



# Journal of Current Chinese Affairs

China aktuell

---

Lüthje, Boy (2013), Diverging Trajectories: Economic Rebalancing and Labour Policies in China, in: *Journal of Current Chinese Affairs*, 42, 4, 105–137.

ISSN: 1868-4874 (online), ISSN: 1868-1026 (print)

The online version of this article and the other articles can be found at:

[www.CurrentChineseAffairs.org](http://www.CurrentChineseAffairs.org)

---

Published by

GIGA German Institute of Global and Area Studies, Institute of Asian Studies  
in cooperation with the National Institute of Chinese Studies, White Rose East Asia  
Centre at the Universities of Leeds and Sheffield and Hamburg University Press.

The *Journal of Current Chinese Affairs* is an Open Access publication.

It may be read, copied and distributed free of charge according to the conditions of the  
Creative Commons Attribution-No Derivative Works 3.0 License.

To subscribe to the print edition: [ias@giga-hamburg.de](mailto:ias@giga-hamburg.de)

For an e-mail alert please register at: [www.CurrentChineseAffairs.org](http://www.CurrentChineseAffairs.org)

The *Journal of Current Chinese Affairs* is part of the GIGA Journal Family which includes:  
Africa Spectrum ● Journal of Current Chinese Affairs ● Journal of Current Southeast  
Asian Affairs ● Journal of Politics in Latin America ● [www.giga-journal-family.org](http://www.giga-journal-family.org)



# Diverging Trajectories: Economic Rebalancing and Labour Policies in China

Boy LÜTHJE

**Abstract:** This paper develops a new approach to analyse labour relations at the level of companies, industries, and regions in China. Referring to Western and Chinese labour sociology and industrial relations theory, the author applies the concept of “regimes of production” to the context of China’s emerging capitalism. This article focuses on China’s modern core manufacturing industries (i.e. steel, chemical, auto, electronics, and textile and garment); it explores regimes of production in major corporations and new forms of labour-management cooperation, the growing inequality and fragmentation of labour policies within the modern sectors of the Chinese economy, consequences for further reform regarding labour standards, collective bargaining, and workers’ participation.

■ Manuscript received 31 October 2012; accepted 25 November 2013

**Keywords:** China, labour relations, industrial sociology, economic rebalancing, regimes of production

**Dr. Boy Lüthje** is a senior fellow at the Institute of Social Research, Frankfurt; a visiting professor at the School of Government, Sun Yat-Sen University, Guangzhou PR China; and a visiting fellow at the East-West Center Honolulu, Hawaii. His research is on global production networks, socio-economic restructuring, and labour relations in China, with a focus on the IT and automotive industries. His most recent publication is *From Silicon Valley to Shenzhen: Global Production and Work in the IT Industry* (with Stefanie Hürtgen, Peter Pawlicki, and Martina Sproll), Lanham: Rowman & Littlefield, 2013.

E-mail: <luethje@soz.uni-frankfurt.de>

## Introduction

Labour policies have emerged as a key issue in the rebalancing of China's economy in the wake of the 2008 global financial crisis. Rising labour costs have become a common complaint among foreign and Chinese enterprises, while labour conflicts and sweatshop-like conditions even in modern high-tech manufacturing enterprises are a regular theme in the media. In the wake of the tragic suicides of young migrant workers at Foxconn (the world's largest contract manufacturer in electronics) and a parallel wave of strikes in the automotive supply sector in South China in 2010, *The Economist* ran a front-page story entitled "The Rising Power of China's Workers". The article indicated that there was a Keynesian solution to China's labour question, arguing that rising wages could be seen as a major driver of domestic demand and, thus, as a stabilizing force in the post-financial crisis climate (for an elaborated version of this argument see Eurasia Group 2011).

Evidently, domestic-oriented economic growth based on rising incomes for large sections of the working population requires more stable regulation of wages and employment at the shop-floor, sectoral, and regional levels. However, China's existing system of labour relations hardly provides bottom-up safeguards for workers' wages (except for legal minimum wages, though these are often disregarded by employers), working hours, or benefits. Chinese trade unions still lack institutional autonomy for collective negotiations. Labour reforms in recent years have focused on individual labour contracts, minimum wages, and social security; whereas the modern workplace, its social power relations, and its collective actors have remained absent from official policy and most debates among policymakers and related experts.

Against this background, this paper proposes a new approach to analyse labour relations at the company, industry, and regional level in China in order to better understand the social foundations for institutional change, such as collective negotiations, workers' democratic representation, and trade union reform. This analysis refers to Western and Chinese labour sociology and industrial relations theory, and it applies the widely used concept of "regimes of production" to the context of China's emerging capitalism. It is based on a major study of about 50 representative enterprises in core manufacturing industries conducted between 2008 and 2011 (Lüthje, Luo, and Zhang 2013) which explored regimes of production and underlying forms of labour-management cooperation, inequality and fragmentation of labour policies, and impli-

cations for further reform. The present article will link the findings of the study to the broader context of the socio-economic rebalancing of China's emergent capitalism and relate them to the most recent literature in industrial relations and labour sociology. More specifically, this article will discuss the current state of labour reform under the new political leadership of Xi Jinping and Li Keqiang and relate it to the ongoing strikes and social movements among workers as well as to the new approaches to labour relations reform at the provincial level, Guangdong in particular. Our research includes previously unreleased data from current research conducted at the Frankfurt Institute of Social Research and the International Center for Comparative Labour Research at Sun Yat-Sen University in Guangzhou under a grant from the German Research Foundation (DFG).

This paper introduces current Chinese and international debates on reform of labour relations in China (section 1) and examines the changing patterns of economic organization in the relevant industries (section 2). From this angle, we develop a typology of five basic regimes of production (section 3) and illustrate this approach in reference to major manufacturing industries (section 4). On this basis, we will discuss the generic relationship between the dominant forms of management control in modern Chinese workplaces and the lack of institutionalized labour relations (section 5), which will be followed by some conclusions on political reform and corporatist transformation of labour relations.

## Changing Labour Relations: Conceptual Approaches and Perspectives

Debates on labour policy reform are a persistent topic among social, economic, and legal experts in China – though they are mostly disregarded by Western and Chinese media. In the 1990s, such debates focused on the “smashing of the iron rice bowl” caused by the privatization and restructuring of state-owned enterprises (SOEs) (Warner 2000; Tomba 2002). In more recent years, the nascent discipline of industrial relations research in China has produced a considerable body of literature on the practical aspects of the reform of labour laws, labour policies, and trade unions (Taylor, Chang, and Li 2003). Notwithstanding divergent terminologies on the social characteristics of the emerging labour–capital divide, there is agreement that business and corporate interests have be-

come well represented in labour policymaking, whereas blue-collar workers are generally excluded (Chang, Lüthje, and Luo 2008).

