

New Research in
Global Political Economy



Hui Sio Ieng

The Containment of Labour Unrest in the Post Socialist China

New Research in GPE
Working Paper
No. 03/2011

Department of Social
Sciences

“Globalisation & Politics”

U N I K A S S E L
V E R S I T Ä T

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urn:nbn:de:hebis:34-2010091334524

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January 2011

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Abstract

Due to its transition from the socialist mode of production to the capitalist mode, workers in China have been exposed to the exploitative class relations that they hardly experienced before. The working class is now assuming a subordinate position in the relations of production while the capitalist class remains in the dominant position. As a consequence, workers' protests are constantly emerging and class conflicts are exacerbating in the contemporary China. I have set out to study in this paper how the party-state in China contains labour unrest through the All China Federation of Trade Unions (the ACFTU), which I argue is a state apparatus that performs the ideological, political and economic functions in different situations.

There has been an ongoing academic debate on if the ACFTU is defending workers' interests. Some scholars have expressed optimism while some have taken a dim view. Drawing on Poulantzas' theory of capitalist state, I hope to make contribution to this debate by demonstrating that the ACFTU is under some circumstances serving the short term interests of workers as individuals, but not the economic and political interests of workers as a class. Instead of organizing workers to overcome the effects of isolation or forming a class for itself, the ACFTU attempts to contain labour unrest and reproduce their subordination in the relations of production.

List of Abbreviations:

ACFTU	All-China Federation of Trade Unions
CCP	Chinese Communist Party
CPPCC	People's Political Consultative Conference
E.U.	European Union
FDI	Foreign direct investment
FIEs	Foreign owned investments
GDP	Gross Domestic Products
NPC	National People's Congress
NPCSC	National People's Congress Standing Committee
PRC	Peoples' Republic of China
SEZs	Special Economic Zones
SOEs	State Owned Enterprises

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1. Setting the stage: the party-state, trade unions and working class in China

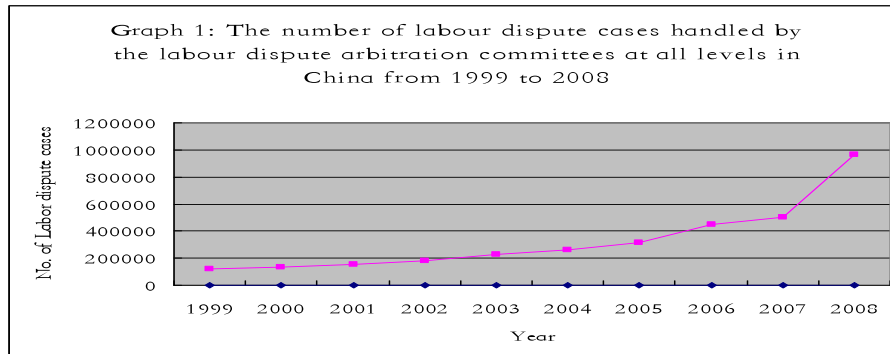
1.1 Introduction

The principal question under scrutiny in this paper is how the party-state in China has been utilizing the All China Federation of Trade Unions (the ACFTU) to contain labour unrest. Ever since the founding of the Peoples' Republic of China (PRC) in 1949, the Chinese Communist Party (CCP) has always been the only ruling party. And the ACFTU is the only union federation that is legal and party-affiliated; and it is to which all trade unions in China have to be subordinated. Drawing on Poulantzas' theory of capitalist state, I would argue the ACFTU is a state apparatus that performs an ideological, sometimes economic and political, function aiming to forestall workers' struggles and reproduce their subordination in the capitalist relations of production.

Since the economic reforms in 1978, China's economy has been turned from state controlled to market-driven. The shift from the socialist mode of production to the capitalist mode of production has profound impacts on the organization of labour forces and the socio-political relations. First, the labour vis-à-vis state relation has changed fundamentally with the move to the market dominant economy. Workers in China used to be state-employed and were well protected by the party-state. However, the state institutions, such as work unit (*danwei*) and rural people's communes (*renmin gongshe*), that took care of workers' and farmers' welfare were dismantled in the post socialist period. In this way, the "paternal relation" (Zenglein 2008; Chen 2006) once existed between workers and the party-state has disappeared with socialism. Second, being deprived of their socialist protection, almost all workers have been plunged into the capitalist market in order to obtain the means of subsistence. They now have to sell their labour power in the market, thus encountering the labour vis-à-vis capital relations that they hardly experienced before. The upsurge of labour force, especially the unskilled and uneducated fraction, means the labour supply outweighs its demand in the market. For this reason, workers only possess weak bargaining power vis-à-vis the capitalists, if any; they therefore have become highly susceptible to the capitalist exploitations.

It is against this socio-economic background that an increasing number of labour disputes and workers' protests have emerged in China. The number of labour dispute cases handled by the labor dispute arbitration committees at all levels in the country jumped dramatically from 120, 191 cases in 1999 to 964,000 cases in 2008 (see Graph 1). However, these

figures only show the tip of the iceberg as many workers do not want to take the trouble to file a case or simply do not know they have such rights. In addition, the total number of mass incidents, an official term for peoples' protests, jumped from 10,000 in 1994 to 87,000 in 2005 (CLB 2009f). Workers' grievances are usually about managerial corruption, layoff by the state owned enterprises (SOEs), defaulted wages, pay arrear, workplace injury compensation, overtime payment, corporal punishment, etc. (see Chan 2001: 6-7; Lee 2007b; Chen 2003; Shen 2007: 51).



Source:

1999-2005: Shen 2007: 46, quoted from China Labour Statistical Year Books

2006-2008: The National Bureau of Statistics of China 2008

In face of the mounting discontent of workers, the party-state in China has been taking initiative to contain labour unrest. My definition of containment of labour unrest is rested upon class analysis. Referring to Marx's ideas, Poulantzas (1968) has underlined three levels of workers' struggles. The first level is the individual economic struggles; they occur when individual workers are having economic struggles against individual capitalists. These economic struggles are between agents of production and do not bear any characteristic of class relations. The second level is the economic class struggles. They arise when the individual economic struggles start taking on a class character and transforming their focus from individuals to class relations. This is when the working class acquires the status of "class in itself". It marks the third level when the economic struggles bearing a class character are further transformed into political class struggles against the dominant class. It is when the status of "class in itself" is metamorphosed into "class for itself". In view of this, I define containment of labour unrest at two levels. First, it means to prevent workers from carrying out any struggles at all, not even the individual economic struggles. In concrete terms, it is to pre-empt any workers' protests. Second, if workers' protests do break out, containing labour unrest would mean to stop it being transformed from the individual economic struggles into economic and political class struggles, so that the political power of the dominant class and the state would remain unchallenged.

In a nutshell, I would explore in this paper how the party-state in China utilizes the ACFTU, a state apparatus, to avert workers' protests and suppress the transformation of their individual struggles into economic and political class struggles.

1.2 Literature review

Two types of literature are reviewed below—1. How the Chinese party-state deals with labour unrest, 2. The role of the ACFTU in labour relations

A. How the party-state contains labour unrest

Institutionalization of labour conflict resolution

The first labour control strategy deployed by the party-state in China is channeling labour's grievances to official and legal procedures. Many authors have pointed out this is to preempt labour unrest and their collective actions (see Chan 2005; Gilbert 2005; So 2003: 373; Lee 2007; Gallagher 2007). The Trade Union Law and the Labour Law were first implemented in 1992 and 1994 respectively. Also, the amended Trade Union Law and Labour Law were promulgated in 2001. And in 2008, the Labor Contract Law, Employment Promotion Law, Labor Dispute Mediation and Arbitration Law have become effective (see Shen 2007). Along with that, mediation between workers and employers at the enterprise level is strongly encouraged. Workers could only put their cases to the court when the mediation at the company level and the arbitration by the government fail to lead to any conciliation (see Fu & Choy 2004: 19; Shen 2007:5).

Policies adjustments and flexibility

The second tactic used by the party-state to pacify the disgruntled workers is to slightly adjust its policies when necessary, but without changing the fundamental direction of the economic reforms. The intention is to alleviate workers' discontent and prevent their protests from erupting into any mass movement. For example, Morris, Sheehan and Hassard (2001) highlight state workers in the SOEs used to have strong sense of class identity, therefore are more ready to protest against layoff caused by the restructuring of the SOEs. To pacify these militant workers, the large SOEs having more financial resources would put forward a gradual restructuring; core workers are either kept in their positions or offered choices of voluntary retirement.

So suggests the “off-duty” policy (*xia gang*) helps “cushion the shock of unemployment and the class antagonism of state workers against the state” (So 2003: 370) because it allows laid off workers to stay *de jure* in employment relations with the SOEs for a maximum of two years while they are *de facto* unemployed. They are supposed to be reemployed should the enterprises’ business improve; this, however, is rare.

