

Le projet hégémonique de la «société harmonieuse» chinoise: conflits de travail et changements de politiques ouvrières

Elaine Sio-ieng Hui et Chris King-chi Chan

Résumé

En 2002, l'actuel président chinois Hu Jintao présentait la Chine contemporaine comme une «société harmonieuse». Le présent article démontre cependant que cet idéal d'harmonie sociale ne s'est pas matérialisé pour la main d'œuvre chinoise, l'écart entre riches et pauvres et l'inégalité croissante des revenus générant un mécontentement social grandissant. Le coefficient de Gini a augmenté en Chine après le discours de Hu; la part du PIB attribuable à la main d'œuvre a chuté de 56.5 pour cent en 1983 à 36.7 pour cent en 2005, alors que la part de l'investissement a grimpé de 20 pour cent. Selon les données empiriques, l'activisme se développe chez les travailleurs chinois et la lutte des classes influence les politiques du parti État. Vue sous cet angle, la «société harmonieuse» semble être un projet hégémonique adopté par le parti État pour dissiper le mécontentement croissant des travailleurs et susciter leur acquiescement. Pour illustrer cet argument, les auteurs examinent les relations entre l'État, le capital et la main d'œuvre en Chine au cours de la dernière décennie, en s'attardant particulièrement à la vague de grèves d'échelle nationale axées sur des demandes de hausse salariales qui a déferlé en 2010, et aux modifications des lois sur le travail entre 2010 et 2011.

The “Harmonious Society” as a Hegemonic Project: Labour conflicts and changing labour policies in China

Elaine Sio-ieng Hui¹ and Chris King-chi Chan²

Abstract

In 2002, the current President of China, Hu Jintao, spoke of contemporary China as a “Harmonious Society,” one “in which all the people will do their best, each individual has his/her proper place, and everybody will get along in harmony with each other” (Renmin Ribao, 20 February 2005). However, as this article shows, the idea of a “harmonious society” has not materialized in the field of Chinese labour, where there has been mounting social discontent over the widening income inequality and wealth gap. The Gini coefficient in the country reached a new high of 0.47 since Hu’s speech; labour’s share of the GDP has plummeted from 56.5 per cent in 1983 to 36.7 per cent in 2005, while the investment share has jumped by 20 per cent. Empirical evidence demonstrates that labour activism has burgeoned in China, and class struggle constantly shaped the party state’s policies. From this angle, this paper contends that the “Harmonious Society” is a hegemonic project pursued by the party-state to mitigate the growing labour unrest and secure workers’ acquiescence. To illustrate our argument, this paper will examine the state-capital-labour relations in China in the past decade, with particular reference to the wave of nationwide strikes that ignited in 2010, centred on wage demands and the shifts in labour legislation that occurred in 2010 and 2011.

Introduction

The concept of the “Harmonious Society” was first put forward by the Chinese party-state in 2002, and is defined as a society “in which all the people will do their best, each individual has his/her proper place, and everybody will get along in harmony with each other” (Holbig, 2006; *Renmin Ribao*, 20 February 2005). In September 2004, this was explained as a society based upon “democracy and rule of law, justice and equality, trust and truthfulness, amity and vitality, order and stability, and a harmonious

relation with nature” (Holbig, 2006: 27). Since 2005 President Hu Jintao has repeatedly emphasized the concept.

Yet despite the political importance attached to the concept, there are surprisingly few rigorous studies investigating the “Harmonious Society” idea, or the politics related to it. In the limited available literature on the “Harmonious Society”, it is either taken as an actual social model for the party-state to pursue (e.g. Tu, 2004; Gu, 2005)³ or seen simply as an ideology mapping out China’s developmental policies and maintaining political legitimacy (e.g. Zheng and Tok, 2007; Holbig, 2006).

We find these two approaches unsatisfactory. If the “Harmonious Society” was a social model pursued in earnest by the party-state, then it is hard to explain why after the “Harmonious Society” gained official recognition for a decade, the income inequality and wealth gap in China has continued to grow⁴ and the labour unrest has intensified. Instead, the signs of social disharmony have become increasingly conspicuous. We are not convinced that the gap between the “Harmonious Society” vision and the disharmonious reality is simply due to the failures of the party-state to administer the ideal social model. On the contrary, the “Harmonious Society” is not a social model pursued seriously by the party-state. What then of the “Harmonious Society”-as-political-discourse thesis? It is true that “Harmonious Society” involves discursive and ideological elements, but we argue it is by no means only a political discourse. As will be demonstrated, it is grounded on the materiality of economic and social relations in China. Therefore, focusing one-sidedly on its ideological characteristics will result in inaccurate and biased understandings of the concept.

In view of the inadequacies of current studies of the “Harmonious Society” project, this paper puts forward two major theses. First, we contend that the “Harmonious Society” notion is a hegemonic project undertaken by the party-state to mitigate growing labour unrest, and secure workers’ acquiescence to the capitalist development in the country. It is more than a political rhetoric as material concessions are given to the working class when its struggles intensify. It is worth notice that capitalist hegemony in China is an under-explored subject. The only significant research on this topic is conducted by Blecher (2002) who argues that Chinese workers in the post reform era have been persuaded of the political, cultural and moral values of the capitalist class, thus they are not motivated

to stage collective resistance. This paper continues the Gramscian enquiry into capitalist hegemony in China, by focusing on the party-state's hegemonic "Harmonious Society" project. Second, we argue that despite the ongoing "Harmonious Society" project, there is no sign that labour activism in China is declining. Although it would be premature to suggest that Chinese labour is self-consciously challenging the capitalist hegemony, there are evident signs that they no longer passively accept the capitalist exploitation imposed on them, as Blecher (2002) suggests. Instead, they have transformed from being silent to continuously contesting the sweatshop working conditions in the country. Also, empirical evidence demonstrates that their contestation has been constantly shaping the party state's policies.