This growing imbalance of power is seen as the fundamental obstacle to developing coherent labour policies and introducing tripartite consultations between management, employee representatives, and the government on issues such as minimum wages, wage guidelines, social insurance regulations, and other topics crucial to “harmonious labour relations” (for a comprehensive collection of this literature in Chinese, see Chang and Qiao 2009; for an in-depth overview in English, Luo 2013).

Many aspects of these debates seem surprisingly familiar to Western observers given Chinese scholars’ tendency to employ concepts of “tripartism”, “corporatism” or “social partnership” as developed in modern industrial relations theories. Western-based academics have also used such concepts to analyse the changes in Chinese labour relations (notably Chan 1993; Unger and Chan 1994) – sometimes coupled with the hope that labour systems rooted in European or Japanese “coordinated market economies” (Streeck and Yamamura 2001) may promise a better future for Chinese workers than the US liberal market model (cf. Chan 2008). Up to now, the Chinese debates have not been systematically linked to the international literature on varieties of capitalism (Lüthje 2013, forthcoming 2014a); in their practical ramifications, however, the comparative perspective of what can be learned from advanced capitalist countries has always been present (e.g. Qiao 2009).

Three distinctive but often interrelated theoretical perspectives can be distinguished in current Chinese industrial relations theory and its relevant Western counterparts:

First, there is a large body of literature on the reform of labour laws and workers’ rights with a common focus on the question of how to create tripartite mechanisms of consultation between management, trade unions, and government to ensure “harmonious labour relations”. These debates are based on the analysis that China’s transformation to a market economy has been largely completed, while the regulation of labour relations remains highly incomplete and fragmented (Taylor, Chang, and Li 2003; Gallagher 2004). Conceptually, a perspective of “incomplete” or “failed” corporatism prevails, often characterized as “tripartism with four parties” (Chang and Qiao 2009; Lüthje 2010; some authors even refer to six parties, Ma 2011). This concept relates to the weakness of the key collective actors in industrial relations (i.e. trade unions and employers associations); the lack of democratic workplace representation due to the

inclusion of Chinese trade unions into company management, government, and party organizations; the inability of state-dominated trade unions to defend labour standards owing to the non-existence of collective bargaining, democratic workplace representation, and grassroots trade union organizing (Butollo and ten Brink 2012). Since workers generally remain unrepresented through official institutions, they often act spontaneously, militantly, and with considerable efficiency in strikes and collective actions. Workers can thus be seen as the unofficial and uncontrolled “fourth party” in collective power relations (Chang and Qiao 2009), as documented by countless reports of unofficial strikes, protests, and tragic acts by desperate workers.

Second, a growing number of studies have investigated the relationship between the social movements of rank-and-file workers and the state primarily with regard to the changing power relations in local communities and, to a lesser extent, with regard to trade unions and changes in labour relations (Friedman and Lee 2010; Pringle 2011; Friedman 2011; Chan 2011; Kuruvila, Lee, and Gallagher 2011). This literature was inspired by Lee Ching-Kwan’s model study on labour regimes in China’s rustbelt and sunbelt, which analysed the different patterns of workers’ resistance in the SOEs in traditional industries in the face of privatization and restructuring, as well as of the young migrant workers in export-oriented assembly industries in South China (Lee 2007). Recently, a significant number of investigative studies on the situation of migrant workers and student interns in global manufacturing industries – which share such perspectives – have emerged. Driven by the tragic suicides at Foxconn in 2010 and the strikes in the auto supply industry in South China during the same time, these studies particularly focus on the situation of second-generation migrant workers and their potential for social organizing (Chan and Pun 2012; Pan et al. 2012; Butollo and ten Brink 2012).

Third, there are a number of studies which have investigated industrial relations at the shop-floor level, as well as within industries or industry clusters, from “classic” perspectives of industrial sociology; that is, they have focused on work organization, production concepts, workforce recruitment, internal labour markets and union–management cooperation. Following a fairly large number of studies of the restructuring of SOEs and the related lay-offs (下岗, *xia gang*) in the 1990s, several studies have examined the current labour–management systems of modernized Chinese SOEs (Feng 2005; Tong 2008). Most of the newer in-

dustrial sociology literature has concerned mass production industries in which global capital plays a strong role, automobile and information technology manufacturing in particular (for the auto industry see Xu 2004; Lansbury, Suh, and Kwon 2007; Zhang 2008; Silver and Zhang 2009; Chin 2010; Nichols and Zhao 2010; Jürgens and Krzywdzinsky 2013; for electronics Lüthje et al. 2013; Luo 2013).

It has to be noted, however, that studies focusing on the political economy of the modern workplace in China have remained relatively limited, and that there is often widespread disagreement over the implications of such analyses for labour relations. In the case of the auto industry, for instance, there are conflicting views about whether the “lean-and-mean” paradigm is transforming carmaking in China into another low-wage sector with highly flexible labour, or whether the core factories remain a domain of better-paid and skilled workers who could provide a relatively stable base for union organizing and collective bargaining along industrial lines (for a discussion see Lüthje 2014b forthcoming).

In the following chapters, we try to develop a more integrated view of the changing shape of China’s emergent capitalism and its industrial relations. As will be outlined in more detail below, we are proposing a typology of five generic regimes of production in order to map the topography of labour relations in China’s present-day manufacturing industries (Lüthje, Luo, and Zhang 2013). By referring to Michael Burawoy’s seminal studies on the politics of production in enterprises under capitalism and under socialism, we try to resume analytical perspectives on the modern workplace as a political terrain of contest and consent, which is emerging as a distinctive sphere of social relations vis-à-vis the state, on the one hand, and the market, on the other, under the developing capitalist relations of production in China (Burawoy 1985: 122ff). With this, we want to reach beyond the oft-used state-centred approaches on industrial relations in China, avoiding what Burawoy once described as the “overpoliticization of the state” and the “underpoliticization of production” in sociological research (Burawoy 1985: 122ff).

Our analysis of China’s politics of production takes into account the weakness of the collective actors in the industrial relations system and the resulting lack of social buffers of a well-developed hegemonic state regulating the sphere of production. However, instead of just describing the bureaucratic-authoritarian character of Chinese trade unions, we want to examine potential dynamics of change. We want to know whether and how:

- the rapid emergence of highly modern, world-market oriented production models and systems is undermining the existing forms of state-regulated labour relations;
- the increasing conflicts between capital and labour of recent years are calling for new forms of interest mediation based on a stronger role of collective actors at the level of companies, industries, and industry clusters; and
- such collective actors – trade unions and employers’ associations in particular – can gain some degree of autonomy from the state.