Coercive repression

Another labour control strategy in China is repressing workers’ protests. Gilbert (2005) and Chen (2006) elucidate that the party-state has become relatively more tolerant towards enterprise level protests which are considered to be of fragmented and specific nature. However, industrial or national protests with broader claims of the working class are judged to be able to jeopardize political stability, thereby would face stronger suppression from the party-state. Also, it is noticed that many protests organizers and core activists would be picked on and punished afterwards, even in the case of peaceful and non violent demonstrations (China Labour Bulletin 2009).

Hegemony building

Blecher examines why workers’ protests in China have become increasingly intense over the years, yet remain “spasmodic, spontaneous and uncoordinated” (Blecher 2002: 285) and have not developed into a broader labour movement. He argues Chinese workers who used to be exposed to the socialist ideology have come to accept the market ideology in the post socialist era. They have been persuaded of the “moral, political and cultural values” (Blecher 2002: 287) of the dominant classes and the state. Therefore, many of them do not have the motivation to further their labour rights through collective actions.

I share Blecher’s view that Chinese workers are being subjected to the ideologies of the state and the market, which have prevented their collective actions from developing into a stronger mass movement. However, Blecher has not shed light on some key aspects—how is the hegemony of the state and capitalists built up? Through what means is it embodied, inculcated, transmitted and reproduced? These questions are critically essential in understanding how the state vis-à-vis labour and labour vis-à-vis capital relations are shaped and reproduced in society. I seek to fill this lacuna and argue in my research that the ACFTU has played a tremendously important role in inculcating and transmitting the

ideologies of the state and capitalists in such a way that workers' subordination in the relations of productions has been reproduced.

B. The role of the ACFTU in labour relations

Trade unions help protect workers' rights

Many authors (see Zenglein 2008; Chan and Senser 1997; Chan 1993; Chan 2001) are of the opinion that given the institutional constraints facing the ACFTU in China, it does help protect workers' interests within its limit. Zenglein (2008) contends that trade unions in China could not be understood with the western conceptions because of the specific social and historical context from which they have evolved. In the socialist China, workers' welfares were taken care of by the state, instead of by trade unions as in the Anglo-Saxon and European society. For this reason, trade unions in China were never in a confrontational position with the state or management and it is unlikely they will take such a position in the post socialist period. Having said that, Zenglein still positively regards the ACFTU as a "potential tool" in furthering workers' rights (Zenglein 2008:23). He thinks its representational capacity could be strengthened if it is to shift from its current political positions.

Chan (1993) describes the ACFTU as a corporatist institution licensed by the state to monopolize the representation of workers, but in exchange it has to subject itself to the state's control. In spite of this, Chan is of the view that the ACFTU still has a role to play in improving workers' rights. She is optimistic that the strengthening of workers' representation within the state corporatist structure is possible because both the ACFTU and the state are endeavoring to pre-empt workers' militant actions by encouraging them to appeal to the bureaucratic structures when labour disputes arise.

Moreover, Chan (2001) argues that some bureaucracies within the state are pro-labour while some are on the side of the management. She suggests the ACFTU is trying to uphold the laws and represent workers vis-à-vis the employers; but it is the local governments who do not follow the instructions of the central government and constantly violate workers' rights.

Trade unions are against workers' interests

Many authors do not take the view that the ACFTU is serving the genuine interests of workers. Metcalf and Li (2005) point out trade unions in China to a large extent are acting on behalf of the state and management. And they do not have any real interaction with their members. Taylor and Li (2007) also argue the ACFTU is not a trade union, but a state organ that pursues the interests of the party-state, rather than that of its members.

When discussing about the possibility of reforming the ACFTU to be more pro-labour, Friedman (2009) holds that even though the ACFTU has taken some steps in protecting workers' interests and some of its officials are willing to initiate reforms; the ACFTU is still structurally a "government bureaucracy" and this could not be changed within a foreseeable future. She also argues "the values, goals and work practices of the trade union are not well suited to mounting class struggle against the capital class" (Friedman 2009: 225, 277).

Gilbert (2005) contends it is "wishful thinking" that the ACFTU has become more worker-oriented. He notices its role has shifted from mobilizing labour production in the socialist period to carrying out the labour containment policies of the state in the post socialist era. He does not agree that the actions taken by the ACFTU to address workers' grievances are to the benefit of workers because, he argues, these actions have a political motive to channel workers' complaints to the official grievance procedures; and in this way workers' protests and any potential mass movement have been pre-empted.

1.3 Situating my research

As illustrated above, authors have opposing views on whether the ACFTU helps advance workers' right. In my opinion, distinctions between the superficial and structural interests of workers, motives and actions of the ACFTU would make a contribution to this debate. Zenglein and Chan argue the actions of the ACFTU are in the interests of workers. However, they seem to have ignored the motive behind these actions, which Gilbert has sharply identified as containing the embryonic labour movement in China. On this ground, to a certain extent, Zenglein and Chan are not totally wrong to assert the ACFTU is serving workers' interests. However, these are only the short term material interests of workers as individuals. The underlying socio-economic and socio-political structures which are the root causes of the exploitation facing workers as a class have been left unchallenged by the ACFTU. Its principal role is simply to implement the party-state's labour containment

policies in order to reproduce the exploitative social relations. It is in this sense that Metcalf and Li, Taylor and Li, Friedman and Gilbert argue the ACFTU is acting against workers' interests.

However, Metcalf and Li, Taylor and Li, Friedman and Gilbert have not discussed in length how the ACFTU performs its containment function, which is extremely critical for understanding the reproduction of the working class. In view of this, my research would try to fill this gap. Moreover, I would also address what Blecher has not touched upon in his research, which is the transmission and reproduction of the party-state's ideologies, by focusing on the role of the ACFTU in the process.

1.4 Theoretical framework

No major study on labour issues in China has ever been conducted from the Poulantzian perspective. Therefore, it will be intellectually significant to explore the applicability of Poulantzas' state theory to the Chinese case and analyze with its help the role of the party-state and the ACFTU in reproducing the working class subordination.

In his book *Political Power and Social Classes* (1968), Poulantzas holds that the economic instance determines a social formation; but the political and ideological instances also have a role to play. The state, the political, is a cohesive factor in maintaining the unity between different instances—economic, political and ideological—of a social formation; therefore it is vital for the maintenance of the determinant role of the economic in a social formation. He also points out the state has three kinds of function—the economic, ideological and political—which together are to prevent the breaking out of political class conflict, the bursting apart of the social formation and the conditions of production. Although its economic and ideological functions are not directly related to the political, they largely correspond to the political interests of the dominant class, thus are also serving the political purpose of maintaining the unity of the social structures. (Also see Poulantzas 1967, 1969, 1973, 1976, 178; Hall 1980).

Regarding the formation of social classes, Poulantzas maintains social classes are not only determined at the economic level by the relations of production, but also by “the ensemble of the structures of a mode of production and social formation” and “the relations which are maintained there by the different levels” (Poulantzas 1968: 63). To state it differently, even

though the economic (the mode of production and the relations of production) plays the determinant role in social class formation, it is at the same time affected by the whole structure (including the economic, the political and the ideological instances) of a social formation, as well as the interaction and relations between different instances (see Poulantzas 1968, 1969, 1973).

To analyze with the Poulantzian perspective, I would focus in this paper on the party-state's functions at the economic, political and ideological level in shaping the social class formation in China. I would also argue the party-state contains labour unrest with a broader objective of maintaining the unity of the ensemble of the structures of the capitalist formation, so that this ensemble of structures could continue reproducing the subordination of the working class and the domination of the capitalist class.

Furthermore, Poulantzas elucidates that to maintain the capitalist structures, the state does not simply rule with its repressive apparatus, such as police, army, administration, judiciary and so forth, whose major function is to keep political order with coercion. The state also rules with ideological apparatuses that elaborate and inculcate its ideologies so as to maintain the class domination. Examples of such apparatuses are churches, political parties, schools, mass media and the unions (Poulantzas 1968, 1969, 1973, 1978). Referring to this idea, I will argue in my research that the ACFTU is a state apparatus that plays an ideological role. It is through which the party-state's ideologies are being transmitted and reproduced to contain labour unrest, thus reproducing the working class subordination. That said, I am aware the ACFTU is more than an ideological state apparatus, it sometimes also plays an economic and political role as would be elaborated later in this paper.