Before moving on to explicate our theses, the concepts of "hegemony" and of "hegemonic project" should be defined. In *Prison Notebooks*, Gramsci (1971) argued that ruling class power is organized by the state in political society and in civil society by "coercion" plus "hegemony". On the one hand, following the arguments of Marx and Engels, he held that the coercive machinery of the state helped maintain the domination of the capitalist class. On the other, Gramsci contended that the dominant class also had to acquire the active consent of the working class by establishing "its own moral, political and cultural values as conventional norms of practical behavior" in order to sustain its class rule (Femia, 1987: 3). The ideological ascendancy of the capitalist class over the subaltern classes was what Gramsci called its "hegemony".

Expounding on Gramsci's profound theorization, Jessop (1982) highlights four important elements of hegemony. First, the exercise of hegemony is to maintain the long-term interests of the dominant class. Second, hegemony is the active consent obtained by the dominant, ruling class over other classes by influencing their intellectual, moral and political worldview. Third, the reproduction of hegemony involves compromises on secondary issues made by the dominant class: short-term concessions made to the subaltern classes are not unusual. Fourth, the hegemony of the ruling class is exercised in the unstable and fragile field of socio-political relations, and this means that the possibility of subaltern projects of counter-hegemony exist.⁵ Based on this understanding of hegemony, what is referred to as a hegemonic project in this paper is one that attempts to sustain the long-term domination and ascendancy of the capitalist

class through securing the consent of the subordinated classes; and that this is achieved by influencing their cultural and political worldview *as well as* granting material concessions to them when necessary.

Due to space constraints, and the complexity of the question at hand, our analysis of the capitalist hegemony in China and labour struggles will only focus on the expanding private sector, which hires mainly internal migrant workers. Due to the privatization of the state-owned enterprises in the reform period and the abolishment of the state-socialist welfare system, migrant workers in the private sectors have been growing in size; in 2009 the total number reached 230 million (National Bureau of Statistics of China, 2009); thus it is worth our special attention. The data in this paper was primarily collected from the author's intensive fieldwork in China since 2009. This has included participant observation in workers' service centres, and interviews with workers, as well as with staff from labour organizations. In addition, the paper uses systematic reviews of documentary data, including Internet materials, media information, trade union and government documents, and NGO reports.

In the following section, the Chinese party-state's hegemonic project of the "Harmonious Society", which we suggest aims to contain labour and social unrest, is elucidated. Section three examines state-capital-labour dynamics in three periods during the "Harmonious Society" era that started in 2002. In the conclusion, the party-state's hegemonic project is critically evaluated.

The Hegemonic Project of the "Harmonious Society"

In order to understand the "Harmonious Society" as a hegemonic project, the economic and political landscape in China must first be outlined, so that the social context against which the project has arisen to alleviate labour unrest can be better understood.⁶ At the economic level, following the economic reforms of 1978, China's economy moved from state-controlled to market-driven.⁷ This shift to the capitalist mode of production had profound impacts on industrial relations, and on socio-political relations in the country. Workers in China used to be state-employed, and their work and life were organized by the party-state. However, the work unit (*danwei*) and the rural "communes" (*renmin gongshe*) that were responsible for workers' and farmers' welfare were dismantled in the post state-socialist period (Chen, 2006). In the reform era, Chinese workers

and farmers have to sell their labour power in the capitalist market in order to obtain the means of subsistence. Concurrent with the changing labour relations in the reform era was China's growing incorporation into the global capitalist economy. Attempting to solve the overproduction crisis in the West that began in the 1970s, many foreign corporations invested in China transforming the country into a global manufacturing hub, with an abundantly cheap and unorganized labour force (Hung, 2009). Due to both these domestic and international drives, rapid industrialization and urbanization have taken place in China. In 1979 State Council approved an experimental project establishing four Special Economic Zones (SEZs) to attract foreign direct investment and promote exports. A wide range of privileges, such as concessionary taxes, preferential fees for land, and flexible wage schemes, were offered to capitalist investors in the SEZs. From 1988, the party-state opened up the coastal area, and eventually almost the entire border of China (Ge, 1999).

At the political level, the Chinese Communist Party (CCP) has an authoritarian character (Stockmann and Gallagher, 2011) and has always monopolized political power; nor is the Chinese government popularly elected. Due to its socialist ideology, the CCP traditionally only consisted of working class members. However in 2001, Jiang Zemin, a third-generation Chinese leader, proposed that private entrepreneurs should be eligible for CCP membership (So, 2003). He put forward the principle of "Three Representatives," which means *inter alia* that the CCP represents not only the working class, but also economic elites and private entrepreneurs who belong to the dominant capitalist class. The CCP constitution was amended in 2002 to include the notion of "Three Representatives" and consequently, the capitalist class now constitutes the largest component of the CCP, compared with other social classes (Breslin, 2007).

The increasing political domination of the capitalist class is not confined to the CCP but is also evident in rising influence elsewhere in the state apparatus. For example, the National People's Congress (NPC), which is officially the highest legislative body, and the People's Political Consultative Conference (PPCC), which is a CCP-led consultative body with great influence over the state policies are highly influenced by the capitalist class. There is data to suggest that 35.1 per cent of members of the PPCC at different

levels are private entrepreneurs, who also constitute 17.4 per cent of the NPC (Breslin, 2007: 79). This shows that the capitalist class in China has increasingly merged into the political structure of the party-state.

It must also be noted of the party-state, that its legitimacy is not built upon democratic elections, but upon the country's economic growth. It sets goals for economic development, and mobilizes the nation to achieve them. The CCP then publicizes throughout the whole country that these goals have been attained, so as to secure its legitimacy. This is what Breslin has called "performance-based legitimacy" (Breslin, 2007: 44).