Under the increasing fragmentation of labour relations and trade union representation, such an analysis can no longer assume a relatively stable political framework of historically established institutions and actors. Rather, we have to focus on the transformation of such institutions, the emergence of new institutional arrangements, and “best practice” models of labour relations, as well as the fragmented character of political regulation, especially between central and local government agencies. In a broader perspective, we hope to centre this in a more systematic analysis of regimes of accumulation within China’s emergent capitalism (Lüthje 2013).

## Diverging Patterns of Economic Restructuring and Control

In the face of China’s massive industrialization and the rapid development of modern and complex production environments over a broad spectrum of industries, we have to widen our perspective beyond the concepts of “old” and “new” state-owned and private industries, and the related changes in the working class. We need to explore the growing differences in company labour relations resulting from diverging patterns of socio-economic restructuring, new Western and East Asian models of production, the related fragmentation of value-chains, and the reshaping of regimes of production in major corporations under new forms of labour–management cooperation and their amalgamation with traditional Chinese practices of workplace representation (Lüthje, Luo, and Zhang 2013: 19ff).

The politics of gradual marketization and privatization practised in China since the beginning of reform and opening in the late 1970s has produced a full-scale reversal of the industrial structure of the country



and the forms of ownership and control over capital accumulation. In the wake of the accelerated privatization and restructuring of the mid-1990s, private ownership or various kinds of profit-oriented state or semi-state ownership of enterprises became the dominant form of control. At the same time, the focus of industrial production shifted from basic industrial and consumer goods for the domestic market to textiles and garments, shoes, and light consumer goods (e.g. toys, home decorations, and, in particular, electronics) for the rapidly growing exporting industries. The manufacture of automobiles, chemicals, steel, electronics, and textiles and garments emerged as the modern core industries of China's economy. As Table 1 shows, the majority of workers in each of those sectors are employed in non-state-owned enterprises. This economic transformation is taking place under conditions of continuing widespread underemployment (Lüthje 2006), now exacerbated by accelerated urbanization (Miller 2012), and of permanent under-consumption for the majority of the working population (Hart-Landsberg and Burkett 2007; Hung 2008; Eurasia Group 2011).

Table 1: Employment in China's Core Manufacturing Industries

Industry	2007 Employment	Non-SOE
Auto	2.57	1.61
Chemical	3.09	2.33
Steel	1.88	1.12
Electronics/IT	4.26	3.85
Textile/garment	4.83	4.22

Source: National Bureau of Statistics of China 2008.

The key manufacturing industries of the Chinese economy display highly different patterns of ownership, competition organization, and integration into the world market – a result of the complex recombination of property relations involved in industry-specific trajectories of restructuring (Naughton 2007). The steel and, to a lesser extent, petrochemical industries are still dominated by SOEs, but under strictly market-oriented management. The major steel and petrochemical corporations – such as Baosteel, Hebei Steel, Wuhan Iron and Steel, Sinopec, and PetroChina – are among the largest companies of their kind in the world and have aspirations for global leadership. In the chemical industry, a rapidly ex-

panding private sector exists, in which joint ventures and foreign companies are playing a bigger role – German chemical giants BASF and Bayer, for example, have some of the largest petrochemical complexes in China (Lüthje, Luo, and Zhang 2013: 19ff).

The auto industry occupies the middle ground between state-dominated and privately dominated industries and is led by joint ventures composed of foreign multinationals and the three large Chinese auto holding corporations – FAW, Shanghai Automotive, and Dongfeng. Smaller private and local government-owned automakers or auto holding companies are also important competitors. Whereas the foreign companies control technologies and branding, the Chinese partners exert a strong influence over management practices; the older joint ventures in particular, such as VW Shanghai, have adopted the management styles of SOEs (Thun 2006). The recent geographic expansion of the industry with new greenfield manufacturing parks in coastal areas (near Nanjing, Foshan and Ningbo, for instance) and in West China (primarily Chengdu and Chongqing) appears to have strengthened the role of Chinese state-owned carmakers as their vast resources are needed to finance and manage this unprecedented increase in production capacities (Anonymous 1).

By contrast, the electronics and the textile and garment industries – China's two largest manufacturing industries in terms of employment – are mostly privately owned. Industry structures are dominated by sub-contractors or subsidiaries of foreign multinationals. In electronics, the huge vertically integrated contract manufacturers – such as Foxconn or Flextronics – are the industry's largest employers. However, the sector is highly segmented. Capital- and technology-intensive segments such as chip producers coexist with design- and development-oriented computer and network equipment makers, contract manufacturers, and a huge sector of low-tech and low-wage component makers. Among the shooting stars of China's domestic IT industry (which includes Lenovo, Huawei and ZTE), hybrid forms of property prevail that amalgamate private, semi-private, and previously state-owned assets (Ernst and Naughton 2008; Lüthje et al. 2013). The emergence of new large-scale manufacturing centres in western China (especially in Chongqing and Chengdu) since 2008 has been driven by massive financial and organizational support by local governments in the respective locations; large Taiwanese contract manufacturers such as Foxconn, Quanta, and Pegatron have been the main beneficiaries (Anonymous 2).

Textile and garment production, the “classic” subcontracting industry, primarily comprises small to medium-sized enterprises. The concentration of manufacturing expected after the end of the international Multi Fibre Agreement has remained rather limited so far (Butollo 2013).

The diversity of ownership and control is accompanied by a similar diversity of production models. In steel and petrochemicals, large-scale plants with a high degree of vertical integration, modern technology, and relatively stable production flows dominate among the leading companies, favouring long-term employment of mostly urban workers.

The auto industry has widely adapted Japanese and Western models of lean manufacturing; the once stable core workforces especially in the older joint ventures are increasingly confronted with outsourcing, flexibilization of work, and competition from migrant workers in the supplier companies and temporary labour agencies (Zhang 2008). In the electronics and garment industries, the contrast to traditional industrial environments is most visible. Here, comprehensive outsourcing and shifting of manufacturing from industrialized countries to China have produced subcontracted mass production at an unprecedented scale (Lüthje et al. 2013). In electronics, high-end manufacturing technologies and organization in large-scale factories and industrial parks (some of them with tens or hundreds of thousands of workers) have become the norm, whereas the garment industry remains dominated by the traditional low-tech, low-wage sweatshop, for which many Chinese exporting industries have become infamous (Butollo 2013).

The diverging economic conditions translated into differing scenarios of restructuring during the recent decades, shaping the composition of the workforces and their experiences. Steel has seen the most dramatic transformation from the traditional plan to a market environment, but also the greatest resistance of workers to lay-offs and the “smashing of the iron rice bowl”, exemplified by the mass demonstrations in the north-east in 2002 (Lee 2007). During the boom period of 2002–2007, the industry saw enormous growth with the increasing dominance of the large corporations with highly modern factories, accompanied by the rapid emergence of smaller steel producers backed by local governments. In the petrochemical and auto industries, the impact of privatization has been less dramatic, but massive changes have occurred due to the introduction of state-of-the-art manufacturing technologies, models of lean manufacturing, and outsourcing – propelled by growing subsectors of mostly privately owned suppliers and service firms (Anonymous 4).