1.5 Methods

To examine the ideological, political and economic role of the ACFTU as a state apparatus in containing labour unrest, three important aspects will be analyzed in this paper. First, an important discourse of ACFTU—harmonious labour relations—would be discussed. Second, I will focus on its campaign during 2000s in pushing foreign invested enterprises (FIEs) in China to establish their enterprise unions. Third, the ACFTU's response to the recent financial crisis that has a grave impact on China's economy and unemployment would be examined. The ACFTU is seemingly taking actions to defend workers' rights in these two issues, thus they serve as suitable units of analysis with respect to the academic

debate of if the ACFTU is promoting workers' real interests. Although these three aspects might not be able to provide a full account of the ACFTU's role in the industrial relations in China, they somehow cast light on its characteristic of being a state apparatus. Also, it is worth noting that they are not intended to prove the validity of Poulantzas' state theory; rather they are meant to illustrate how the Chinese state vis-à-vis labour relations could be analyzed from the Poulantzian perspective.

Due to time limitation and geographical distances, this research would not be based on qualitative interviews; instead it would build upon archival research. For this reason, judging the quality of the ideological work of the party-state and the ACFTU is not the centre of attention in this paper. Neither do I seek to examine the possibility of the formation of working class consciousness in a socially and politically antagonistic environment. Rather I would focus on the process in which the ACFTU performs its function of reproducing the class domination. I have collected newspapers, documents and reports issued by the ACFTU, the Chinese government and other organizations; and I have analyzed them with respect to the aforementioned three aspects.

2. The party-state in China— representing the general interests or masking class conflicts?

Poulantzas accentuates that the state has three levels of function—the economic, ideological and political. The economic function of the state is to organize and supervise the labour process whereas its ideological function is to educate and create social consensus. Its political function is to maintain political order and contain political class conflict (Poulantzas 1968: 53). Separate as these levels of function might seem, Poulantzas emphasizes that they are interrelated in the sense that they all serve a political function of maintaining the unity of a capitalist formation which reflects the political interests of the dominant class. In this section, I will examine how the party-state in China, the political, maintains the unity of various instances of the capitalist formation by means of its three levels of function; this intends to shed light on the process of reproduction of class relations in China.

2.1 The economic function: reorganization of the labour process and forces of production

Before the economic reforms in 1978, China's economy was planned by the party-state. All enterprises were state owned and workers state employed. Job and welfare of workers and farmers during the socialist period were provided by the state institutions (Andreas 2008). To narrow wage gap among workers, the “grade wage system” stipulating the pay scale in different industries was put in place (Zenglein 2008: 1). Also, management of SOEs and workers were supposed to have identical goals, which were to boost productivity and support the party-state's propaganda (Clarke 2004: 242). Seen in this light, the exploitative class relations as found in a capitalist formation did not exist, at least theoretically, in the socialist China.

Despite the dismantling of the socialist institutions, the Chinese government has never proclaimed itself as having given up socialism or pursuing the capitalist economic model. In 1984, it characterized its economy as a planned “socialist commodity economy” (*shehuizhuyi shangpin jingji*), but it was redefined as a ‘socialist market economy’ in 1993. And in 2005, the party-state announced that the replacement of the state planning economy with the “socialist market economy” was complete (Breslin 2007: 47, 51, 75). However, Breslin contends that China is practising the capitalist economy, and

“It is currently accepted that socialism with Chinese characteristics means the abandonment of ‘state socialism’ for ‘people’s socialism’, and that ‘people’s socialism’ is analytically hard to differentiate from ‘people’s capitalism’” (Breslin 2007: 79, quoting Woo 1999).

Similarly, Andreas maintains non-capitalist institutions did exist in China prior to 1980s; however they have been replaced by the capitalist ones and capitalism has taken deep root in the country since the radical market reforms implemented after Deng Xiaopeng’s Southeast tour in 1992 (Andreas 2008). I maintain a similar position with Breslin’s and Andreas’. Capitalism, simply speaking, refers to a particular mode of production and relations of production in which the working class is deprived of the means of production; therefore the surplus values they create are appropriated by the capitalist class. If China is to be judged against this yardstick, it is evident that the capitalist mode of production has become dominant in the country. For this reason, I would consider China to be a capitalist economy in this paper, but with the awareness that its content might vary from its Anglo-Saxon and European counterparts’ because on the one hand it is in an early stage of capitalistic development; and on the other they have different historical and social development.

The transition from socialism to capitalism has necessitated the party-state to reorganize the labour process and forces of production in China. First, it dismantled the work units and the rural communes in ways that workers and farmers were no longer protected by the party-state. This has created an enormous amount of cheap labour power that is a prerequisite for capitalist accumulation. Workers now have to turn themselves into wage-laborers and sell their labour power in the newly emerged capitalist labour market in order to obtain the means of subsistence. In this way, the working class who is subjected to the capitalist exploitation has emerged.

Second, the party-state reorganizes the labour process by downsizing the SOEs. In 1994, the party-state initiated the policy of ‘grasping the big and letting go of the small’ (*zhuada fangxiao*). This means, on the one hand, the small SOEs were allowed to be privatized. On the other, the larger SOEs had to undergo mergers in order to form big national conglomerates that could stay competitive in the global economy (Andreas 2008). The restructuring of the SOEs has led to immense lay off and about 90 million SOEs workers were sacked according to estimation (Friedman 2009: 223; also see Cheng 2003, 2006); this has added to the already massive industrial reserve army in the country.

Third, the party-state reorganizes the forces of production by facilitating the formation of the capitalist class, which virtually did not exist in the socialist era. In 1988, the State Council, the chief administrative authority in China, issued the *Tentative Stipulations on Private Enterprises* recognizing private enterprises as a legal business category (Breslin 2007: 50). This juridico-political change has granted a legal status to the private capital, thus expediting the formation of the capitalist class.

The fourth way through which the party-state restructures the forces of production is allowing the inflow of the foreign direct investment (FDI), which provides the country with the technology and capital necessary for economic development. In 1986, the Wholly Foreign Owned Enterprise Law was passed to allow foreign investors to set up wholly foreign owned enterprises in China, which were banned before. In this way, the foreign capitalists outside the country are for the first time in its history come into play in China, forming what Poulantzas called “comprador bourgeoisie” (Poulantzas 1973:39).

Fifth, the party-state has been reconstructing China into an export-led economy by providing the material conditions for capital accumulations. The State Council approved in 1979 an experimental project of establishing four Special Economic Zones (SEZs) in China so as to attract FDI and promote export (Ge 1999: 1268). A wide range of privileges, such as concessionary tax, preferential fees for land and flexible wage schemes, had been offered to the foreign capital in the SEZs. In 1988, the party-state approved the open up of the coastal area and eventually almost the entire border of China has been opened to the world since the early 1990s (Ge 1999: 1282).

2.2 The political function: maintaining political order and suppressing political class conflict

The party-state in China performs its political function of maintaining political order in three ways—consolidating the power bloc, monopolizing the socio-political space and suppressing the oppositional forces.

Poulantzas has discussed the concept of dominant classes, hegemonic classes and power bloc thoroughly in his works (Poulantzas 1967, 1968, 1973, 1978). He refers to the bourgeoisie in a capitalist formation as the dominant class whereas an alliance between several dominant fractions of the bourgeoisie is the power bloc. Within the power bloc,

there is a dominant element that Poulantzas identifies as the hegemonic class or fraction. It exercises a specific dominance over the other dominant classes (or fractions) and unifies the alliance of the dominant classes under its leadership. Poulantzas also discusses the concept of ruling class, which takes charge of the state apparatus. The ruling class and the hegemonic classes sometimes could be identical, that is when the hegemonic classes are assuming the ruling position. However, it is also possible that the ruling class is taking charge of the state but without any hegemonic influence. In some cases, the ruling class might be excluded altogether from the power bloc.

The power bloc in China is of great complexity. The ruling party in China is always the CCP; however its components have changed over the years. Due to its socialist ideology, traditionally the CCP only had working class members. This means the working class in the socialist period was supposedly the ruling class. However, Jiang Zemin, then the third generation of Chinese leader, proposed in 2001 to make private entrepreneurs eligible to be CCP members (Breslin 2007: 71; So 2003: 369). He put forward the principle of “Three Representatives”, which means, among other things, the CCP represents not only the working class, but also the economic elites and private entrepreneurs who belong to the dominant capitalist classes (The “Three Representatives” will be discussed further in the next sub-section). Against opposition from some party members, the CCP constitution was amended in 2002 to include the thought of “Three Representatives”. As a consequence of this political change, the capitalist class has constituted the largest component of the CCP when compared with other social classes (Breslin 2007: 79, quoting Hong Zhaohui 2004). This signifies an important shift in the nature of the power bloc in China.

The increasing political domination of the capitalist class is not only confined to the CCP; it has also gained rising influence over the state apparatus. In China there are two important decision making bodies in the government—the National People’s Congress (NPC) which is officially the highest state body, and the People’s Political Consultative Conference (CPPCC). Hong Zhaohui suggests 35.1 percent of the private entrepreneurs are members of the CPPCC at different levels while 17.4 percent of them are members of the NPC. (Breslin 2007: 79, quoting Hong Zhaohui 2004). Although the real political power in China lies not in these bodies, but in the National People’s Congress Standing Committee (NPCSC), this nonetheless shows the capitalist class in China has acceded to a certain degree of political power.

