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**Globalisation, national transformation and workers’ rights: An analysis of Chinese labour within the global economy (ESRC Standard Grant: RES-062-23-2777, £275k)**

**Project rationale**

The current restructuring in the People’s Republic of China (PRC) including the emergence of capitalist social relations of production is of phenomenal importance to the global economy. In China, millions of workers are added to the global workforce alone. The Chinese economy, for decades isolated from the world market, is increasingly becoming integrated into the global economy. This is reflected in China’s membership of the WTO in 2001, where it completed the transition to full market economy status on 31 December 2008. Chinese production has become integrated in the international division of labour with many products being assembled in China for sale in the European and North American markets. At the same time, the Chinese state still maintains a tight control of political and economic developments within the country. China’s most important resource is cheap labour, including 120 million migrant workers (Tiejun, 2008: 81), and arguably workers are most under pressure as a result. On the one hand, Chinese workers often work in conditions of super-exploitation. Considering the impact of the current global crisis on Chinese manufacturing (Hung, 2008) and the related job losses (Branigan, 2008), this situation has been further aggravated. On the other, workers elsewhere either become unemployed, because production is moved to the PRC, or they are pressured into accepting lower wages and worse working conditions through the threat of production transfer to China. This project aims at analysing the role of Chinese labour within these structural changes at the production, national and international level. In particular, it will be investigated to what extent civil society organisations of labour, trade unions and NGOs, have been able to protect the interests of Chinese workers within the Chinese form of state as well as through co-operation with international labour organisations. The project will, thus, directly contribute to address the following challenge, which the ESRC identified on page 5 of its Strategic Plan for 2009-2014: ‘The impacts of globalisation, both in the short run as demand falls and job losses escalate, and in the longer term if and when growth increases again (with parallel shifts in demand and supply if the economies of countries such as China and India continue their high levels of growth).’

**Research questions**

When the People’s Republic China (PRC) was born in 1949, it declared to be a country which would fight for workers’ rights and equity. Chinese workers were by and large, a relatively privileged group within Maoist state socialism. They were a class which enjoyed a stable, secure income, socially provided housing, medical care and education, guaranteed lifelong employment, social and political prestige. Nevertheless, the economic structure has changed dramatically since 1978, when China decided to rely on Foreign Direct Investment (FDI) as its main source of economic development.

China is the fourth largest industrial producer after the US, Japan and Germany and in terms of output, it is the leading producer in more than 100 kinds of manufactured goods. When the Multi Fibre Agreement was phased out in 2005, Chinese apparel made up 40% of the total global production and 20% of textile. 85% of bicycles and 80% of shoes sold in the US are made in China (Hart-Landsberg and Burkett, 2006: 5). This economic performance is, however, less impressive, if one analyses the way Chinese production is integrated in global production networks. China has largely relied on FIEs (Foreign Invested Enterprises) in its export strategy. There are virtually no domestic Chinese companies, which control significant export networks. As a result, foreign capital dominates research and development (R&D) in China’s export sector.
(Hart-Landsberg and Burkett, 2006: 20-21), while China’s main contribution to this growth strategy is cheap labour. In the area of Chinese restructuring, some studies have mentioned that different countries’ investors, for instance, Asian investors brought with them a fiercely coercive, exploitative and even physically violent element of management behaviour (Chan, 2001). There are also studies to discuss the consequence of market reform in China and the impact of globalisation on Chinese labour (Hart-Landsberg and Burkett, 2005; Gallagher, 2005). Nevertheless, with the exception of Cantin and Taylor (2008), little attention is given to the Chinese workers’ changing structural position in the global division of labour. This results in the following first research question:

What is the new Chinese production structure including its integration into the international division of labour?