With little heritage from the planned economy, restructuring in electronics and garments has occurred almost completely under the auspices of global production networks, strong market control by multinational brand-name firms, and extreme dependence on the ups and downs of the world market. In electronics, the Chinese government supports the growth of domestic high-tech markets and technologies, whereas the garment industry does not receive much attention from higher levels of the state. However, due to the strong local concentration of the industry in semi-rural districts along the east coast, some local governments have recently taken the initiative to increase the skills and capabilities of garment companies, sometimes including employment conditions and workforce skills (Butollo 2013).

All of these industries, perhaps with the exception of the petrochemical sector, are suffering from structural overcapacities, similar to the worldwide situation. The integration into global cycles of capitalist development became particularly visible during the global downturn in 2008–2009, though with some important Chinese characteristics. Most severely hit were export industries such as electronics, garments and other light industries producing cheap goods for the shelves of Western retail chains. Here, lay-offs of millions of migrant workers occurred, in some cases resulting in large-scale protests. Industries primarily producing for the domestic market, such as autos or chemicals, were less affected and also benefitted from the Chinese government's massive spending programmes. These industries essentially avoided major lay-offs and tried to keep their core workforces on the payroll, often with drastic reductions in working hours and pay (Lüthje 2010). In the steel industry, this strategy faced major difficulties since many steel companies – especially smaller local ones – collapsed under the impact of shrinking demand from key customer industries, in particular construction and shipbuilding. Since the crisis, restructuring has focused on large-scale takeovers of smaller steel producers through the globally oriented SOEs; however, reoccurring workers' protests in this industry indicates the social sensitivity of such a strategy (*Global Times* 2009).

## Regimes of Production in Core Industries

As the transformation of production in China increasingly reflects the segmentation of work and the working classes in the capitalist world economy, the once centralized regime of labour policy is also rapidly

becoming multifaceted. Only a few scholars in China and abroad have seriously tackled this issue – most notably, Lee Ching-Kwan. Her studies of labour regimes at the factory and local community levels have found profound differences between labour regimes and the patterns of workers’ resistance in traditional heavy industry areas in the north – where mostly urban workers in former SOEs have been losing their once life-long jobs – and in the new export production bases in the south, where migrant workers are forming a new mass workforce under highly unstable conditions (Lee 2007).

Table 2: Typology of Regimes of Production

Type	Production Model	Work/HR	Labour Relations
State bureaucratic	Integrated Med to high tech Brand name	Stable after restructuring Urban workers High wages Low base, allowances Increasing segmentation of workforces (temp labour)	Stable trade union–party–govt relations Collective contract Weak collective bargaining Few labour conflicts
Corporate bureaucratic	Integrated High tech Strong brand Market control	Stable employment Urban workers, skilled High wages, benefits High base pay Career incentives	Trade unions, cooperative Mostly collective contract Weak collective bargaining Labour conflict few collective, often individual
Corporate high-performance	Integrated High tech Strong brand High flexibility	Flexible employment Urban workers High wages, benefits Low base, high variable and overtime	Weak or no trade unions Employee involvement Often no collective contract No collective bargaining Occasional labour conflict
Flexible mass production	Integrated Med to high tech No brand name High flexibility	Neo-Taylorism Low wages, benefits Very long working hours	Mostly non-union No collective contracts Occasional labour conflicts, sometimes militant Violations of legal standards
Low wage classic	Low integration Low tech No or weak brand High flexibility	Flexible employment Rural workers Low wages, benefit Personalized control Very long working hours	Mostly non-union No collective contracts Frequent violations of legal standards

Source: Lüthje, Luo, and Zhang 2013.

However, against the background of the rapid differentiation of conditions of production traced above, the analysis of diverging regimes of production needs to be broadened in order to capture the different conditions in the respective industries and local environments. Also, the regimes of production have to be discussed in the context of different forms of workplace politics inside factories, which are embedded in models of production, management systems, work organization, factory rules, wage systems, recruitment policies, performance control, bargaining relations, and the presence (or non-presence) of trade unions.

To develop a more fine-grained typology of production regimes based on extensive empirical research was the aim of our field studies (2008–2011), which were funded by the Hans-Böckler Foundation (Lüthje, Luo, and Zhang 2013). Our research included extensive data collection on industry structures and labour relations in the specific sectors and case studies of labour relations in more than 50 leading brand-name companies and suppliers at various levels in the steel, petrochemical, automobile, information electronics, and textile and garment industries. The case studies consisted of a set of semi-standardized interviews with management, trade unions, outside experts, and selected workers. Major production facilities of the respective companies were visited extensively. The production regimes were evaluated according to 25 basic criteria related to the production models, work and working conditions, and labour relations in the respective companies (for a detailed account of our methodology see Lüthje, Luo, and Zhang 2013: 30–33). Based on this research, five generic types of production regimes can be identified among major manufacturing companies (Lüthje, Luo, and Zhang 2013):

- The most common regime of production resulting from the transformation of former state into SOEs under capitalist market and management imperatives can be called “state bureaucratic”. It is typically found in basic industries, such as steel or petrochemicals, and is characterized by relatively stable conditions of production (after often massive restructuring during privatization), a core medium- or high-skilled workforce, and distinctively “Chinese” pay systems with relatively low base wages and a high proportion of workplace and personal allowances that often make up 50 per cent or more of a worker’s regular personal income. Labour relations are characterized by a rather strict obedience to labour laws and government regulations, as well as a stable and politically accepted position of the trade union coupled with Western concepts of “co-management”. How-

ever, contract-based regulation of wages, working hours, and other employment conditions is rather weak. Usually, collective contracts and their side agreements do not contain precise language on wage rates and job classifications, or this information is not made public.

- The “classic” regime of production in multinational corporations and Sino–foreign joint ventures (“corporate bureaucratic”) is comparable to the situation in SOEs with regard to the relative stability of the conditions of production and the workforce, but it is distinctively shaped by management and work systems of multinational corporations. Such regimes of production can typically be found among major joint ventures in industries such as automobiles or petrochemicals. These companies often pay the highest wages and salaries in the respective regions, and their workforces consist almost exclusively of urban workers. Wage and incentive systems are similar to those of traditional Western multinationals in that they typically offer relatively high base wages (70–80 per cent of the regular personal income), regulated working-hours, and long-term career patterns related to extensive workforce skilling and education. Trade unions usually have a relatively secure position and are co-opted into factory management; although, contract-based regulation of wages and working conditions remains weak. Labour relations are stable, but there is a growing number of individual labour conflicts, especially law suits by skilled employees with high aspirations regarding pay, working environment, and career development.
- Production regimes in multinational corporations shaped by newer Western, principally US “philosophies” of high-performance management (“corporate high performance”) are in many aspects similar to the more traditional multinationals, especially with regard to the type of workforce; there is, however, a much stronger performance orientation in workforce selection, work organization, and career patterns, as well as high employment flexibility. Fixed base wages and salaries contribute to no more than half of regular incomes, while the proportion of bonuses and performance pay is high. Trade unions are typically weak or non-existent, but there is an increasing number of labour conflicts, including collective forms of resistance (e.g. work stoppages and public protests via the media and the Internet) resulting from discontent among highly skilled workers. Such regimes of production typically exist in US or Western European electronics multinationals as well as in foreign-invested chemical

companies, some of the newer Chinese multinationals in the high-tech industry (such as Huawei), and Korean and Taiwanese first-tier corporations (such as Samsung or TSMC).