Attention should also be drawn to the capitalistic character of the party-state officials. It is not uncommon that many party cadres or state officials have turned themselves into “cadre-capitalists” (So 2003: 369). For example, the SOEs undergoing privatization often went to the hands of the party cadres, the local officials or their relatives. They, as a capitalist class, would then take advantage of their political positions to obtain special economic treatments (Breslin 2007:76; So 2003). In fact, statistics show that the CCP members owned one third of all private enterprises in 2003 (Breslin 2007: 76, quoting Guo Baogan 2003). This phenomenon is what So called “embourgeoisement of cadres” (So 2003: 367). By now, it should be evident that the basis of the Chinese ruling class has shifted from the working class (at least theoretically) to the quasi-capitalist class, if not completely to the capitalist class.

I am aware that the party-state in China is not monolithic; therefore if taking the relatively autonomous centre-province relations in China into consideration, the issue of power bloc would become even more complex. There is a vast amount of research illustrating that the local authorities are enjoying relative autonomy vis-à-vis the central government. Breslin holds that

“Any analysis that ignores the role and power of local authorities at different levels will simply fail to understand the real dynamics of economic, social and political change in China” (Breslin 2007: 72).

Pertaining to the issue of power bloc, on the one hand, the local governments benefit from the capitalist class as the latter helps boost the economic growth in the provinces and is a source of revenues to them (Breslin 2007: 781; CLB 2006b). On the other hand, the capitalists need to establish good relations with the local authorities because personalized networks of relations are critical for running business in China (Breslin 2007: 73, 78; So 2003: 368). As a result of this dynamic, the ruling class at the local level and the capitalist class are highly coalesced. Andreas even argues it is hard to tell the state development strategies from the economic interests of the entrepreneurs and government officials who have been intricately connected (Andreas 2008).

All in all, the ruling class, which is increasingly of a capitalistic character, is evidently an important part of the power bloc. And the newly emerged capitalist class has become the dominant class and ascended to the power bloc. That said, I do not regard the party-state as a simple and direct instrument at the disposal of the capitalist class. Instead, I am aware that it maintains a relative autonomy vis-à-vis the dominant classes in ways that sometimes the

latter's short term economic interests are sacrificed in order to sustain their long term economic and political domination. In the case of China, the relative autonomy of the state vis-à-vis the capitalist class is comparatively high for it is still in an early stage of its transition from socialism to capitalism. This means although capitalism has become the dominant mode of production, the capitalist class is yet to gain full political power in the political superstructures.

Alongside consolidating the power bloc, the party-state in China also maintains the political order by monopolizing the socio-political space and suppressing the oppositional forces. Evidently, China is not a democratic regime as the central government is not popularly elected and has strongly resisted challenges to its political domination. However, "democracy" is not an uncommon official rhetoric and the party-state always claims it is practising the "socialist democracy". As a matter of fact, direct elections at the grass-root level have been taking place in some counties, villages and townships since 1990s so as to justify the "socialist democracy" and legitimize the party-state (Breslin 2007: 42). In this sense, the socio-political space in China is not totally non-existent, but is largely circumscribed by the party-state. Any attempt to go beyond the circumscribed socio-political space to challenge the political domination of the party-state would be met with serious suppression, as in the case of the Tiananmen movement in 1989, which was initiated by university students calling for a democratic and corruption free government, but was forcefully clamped down by the party-state.

2.3 The ideological function: veiling the class relations and exploitation

According to Poulantzas, the ideological function of the state is to veil the class relations from the agents of production and reconstitute the unity of the capitalist formation as a coherent discourse on the imaginary level with which the agents of production interpret their economic and political experience. By this, they are being inserted into activities that sustain the capitalist structures (Poulantzas 1967: 66; 1968: 207). The party-state in China performs precisely this ideological function. I have identified four crucial elements of the ideologies reproduced by the party-state which correspond to the capitalist class interests.

First, economic development has always been portrayed as of supreme importance in China since the economic reforms. After he came to power in 1978, Deng Xiaoping, the second generation of Chinese leader, reversed the socialist orientation advocated by Mao Zedong

and implemented the so called “reform and open door policy” (*gaige kaifang*) (Tok and Zheng 2007: 5). There were two influential and widespread sayings of his, which are “black cat or white cat, it is a good cat if it catches the mouse” and “to get rich is glorious” (*zhifu guangrong*) (Tok and Zheng 2007: 5). The first saying means no matter socialism or capitalism, it should be seen as good and productive as long as it brings about economic growth (see Breslin 2007: 47). The meaning of the second saying is obvious: getting rich is a good thing that deserves admiration and honor. These two popular sayings reflect the enormous importance attached to the capitalistic economic development at the ideological level. This ideology of “economic development comes first” supports the economic instance of the capitalist social formation by attempting to create a consensus in society that economic development of the country is good for the people and is of utmost and unchallengeable importance. In this way, the Chinese people, regardless of their classes, are mobilized to support the economic growth.

The ideology of “economic development comes first” supports not only the economic instance, but also the political instance, the state. In China, the legitimacy of the party-state is not built upon democratic election, but the economic growth. It sets goals for economic development and mobilizes the nation to achieve them; it spreads afterward throughout the whole country that these goals have been attained so as to secure its legitimacy. This is what Breslin called “performance based legitimacy” (Breslin 2007: 44).

The second notable element of the party-state’s ideology is nationalism and anti-western sentiment. Instead of organizing people according to their classes, nationalism is an ideology aiming to unify the whole country by appealing to peoples’ national identity. In China, nationalism often goes hand in hand with the idea of “antagonistic outsiders”. Whiting holds that nationalism in China appeals to peoples’ sense of pride in the country’s economic success and to the impression that some western countries attempt to suppress China’s development. (Breslin 2007: 3, quoted from Whiting 1995). In this way, the nationalistic and anti- western ideology helps mobilize people from all classes to support the economic development. Moreover, Breslin argues nationalism has in effect taken the place of socialism as the ideology legitimizing the party-state. The party-state has been securing its legitimacy by establishing the so called national interests and then presents itself as defending them against the “hostile west” (Breslin 2007: 43, 133)

“Social stability and harmony” is another indispensable element of the party-state’s ideology. The socio-economic and socio-political “stability” has always been depicted in China as a prerequisite for economic growth and social prosperity (Breslin 2007: 44). In 2002, the current President of China, Hu Jintao, put forward the concept of “harmonious society” (*hexie shehui*), which was officially defined in 2004 as “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). The Peoples’ Daily, the party-state controlled newspaper, interprets a harmonious society as 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). To analyze from a class perspective, a “harmonious society” is a concept that aims to dissolve the class contradiction by calling on “all people”, a term that hardly conveys any class connotation, in the society to put aside their economic, social and political conflict and “get along in harmony”. In this way, the exploitative class relations have faded into the background and the containment of labour unrest is made possible.

Fourth, as mentioned in previous section, the doctrine of “Three Representatives” has become a guiding principle of the CCP; this means it now represents

“[...] the demands for the development of advanced social productive forces, the direction of advanced culture, and the fundamental interests of the greatest majority of the people” (Holbig 2006: 17).

The third representative suggests the party-state is now representing “the fundamental interests of the greatest majority of the people”. That is to say, besides the working class, the capitalist class, such as entrepreneurs, the self-employed and so forth, are now also represented by the party-state (Holbig 2006: 20). It now depicts itself as possessing the political power to unify the divergent individual interests and as the embodiment of the general interests of the whole society. This is exactly what Poulantzas refers to as the cohesive function of the state in a capitalist formation (see Poulantzas 1968).

Furthermore, the first representative—“representing the demands for the development of advanced social productive forces”—indicates that the class analysis used in the socialist period of China has been completely discarded at the ideological level. Now no matter ones are belonging to the dominant classes or the dominated classes, they are all represented by the party-state as long as they are “advanced social productive forces” and contribute to the economic development. In other words, a veil has been drawn upon concepts like relations

of production, and class struggles. In this way, the party-state is attempting to mask the class character of the socio-economic relations from the agents of production.

3. The ACFTU: Workers' representative or state apparatus?

In the previous section, I have elucidated the role of the party-state and its three functions in maintaining the unity of the ensemble of structures of the capitalist formation in the contemporary China. In this section, I will expound on why the ACFTU is a state ideological apparatus and how it tries to contain labour unrest. I will first give a detailed account of the ACFTU, followed by an examination of an important discourse—"harmonious labour relations"—of the ACFTU.

