new and innovative method and approach to future Chinese labour study.

Secondly, this research by design was meant only to study a snapshot situation of the working class over selected cases. In other words, this research does not show the change in the whole working class over time, although the spatial comparative study does, in its own way, suggest some trajectory patterns of the Chinese development model and their impact on the working class. 'The *products* of change are self-revealing, but the *process* is not' (Dwyer & Minnegal, 2010, p. 631). In this sense, it is more challenging to discover the change process in the working

class. In order to have a better understanding of the collective agency of the Chinese working class, as well as all issues surrounding the Chinese working class, it is important to have a continuous study that produces longitudinal data and that traces the process of change and trajectory of the development of the working class.

Thirdly, the use of data sources can be improved. One of the main sources of statistics was the CGSS 2013 data. The research found issues to do with data quality. For example, there were obvious errors and incongruences found by cross-checking with other sources and corrected by the research. Even some of the statistics from the state sources, such as yearbooks and local government statistics, arguably have credibility issues. This potentially affects the accuracy and credibility of the research findings, though multiple sources were used to cross-check. In addition, the questions designed by the CGSS survey are not fully fit for the purpose of working class study. A tailor-made survey and database specifically for Chinese labour study is much needed.

Last but not least, my own interview skills can be improved. My interviews with workers were my first proper field study in China. Although I was well prepared and did a pilot trial, I had the feeling that not all the interviews turned out as well as I had hoped. It was somewhat ‘hit and miss, at times - especially when interviewing workers had a strong accent, or who were nervous, or very reserved. This could potentially undermine the quality of some of the research data. I need to develop further skills to cope with challenging interviewees in the future.

6.4 Final remarks

As China is lifted to the status of the world’s second largest economy by becoming fully integrating into the global capitalist production and trade - with the world’s largest pool of low-cost labour - the labour regime carefully crafted by the CCP state remains one of the most tightly controlled and contained in the world. Biased strategies toward capital and labour by the state have become the primary contributor to the alarmingly high inequalities, as the Gini coefficient

indicates. The series of inequalities, in turn, exacerbate the division between the working class and the privileged classes.

This research has sought to evaluate the Chinese working class's collective agency for social and political change. A new dimension of Chinese labour study, i.e. the cognitive strength of the workers, is added and studied to enhance our understanding of the working class's agency. In the face of the quadruple adversities, i.e. the rising inequalities, the triumph of the neoliberal capitalist production chain, the globalised profit-chasing capital movement, and an oppressive state, the Chinese working class has not responded with a collective class agency that is sufficiently united, cognitively knowledgeable, and politically visionary. Contrary to popular beliefs and hopes, this research concludes that the new Chinese working class has not yet become the much hoped-for agent for social and political change. These research findings by and large confirm the initial hypothesis that the more developed a Chinese city is, the greater are its inequalities, and the weaker is the working class's agency - especially their cognitive agency.

Inequality, agency, and class division are all interconnected and they contribute to the making of the Chinese new working class. In the long run, once inequalities are sustained and class division is entrenched, it is much more costly to reverse them. This, in turn, has a negative impact on the workers' cognitive agency, resulting in disorganised and incoherent labour unrests, and even morally unjustified petty violence and politically pointless bloodshed. Labour unrests cannot be wished away by state coercion; they do grow stronger if met by a tougher opponent. There should be a holistic strategy by the government to tackle all these interwoven issues together. And policy making certainly has a decisive role in shaping the dynamics of all these issues and pointing out the direction that development and society should go. Does the Chinese state expect a materialistic and wealthy society but with extreme inequalities and class division, or aspire to be a highly human-developed community where equality and opportunity thrives for everyone? And, ultimately, the answer to this question will come down to political choice and will power.

The conclusion drawn from this research is significant for both the working class and all the supporting parties of workers. We can no longer take it for granted, at least in the short term, that the Chinese workers will rise up as an historic and heroic class to bring social and political change to themselves and to the *status quo*. The task ahead is ever daunting; the path is long and winding. Whether the Chinese working class is wildcat or lion remains to be seen in the longer term. The good news is that we finally know where we need to put our effort in order to build a cognitively stronger and politically more cohesive Chinese working class in the future. Both the research findings and the historical lessons show that whenever the working class are united internally and build solidarity externally - with strong leadership by skilled workers and middle-class intellectuals - the more likely it is that resistance will turn into a morally and politically cohesive agency for positive social change. In the end, almost everyone who works (or looks for work) in a humble job has a role to play in a brighter future for the working class and for society.

Appendix I. Interview Questions and Responses

1. Interview Questions (Topic Guide)

- **Interviewee's background information**

1. Name, gender, age, hometown, where are your family?
2. What time did you start working in the factory?
3. What is your highest education?
4. What was your previous career experiences?
5. Do you have urban resident *hukou*?