- An extreme type of “high performance” management emerged among the large and modern mass producers of advanced electronics and other industrial products, where modern manufacturing technologies and organization are combined with large-scale exploitation of low-paid rural migrant workers. Work organization in regimes of “flexibilized mass production” is dominated by massive segmentation and flexibilization of employment (“neo-Taylorism”; cf. Hürtgen et al. 2009), often connected with the housing of workers in factory dormitories. Extremely long working hours – often in violation of existing legal standards – are the rule, as too are very low base wages (usually around local legal minimum wages). Wage differences between line workers and technicians, as well as managers and engineers, are very big. Trade unions usually have no presence in such factories, with the exception of management-dominated employee representations set up in response to recent changes in labour laws. Such regimes of production can typically be found in US or Taiwanese contract manufacturers and component providers in the electronics industry or in certain Chinese first-tier manufacturers of consumer goods. The classic low-wage production in technologically poorly equipped factories with low levels of organization (“low wage classic”) represents the bottom end of the regimes of production in major manufacturing sectors and enterprises. It mirrors older divisions of labour between industrialized and developing countries, and its modern manifestations in the production systems of global retailers such as Wal-Mart have shaped large segments of Chinese export manufacturing. Workers are mostly rural migrants, often housed in factory dormitories. In contrast to technologically sophisticated flexible mass production, control and methods of exploitation are simple, direct, and based on authoritarian paternalism. Base wages hover around legal minimum wages, while extensive overtime is the norm and a condition of economic survival for most workers. Piecework systems are widely applied, inducing speed-up and often undermining legal minimum wages. Trade unions are mostly absent from such workplaces, while individual and collective labour conflicts are relatively frequent. Such regimes of production are widespread in the larger and smaller factories in light industries



(e.g. garments, shoes, toys, and other consumer goods) and among suppliers of electronics or automotive parts.

## Scattered Landscapes: Regimes of Production in Core Manufacturing Industries

Based on this typology, we can find a growing variety of regimes of production in the core sectors of the Chinese manufacturing economy. Complex configurations of production regimes with markedly different conditions of work, remuneration, and social regulation are developing. In this context, the regimes of production are unevenly distributed throughout various industrial sectors (Lüthje, Luo, and Zhang 2013). The following summarizes key findings from the aforementioned study and also references literature, including our own recent research, which confirms our observations.

The steel and petrochemical industries along with some strategic sectors in heavy machinery, power, and railway equipment can be seen as strongholds of state bureaucratic regimes of production. In the steel industry, which is controlled by Chinese SOEs with only little presence of foreign capital, state bureaucratic regimes of production dominate. However, there are important variations between the very large flagship companies (such as Baosteel, Wuhan Iron and Steel, and Hebei Steel), on the one hand, and smaller SOEs owned by local governments, on the other (Anonymous 3). Among the latter, production regimes are often unstable due to the lasting impact of previous privatization, the massive impact of the recent crisis, and the effects of the Chinese central government's restructuring measures (Lee 2007). In the chemical industry, there is a greater variety of production regimes, but China's major petrochemical corporations – led by Sinopec and PetroChina – follow the state bureaucratic paradigm (Lin 2011; Anonymous 4). Leading Sino-foreign joint ventures and foreign invested enterprises (FEIs) fit the corporate bureaucratic category. Top multinational companies combine their vertically integrated models of production with high-wage employment policies to attract skilled workers (also at operator levels) and ensure steady work pace (also for reasons of safety), stable career patterns, and relatively low proportions of flexible pay for production workers. Labour relations in these companies are based on stable trade unions, which also comply with the traditions of the Western companies in their respective home countries (Lüthje 2010).

In the auto industry, the corporate bureaucratic regime of production is the standard model. Due to the dominance of large-scale joint ventures in this sector, there are few variations. The emerging independent Chinese automakers seem to follow this pattern as well given their imitation of the management and quality control strategies of foreign multinationals (Balcet, Wang, and Richet 2012; Jürgens and Krzywdzinski 2013). However, some newer factories set up in recent times in rural areas (such as GM Wuling, General Motors' highly successful joint venture in light van production in Guizhou province) may be closer to a corporate high performance regime of production. Also, this pattern – as well as regimes of flexible mass production and classic low-wage production – may have stronger roles in the auto supply sector, creating many options to transfer work into less costly social environments along the supply chain (Lüthje 2013). In the rapidly emerging segment of electric vehicles, where China is striving for a leading position, regimes of flexible mass production prevail (Anonymous 5).

In contrast to the auto industry, the electronics industry is much more diverse. This is mainly due to the massive segmentation of the sector along production models and between brand-name companies and suppliers, and also the result of different HR-management strategies emerging from the global restructuring of the industry. Among major brand-name companies and first-tier chip makers, corporate bureaucratic, corporate high performance and low-wage classic regimes of production can all be found. Corporate high performance can be seen as the primary pattern given the dominance of such regimes and the ongoing transformation of the IT industry in the global arena. However, state bureaucratic regimes of production are mostly absent from the electronics industry since “classic” SOEs do not play any role in this sector. The manufacturing segments of the electronics industry are heavily dominated by regimes of flexible mass production, epitomized by the large-scale factories and industrial parks of the major global contract manufacturers. Some of them seem to be closer to the model of classic low-wage production; the same is true for the huge sector of electronics component suppliers, including many large ones with strong technology bases (Lüthje et al. 2013; Lüthje, Luo, and Zhang 2013: 135–250).

Finally, the low-wage classic regime of production is foremost in the textile and garment industry, which is intrinsically linked to the small-shop environment in which most of the relevant processes are performed. The production models of these companies are characterized

not only by their dependency on orders by brand-name retail companies and related international and national trading houses, but also by tightly knit divisions of labour between small manufacturers in garment production districts, where work is constantly being shifted between manufacturers of various specializations. The network-based character of production can be seen as a specific way to integrate large amounts of manual labour under conditions of highly segmented work without the investment requirements or social costs of large factory environments. Such production models provide enormous flexibility and are adaptive to the extremely cyclical development of global consumer markets. At the same time, the availability of such production networks limits the need to concentrate and centralize garment production in bigger factories or companies – a major obstacle to industrial upgrading in this field (Lüthje, Luo, and Zhang 2013: 251–313; Butollo 2013).