3.1 Introduction to the ACFTU

Subsequent to the founding of the CCP in 1921, the ACFTU was founded on 1st May 1925 (ACFTU 2007b). Ever since the CCP established the PRC in 1949, the ACFTU has always been given a monopolized status in representing workers. Any attempts to establish trade unions that are independent from the party-state and the ACFTU were met with heavy suppression (see Taylor and Li 2007: 702; CLB 2006; CLB 2006b).

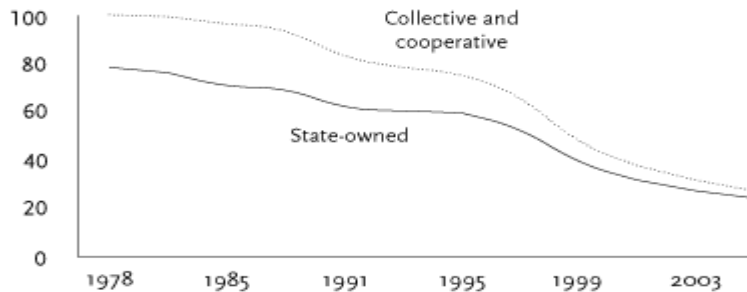
The ACFTU has a dual organizational structure basing on both the industrial lines and geographic area. The National Congress of Trade Unions, which is convened once every five years, is the highest power organ in the ACFTU. If it is in recess, the Executive Committee comprising of 267 members would take charge. While the Executive Committee is not in session, the Presidium that composed of 39 members would be the power organ (ACFTU 2003).

According to the official statistics, 31 provincial trade union federations, 10 national industrial unions and 1.324 million grassroots trade unions are affiliated to the ACFTU in 2006. In addition, it has 169.94 million members, 543,000 full time and 4,568 part time trade union cadres in 2006 (ACFTU 2007). However, these figures should be treated with caution as it has been pointed out statistics in China are not always reliable (Breslin 2007: 10; Taylor and Li 2007: 710; CLB 2006b)

In the socialist period, the ACFTU had high membership density in the SOEs. However, owing to the privatization of SOEs, the total number of SOEs workers in percent of urban employment has dropped significantly (see graph 2); this led to a steep membership loss of the ACFTU. For this reason, since 1998 the ACFTU has started to actively establish union branches in the private sector, especially in the FIEs. However, Taylor and Li suggest

because of the quota system in union building and member recruitment, many new unions formed by the ACFTU are simply “paper unions” (Taylor and Li 2007: 710).

Graph 2: The drop in total number of SOEs workers in percent of the urban employment from 1978 to 2003



Source: Andreas 2008, quoted from China Statistical Yearbook 2006

Pertaining to the electoral system within the ACFTU, Chan (2005) suggests direct elections of trade union officials in workplace have been taking place in some provinces, such as Guangdong and Zhejiang. However, contradictorily, Taylor and Li (2007) discover trade union officials are generally not elected, but appointed. Furthermore, Taylor and Li observe that the ACFTU officials and the CCP cadres are highly overlapped; this shows the close tie between the two. For instance, the chairperson of the ACFTU is simultaneously a member of the standing committee of the CCP (Taylor and Li 2007). And it is common that the chairpersons of trade unions are concurrently held by the CCP cadres, local government officers, or senior managers of the enterprises (CLB 2007). This observation is supported by the survey conducted in 2006 which reveals that 65.9% of trade union chairpersons of Guangzhou enterprises are concurrently holding two positions in the enterprise and trade unions. (CLB 2007).

Because of the close ties among the ACFTU, the management and the government, some authors observe that many workers are skeptical towards the ACFTU. They think it always sides with the management and the government in time of labour disputes, thus could not help solve their problems (see Taylor and Li 2007; Zenglein 2008: 20; Shen 2007: 73; Friedman 2009: 227)

3.2 The ACFTU as a state ideological apparatus

The ACFTU used to be a “transmission belt” (Taylor and Li 2007: 703) between the party-state and workers in the socialist era. On the one hand, it transmitted top-down instructions

from the party-state to workers; on the other, it mobilized the latter to support the former's propaganda. Although the socialist period of China has come to an end, Taylor and Li remark that the ACFTU is unable to master the new economic and political environment in China (Taylor and Li 2007: 703); and it is incapable or unwilling to protect the interests of workers. Therefore, they draw the conclusion that "the ACFTU is not a trade union, it is a government organ, and is constituted to pursue party interests rather than those of members" (Taylor and Li 2007: 710).

I hold a similar position with that of Taylor and Li. I argue the ACFTU is now an ideological apparatus of the state that attempts to contain labour unrest and reproduce the exploitative relations of production. "Harmonious labour relations" is a highly important and pervasive discourse of the ACFTU. It is not only ideologically significant, but also having great impacts on the actual organization of labour relations, as would be elaborated. The ACFTU takes upon itself to "promote the establishment of harmonious and stable labour relations" (ACFTU 2006) in society. The Vice-Chairman of the ACFTU, Xu Zhenhuan, once said

"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).

This shows the discourse of "harmonious labour relations" in fact is stemmed from, and echoing, the party-state's ideology of "harmonious society".

Eight aspects of work have been identified by the ACFTU in the document entitled *Role of Chinese Trade Union in Building Harmonious Labor Relations* (ACFTU 2006) as essential in cultivating "harmonious labour relations" in workplace. They include the ACFTU's effort in: 1 participating in legislation and policy making; 2. establishing joint meeting system with the government and the tripartite system with employers and the government. 3. setting up collective negotiation and contract system in enterprises; 4. building a democratic management system in enterprises in order to "achieve a win-win situation in which investors, managers and workers respect each other" (ACFTU 2006); 5. inspecting law enforcement and intervening with labour disputes settlement. 6. protecting the social security rights of workers; 7. protecting the rights of migrant workers; 8. "Building harmonious, stable and mutually beneficial labor relations" by developing a corporate culture in workplace, mobilizing workers to support the enterprise development, fostering mutual understanding between workers and management and so forth (ACFTU 2006).

Based on the above eight areas and the discursive practices of the ACFTU, I have identified three important elements of the “harmonious labour relations” discourse. First, it produces “the effects of isolation”. Poulantzas (1967) expounds that the effects of isolation conceal from the agents of production the class nature of their relations; what they experience in the soci-economic relations is only a “specific fragmentation and atomization”. He contends that the state attempts to disorganize the working class at the political level and prevent them from overcoming the isolation of their economic struggles by producing the effects of isolation at the ideological level. Analyze from the Poulantzian perspective, the ACFTU’s “harmonious labour relations” discourse performs the function of masking the antagonistic class relations by stressing workplace harmony and “stable and mutually beneficial labour relations”, instead of class domination. It seeks to cover up the structural exploitation of the working class; class analysis is thus rendered obsolete and insignificant in the contemporary China.

The second vital aspect of the “harmonious labour relations” discourse is related to the first one. Because of the effects of isolation, the ACFTU is able to instill and strengthen the belief that “harmonious labour relations” are beneficial to both workers and capitalists. The vice president of the ACFTU, Xu Zhenhuan, in 2006 said

“Currently Chinese trade unions are hastening their work to **built a new type of socialist labor/management relationship which is standardized, fair, mutually beneficial and harmonious**, and in which all parties concerned perform to the best of their ability, find their roles in society and **live in harmony to seek common prosperity**” (ACFTU 2006; boldface my emphasis).

In other words, the “harmonious labour relations”—whose real nature is to disorganize the working class through the effects of isolation—are presented as something not only good for the capitalists, but also for the working class. This is what Harvey referred to as “illusory common interest” (Harvey 1985: 82).

Third, the “harmonious labour relations” discourse and its materialization involve the sacrifices of the short term economic interests of the capitalist class. The eight aspects of work of the ACFTU to foster “harmonious labour relations” at first glance seem to be advancing workers’ interests. For instance, it has been participating in labour law making, building up collective negotiation system in enterprises and so forth. Chan and Senser (1997) consider these efforts of the ACFTU as beneficial to workers and they suggest some

of its officials are active in furthering workers' rights. However, I hold a different viewpoint from theirs. I do not dispel the idea that some ACFTU's officials as individuals are pro-labour, but owing to its embeddedness in the political instance of the capitalistic formation, the ACFTU as a structure is indisputably of an anti-labour nature. I maintain the party-state and the ACFTU have incorporated in their structures a flexibility of making certain economic concessions to the dominated classes so as to entice them not to intervene with the capitalist relations; and in this way the party-state could secure their "general allegiance" (Harvey 1985: 85). Those measures taken by the ACFTU that appear to be in the interests of workers are no more than short term economic concessions of this kind. However, these concessions are only made to workers on the condition that the hegemonic and political domination of the dominant classes is not undermined and the state's power not challenged. Poulantzas has summarized this idea concisely,

"In the case of the capitalist state, the autonomy of the political can allow the satisfaction of the economic interests of certain dominated classes, even to the extent of occasionally limiting the economic power of the dominant classes, restraining, where necessary, their capacity to realize their short-term economic interests; but on the one conditions, which has become possible in the case of capitalist states, that their political power and the state apparatus remain intact" (Poulantzas 1968:191, 192).