In short, the changing socio-economic and political development in China has led to the rise of the capitalist class in the country, as well as a convergence of interest between the party-state and the dominant class. Under these circumstances, Chinese workers have faced various kinds of unfair treatment imposed by capital, and are left without any proper political protection. Sweatshop labour conditions, such as low wages, long working hours, forced overtime, pay arrears, and serious workplace accidents are extremely common in China (see Chan, 2001; Lee, 2007). This situation has induced an increasing number of labour disputes and worker protests over the past three decades. The number of labour disputes handled by labour dispute arbitration committees (at all levels) jumped dramatically from 12,368 in 1993, to 693,465 in 2008 (National Bureau of Statistics of China, 2009).⁸In addition, the total number of "mass incidents" (the official term for protests, strikes and demonstrations) jumped from 10,000 in 1994 to 87,000 in 2005 to 127,467 in 2008 (CLB, 2009a; CLB, 2009b).

In response to this growing labour unrest, the concept of the "Harmonious Society" was first raised in the 16th Chinese Communist Party (CCP) Congress, held in November 2002. It was defined by the CCP Central Committee 4th plenary session of September 2004 as a society building on "democracy and rule of law, justice and equality, trust and truthfulness, amity and vitality, order and stability, and a harmonious relation with nature" (Holbig, 2006: 27). Subsequently, the *Peoples' Daily*, the key party-state controlled newspaper, explained that the "Harmonious Society" was one "in which all the people will do their best, each individual has his proper place, and everybody will get along in harmony with each other" (Holbig, 2006: 27, quoting *The Peoples' Daily*

27 June 2005). In February 2005, the current President, Hu Jintao, stressed the ideology of the “Harmonious Society” in a long official speech. He stressed that a “harmonious society” was “essential for consolidating the party’s social foundation to govern and achieve the party’s historical governing mission” (Holbig, 2006: 27; *Renmin Ribao*, 20 February 2005).

Another important political rhetoric related to the “Harmonious Society” is that of “social stability and harmony” (*shehui wending he hexie*), which has been heavily emphasized by the government. Socio-economic and socio-political “stability” is always depicted in China as the prerequisite for economic growth and social prosperity (Breslin, 2007). Also stemming from the Harmonious Society idea, “harmonious labour relations” (*hexie laodong guanxi*) have become central to the dominant political discourse in China. The then-Vice-Chairman of the All China Federation of Trade Unions (ACFTU), Xu Zhenhuan, said in 2006, “Labor relations are among basic social relations. Harmonious labor relations form the basis of a harmonious society while social harmony underpins the prosperity and rejuvenation of a nation and the well-being of its people” (ACFTU, 2006).

The ACFTU is controlled by CCP and given a monopoly status in representing workers i.e. all trade unions in China are under the ACFTU, and any attempts to establish trade unions independent of the party-state and its ACFTU are met with heavy repression (see Taylor and Li, 2007). Many studies demonstrate that the AFCTU Chinese trade unions routinely act on behalf of the state and management (e.g. Chen, 2003; Metcalf and Li, 2005). Indeed, some scholars consider the official unions to simply be state organs (Taylor and Li, 2007) or a part of the government bureaucracy (Friedman, 2009) that pursues the interests of the party-state and employers, rather than that of the workers.⁹ Meanwhile, plant trade unions are subordinate to management (see Chen, 2003). Given its intricate link with the party-state, it is not surprising that the ACFTU is one of the important state ideological apparatuses that helps construct the “Harmonious Society” project.

A class perspective analysis demonstrates that all of these political slogans construct an ideology that attempts to dissolve the class contradictions generated in the process of China’s economic reforms and incorporation into global capitalism. The “Harmonious Society” stresses that “all people” (a term that hardly bears any class

connotations) in society should put aside their economic, social and political conflicts and simply “get along in harmony,” so as to work together for the country’s economic growth. In this way, the exploitative class relations are faded into the background at the level of political discourse, as is the capital accumulation that is at the heart of economic growth.

However, the “Harmonious Society” project is more than a political ideology as it also involves new social policies and legal practices that have taken the exploited classes’ interests into consideration – that is, that entail some compromises on “secondary issues” without “challenging the long-run interests of the dominant group” (Jessop, 1982: 148).

At the beginning of 2004, the CCP Central Committee and the State Council issued the “No. 1 Document” entitled “Opinions on Policies for Facilitating the Increase of Farmers’ Income”. From then onward, social problems related to farmers, rural villages and agriculture (what are commonly called *san nong*) have become of greater concern to the party-state. For example, some provincial governments abolished agricultural tax or provided agricultural subsidies to farmers. These policies were extended to the whole country under the central government’s 2006 campaign of “building new socialist rural villages” (Chan, 2010a).

The interests of peasant-workers—also called migrant workers, as they move between industrial city and rural village—have also been more adequately addressed by the party-state as part of the “Harmonious Society” project. These workers are concentrated mostly in foreign investor enterprises and the private sector. The “No. 1 Document” (mentioned above) stated that peasant-workers are an important component of production workers, and therefore they deserve state protection and some basic civic rights. The “No. 1 Document” also suggested that peasant-workers had replaced the state workers as the prime concern of state’s labour and welfare policies. Before this, migrant workers were excluded from the AFCTU; following the party-state’s directives, the ACFTU started to allow migrant workers to be members in 2003 (*Renmin wan*, 21 September 2003).

Here, let us recall the definition of a “hegemonic project” that was stated earlier: it is a political project endeavouring to sustain the long term ascendancy of the capitalist class through securing the consent of the subordinated classes by means of

influencing their cultural and political worldview *and* by granting material concessions to them. Comparing this definition to the substance of the “Harmonious Society” project, it is evident that the “Harmonious Society” project qualifies as a hegemonic project. Firstly, as expounded earlier, the Chinese party-state is of a capitalist nature, and maintaining capital accumulation is top of its agenda. The political slogans of the “Harmonious Society” – “social stability and harmony,” and calls on “the people” to “get along in harmony” – effectively present the country’s economic growth as a project of all classes. The “Harmonious Society” project seeks to shape the moral and political worldview of the subordinated classes concerning the social relations of production. Class antagonism is masked by the notion of “the people,” and universalizing the interests of the capitalist class in the country’s economic growth as a benefit to all “the people.” In this way, the long-term domination of capitalism is intended to be sustained. Second, as elaborated, the “Harmonious Society” project aims to protect the long-term dominance of the ruling class by partially incorporating the working class’ immediate interests into social and legal policies, because when struggles intensify discontent can be partly alleviated to ensure consent to the rule of the dominant class.