It should be noted, however, that the differentiations between regimes of production become increasingly relevant within industries. This is particularly the case with regard to the rapid proliferation of outsourcing and modularization of production, especially in assembly industries such as automotive, electronics, and textile and garment manufacturing. In the latter two industries, most manufacturing is performed on the basis of full-scale outsourcing and subcontracting, resulting in relatively homogenous conditions among manufacturers with primarily flexible mass production or low-wage classic regimes of production, on the one hand, and relatively well paid tech specialists, clerical workers, and sales workers in “factory-less” brand-name and trading firms, on the other (Lüthje and Butollo 2013). Auto manufacturing provides the most complex picture as the industry has seen a massive implementation of modular production during the recent decade, which significantly reversed the traditionally vertically integrated structure of auto production within large SOEs and their supplier units – such as FAW and Dongfeng and joint ventures like SAIC Volkswagen (Thun 2006; Jürgens and Krzywdzinski 2013). The production of electric vehicles emerged from a strongly modularized base from the beginning. The production regime of this evolving sector appears to be developing on a trajectory (i.e. high-tech production at low wages) similar to that of the contract manufacturing sector in electronics (Anonymous 5).

China’s automotive supply sector displays a wide variety of regimes of production. Production regimes in multinational first-tier suppliers from Europe, the United States, and Japan often resemble the corporate

bureaucratic or corporate high performance regimes of most carmakers. At the second and third tiers of supply chains, classic low-wage regimes in smaller private firms coexist with regimes of flexible mass production similar to contract manufacturers in the electronics industry. Whereas the workforce of core assembly companies and most first-tier suppliers is urban (with fairly stable employment and decent working conditions), suppliers are staffed by migrant workers to a large degree or even completely. The resulting social divide is one of the key reasons behind recent labour conflicts in this sector (Luo 2013; Lüthje forthcoming 2014b).

Table 3: Distribution of Regimes of Production

Industry	Type
Steel	State bureaucratic (SOE classic)
Chemical	State bureaucratic Corporate bureaucratic Corporate high performance
Auto	Corporate bureaucratic, suppliers varied
Electronics/IT	Corporate high performance Flexible mass production Low wage classic
Textile/garment	Flexible mass production Low wage classic

Source: Lüthje, Luo, and Zhang 2013.

## Production Regimes and Management Prerogative

A systematically guided analysis of factory labour relations reveals not only a growing diversity of production regimes, but also certain patterns of control and labour policies that manifest themselves in the best practice models of human resource management and corporate policies (Lüthje, Luo, and Zhang 2013: 328ff; Luo 2013). Such uniformity in strategic behaviour at the level of day-to-day practices supports the argument of Chinese labour relations scholars that employers’ interests in China’s contemporary political system increasingly appear in organized and coordinated forms; this has been visible in the debates over labour law reform and employers’ recent attempts to topple key provisions of

the labour contract law through exemption policies recommended by central and local government agencies (Chang 2010).

In the absence of collective bargaining, the interaction of management and government policies and the established practices of employee representation by trade unions (where present) create sets of legal, political, and also “moral” rules under which certain elements of the wage relation are being regulated, while others are being omitted or subjected to some kind of non-binding consultation between employers and employee representatives. Together, this creates a segmented system of rules with varying degrees of formal institutionalization in Chinese workplaces, which defines the context of employee–management relations under the different regimes of production. As Table 4 shows, there are certain sets of “hard” and “soft” rules, as well as a whole set of relations, that follow “no rules” other than management prerogative (Lüthje, Luo, and Zhang 2013: 330f).

Hard rules are laws, government regulations, and the basic provisions of collective contracts related to the procedures of consultation between management and employee representatives. Such rules mainly relate to the requirement to sign labour contracts, laws, and regulations on working hours, overtime, occupational safety and health, temporary labour, and minimum wages. The labour systems of companies with state bureaucratic, corporate bureaucratic, and corporate high performance regimes of production usually accept hard rules; companies in the flexible mass production and the classic low-wage categories increasingly recognize hard rules due to labour policy reforms and workers’ growing consciousness of their legal rights in the workplace.

Soft rules are usually embedded in collective contracts, the related agreements on wages and benefits, and government guidelines on recommended labour practices. Such rules relate, for instance, to annual wage increases stipulated in collective contracts or certain government guidelines, payment of bonuses, benefits, grievance handling, and employee consultations. Some mechanisms of employee consultation established under corporate social responsibility schemes or foreign models of management-dominated cooperative labour relations may also be considered to fall under this category. Soft rules are basically voluntary agreements between management and employees that establish certain standards or expectations concerning wages and other basic working conditions. They are non-binding and can be unilaterally repealed. Often,

the related agreements between management and employee representatives are not made public to employees.

Table 4: Hard Rules, Soft Rules, No Rules

Type	Rules	Requirements
Hard	Laws Government regulations Collect contract procedures	Labour contract Work time, overtime Basic occupational safety/health Temp labour Minimum wage
Soft	Collective contract content Government guidelines	Wage adjustment Payment of bonuses Benefits Employee consultation
No	Hourly and monthly wages and salaries Wage system/hierarchy Performance/work intensity Work organization Seniority Collective bargaining and collective labour conflicts	

Source: Lüthje, Luo, and Zhang 2013.

Most elements of the wage relation – especially those concerning pay, incentive policies, and the organization and quality of work – are not subject to any legal, contractual, or otherwise institutionalized rules. This is true for the precise amount of hourly and monthly wages, wage categories and job classifications, work speed, incentives and performance control, work organization, seniority rights, and the entire field of collective labour conflicts deemed non-existent under present Chinese labour laws. In the various regimes of production analysed in this study, these “bread-and-butter” issues of capital–labour relations remain largely unregulated by legal norms or binding collective agreements, even in companies with highly formalized labour relations (Lüthje, Luo, and Zhang 2013: 330f).

This analysis may explain why the foundations for tripartite labour relations in China remain weak, and why resolutions to workers’ grievances and collective labour conflicts continue to be sought through channels other than trade-union representation and the existing institutionalized mechanisms at the shop-floor level (Chang and Qiao 2009). The weakness of tripartism in China’s industrial relations system is

caused not only by the absence of trade unions and employers' associations at the bargaining table, but by the lack of collective contractual regulations of wages and basic working conditions usually seen as the basic topics of collective bargaining. Trade unions that enjoy an institutionally stable presence under state bureaucratic and corporate bureaucratic regimes of production have a certain role in representing employees' interests based on their "political" bargaining powers, which are rooted in the traditions of the "social contracts" of previous periods of Chinese socialism. Under the newer "high performance" and low-wage style regimes of production, unions are either absent or have no legitimacy at all (Luo 2013).