In the past, Chinese workers were comparatively privileged within the economy through guaranteed employment and non-employment related benefits. Nevertheless, in the mid-1990s Zhu Rongji formulated a new strategy for State Owned Enterprises (SOEs) reform, the so-called ‘Grasping the big and letting go the small’. This strategy was implemented, when Zhu became the Premier in 1998. According to Yongnian Zheng and Minjia Chen’s analysis, this strategy cultivated strong and competitive large enterprises. It also allowed small or medium-sized enterprises to face market forces (Zheng and Chen, 2007: 4). At the same time, however, the official count of laid-off workers increased from 3 million in 1993 to 17.24 million in 1998. Under these harsh circumstances, Chinese workers have clearly lost their traditional place as a result of economic transformation (Blecher, 2002: 290). Chinese labour movements are generally small-scale and have been in no position to stop the reform (Cai, 2002: 330). In short, economic restructuring has fundamentally changed Chinese workers’ situation with many of them facing tough working conditions, low wages and the threat and reality of unemployment. At the same time, little protection by trade unions is on offer.

Some recent literature deals with workers’ protests at different moments of PRC history (Perry and Xun, 1997; Sheehan, 1998; Walder, 1991). Some more specific literature emphasised that the 1989 Tiananmen Square movement actually was significant to the Chinese labour movement, because a fully independent labour union, the Beijing Workers’ Autonomous Federation (gongzilan), was established in May 1989. Although the gongzilan had a short life until June 1989, the remaining members of gongzilan still protest for Chinese labours’ rights from all over the world (Walder and Xiaoxia, 1993: 1-29). Drawing on this experience, are there any trade unions in China representing workers’ interests? As a result, the second research question is:

What kind of civil society organisations have emerged at the form of state level in the defence of workers’ interests?

The All China Federation of Trade Unions (ACFTU) was established in 1953 and is the largest federation of trade unions in China. The criticism of the ACFTU is that it is affiliated to the Chinese Communist Party (CCP). Many studies have shown the impotence of the ACFTU in representing Chinese workers. However, many researchers also argue that the ACFTU is incorporated into the party/state system by design. It is, thus, a ‘corporative trade union’ (Chan, 1993; Gong, 2002; Howell, 2003; Perry, 1995; Walder, 1991). Researchers on Chinese trade unions classified the ACFTU as an example of state-society corporatism. Thus, in the relationship between the ACFTU and the state, the latter plays an overwhelmingly dominant role (White, Howell and Yuan, 1996: 28). The ACFTU serves as a ‘transmission belt’ for state policies. On the one hand, it speaks for the state to mobilize workers for more production; on the other, it collects workers’ views to report back to the state. These two functions are contradictory in themselves under its corporative relationship with the state. Unsurprisingly, the latter function is rather superficial and less developed (Chan, 1993: 36-7).
Since the ACFTU cannot fully represent the interests of Chinese labour and the independent labour organisation *gongzilan* was destroyed in the repression of the 1989 Tiananmen Square movement, some studies therefore start to analyse the reasons behind Chinese workers’ failure to organise a collective movement in order to improve their status. Various explanations of observed patterns of sporadic contention have been discussed recently by China scholars. These explanations include grievances, mobilizing structures, claims, tactics, and targets of protest (Blecher, 2002; Cai, 2002; Hurst, 2004; Hurst and O’Brien, 2002; Lee, 2000, 2002, 2007; O’Brien and Li, 2006; Solinger, 2000). Less work has been done about spontaneously emerging unions and NGOs, attempting to represent workers interests.

Most scholarly work dealing with China’s integration into the global economy mainly focuses on China’s accession to international financial organisations. China became a member of the World Bank and the International Monetary Fund (IMF) in the 1980s and began to adopt their bureaucratic process in order to be aligned with their practices (Yahuda, 1999). More recently, China’s accession to the World Trade Organisation (WTO) in 2000 was looked at in detail. Scholars especially concentrate on the legal aspects in finance or China’s role in the WTO/GATT dispute settlement system (Breslin, 2007: 91; Dorsey at al, 2003; Gu, 2007; Lardy, 2002; Zhang, 2006). Certainly, the fact that China engages more with global economic organisations indicates that the country’s economy is being gradually integrated into the global system. China’s economic and international trade volume is so large that the expansion of economic output and trade resulting from China’s membership in the WTO influences the growth of the global economy. For China, joining the WTO means not only a closer link into the global trade system, but also to open domestic markets and accelerate the reform of the SOEs. Scholars have therefore argued that to join the WTO will trigger greater inequality and worsen unemployment. In short, the integration of China into the world economy by joining the WTO caused a rather negative impact on Chinese workers and social equality (Fewsmith, 2001). With China’s rapid economic development in the late 1990s, China’s outward FDI also triggered scholarly interest (Cai, 1999). China apparently became not only the largest recipient of FDI, but also one of the most important countries of outward FDI flows of the developing world.