Capital-Labour Dynamics under the Party-State’s Hegemonic Project

In the following section, the state-capital-labour dynamics during the “Harmonious Society” period will be elucidated. We examine whether working class’ consent to the dominant class agenda has indeed been secured, as the “Harmonious Society” project intends (Chan, 2012, a; Hui, 2011, c.).

2004-2007: labour shortages and rising labour conflicts

The period of 2004 – 2007 was marked by a changing balance of forces between capital and labour in China, caused by labour shortages plus burgeoning labour activism. Labour shortages are a new phenomenon in post-state-socialist China. There was a “tidal wave” of migrant workers (*Mingong chao*) into the industrial cities during the 1990s. In sharp contrast, 2004 saw a wave of labour shortage sweep the Fujian Province, the Pearl River Delta (PRD) and the Yantsze River Delta. For example, it is reported that there was a shortage of 2.8 million workers in the whole country, including 1

million in the PRD region, and 300, 000 in Shenzhen (Chan 2012, a, quoting *Nanfang Zhoumo*, 9 September 2004). This labour shortage was caused, on the one hand, by the party-state's policies to increase farmers' incomes and develop the rural villages, which weakened migrant workers' motivation to seek work in the cities. On the other hand, China's accession to the World Trade Organization (WTO) in 2001 was followed by a rapid expansion of China's export-oriented manufacturing businesses, and increased inflows of foreign direct investment, which led to a higher demand of labour.

The labour shortages heightened Chinese migrant workers' "marketplace bargaining power" (Wright, 2000; Silver, 2003)¹⁰, as they now operated in tight labour markets. It also boosted workers' confidence in defending their rights through strikes. In China, the government does not release statistics on strikes as this is regarded as sensitive information. However, the escalation of workers' protests can still be gleaned from the case studies conducted by scholars (see for example, Chen, 2010; Chan, 2010, a), which demonstrate that strikes became more common amongst workers.

Driven by the labour shortages and growing labour activism, the party-state regulated industrial relations during this period in order to stabilize the labour market, pacify aggrieved workers and keep society "harmonious". The party-state's interventions took two forms. First, many local governments raised the minimum wage level significantly. Take the *Shenzhen* Special Economic Zone (SEZ) as an example: its minimum wage rate jumped by 40 per cent from 610 *yuan* in 2004 to 850 *yuan* in 2007 (Shenzhen Municipal Statistics Bureau)

The second intervention of the party-state at this time was to strengthen the legal protections for workers. The Trade Union Law in 1992, the Labour Law in 1994 and the Arbitration Law in 1995 used to be the three most important legal pillars governing industrial relations in China. However, the intensification of labour-capital conflict and the proliferation of strikes proved that this legal regulatory framework was ineffectual in alleviating labour disputes.

This induced the party-state to pass three new laws in 2007: the Employment Promotion Law, the Labour Dispute Mediation and Arbitration Law, and the Labour Contract Law. The Employment Promotion Law aims to provide guidelines to local governments on how to monitor employment agencies, as well as facilitate

occupational training for workers. The Labour Dispute Mediation and Arbitration Law simplifies the legal procedure of mediation and arbitration, reducing the money and time costs to workers using these procedures. The Labour Contract Law may be regarded as the single most important of the three new laws, and seeks to stabilize employment relations by making it the legal obligation of employers to sign labour contracts with workers. Moreover, the Labour Contract Law clearly states under what conditions, and with what procedures, employers can legally terminate a labour contract—and their penalties if they fail to do so.

In summary, the labour shortages caused by the reformed rural policies and China's economic growth after joining the WTO created the material conditions for escalating labour struggles. To maintain "social harmony" in this situation, the party-state was compelled to reformulate its strategies for stabilizing workplace relations. By taking greater account of working class demands in its policies and legislation (for example, through minimum wage and simpler mediation and arbitration), the party-state hoped that overt labour resistance could be contained.

2008-2009: Workers' defensive struggles in the global economic crisis

The global economic crisis starting in 2008 had adverse impacts on China's exports, which dropped from USD \$1,430,690 million in 2008 to \$1,201,610 million in 2009, a 16 per cent decrease. As a result, China's GDP growth fell to 8.7 per cent in 2009 (CNN, 21 January 2010), which was the lowest growth rate recorded since 2002. Faced with this decline, investors adopted various strategies.

Firstly, capitalists sought to reduce labour costs by reducing the workforce, and consequently 20 million migrant workers were laid off (IHLO, 2009). The official urban unemployment rate (not including migrant workers) reached 4.3 per cent by January 2009, although the real unemployment level was estimated by the Chinese Academy of Social Sciences at 9.4 per cent. A second strategy deployed by capitalists was to evade their legal responsibilities. Following the global economic meltdown, many factories shut down (or scaled down) without paying proper compensation to workers. One example was a Dongguan factory, which owed its workers severance payments; this eventually pushed workers to protest in November 2008. Third, many factory owners pressured

the government to give them assistance. For instance, the Taiwanese business association strongly requested the government in the PRD to waive employers' contributions to workers' social insurance, to reduce taxes and land charges, and to delay the implementation of the Labour Contract Law.

The Chinese government responded promptly to capital's pressure by temporarily and selectively retreating from the labour regulations. In February 2009 the central government advised provincial governments to take provisional measures, such as reducing social insurance rates and freezing minimum wage rates, in order to lower firms' labour costs (IHLO, 2009). As a result, the Guangdong provincial government froze minimum wage rates, postponed wage consultations in enterprises, and reduced enterprises' contributions to social insurance. The Shenzhen government removed punitive clauses dealing with wage arrears in the Regulations of the Shenzhen Municipality on Wages Payment to Employees (*Yuangong gong zi zhifu tiao li*) in October 2009. It also altered the definition of wages and overtime work in ways that helped reduce enterprises' labour costs.