Following discussions in Lee (2007: 125), regimes of production can also be linked to certain kinds of labour protest and worker mobilization:

- In state bureaucratic labour regimes, individual bargaining is widespread, focusing mainly on the allocation of allowances, bonuses, and overtime. Occasionally, large-scale mobilizations erupt that are not controlled by trade unions or party or government agencies, such as the 2002 protest movement in the Chinese steel industry and the 2009 occupation of the Tonggang steel factory, which led to the killing of a management representative (*Global Times* 2009).
- In corporate bureaucratic and also corporate high performance regimes of production, conflicts over wages, working conditions, and performance seem to be relatively regulated through the existence of formalized internal wage systems. However, individual workers often bargain extensively, especially higher-skilled employees in urban labour markets. Sometimes those employees resort to collective actions in response to workplace restructuring, as in the well-reported case of the integration of Siemens' Chinese mobile phone factories and design centres into Taiwan's BenQ in 2006 (Lüthje 2007).
- In regimes of flexible mass production and classic low-wage production, individual bargaining in the workplace is massively constrained by authoritarian systems of workplace control, which often extend to factory dormitories. The most common tool of individual bargaining is the frequent change of workplaces, resulting in continuing high turnover rates and occasional collective walkouts with massive protests directed at local governments (Lüthje, Luo, and Zhang 2013: 330f).

**Table 5: Patterns of Labour Conflict**

Type	Conflicts
State bureaucratic	Individual bargaining, occasional mass mobilizations
Corporate bureaucratic	Limited individual bargaining Individual labour conflicts over pay and job assignment Occasional protest over restructuring
Corp high performance	Limited individual bargaining Individual labour conflicts over pay and job assignment Occasional protest over restructuring
Flexible mass production	Individual bargaining limited by strict workplace control High turnover Individual labour conflicts over pay and OSH Occasional “factory riots”
Low wage classic	Day-to-day conflicts over workplace discipline Individual and collective labour conflict over pay and OSH Occasional mass mobilizations

Source: Lüthje, Luo, and Zhang 2013.

Unfettered management control over basic working conditions produces a set of imbalances in corporate labour systems in China, resulting in ongoing employee insecurity – with regard to pay, employment, and skill development – and the permanent tendency of workers to compensate for their low basic incomes by significantly extending their working hours and “self-exploitation”. This is a root cause of the instability of wages in China and, from a macroeconomic perspective, of domestic demand on the part of urban wage earners (cf. Yao 2009).

Low base wages and high amounts of variable pay – including allowances, bonuses, and overtime pay – are creating permanent incentives for extensive overtime. Only in corporate bureaucratic regimes of production is the base-wage level in line with standards associated with developed industrial countries (usually around 70–80 per cent of regular monthly income). Strong wage hierarchies along with extensive status discrimination against migrant workers, women, and temporary workers undermine the principle of “equal pay for equal work”. Again, this conclusion can be applied to all kinds of production regimes with the exception of corporate bureaucratic systems and some companies under state



bureaucratic regimes. The dominance of individualized schemes of performance evaluation, arbitrary distribution of jobs and tasks, and the generally high flexibility of employment imply an almost complete lack of seniority-based workplace regulations, job classifications, and job security provisions. Seniority as a principle of work organization and performance policies only seems to play a role in “classic” multinational and joint venture regimes of production and to a certain extent in state bureaucratic regimes. But even in those environments, seniority regulations do not exist as a contractual right, but rather on the basis of unilateral company practices. Finally, a high degree of employment flexibility and low job security prevails in most workplaces in China. The impact of this situation has become particularly visible in the low-wage mass production sectors – that is, within regimes of flexible mass production and classic low-wage production, which experience constant changes between labour shortages and lay-offs within very short periods of time.

## Conclusion: Reform of Labour Policies and Social Mobilization

The growing variety of regimes of production in China’s core industries points to increasing difficulties in establishing socially accepted labour standards across key industrial sectors and regions. In a certain sense, China is facing situations similar to those in advanced capitalist nations, where plant closures, restructuring, and new production models combined with the growing number of non-union workers and migrants with insecure legal status have resulted in an increasing fragmentation of labour relations between different types of companies, their suppliers, union and non-union workforces, and rustbelt and sunbelt regions, as well as many other lines of division. Obviously, the forces of the capitalist market in Chinese industry and labour relations have not created more homogenous conditions within the working population. Rather, different regimes of production have become an important element in producing and reproducing inequality among workers. Also, the rural–urban divide within the Chinese working class has become increasingly folded into complex regimes of production that combine several layers of urban and non-urban workforces in different segments of production and labour markets.

Against this background, China’s centralized system of labour relations – embodied in the unified structure of trade unions and national

government policies – looks increasingly hollow. The segmentation of the social conditions of production is effectively undermining attempts to regulate labour relations and labour standards “from above”, exemplified in the reforms of labour laws in recent years. Such reforms may remain symbolic if labour standards cannot be secured in collective agreements with a certain degree of popular legitimacy and coordination at industry and regional levels.

The lack of effective collective regulations of basic wages, working hours, and working conditions can be seen as the common element among the different regimes of production across companies, industries, and privately and state-dominated sectors alike. The high degree of wage and employment flexibility seems to be the common element of “high-end” and “low-end” workplace regimes, often coupled with extensive overtime. The incentives for workers’ discipline and austerity are built into the systems of wages, performance evaluation, work organization, and the resulting competition among workers. The fragmentation of production regimes and their internal hierarchies can also be seen as a major cause of the extreme income inequalities in China, symbolized by the staggering levels of the Gini co-efficient. However, the issue of wage flexibility and its negative macroeconomic impact on workers’ incomes and purchasing power in the core sectors of the economy has hardly been addressed. Only a few Chinese labour experts have called for institutional wage safeguards “to let wage earners get rich” (Yao 2009) or have drawn on major capitalist countries’ experiences (in particular, the United States’ New Deal under President Roosevelt) to justify calls for a basic overhaul of China’s politics of production (Qiao 2009).

Obviously, such ideas contradict the neo-liberal orientation of China’s economic debates as well as the technocratic approach of reform “from above” that underlies the official concept of the “harmonious society”. Recent changes in labour laws – the Labour Contract Law in particular – have certainly limited some of the worst impacts of employment flexibility on workers; nevertheless, the basic parameters of labour market flexibility can only be reversed in the long term by substantially strengthening collective labour rights (Lüthje, Zhang, and Luo 2013: 334ff).