4. Union building in FIEs: Organizing or disorganizing the working class?

I will examine in this section the ACFTU's campaign in building union branches in the FIEs—with Wal-Mart China as an illustration. This campaign appears to be in the interests of workers, but its actual motive, as I will illustrate, is to politically disorganize the working class on the pretext of organizing them. By this, I do not mean individual workers do not benefit from the campaign at all; however, workers as a class has been disorganized by this campaign, thus their subordination in the relations of production is reproduced and class exploitation continues.

My definition of “organizing” and “disorganizing” the working class is based upon the Marxist conceptions of effects of isolation and the three levels of workers' struggles—individual economic struggles, economic class struggles and political class struggles. Any effort to encourage workers overcoming the effects of isolation (i.e. seeing through their individual economic interests and class exploitation), organize them around their class interests or transform their struggles from one level into the next higher level is what I refer to as “organizing the working class”. On the contrary, “disorganizing the working class” means attempts to fragmentize workers, stop them from overcoming the effects of isolation, or prevent their struggles from developing into higher levels. A consequence of disorganizing the working class is the reproduction of their subordination in the relations of production. Measure against this yardstick, the mere existence of trade unions does not necessarily lead to the organizing of the working class; it could be a means to disorganize them.

With these definitions in mind, I will explicate below, with Wal-mart China as an illustration, how the ACFTU's recent campaign in unionizing the FIEs in effect plays the role of disorganizing the working class.

4.2 Disorganizing the working class on the pretext of organizing them

Wal-mart is an American multinational corporation and is one of the three largest retail companies in the world. It has started to operate in China since 1996 and employs more than 40,000 workers in over 140 stores in the country. At the beginning, Wal-mart adhered to its anti-trade union policy practised worldwide and did not allow any trade unions in its Chinese branches. However, the ACFTU has been targeting the Fortune 500 companies, the largest 500 global corporations in the world as selected by the Fortune Magazine, in its

union building campaign and Wal-mart China has been regarded as its most important target.

In response to the ACFTU's unionization request, Wal-mart China at first was quite hostile and claimed that its workers did not ask to be unionized. Later in July 2006, with the help of the local CCP branch, the ACFTU has mobilized workers in Wal-mart Jinjing store to establish their union (CLB 2006); this is unprecedented in the history of Wal-mart. Workers from other Wal-Mart stores in China soon followed suite. On 9th August 2006, the ACFTU made a public statement that the ACFTU and the trade unions in Wal-mart China are "led by the Communist Party of China and backed by the government, [they] will take measures to protect these workers (who initiated the Wal-mart trade unions)" (CLB 2006). This public statement is a manifestation of the close ties between the ACFTU and the party-state.

Eventually in August 2006, Wal-Mart China signed an agreement permitting the formation of trade unions at all of its China stores. Its vice president was quoted as saying it wants to work with the ACFTU "in a more effective and harmonious ways" (CLB 2006). Also, its senior spokesman, Jonathan Dong, once commented "The union in China is fundamentally different from unions in the West.... The ACFTU has made it clear that its goal is to work with employers, not promote confrontation" (CLB 2006). Along the same line, a senior ACFTU official, Wang Ying, said in an interview that the ACFTU wants to create "a win-win situation" for both the companies and workers by establishing unions in the FIEs. He said "We coordinate labor relations, we don't fight against management" (Christian Science Monitor 2008). Having been able to set up trade unions in the Wal-Mart China appears to be a breakthrough in organizing workers in the FIEs. Many western trade unionists, a notable example of which is Andy Stern from the Change to Win, are of a high opinion of this unionizing effort (see Wal-Mart Watch 2007, quoted from Wall Street Journal; Friedman 2009; 230). However, I argue trade unions in Wal-mart China are all formed within the framework of "harmonious labour relations" that aims to politically disorganize the working class.

In section three, I have highlighted the three characteristics of the "harmonious labour relations" discourse, which include producing the effects of isolation, making economic concessions to workers and claiming that "harmonious labour relations" benefit both workers and capitalists. This discourse does not only serve an ideological function, it also

impacts the actual organization of labour relations by creating the political and organizational constraints within which trade unions must act. In the case of Wal-Mart China, its impacts could be seen in the organizational structures of trade unions. The ACFTU and Wal-Mart China have reached a five-point agreement as to how its trade unions should operate. First, the trade unions in each store should comprise representatives not only from workers, but also from the ACFTU and the company. Second, the executive committees of trade unions are to be elected by members but have to be approved by the ACFTU. Third, relatives of management are not eligible to be the union's executive committees. Fourth, trade unions are allowed to access workplace to promote the labor law and trade union law. Fifth, trade unions are to support the company's operations and to pursue corporate harmony (Garver 2008).

The first three agreements outlined above impose constraints on the composition of Wal-mart trade unions. The fact that they should include the company representatives (and the ACFTU's) is quite against the ordinary conception of independent trade unions that comprise workers' representatives only. It was later found out actually many trade union officials in Wal-mart China have close ties with the company. For instance, in a Wal-mart store in Shenzhen, only two out of seven union officials are elected by workers whereas the rest are appointed by the company. Moreover, the union chairperson there is at the same time the assistant manager of the human resources department (CLB 2009; Garver 2008). This unusual composition of trade unions in Wal-mart China performs the function of keeping workers and their representatives in check and making sure their struggles are not possible. In other words, although workers are allowed to set up trade unions, they in fact never possess the real autonomy to organize themselves as a class without interferences from the party-state and the capitalists.

The fifth agreement reached between Wal-mart China and the ACFTU demands trade unions to support building workplace harmony; this again exhibits the predominant idea of "harmonious labour relations". This agreement aims to push the class contradictions between the dominated class and the dominant class to the background, thus reducing the possibility of class confrontation in the workplace. This also demonstrates that to establish trade unions in Wal-Mart China or other FIEs is not a genuine effort to organize workers to overcome the effects of isolation or to transform their individual struggles into class

struggles. Instead, it is more about preventing the class contradictions from bursting out and forestalling class struggles.

To set up trade unions under the framework of “harmonious labour relations” in fact is vastly in line with the general trade union policy of the party-state that aims to politically disorganize the working class. In China, the formation of any trade unions that are independent from the CCP and the ACFTU is forbidden. A retired trade union official named Ms Long when interviewed by the Business Watch said “a trade union is an organization of the people, but it shouldn’t be organized by the people. Only the party can organize it” (CLB 2006b). There are numerous examples that workers endeavoring to initiate independent unions are met with suppression. For instance, the Beijing Workers Autonomous Federations formed in 1995 and migrant workers union in Guangdong set up in 2002 were all suppressed by the party state (Zenglein 208:21).

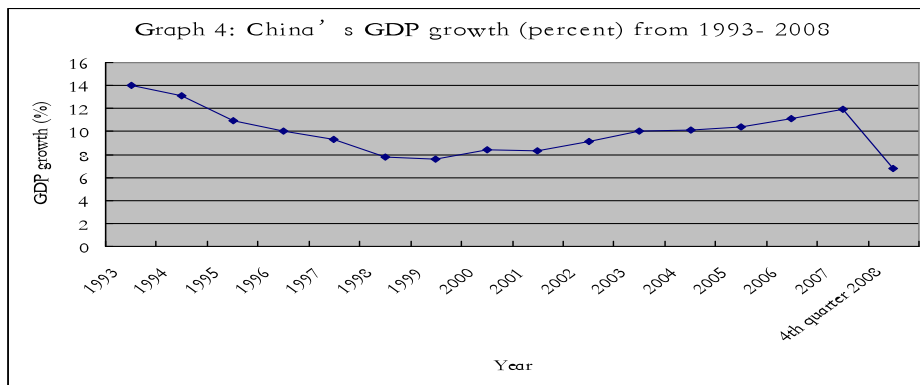
Seen from this light, the unionizing campaign in Fortune 500 companies is simply another way for the party-state to suppress workers’ political organization. On the one hand, the party-state deploys its repressive apparatus to suppress any attempt to form independent trade unions; on the other, it utilizes the ACFTU to ensure all trade unions formed are within the “harmonious labour relations” framework and would not cause the bursting out of class contradictions. It is through both of these brutal and soft means that the disorganizing of the working class is made possible.

5. Maintaining “social stability” in time of economic crisis: defending workers’ interests or suppressing their struggles?

I will investigate in this section how the party-state attempts to preserve the economic and political stability in China in the wake of the recent global economic crisis. It has deployed, as I will elaborate, its juridico-political, economic, ideological and repressive apparatus, including the ACFTU to politically disorganize the working class.