The capitalists' attack on labour, and the Chinese state's pro-capitalist orientation, provoked massive labour resistance, which appeared in two major forms. First, large numbers of workers sought help from the reformed legal system. The Supreme People's Court reported that the total number of labour disputes in the country went up drastically, by 30 per cent in the first half of 2009. Meanwhile, 41.63 per cent, 50.32 per cent and 159.61 per cent increases were recorded in the Guangdong, Jiangsu and Zhejiang provinces respectively (IHLO, 2009). Second, workers resorted to collective protest because the route of litigation was time-consuming and complicated. The state-run *Liaowang* magazine reported that labour protests increased 93.52 per cent in the first 10 months of 2008, compared to the same period of the previous year. Even more dramatically, a 300 per cent increase in workers' protests was recorded in Beijing (IHLO 2009).

Growing labour resistance was one of the key concerns of the party-state after the world economic crisis set in, and prompted numerous measures to deal with and minimize social unrest. Special training on how to deal with "mass incidents" was held in Beijing by the CCP in November 2008, attended by 500 party committee secretaries. In February 2009, special training was conducted for

3000 heads of local police departments; this training aimed to “keep small incidents in the village and major incidents out of the towns; to maintain the grass-roots *social stability*” (IHLO, 2009, authors’ emphasis).

In terms of labour disputes taken to the courts, in July 2009 the Supreme People’s Court issued guidelines to all courts on how to better handle labour dispute cases. The fundamental message of the guidelines was three-fold. First, it stressed labour relations in China were not essentially contradictory and thus the courts should protect the legal rights of workers, but must at the same time facilitate the survival and development of enterprises, so that “harmonious labour relations” could be preserved, and so that a “win-win situation” could be reached. Second, the courts were reminded to handle labour dispute cases speedily in order to pre-empt collective workers’ actions. Third, it stressed that the courts’ duties in terms of settling labour disputes and of preserving “social stability” must serve one larger goal: facilitating the economic development of the country (Supreme People’s Court, 2009).

Here, again, we see how the “Harmonious Society” project was carried out. Class conflicts were played down, and the stress was placed on “social stability” and “harmonious labour relations” for the sake of capital accumulation. The survival of capitalists during the crisis was portrayed as essential to the country’s economic development, and the core of a “win-win” result for both workers and capitalists. Meanwhile, the “Harmonious Society” ideology transcended the discursive level, and was being translated into concrete legal guidelines issued by the Supreme People’s Court.

The material aspect of the hegemonic project was also conspicuous. In order to avoid social and political instability, some local governments quickly intervened in labour conflict by offering material inducements to discontented workers. For example, the Shenzhen government gave 500 *yuan* to each employee of a factory whose owner suddenly disappeared in December 2008; the Guangzhou government offered 300 *yuan* to each of 900 workers of a Taiwanese factory that shut down. This was in tune with what Louis Rocca has observed: “in many cities social stability is ‘bought’ by localities through money given to protesters” (Lee, 2006: 244).

2010-2011: Workers’ offensive actions during economic recovery

China managed to cope with the world economic crisis. It

set a target of 8 per cent economic growth for the year 2009, and the actual growth reached 8.7 per cent (*Xinhua Net*, 21 January 2010). In 2010, its growth rate returned to double digits, jumping to 10.3 per cent (*Global Times*, 20 January 2011). Concomitant with the economic revival was a second wave of labour shortages. Newspapers reported that a total of 2 million workers were needed in the PRD in early 2010, and that some production lines were suspended due to labour shortages (Chan, 2012, a, quoting *Chengdu Commercial Daily*, 22 February 2010). The second wave of labour shortages was caused by the central government's attempt to push surplus migrant workers from industrial cities to rural areas during the economic crisis (CLB, 2009c; IHLO, 2009), as well as an increasing emphasis on the development of the cities of Northern and Western China, which attracted substantial factories and investments.

Again, the marketplace bargaining power of Chinese workers was enhanced and emboldened migrant workers to take offensive actions to advance their interests as China's economy revived. This explained upsurges of protests for better employment conditions in various industries and parts of the country in 2010 and 2011. The Honda workers' strike is regarded as the most significant example.¹¹ It took place in the Honda Auto Parts Manufacturing Co., Ltd (CHAM) in the Foshan city of Guangdong province in May 2010, and centered on demands for higher wages and democratic trade union reform. It involved over 1800 workers and lasted for 17 days, which was quite extraordinary by Chinese standards: most strikes only last from half a day to a few days, and are usually less organized. The Honda strike led to a daily loss of 240 million *yuan* for the company.

Initially, the company and the local government were not responsive to workers' demands: the company did not enter into negotiations with workers and the local government did not prompt negotiations either. Instead, the company used various intimidation strategies, including photographing and videoing strikers. On 31 May 2010, about 200 people wearing district- and town-level official trade union membership cards entered the factory complex, and attempted to persuade workers to return to work. (The ACFTU has a dual organizational structure, based on industries and geographic areas respectively. Enterprise unions have to join an industry-based federation and a geographical administrative-level-based federation). Their request was turned down, and a physical confrontation took

place between the strikers and the trade union officials. Several of the strikers were injured, and sent to hospital. The anti-strike, pro-business position of Chinese trade unions shocked local and the international society, and the company and official trade unions were subjected to immense social pressure. The episode of trade unionists beating strikers served as a turning point, after which the company and the local government took greater steps to resolve the dispute.