Nevertheless, what is missing in the above literature in relation to China’s integration into the global economy is the analysis of how these developments at the world order level are related to changes in the underlying social relations of production as well as changing Chinese state policy in their impact on workers. As Breslin rightly argues, China is not a regional engine of economic growth, it is a platform of production. The real engines, according to Breslin, are the investment and trade into China by the demand of Japan, Europe and, most importantly, the US (Breslin, 2007: 148). Building on Breslin’s argument, this project argues that the integration of China into the global economy cannot merely be understood by China’s membership in the World Bank, the IMF or the WTO. The demand from elsewhere is based on the comparatively low economic cost of production as a result of cheap labour. This is why this project aims to understand the relationship of Chinese labour organisations with international labour organisations in a situation of a changing production structure and intensified integration into the global economy, that is a situation in which global economic development directly endangers working conditions in China itself. Hence, the third research question is

**To what extent has Chinese labour been integrated into the international working class organisations and been able to improve the conditions of Chinese workers through this route?**

In sum, Chinese labour and its position within the Chinese production structure is integral to economic restructuring within China as well as developments at the level of the global economy. Hence, in order to provide an encompassing assessment, the project will focus on developments in the Chinese production structure, the Chinese state as well as at the international level. It will be examined in what way Chinese workers organise themselves at these different levels in order to defend themselves collectively against the pressures of restructuring.
Liberal International Political Economy approaches conceptualise labour as a transnational actor (e.g. Higgott et al, 2000), but they conceptualize ‘transnational actors as autonomous entities rather than as embedded in, and indeed constituted by, transnational structures’ (van Apeldoorn, 2004: 148). While Beverly Silver (2003) ‘captures well the power structures of the underlying social relations of production at the global level, she overlooks the importance of domestic institutional set-ups, which shape the organization and strategies of individual labour movements’ (Bieler, 2009: 235). Comparative Political Economy approaches and here especially the varieties of capitalism literature highlight the importance of different, historically developed national institutions for the analysis of actors’ behaviour (e.g. Hall and Soskice, 2001; Schmidt, 2002). The problem, however, is first that their focus on specific national models implies almost by default a state-centric conceptualization of international relations and the treatment of labour as a purely domestic actor. Additionally, CPE approaches fail to understand, similar to liberal IPE approaches, the importance of the underlying social relations of production and the related uneven power structure (Coates, 2000: 176-7). To overcome these shortcomings, this project is based on a critical political economy approach, which takes the social relations of production as a starting-point and, thus, incorporates the underlying social and power structures into the analysis (Bieler, 2006: 24-43). It is at the level of the social relations of production that social class forces are identified as core collective actors. These social class forces, it is argued, operate within and across three different levels of activity, the social relations of production, forms of state and world order (Bieler and Morton, 2004a; Morton, 2007), each of which relate to one of the research questions. Overall, unlike Silver’s approach, the importance of national forms of state is not overlooked. Moreover, rather than analysing developments at the national level in isolation of wider changes, it is understood from the beginning that domestic restructuring is always also immediately linked to wider processes of global restructuring.

Methodology
In order to address the first research question, data in relation to the following four areas is required:

1) Which are the various Chinese industrial sectors and what is their importance to the overall economy? In this respect, data in relation to the importance of individual sectors, including importantly also agriculture, to the overall GDP of the country will be collected. This data is available in the statistics archive of the Ministry of Commerce of the PRC (http://english.mofcom.gov.cn/; 30/10/2009).