- **Economic inequality**

1. What are your current wages? How have they changed over the years?
2. What is the wage-hierarchy in the factory? How much do the other staff earn?
3. What is your job responsibility? What does it involve in your day-to-day tasks?
4. How much do you spend out of your wages per month? On what items?
5. Do you have house/property in urban area/rural area?
6. How much deposit do you have in the bank? Do you send money back to hometown?

- **Social inequality**

1. How were you recruited by the factory? Any agent/third party/fees involved?
2. Do you have a signed contract? What are the contract terms like?
3. How is the work condition in the shop floor? What do you do? How do the supervisor/manager treat you?
4. Is hukou an issue for accessing public facilities? How is the accommodation or housing conditions?
5. How is your health condition? Physical and mental. And does it affect you at work?
6. Do you and your family have easy access to health care, and education for the child?
7. How close you are to family? Do you trust other workers and strangers in the society?

- **Political inequality**

1. Do you know ACFTU? Do you have your self-elected union in the factory?
2. Do you participate in the local election?
3. Are there any labour support groups to help the workers?

- **Class and agency**

1. What do you do industrial dispute arises, such as wages, work conditions etc.? Have you participated in strikes?
2. Is there a working class in China? Do you belong to the working class? Do you believe that China is led by the alliance of the workers and peasants' classes? If not, who/what class do you think lead China today?
3. How unequal is the society? How unequal are the workers treated? Has everyone got a fair chance to get better off if they want to? Has inequality caused a problem for the workers class? What is the impact of rising inequality on the working class?
4. Do you think the advance of workers' rights requires a democratic government?
5. Would you lead, participate or follow the collective actions of the workers and negotiate with the factory/government?
6. Do you support other marginalised groups, such as rural migrant workers, women, gays & lesbians? Is there connection between worker's movement and those groups?
7. What should the workers do in order to get wider support from the public? What can the public do to support the workers?

2. Summary of interview responses

	Factory A in Shenzhen	Factory B in Chongqing
Number of valid interviews	15	14
Age range	18-43	16-55
Background: rural / urban	75% / 25%	85% / 15%
Hukou status: rural / urban	75% / 25 %	65% / 35%
Gender: Male / Female	25% / 75%	35% / 65%
Education: Uni / Non-university	73% / 27%	93% / 7%
<i>Economic inequality</i>	<i>Very high</i>	<i>High</i>
Wage gap	Very high	High
Wealth gap	Extremely high	High
<i>Social inequality</i>	<i>Very high</i>	<i>Medium high</i>
Hukou barrier	Extremely high	Medium
Public facilities	High	Medium
Housing	Extremely high	High
Health	High	High
Social bond and trust	Very high	Medium
<i>Political inequality</i>	<i>Very high</i>	<i>Very high</i>
Unionisation	Very high	Very high
Local election	High	high
Civil society support	High	Very high
<i>Behavioural strength</i>	<i>Medium</i>	<i>Medium low</i>
<i>Cognitive strength</i>	<i>Weak & more conservative</i>	<i>Weak & less conservative</i>
Class identification	Weak	Very weak
On economic policy	Progressive	Conservative
On social policy	More conservative	Less conservative
On politics and democracy	Weak	Very weak
Willingness to collective action	Less active	More active
Class solidarity	Very weak	Weak

Appendix II. Key Labour Events in China

Time	Events
1919	May Four and Chinese industrial workers' involvement.
1927	May Thirtieth Movement – a major labour movement.
1956	Hundred Flowers Campaign.
1966 -1976	The Great Proletariat Cultural Revolution.
1982	'Freedom of strike' was removed from the Constitution in 1982
June 1986	A silent strike in Sanyo Semiconductor Factory, Shekou, Shenzhen. 9 strikes were reported in that year of 1986 by Shenzhen Federation of Trade Union.
1987	The annual 'Tidal wave of migrant workers' flooding to the train stations of coastal cities was captured by the state media for the first time.
1988	Foxconn set up its first factory in Shenzhen.
1989	Workers' protests in Tiananmen square.
1992	New Labour Law.
Nov 1993	Great fire in Zhili toy factory Shenzhen (for Chicco), 87 died and 51 injured.
1994	Workers struck for 3 days in Yongfeng shoe factory (Taiwan) Bao'an, Shenzhen. 17,000 trade unions were set up in FIEs in 1994, double the total figure of the previous 10 years.
1996	China's first labor NGO, Women Workers Services Centre, established in Shenzhen.
March 2002	50,000 SOE retrenched oilfield workers protested in Daqing. Thousands of workers from Liaoyang Ferro-Alloy followed suit in Liaoyang. Two worker leaders were sentenced to imprisonment.
Sep 2002	6,000 workers from Tianwang factory in Xianyang Shaanxi went for a 7-week strike against privatization.
Dec 2004	Workers struck demanding a trade union, in a Japanese electronics factory Uniden Shenzhen. Well-educated professionals joined and led, with advanced organization.
July 2005	6,000 workers at Japanese companies (<i>Toshiba, Canon</i> etc.) in Dalian strike.
2006	Trade Union was established in Foxconn Shenzhen.
April 2007	300 workers from Shenzhen Yantian Port went on strike, and spread to other ports.
2008	9,000 taxi drivers strike in Chongqing.
July 2009	Riots between the Han and Uyghur workers at Xuri toy factory, Shaoguan, 2 died, 120 injured.
July 2009	30,000 workers from Tonghua Steel protested, smashed police cars, and beat the manager-to-be Chen Guojun to death.
2010	14 Foxconn workers suicide scandal; further 6 suicides in 2011, 8 in 2012, 6 in 2013, 7 in 2014.