Endeavoring to gain wider public support and calling for stronger solidarity among CHAM workers, the strikers' representatives issued an open letter to all Honda workers and to the public on 3 June, which was widely circulated by the media. This stated that Honda strikers "want to be an exemplary case of workers safeguarding their rights"¹². Finally bowing to the strikers' pressure, the company initiated departmental-based worker representatives elections, and conducted collective bargaining with the representatives on 4 June 2010. Both parties reached an agreement raising workers' wages to 2044 *yuan* (a 32.4 per cent increase), and intern students' wages to around 1500 *yuan* (an increase of 70 per cent). However, the company refused to discuss workers' demands for the democratic reform of plant unions, using the excuse that it could not intervene in matters concerning workers' associations.¹³

The CHAM strike illustrated that while the Chinese party-state tended to defend capital's interests in the "Harmonious Society", labour actively contested its sweatshop conditions of employment. Moreover, the incident showed that Chinese workers have the potential to influence the party-state's and capital's attitude when their solidarity and coordination is strong. However, while the company was forced to make short-term economic concessions to the strikers, it still held a tight grip on working class organizations, and real economic power, which was more vital to its long-term interests.

Against the background of economic revival, labour shortages and rising marketplace bargaining power, as well as rising workers' confidence, the CHAM workers' strike had a palpable domino effect on the industrial as well as the national levels. The ITUC/GUF Hong Kong Liaison Office (IHLO) listed out all the reported strikes in the auto industry subsequent to the Honda strike (Table 1); at least 12 took place in June and July 2010.

Table 1: Strikes in the Chinese auto industry subsequent to the Honda workers' strike

Date	Company in which the strike took place
Within Guangdong Province	
7 June 2010	Foshan Fengfu Auto Parts
9-15 June	Honda Lock o.
16 June	Omron Co. Ltd (Guangzhou)
17 June	Nihon Plast (Zhongshan) Co.,Ltd.
18 June	Miyasaka Fuji (Zhongshan) Co., Ltd
22 June	Denso (Guangzhou Nansha) Co., Ltd
23 June	Nhk-Uni Spring(Guangzhou)Co.,
13 July	Atsumi Metal Co., Ltd. Shishan
17 July	Nihon Plast (Zhongshan) Co., Ltd
Outside Guangdong Province	
17 June	Tianjin Toyoda Gosei Co., Ltd.
17. June	Wuhan Auto Parts Alliance Co., Ltd
15 July	Tianjin Mitsumi Electric Co.

Source: IHLO, 2010

The ripple effect of the Honda workers' collective defiance was not limited to the car industry, but also extended to other industries at different geographical areas. A countrywide wave of strikes was sparked within a month after the Honda strike first broke out (Table 2).

This wave of industry- and nation-wide strikes does not fit into the picture created by the "social stability and harmony" ideology. On the contrary, they imposed a counter-effect on the hegemonic project of the "Harmonious Society" to the extent that the party-state felt the urgency to take greater consideration of workers' interest in its policies. To prevent further outbreaks of labour unrest, the party-state resorted to three strategies—trade union reform, collective bargaining, and minimum wages—which are discussed in the following section.

Concerning trade union reform, the ACFTU called on the 5 June 2010 for "Reinforcing the building of workplace trade unions and giving them full play" (ACFTU, 2010). Its statement emphasized the role of plant trade unions in ensuring the effective implementation of the labour laws at the enterprise level. Meanwhile, the CCP secretary in Guangdong province stressed that when handling workers' collective grievances, enterprise trade unions should take care to position themselves as the workers'

Table 2: Strikes that took place in different industrial sectors and geographical areas within two weeks of the Honda workers' strike first broke out

Date	Detail of the strikes
17 May to 1 June 2010	Workers from Foshan Honda factory were on strike
18 May to 21 May	Workers from a factory in Datong blocked the road traffic for three days
19 May to 21 May	Several hundreds workers from a state enterprise in Kunshan struck for over three days
19 May	Workers from Vision Tec in Suzhou went on strike
23 May	Workers from a factory in Chongqing went on strike, after some workers died of fatigue
25 May	Over 200 taxi drivers were on strike in Dongguan
27 May	Bus drivers from 13 cities in Yunan launched a strike
27 May	Workers from the Gloria Plaza Hotel in Beijing were on strike
28 May	Workers from a factory provider to Hyundai and from Xingyu automobile in Beijing were on strike.
28 May	Frontline workers in a factory in Lanzhou staged a strike
30 May	Over a hundred taxi drivers in Dongguan struck against illegally operated taxis
1 June	Truck drivers in Shenzhen Shekou harbour staged a strike against entrance fee charges

Source: *Asia Weekly* 2010.

representatives, and help safeguard their rights accorded by legal regulations (*Yangchengwanbao*, 2010). The Guangdong Provincial Federation of Trade Unions (GDFTU), which falls under the ACFTU and includes all unions at enterprises, villages, town and city level in Guangdong province, announced that a pilot scheme for the democratic elections in plant trade unions would be carried out in 10 factories, significantly including CHAM (Hui, 2011a).

Little is known about the progress of trade union reform in most of the pilot factories, as the ACFTU releases little information. However, it does appear that the reform at CHAM was hardly a satisfactory example of union democratization. Trade union elections were indeed organized at CHAM from September to November 2010 with the GDFTU's active intervention,¹⁴ but from the outset, GDFTU officials rejected the workers' representatives demand that the existing trade union president, who had sided with management during the CHAM strike, be removed.

In terms of procedures for elections, workers' direct

participation was limited. Elections were organized from the levels of division (*Ban*) to department (*Ke*) to factory (*Chang*). The workers in each division of a department elected their own division representatives (*gonghui xiaozu daibiao*), and enterprise trade union branches were set up on a departmental basis. Elections were held to elect one branch chair and two committee members, by all workers in a given department. However, the workers' direct participation in the trade union elections stopped at this stage, and only the elected branch representatives had the right to nominate candidates and vote for the 12 enterprise trade union officials. As a result of this manipulation, most newly elected union committee members were from the managerial and supervisory levels. The union chair remained unchanged, and the two new deputy chairs were a department head and a vice-head. The trade union elections in CHAM demonstrated that despite bottom-up pressure from workers, the party-state, as represented by the GDFTU, along with the Japanese management of the company, remained determined to control workplace class organizations; this is crucial for maintaining the long-term dominance of the ruling class.