2) How much production is owned and organised transnationally vis-à-vis domestic Chinese capital? Here, data on outward and inward foreign direct investment (FDI) flows and stocks of FDI is significant and will help to assess the degree of foreign ownership. This data is available from the annual United Nations World Investment Reports (e.g. UN 2008).

3) How many workers are employed in stable jobs and how large is the migrant work force in unstable conditions? Relevant data can be found in the Ministry of Labour Protection under the central People’s Government of the PRC (http://www.mohres.gov.cn/mohrss/Desktop.aspx?PATH=rswww/sy; 30/10/2009).

4) How are the relationships at work organised? This area will be assessed through a survey of relevant secondary literature. Semi-structured interviews with representatives of the ACFTU and informal labour organisations (see below) will further provide material in relation to this question. The additional issue of whether it matters who the foreign employers are, Western enterprises or Asian investors, will be addressed here. Importantly, China adopted a new labour contract law in January 2008, protecting the interests of labour to a considerable extent (Karindi, 2008: 3). It will be examined how the Chinese government dealt with the pressure especially by foreign investors during the global economic recession. The collection of relevant data is ensured, since Dr. Chun-Yi Lee has already joined a project named ‘The Reconstruction of International Economic Order and Chinese Legal Counter Measures after
the Global Financial Crisis'. This research team is based in Shanghai Normal University. The
chief investigator Professor Liu Cheng was one of the key advisors to the drafters of the new
labour contract law in 2008 (Karindi, 2008: 6) and strongly supports this project (see his
letter of support).

The issue of the new labour contract law relates to the first question, since it directly changes the
wider institutional way of how production is organised. It provides, however, also a good link to
the second research question in that it involves a focus on the role of the Chinese form of state.

In relation to the second research question, the ACFTU, some of its numerous local
branches and several more informal labour organisations will be analysed. In order to assess the
influence of both the ACFTU and the informal labour organisations as far as the protection of
workers is concerned as well as the relationship between these two, the research focus will be on
1) The effort of both the ACFTU and the spontaneous labour organisations in relation to the
legislation of labour rights in the Chinese legal system.
2) The effort of both the ACFTU and the spontaneous labour organisations in relation to
educate workers' understanding of labour rights.

Semi-structured elite interviews with staff of the ACFTU, including its chairman, members of
spontaneous labour organisations, and the Chinese government will be conducted in this respect.
Furthermore, interviews with, and observations of, labour NGOs in China are essential for this
part. In order to ensure access to relevant data in this sensitive area, Dr. Chun-Yi Lee has already
carried out a pilot study for this project in the summer 2009, conducted first exploratory
interviews and established the following links:
• Cooperation with Chinese academics: in addition to joining the research team in Shanghai
  Normal University mentioned above, Dr. Chun-Yi Lee has already visited cities in the south
  of China, Dongguan and Shenzhen, which attract most migrant labour, and established
  contacts with Prof. Wang Ping and Yu-Ming Zheng from Dongguan Technology University
  in July 2009 (see letter of support by Prof. Wang Ping).
• Contact with labour NGOs in China: In July 2009, Dr. Chun-Yi Lee visited the Dagongzhe-
  Migrant Worker Centre in Shenzhen and received the permission to carry out participant
  observations in this NGO in the future.
• Interview with Paul Mason, Newsnight's Economics Editor and author of ‘Live Working,
  Die Fighting’ in London on 10 June 2009. He has worked on several contributions on
  Chinese labour for the BBC and provided many useful contacts in relation to informal
  labour organisations in China.
• First exploratory interviews with Monica Wang, the Director of Labour Action China
  (http://www.lac.org.hk; 30/10/2009), in Hong Kong on 31 July 2009 and an anonymous
  interviewee of the Migrant Worker Centre in Dagongzhe on 27 July 2009. These interviews
  revealed that the about 50 labour NGOs in China, 30 of which are in the South of China,
  are closely controlled by the Chinese government, while the ACFTU is in many respects a
government organisation.