May 2010	Honda Nanhai Foshan workers struck and a major victory.
April 2011	600 truck drivers' struck at Baoshan Port Shanghai.
Jan 2012	8000 workers struck in Fengda, Nanning (a Japanese Co.).
Sept 2012	5000 workers struck in Weichuangli Shanghai.
Oct 2012	4000 workers struck in Foxconn Zhengzhou.
May 2013	Several hundred workers struck at Diweixin Shenzhen, leader Wu Guijun arrested.
June 2013	6.22 Shanghai murder case, worker killed 6 at work.
Nov 2013	Thousands of workers struck at <i>Nokia</i> Dongguan for it's sold to <i>Microsoft</i> , 213 strikers sacked.
March 2014	Workers struck against Walmart stores close down across China.
April 2014	40,000 – 60,000 workers struck in multiple shoes factories of Yue Yuan, Dongguan.
April 2014	Thousands of workers struck at SOE Daqing Petro against the cancellation of work hereditary system.
July 2014	Worker Wang's lawsuit against Walmart Shenzhen & ACFTU.
Aug 2014	Dust Blast Explosion in Kunshan, near Shanghai, 147 died, 185 injured.
Aug 2014	200 sanitation workers struck in University Town Guangzhou, supported by students.
Sep 2014	Foxconn worker and poet Xu Lizhi's suicide in Shenzhen.
Dec 2014	10,000 workers struck in Suzhou for factories' close down (mainly mobile phone suppliers, <i>Nokia</i> and so on).
Feb 2015	26 y/o worker 'sudden death' at Pegatron Shanghai (Apple's supplier)
Feb 2015	10,000 workers struck at a SOE Hebei Steel, Wuyang, Henan.
Dec 2015	Numerous labour activists were arrested in Guangzhou by the national campaign to crackdown labour-related NGOs and support groups.

Appendix III. Milestone Labour Legislations

Time	Legislations
1954	First Constitution of the PRC
1976	China signed the International Covenant on Economic, Social and Cultural Rights, which guaranteed the rights to unions and strikes.
1982	'Freedom of strike' was removed from the Constitution in 1982
1983	Ministry of Labour Protection called for the principle of 'from each according to his ability, to each according to his labour', and to end the 'iron rice bowl'.
July 1986	Provisional Regulations on the Establishment of the Labour Contract System in State-Run Enterprises
1986	Regulations for the Recruitment of Workers in State-Owned Enterprises & Regulations on Dismissal of State-Owned Enterprise Workers
1990	CPC paper 'Stability is a principle of overriding importance'
1992	Trade Union Law (25 workers or more can set up a union)
1993	Regulation on Labour Dispute Settlement (State Council)
1993	Provisions on Minimum Wages (Ministry of Labour)
1995	Labour Law (Permanent employment system officially dismantled)
1995	Regulation Governing Collective Contracts
2000-2001	Measures of Collective Wage Consultation
2001	Trade Union Law on 'stoppage' and 'slowdown'
March 2002	Revised Regulation on the Administration of Housing Provident Fund (mandatory)
2003	Opinion on Regulating the Work of Restructuring SOEs (by State-owned Assets Supervision Commission)
2004	Amendment of the Constitution ('private property' and 'human rights' added in)
2004	Provisions on Minimum Wages; Regulations on Collective Contract
2006	New Enterprise Bankruptcy Law
2006	Decision on Some Major Issues in Building a Harmonious Socialist Society
2008	Labour Contract Law (to protect workers' rights)
2008	Employment Promotion Law
2008	Labour Dispute Mediation and Arbitration Law
2010	Social Insurance Law
2011	Provisions on Enterprise Labour Dispute Consultation and Mediation
Jan 2015	Guangdong's New Regulations on Collective Contracts in Enterprises

Jan 2015	Measures on Social Organization Management in Guangzhou (tighten control of NGOs and their link with foreign organizations)
March 2015	Opinion on Constructing Harmonious Labour relations (State Council)

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