Collective bargaining (commonly known as “collective consultation” in China) was also used as a means to forestall strikes. Shortly before the CHAM workers' strike ended, the *Xinhua* agency (the official press) argued that it was a matter of great urgency to promote collective wage “consultation” in enterprises, to further safeguard workers' legal rights and to promote “harmonious labour relations.” Afterwards, the Guangdong provincial government debated a second draft of Regulations on the Democratic Management of Enterprises in August 2010 after a suspension of almost two years. An amended draft of a Shenzhen Collective Consultation Ordinance, which had been suspended in the global economic crisis, was placed under public consultation in the same period (*Hong Kong Commercial Daily*, 2010).

While a few individual cases of successful collective “consultation” negotiation between employers' and employees' representatives were reported by the media¹⁵ the Guangdong Regulations on the Democratic Management of Enterprises and the Shenzhen Collective Consultation Ordinance were put on hold, because many business chambers were strongly opposed to such legislation. For example, over 40 Hong Kong business associations published a petition in newspapers, and their representatives paid

official visits to the Guangdong and central government to raise their concerns (*Singtao News*, 27th September 2010; *Mingpao*, 10th September 2010). Our own interviews with the American Chamber of Commerce in South China, and the Japanese External Trade Organisation in Hong Kong, revealed that they had submitted a position paper to the Guangdong government opposing the proposed legislation.¹⁶ As a consequence of capitalist pressure, both proposed laws were suspended.¹⁷

The third policy intervention by the party-state to pacify discontented workers, and to prevent the erosion of “social harmony,” was to raise the minimum wage level significantly. In 2011, 24 out of 32 provinces increased their minimum wage standards, and the average increase in the country was 22 per cent (*Guangzhou Daily*, 31 December 2011). The 12th five-year plan of the party-state (for 2012-2017) set two goals for minimum wage developments (*Xingkuai Bao*, 1 July 2011): first, the annual upward adjustment of the minimum wage rate at the local level should be more than 13 per cent and second, the minimum wage level should be 40 per cent above of the average wage in most cities and towns. Following instructions by the party-state, two big cities in China announced the new minimum wage level for year 2012. Beijing was to increase the minimum wage by 8.6 per cent to 1260 *yuan* in January 2012 (*Jinghua shibao*, 30 December 2011), and the minimum wage in Shenzhen would increase by 13.6 per cent to 1500 *yuan* in February 2012 (*Guangzhou Daily*, 31 December 2011).

It is worth noting that increasing minimum wage levels during China’s economic recovery serves a purpose besides mitigating labour grievances and forestalling labour unrest. It also helps capital accumulation. China’s economy has long been built upon an industrial export-oriented model, which heavily depends on the U.S. and European consumer markets. Since the U.S. and European markets have been hard hit by the world economic crisis, China’s economy has been subjected to instability. In order to reduce its reliance on exports, China is seeking to balance its economy with growing domestic consumption, and raising minimum wages is one measure to enhance local spending.

Did these new policy interventions help keep the society “harmonious and stable” in the wake of the strike waves in 2010? Did labour activism in the country die down as a result of the increasing economic concessions given to workers by higher minimum wage?

Were these policies able to restore “harmony” to society? The answers to all of these questions seem to be negative.

Overt labour collective resistance did not stop in China following the 2010 strike wave. On the contrary, another wave of labour strikes took place in 2011, although this received less foreign media attention than the 2010 events. In October 2011 alone, at least 10 strikes were reported in Shenzhen, including a strike at the Citizen Watch Factory, a bus driver strike, a teachers’ strike and three cab drivers’ strikes (CLB, 2011). According to the strike map produced by the *China Labour Bulletin*, over 200 workers’ strikes and collective actions were reported in China in 2011 (CLB, 2012). This means that on average there was one labour strike every 1.8 days in 2011. Workers’ demands in these strikes were wage increases, trade union reform, and opposition to reductions of the yearly bonus, plant closures, wage arrears and so forth. For the first twelve days of 2012 alone, there were 13 labour strikes or demonstrations reported (CLB, 2012). For example, about 300 workers from Foxconn in Wuhan tried to force the Taiwanese-owned global manufacturer to raise wages by threatening mass suicides (*Huffpost Tech*, 15 January 2012).¹⁸

Obviously, labour activism has not dwindled even though some of the party-state’s policies for maintaining “social stability” were firmly in place. However, does this activism mean that workers are actively challenging capitalist hegemony itself? This is discussed in the next section.

Conclusion: Does the Harmonious Society Project Work?

Thus far we have demonstrated how the balances of forces between labour and capital has changed during the three periods of time in the era of the “Harmonious Society” project. In the first period of 2004 to 2007, the labour shortage caused by China’s accession to the WTO and the party-state’s changing development policies enhanced workers’ marketplace bargaining power and fuelled the labour struggles. To preserve “social harmony” and pre-empt labour resistance, the party-state made concessions to workers by raising minimum wages and passing three new labour laws. In the second period from 2008 to 2009, when the global economic crisis broke out, Chinese labour faced serious attacks from capital backed by the state, including massive layoffs, cuts in wages and benefits, wage arrears etc. Many workers took defensive actions, such as collective

actions, and going to court. The Chinese government responded by trying to play down class conflicts, stressing that social harmony was key to economic growth, which was important for all “the people.” The discourse of “Harmonious Society” was also translated into legal practice. In some serious cases the local governments had to buy “social stability” to prevent the escalation of labour protests. During the third period from 2010 to 2011, China experienced economic recovery and labour shortages re-emerged. A wave of strikes ignited by the CHAM Honda strike occurred in the country in 2010, with workers taking offensive actions to advance their interests and rights. Responding to this, the party-state initiated a new round of policy changes including the continuation of minimum wage increases, strengthening efforts to heighten trade union representation and promoting collective bargaining. However, as shown, labour activism did not die down in 2011. On the contrary, workers have taken more offensive actions to advance their interest.