Discussions about the current reform of the ACFTU clearly challenge this situation. Recently,
the ACFTU has started to interact with international labour organisations, for instance the
International Trade Union Confederation (ITUC) (Chan, 2006). Therefore, possible ACFTU
reform is not only relevant for the second, but also the third research question and the ACFTU’s
interaction and integration with international labour organisations.

In relation to answering the third research question, the relationship between the ACFTU
and informal labour organisations with the institutions of the international labour movement will
be assessed. Most importantly, the discussions about potential ACFTU membership in the ITUC
will be analysed through an engagement with secondary literature as well as primary documents
on the ITUC website. Equally, the relationship between the ACFTU and the ILO will be analysed, again through work with secondary sources and primary material from the ILO website. This will be backed up through semi-structured elite interviews with ACFTU, ITUC and ILO officials. Exploratory research already carried out in this area include:

- an interview with Vikki Chan from the Hong Kong Liaison Office of the ITUC in July 2009. The Office agreed to serve as a host institution for aspects of this project and will function as a platform to contact Chinese labour organisations (see attached letter of support);
- an interview with Carlos Polenus, the ITUC special advisor on China (see his letter of support) at the ITUC headquarters in Brussels on 8 October 2009. The ITUC will provide key contact people in China for this project and grants Dr. Chun-Yi Lee access to its database in relation to Chinese labour as well as the ITUC’s interaction with the ACFTU;
- an interview with Dr. Jeroen Merk from the Clean Clothes Campaign (see his letter of support), which currently orchestrates a campaign for an Asian Floor Wage in the textile sector. It is interested in research on Chinese labour and provides an international contact point for Chinese labour organisations, which is part of this research project;
- finally, Dr. Chun-Yi Lee attended the TUC and Union Ideas Network (UIN) seminar on ‘China – its Impact on the world economy and the union response’, in London on 11 May 2009. Further deepening of the connection with the TUC, which is interested in contacts to Chinese trade unions, will be part of the project and yield information on the third question.

In short, while this is clearly a sensitive research area, the exploratory interviews and pilot study in China as well as the numerous contacts set up all indicate that Dr. Chun-Yi Lee will be in an excellent position to collect the necessary empirical data for this project. Her linguistic competence speaking Mandarin and her previous research experience in the PRC make her the ideal researcher to carry out this project.

Outline timetable

The project will start in October 2010 and is scheduled to run for three years. Work on the three research questions will be integrated together and the main activities will be:

**Year 1:**
(a) a survey of the secondary literature on Chinese labour in relation to the three research questions; (b) sampling different case studies and designing of questionnaire; (c) collection of empirical data in relation to the first research questions; (d) preparation and carrying out of first field research trip;

**Year 2:**
(a) examination of data and first writing-up of paper resulting from first field research trip; (b) preparation of second, six month-long field research trip; (c) second field research trip to China; (d) processing of data of second field research trip;

**Year 3:**
(a) writing of additional research papers; (b) third and final period of field research; (c) finalisation of the project including (i) refinement of analytical framework, data analysis and formulation of conclusions; (ii) completion of the main project outputs; and (iii) organisation of two-day end of project conference.

Plans for Dissemination of Research Output:

During the project, research results will be regularly presented at high-profile academic conferences including the *International Studies Association* in the US, the *Association for Asian Studies* also in the US, the *British International Studies Association* and the *European Consortium for Political Research*. One of the articles will be a co-authored piece by Andreas Bieler and Chun-Yi Lee on the conceptualisation of the role of Chinese labour, the other publications will be single-authored pieces by Chun-Yi Lee. This will lead to three to five good journal articles covering the topics outlined above and, in time, result in a book manuscript. Targeted journals include Political Studies; *Journal of International Relations*; the *Review of International Studies*; the *Review of International Political Economy*, the *China Quarterly*; *Journal of Asian Studies*; *Asian Survey*; *Third World Quarterly*, *Post-Communist Economies, Industrial and Labour Relations Review*, etc. For the dissemination of results to user groups, see the Impact plan.
References