5.1 China in the wake of economic crisis

Since its transition to the market economy in 1978, the economy of China has always been heavily dependent on its export industry. According to the World Bank, Chinese export of goods and services in percent of the Gross Domestic Product (GDP) has jumped from 23 percent in 2003 to 42 percent in 2007 (World Bank 2009). However, the recent economic crisis has had detrimental impacts on its export trade, which plummeted 17.5 percent year-on-year to US\$90.45 billion in January 2009. And its external trade with the E.U. has dropped by 18.7 percent to US\$27.93 billion while that with the U.S. has decreased by 15.2 percent to US\$ 22.25 billion (The China Daily 2009). As a result, the GDP growth of China in the last quarter of 2008 had slumped to 6.8 percent (CLB 2009e). Graph 4 shows China’s GDP growth from 1993 to 2008.



Source: 1993-2007: Asian Development Bank 2008: CLB 2009e

The slumping export trade has led to massive closure of factories and enterprises in China, especially in the coastal area. 15,500 businesses in Guangdong province were reportedly shut down in the first 10 months of 2008 (CLB 2009f). Results of this are massive unemployment and huge social unrest in the country. By January 2009, the official urban unemployment rate which did not count the internal migrant workers has reached 4.3 percent; but the real level as estimated by the Chinese Academy of Social Sciences was 9.4

percent (CLB 2009f). Many laid-off workers are unable to get their salaries, severance payment and other compensation that they deserve legally because their employers have simply disappeared. For instance, the employer of a Taiwanese factory in Changan fled the country in November 2008 without paying his 2000 workers their two months salaries (IHLO 2009).

An indication of strained labour relations and escalating social tension is the increasing number of labour dispute cases handled by the courts. The Supreme People’s Court reports that the total number of labour disputes in the country has gone up drastically by 30 percent in the first half of 2009 (CLB 2009b). Another indication of rising social unrest is more and more workers who are owed their salaries and compensation have been taking to the streets. Liaowang, the state run magazine, said labour protests in the first 10 months of 2008 has increased 93.52 percent when compared with the same period of the previous year (IHLO 2009).

In short, the global financial crisis does not only have economic impacts on China, but also social and political ones. The massive unemployment and non payment of wages and compensation have sparked serious social unrest and provoked desperate workers to initiate public protests. In the next sub-section, I will discuss how the party-state copes with the economic crisis and the rising social unrest in the country.

5.2 Four strategies dealing with economic and social “instability”

As elucidated earlier, many workers in China have taken to the street in the wake of economic crisis as they have been made to sacrifice their economic interests. In Marxist terminologies, many of them have been carrying out individual economic struggles. Should these struggles be metamorphosed into working class economic struggles or even political struggles, the power of the state and the capitalist class would be vastly shaken, if not totally collapsed. For this reason, the party-state in China has been placing immense emphasis on maintaining “social stability” in time of economic slowdown. The minister of public security of China once said the major task of the public security forces is to prevent mass incidents from getting out of hand and avoid exacerbating conflicts (CLB 2009f). In other words, the major political agenda of the party-state is to, in the official rhetoric, preserve “social stability”, which in fact means, from a class perspective, to contain

workers’ struggles at the individual level, prevent the formation of a class for itself and stabilize the political power of the dominant class.

In order to forestall workers’ collective struggles, the party-state has taken different preemptive measures through its various apparatuses. First, at the economic level, it has approved a four trillion Yuan (US \$586 billion) stimulus package that focuses on infrastructure building, better provision of social welfare and so forth (see Forbes 2008 and China Economic Review 2008). These economic policies, on the one hand, aim to boost economic growth and on the other, to stabilize employment so as to alleviate the social tension in the country and dampen workers’ motivation to stage collective struggles.

Second, the party-state has employed its juridico-political apparatus—the legal system—to circumscribe labour unrest within the legal realm. In July 2009, the Supreme People’s Court has issued a guideline to all courts on how to better handle labour dispute cases. The fundamental messages of the guideline are three-fold. First, it says labour relations in China are essentially not contradictory. The courts should protect the legal rights of workers but at the same time facilitate the survival and development of enterprises, so that “harmonious labour relations” could be preserved and a “win-win situation” could be reached. Second, the courts are reminded to handle labour dispute cases with speed in order to preempt workers’ collective actions. Third, it reveals that the courts’ duties of settling labour disputes and preserving “social stability” serve one larger goal, which is to facilitate the economic development of the country. It says in time of economic downturn the courts should better perform its broader function (Supreme People’s Court 2009).

When discussing about the juridico-political superstructure of the state, Poulantzas writes,

“Particularly in its aspect of a normative juridical system (juridical reality), it sets up agents of production distributed in classes as juridico-political subjects and so produces the effect of isolation in socio-economic relations” (Poulantzas 1968: 133).

By this, he means the juridico-political apparatus of the state masks the class relations from the agents of production by creating the political “individuals-persons” and “subjects of law” whom are depicted as “free” and “equal” with each other (Poulantzas 1968: 214). In this light, workers are presented as if they are on an equal footing at the legal level with the capitalists, regardless of their subordination at the economic and political level (also see Harvey 1985).

The legal system in China is performing precisely the function of producing the effects of isolation. By encouraging workers to appeal to the legal system to claim their money, the Supreme People’s Court is stressing on their “legal rights” as legal subjects to sue their employers, another legal subjects, as if they are all equal. Adding to that, by claiming labour relations in China are not contradictory and a “win-win situation” could be reached between workers and capitalists, it is endeavoring to mask the exploitative class relations from workers. Furthermore, it echoes the party-state’s ideology of “economic development comes first” and asserts “social stability” is the foundation for economic growth; and it has openly supported the capitalist class by identifying the facilitation of firms’ survival and development as one of its missions. In this way, workers’ struggles carried beyond the legal realm are highly discouraged and discredited as they are deemed to be causing “social instability” and hindering the economic development.

The third way for the party-state to contain workers’ struggles in the wake of the financial crisis is to offer them economic concessions in order to keep their protests in control and prevent their individual struggles from transforming into working class struggles. For example, the Shenzhen government has given 500 Yuan to the employees of a factory whose owner suddenly disappeared in last December; the local government of Guangzhou has offered 300 Yuan to 900 workers of a Taiwanese factory that was shut down (IHLO 2009). This is in tune with what Louis Rocca has observed: “in many cities social stability is ‘bought’ by localities through money given to protesters” (Lee 2007b).

The aforementioned measures are to avert workers’ protests. However, if they do break out, the party-state would resort to its fourth strategy—coercive repression—to prevent them from developing into economic class struggles or political struggles. As a matter of fact, the party-state is always all too ready to utilize its repressive apparatus to suppress any attempts that are considered to be jeopardizing the social and political stability. For example, the riot police was sent to crush the workers from a Taiwanese firm who demanded back pay in November 2008 and seven of them were put into jail. Also a thousand police was deployed to clamp down on a workers’ protest in Dongguan in last November (IHLO 2009).

5.3 The ACFTU’s response at the economic, political and ideological level

As a state apparatus, the ACFTU has launched various programs to pre-empt the working class struggles in time of economic slowdown. First, it has initiated the “Mutually Agreed Upon Actions” campaign (*gongtong yueding xingdong*). This campaign, in the official rhetoric, aims to build up consensus between workers and enterprises in ways that on the one hand workers would work hard for the companies so that they could get through the economic crisis. On the other, the enterprises would not lay off workers if possible, but ensure them being paid, provide them more training and so forth. The ACFTU hopes workers and employers could share the current economic hardship together and seek for a “win-win situation” (the Central People’s Government of PRC 2009; CLB 2009d)

This campaign serves a double function of organizing the capitalist class and disorganizing the working class. Poulantzas (1968) explicates that to disorganize the working class, the state has to keep them from forming a class unity with the effects of isolation created by its various apparatuses. To organize the capitalist class, the state has to on the one hand unify them and help them overcome the isolation of their economic struggles; and on the other, to present their interests as that of the general society.

Seen from this perspective, the “Mutually Agreed Upon Actions” campaign performs the function of organizing the capitalist class by emphasizing workers’ welfare is contingent upon the survival of enterprises. The ACFTU portrays a picture that if workers show concern for their companies, then there will be no lay-off and they will be paid on time; thus a “win-win situation” for both parties could be reached at the end. However, I contend this picture does not show any class perspective. This campaign, I argue, is about organizing the capitalist class economic interests by sacrificing the workers’. On the rhetoric level, it appears that firms and workers would benefit from mutual understanding; but the capitalist class interests always dominate in the actual economic operations. For instance, in the wake of the economic crisis, the levels of provincial minimum wage are allowed to be frozen and employers are permitted to suspend their social insurance contributions (IHLO 2009). Even worse, a guideline has been issued by the Guangdong government in January 2009 saying that it would not prosecute firms for minor crimes so as to help them get through the financial difficulties (CLB 2009g). All these are testimonies that the working class interests are constantly sacrificed to protect the capitalist’s in time of economic hardship; and this campaign of the ACFTU has a political motive to justify this sacrifice at the ideological level.