Applying Gramsci’s conceptualization of hegemony, we contend that the “Harmonious Society” idea is a political project by the Chinese party-state to achieve a hegemonic effect, which is to obtain the working class’ consent over the ruling class’ ascendancy. Gramsci writes that:

State is ethical in as much as one of its most important functions is to raise the great mass of the population to a particular cultural and moral level, a level (or type) which corresponds to the needs of the productive forces for development, and hence to the interests of the ruling classes.

(Gramsci 1971: 258)

The “Harmonious Society” is a hegemonic project in the sense that it attempts to sustain the long-term domination of the capitalist class through securing the consent of the subordinated classes, and this is achieved by influencing their cultural and political worldview and granting material concessions to them when necessary. However, labour unrest challenging capitalist exploitation has risen to a new height in the past two years, despite the fact that the party-state has increasingly incorporated workers’ concerns into its policies.

Does it mean that workers are challenging the “Harmonious Society” project and the capitalist hegemony? There is no simple “yes or no” answer to this question. Certainly, labour antagonism does not necessarily equal a self-conscious challenge to the basic capitalist social relations of production or the capitalist class’ hegemony. Many labour protests can be carried out to advance workers’ interests, yet remain within the capitalist framework and never question capitalist rule. Besides, for the dominant class to be hegemonic, labour unrest does not need to be totally eliminated from society. In fact allowing such unrest to exist, subject to hegemonic ideology and the capitalist logic, is fully compatible with capitalism.

At the moment, it is rare that migrant workers’ protests in China explicitly express an objection to capitalism and therefore it would be incorrect to say that they are self consciously challenging capitalist hegemony. That being said, compared with Blecher’s study from a decade ago, it is noticeable that the level of consent given by workers to the ruling class has decreased markedly. When Blecher (2002) wrote, many Chinese workers accepted the market ideology of the post-state-socialist era, and if some workers felt the unfairness of the economic reforms, they thought this was natural or inevitable. Few were motivated to improve their working conditions through collective action.

More than a decade later, the data shows that more and more workers are willing to protest capitalist exploitation through strikes and other collective actions i.e. the suffering imposed by capitalists is no longer seen as natural and inevitable, and workers now take actions in order to change what once seemed to be natural and inevitable. We argue that if Chinese labour does not explicitly challenge capitalist class hegemony, it has at least become more active and conscious in contesting sweatshop conditions (see Chan, 2012, b). In future, this kind of labour activism and consciousness can develop in different directions. It can either be further subsumed under the capitalist ideology and be contained within the capitalist logic, or it can transcend the capitalist hegemony to question the ascendancy of the bourgeoisie. The outcome hinges on the continuous class struggles between capital backed by the party-state, and labour, on the economic, political and ideological terrains.

Endnotes

1. Department of Political Science, University of Kassel, Germany. E-mail: Elaine229hui@yahoo.com.hk.
2. Department of Applied Social Studies, City University of Hong Kong. E-mail: kccchan@cityu.edu.hk.
3. This type of literature is usually produced by the Chinese Communist Party officials or party-related authors.
4. The Gini coefficient of China reached a new height of 0.47, which has exceeded the warning level of 0.4 (China Daily, 12. May 2010). In addition, in 2007 the income of the top 10 percent of the wealthiest was as much as 23 times of that of the poorest 10 percent, while it was only 7.3 times in 1998 (China Daily, 12. May 2010). Furthermore, in spite of the escalating economic growth of China, the labour share of GDP has plummeted from 56.5 per cent in 1983 to 36.7 per cent in 2005 while the investment share has jumped by 20 per cent (Taikungpao, 13 May 2010).
5. For more about hegemony, see Gramsci, 1971; Adamson, 1980; Anderson, 1976; Mouffe and Sassoon, 1977; Merrington, 1968
6. This section draws largely from Hui 2011c.
7. Some might consider the state-socialist period of China as a hegemonic or ideological project, but it differs from what we focus on in this paper. In the state-socialist hegemonic project it was the working class' ideologies that were predominant, while in the capitalist hegemonic project the capitalist class's moral, political and ethical values lead the society and the working class is the dominated class.
8. These figures arguably show the tip of the iceberg, as many workers do not take the trouble to file a case or simply do not know they have the right to do so.
9. For more about the characteristics of ACFTU, see A. Chan, 1993; Chen, 2003; Simon Clarke, Lee and Li, 2004; Howell, 2008.
10. For detail elaboration of Chinese migrant workers' marketplace bargaining power, see Chan 2009
11. For details of the Honda strike, see Hui 2011a, Chan and Hui, 2012
12. The strikers gave a copy of their statement to the author during her fieldwork.
13. One of the major obstacles for democratic trade union reform in China is the subordination of enterprise trade unions to the management (Cheng, 2003). Therefore, if CHAM management refuses to discuss this issue and loosen its grip on the plant trade union, it is difficult to implement democratic trade union reform in the company.
14. Our information on the trade union reform in CHAM was provided by a worker in an interview on 12 June 2011. This information was

supplemented by a newspaper report: Nanfang Doushi Bao 4 July 2011.

15. For example, an agreement on wage increases was reached by CHAM in 2011(Nanfang Doushi Bao 4th July 2011) and in the catering industry in Wuhan (Workers Daily, 24th May 2010).
16. Interview on 7 June and 20 July 2011.
17. During my fieldwork I found that many Chinese state owned enterprises (SOEs) and some government branches also opposed to the legislation.
18. In 2010 at least 14 Foxconn workers committed suicide in their factory dormitory (Huffpost Tech 15 January 2012) which has raised concern over its militaristic and arbitrary managerial style. See Hui 2011 b

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