In a similar vein, the “Mutually Agreed Upon Actions” campaign also helps disorganize the working class by keeping them from forming a class unity with the effects of isolation. It lays stress as usual on the illusory common interests between workers and companies, instead of revealing the class conflicts. The emphasis on mutual understanding between them is to dissuade workers from taking actions that are deemed to be not showing “concern” for their employers. In this way, it hopes to avert workers’ struggles.

The second campaign undertaken by the ACFTU in supporting the party-state’s agenda was organizing laid off migrant workers to return to their hometown in the rural areas before the spring festival in 2009 (CLB 2009d; also see IHLO 2009). Spending the spring festival in their hometown is a traditional custom for the migrant workers. Every year there would be a gigantic number of migrant workers working in the cities taking trains back home shortly before the festival; therefore it was not uncommon to see huge chaos that resulted in physical violence in the train stations. This year the ACFTU has taken upon itself to organize the migrant workers returning home; it contacted the transportation department and the railway system to make all the necessary arrangement (Central People’s Government of PRC 2009b). It also paid the train fares for the migrant workers (IHLO 2009).

At first glance, this campaign was to the benefit of migrant workers. But, on closer examination, a political motive could be identified. Migrant workers are the worst hit group of workers by the economic crisis. It has been reckoned that 20 million out of a total of 130 million migrant workers were laid off in the wake of the economic crisis (CLB 2009c; Wall Street Journal 2009; People Daily 2009). They are facing tremendous economic difficulties after losing their jobs because the welfare system barely protects them¹. If there were to be any mass protest and revolt in China at this moment, they would be regarded as one of the major potential forces as they are the most exploited and oppressed in society (see Shen 2007: 26; Chan 2001:7). Seen from this angle, the hidden political agenda of relocating swiftly and orderly the migrant workers from the urban cities to the rural areas is to ensure “social stability”; they are less likely to rebel at home where they are physically separated

¹ Owing to the household registration system (huko), migrant workers from the rural area could not become permanent residents in the urban area. Therefore, they are not entitled to any social benefit provided by the local governments in the urban area. (See Chan 2001: 9; Shen 2007: 26; So 2003: 370).

from other fellow workers. This helps shield the political power of the party-state and the capitalists from being challenged directly by workers who are now being divided, fragmented and scattered all over the country. In this sense, the ACFTU has served a political purpose of physically disorganizing and dividing the working class.

The third response made by the ACFTU to the economic crisis is at the ideological and political level. The ACFTU vice-chairman, Sun Chunlan, warned in Feb 2009 that

“International and domestic hostile enemy forces (jingneiwai didui shili) using a few enterprises who have encountered difficulties to carry out infiltration and damage to migrant workers ranks” (CLB 2009d; also see IHLO 2009).

It echoes the party-state’s effort in pre-empting workers’ collective protests by attributing them to the infiltration of foreign hostile enemy forces who wants to make the country politically and socially unstable. Putting it differently, the ACFTU conceals the class nature of workers’ protests and makes them appear as nationalistic contradictions between China and foreign forces. This portrayal of workers’ struggles as instigated by western hostile forces mirror the nationalist and anti-western ideology of the party-state.

6. Conclusion: the ACFTU as a state apparatus in containing labour unrest

Due to its transition from the socialist mode of production to the capitalist mode, workers in China have been exposed to the exploitative class relations that they hardly experienced before. The working class is now assuming a subordinate position in the relations of production while the capitalist class remains in the dominant position. As a consequence, workers' protests are constantly emerging and class conflicts are exacerbating in the contemporary China. I have set out to study in this paper how the party-state in China contains labour unrest through the ACFTU, which I argue is a state apparatus that performs the ideological, political and economic functions in different situations.

Drawing on Poulantzas' theory of capitalist state, I have stressed that the state plays a cohesive role in maintaining the unity between different levels—economic, political and ideological—of a capitalist formation. It prevents the breaking out of political class conflict, the bursting apart of the social formation as well as the conditions of production. In China, the economic function of the party-state is to reorganize the forces of production and the labour process to make capitalism work in the post-socialist era. This has involved the abolition of the socialist institutions, the creation of the capitalist class and abundant cheap labour power, and the provision of material conditions for capital accumulation in the export industry. At the political level, it consolidates the power bloc, monopolizes the socio-political space and suppresses the oppositional forces so that the working class struggles would be made rather difficult. The ideological function of the party-state is to conceal class exploitation and political contradictions from the agents of production by creating the effects of isolation via its various apparatuses. Its ideology that corresponds to the capitalist class interests comprises four main elements—nationalism and anti-western sentiments, “economic development comes first”, “social stability and harmony”, claims to incarnate the general will of the society. It is through these three levels of function of the party-state that the subordination of the working class is reproduced and the relations of production reinforced.

To perform its cohesive function, the party-state has utilized, among other things, the ACFTU to contain labour unrest, which means to forestall workers' protests and prevent their individual struggles from transforming into class struggles. In section three, I have illustrated one of its major discourses—“harmonious labour relations”—is derived from the party-state's ideology of “social stability and harmony”. This discourse produces the effects

of isolation by masking the class character of labour relations and emphasizing the illusory common interests of workers and capitalists. The actual materialization of “harmonious labour relations” also involves the short term economic concessions made by the party-state and capitalists to workers in the hope that they would not disturb the reproduction of the capitalist relations.

I have further elucidated in section four how the ACFTU attempts to disorganize the working class on the pretext of organizing them. Unions in the Fortune 500 corporations, such as Wal-Mart China, are formed by the ACFTU under the framework of “harmonious labour relations”. In this way, it attempts to keep workers from realizing their real class interests and prevent their struggles from developing into a higher level. In China, “harmonious labour relations” is a line of demarcation between what is permitted by the party-state and what is not. Unions formed by the ACFTU under the framework of “harmonious labour relations” are permitted; but the formation of independent unions and actions taken by workers that go beyond this framework would be suppressed.

The ACFTU is never the only apparatus utilized by the party-state in China to contain workers’ struggles nor its function remains only at the ideological level. In section five, I have expounded on how the party-state attempts to pre-empt workers’ protests with its economic, juridico-political, ideological and repressive apparatus in the wake of the recent global economic crisis. The party-state performs its economic function by having taken various economic measures and made economic concessions to workers when necessary. And the ACFTU serves an economic purpose by relocating the suddenly emerged surplus labour back to the rural area, retraining the labour forces and assisting them to establish their own businesses. With the help of its juridico-political apparatus, the legal system, the party-state endeavors to prevent the outbreak of labour protests by circumscribing labour disputes within the legal realm.

At the political level, the ACFTU does not only help disorganize the working class, but also facilitates the organizing of the capitalist class by soliciting workers’ support to the former and by justifying the sacrifice of the working class interests with the illusory common interests. At the ideological level, the ACFTU continues to produce the effects of isolation to mask the class bias of the party-state when dealing with the economic downturn. Moreover, it tries to preempt workers’ struggles by calling on them to show understanding

to their employers and by attributing the causes of workers' protests to the infiltration of foreign forces, instead of to class exploitation. However, should all these strategies of the party-state fail to preempt labour protests, it would resort to its repressive apparatus—police and security forces—to clamp down on the protests so that they would not be transformed into economic and political class struggles, thus the political power of the state and the capitalist class would remain unchallenged.

I have highlighted in section one the academic debate of if the ACFTU is defending workers' interests. Some scholars have expressed optimism while some have taken a dim view. I hope to make contribution to this debate with my paper by having demonstrated that the ACFTU is under some circumstances serving the short term interests of workers as individuals, but not the economic and political interests of workers as a class. Instead of organizing workers to overcome the effects of isolation or forming a class for itself, the ACFTU attempts to contain the labour unrest and reproduce their subordination in the relations of production.

Due to time limitation and geographical distances, I could not conduct interviews with workers or ACFTU's officials in China to find out what they think about the ideological and political work of the ACFTU and the party-state. For this reason, I am unable to study in this paper the formation of the working class consciousness in a socially and politically restrictive environment, how workers in China resist class domination and how the creation of a counter hegemonic movement is possible. Moreover, the internal organization and power conflict between officials of the ACFTU has not been touched upon in this paper; thus it is not so clear as to if any members and officials of the ACFTU are trying to reform it and in what direction those reforms are carried out if there are any. All these questions are of paramount importance to both the academic discussion and the labour movement in China, therefore they deserve greater attention in future research.

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