However, in a small number of strategically important social movements, workers have effectively forced trade unions to resume the role of collective representative of workers in bargaining. Thus far, the most prominent example of this development is the strike wave in the auto-

motive supply sector in South China in May and June 2010, where migrant workers at supply factories for Japanese car manufacturers walked out to demand wage increases and just distribution of incomes between workers in the face of attempts by the management to undermine raises in the minimum wage with downward adjustments in factory workers' pay scales. Once again, this revealed workers' fundamental lack of contractual safeguards at the shop-floor level. Such labour struggles were essentially driven by workers' demands to keep up with wages in other supply factories, thus resulting in a kind of highly informal unified bargaining (Lüthje 2011).

With the participation of high-level management representatives, trade union officials, and prominent labour law experts, the settlement of the above-mentioned strikes did manage to raise wages, but did little to rein in management prerogative over wages and pay scales (Anonymous 5). In several cases, however, local and provincial trade unions picked up on workers' demands and initiated wage bargaining in a small number of workplaces. While the long-term impact of these negotiations on shop-floor power relations remains to be seen, these cases have emerged as role models for a set of government policies to facilitate democratic management and collective wage negotiations in Guangdong province – certainly the most ambitious attempt so far to reform labour policies and democratize workplaces and trade unions in China (Chen and Lüthje 2011; Kong 2011; Traub-Merz and Ngok 2011; Chen 2012). One focus of this project is the automotive supply sector, where newly elected factory trade unions have set up industry federations in some major industrial parks in order to coordinate industry-wide wage standards (He 2013). After a slack period during the change in the national political leadership in 2012, these initiatives have been reinvigorated with Guangdong's provincial labour bureau recently publishing draft guidelines on collective bargaining at company, industry, and regional levels (Guangdong Provincial Labour Bureau 2013).

Such cases are certainly exceptions rather than the norm. However, they illustrate the well-known fact that institutional change in China in the last 30 years has predominantly materialized at the local level. A number of other cases from export-production industries in coastal areas point in this direction – for example, the collective bargaining systems established in Wenling, Zhejiang province and some other localities in Zhejiang and Jiangsu provinces that regulate piece-rate pay among migrant workers in the garment industry (Lüthje, Luo, and Zhang 2013:

325ff) and similar initiatives in the consumer goods industries in Wenzhou (Friedman 2011) and Yiwu (Dong 2011). Typically, such cases develop in regions with strong traditions of market capitalism, in which a long history of reform and opening has undermined local power structures to such a degree that traditional institutions and policies can no longer control workplace conflicts.

Further reform of labour laws and labour policies was strikingly absent from the much-heralded Third Plenary Session of the CPC Central Committee in November 2013, where a new round of comprehensive reforms was announced with great fanfare. Similarly, recent speeches by senior Chinese leaders, including Xi Jinping, to official bodies of the All China Federation of Trade Unions did not include any new language on trade union reform (*Nanfang Ribao* 2013). All of this confirms the accusations that the recent plenum was a manifestation of inertia (*Financial Times* 2013). However, the ongoing competition between China's major industry regions for both skilled, cheap labour, and viable arrangements to maintain social stability may be a trigger for further change.

## References

- Anonymous 1 (2013), interviews with senior officials in provincial reform and development bureaus, 5 persons, Guangdong and Sichuan, April and May.
- Anonymous 2 (2012 and 2013), interviews with senior managers IT companies, seven persons; questionnaire interviews with workers in three electronics contract manufacturing companies in Guangdong province, 210 persons, Guangdong and Jiangsu provinces, November 2012 and June 2013.
- Anonymous 3 (2012), field interviews with senior and managers in state-owned steel companies, 5 persons, Guangdong and Sichuan provinces, November.
- Anonymous 4 (2013), field interviews with senior managers in two state-owned enterprises, Huizhou Dayawan Petrochemical Industry Park, group interviews, 20 persons, Guangdong.
- Anonymous 5 (2011, 2012, and 2013), field interviews with workers in automobile manufacturing and automobile supply companies, Guangzhou, Foshan, selected transcripts from database, International Center for Joint Labor Research, Sun Yat-Sen University, Guangzhou, P.R. China.

- Balcet, Giovanni, Hua Wang, and Xavier Richet (2012), Geely – A Trajectory of Catching Up and Asset-seeking Multinational Growth, in: *International Journal of Automotive Management*, 4, 12, 360–375.
- Burawoy, Michael (1985), *Politics of Production. Factory Regimes under Capitalism and Socialism*, London: Verso.
- Butollo, Florian (2013), *The End of Cheap Labour in China? Social Impact of Industrial Upgrading in the LED Industry and the Textile and Garment Industry of the Pearl River Delta*, Phil. Diss, University of Frankfurt, Germany, unpublished manuscript.
- Butollo, Florian, and Tobias ten Brink (2012), Challenging the Atomization of Discontent, in: *Critical Asian Studies*, 44, 3, 419–440.
- Chan, Anita (2008), The Evolution of China's Industrial Relations System – The Japanese-German Model and China's Workers' Congress, in: *Labour Relations Journal*, 1, 52–65.
- Chan, Anita (1993), Revolution or Corporatism? Workers and Trade Unions in Post-Mao China, in: *Australian Journal of Asian Affairs*, 29, 31–61.
- Chan, Chris K. C. (2011), *The Challenge of Labour in China. Strikes and the Changing Labour Regime in Global Factories*, London, New York: Routledge.
- Chan, Jennifer, and Ngai Pun (2012), Global Capital, the State, and Chinese Workers: The Foxconn Experience, in: *Modern China*, 38, 4, 383–410.
- Chang, Kai (2010), 劳权保障与劳资双赢—劳动合同法论 (*Laoquan baozhang yu laozi shuangyong – Laodong betongfa lun, Protecting Labour Rights and Labour-capital Cooperation – Essays on the Labour Contract Law*), Beijing: 中国劳动社会保障出版社 (Zhongguo laodong shehui baozhang chubanshe, China Social Security Press).
- Chang, Kai, Boy Lüthje, and Siqi Luo (2008), *Die Transformation der Arbeitsbeziehungen in China und ihre Besonderheiten*, Working Paper, Institut für Sozialforschung, Frankfurt am Main.
- Chang, Kai, and Jian Qiao (2009), 中国劳动关系报告. 当代中国劳动关系的去向 (*Zhongguo laodong guanxi baogao – dangdai Zhongguo laodong guanxi de quxiang, China Labour Relations Report – Characteristics and Tendencies of Contemporary Chinese Labour Relations*), Beijing: 中国劳动社会保障出版社 (Zhongguo laodong shehui baozhang chubanshe, China Social Security Press).
- Chen, Weiguang (2012), 忧与思. 三十年工会工作感悟 (*You yu Si. Sanshi nian gonghui gongzuo ganwu, Reflexions and Thoughts from 30 Years of Trade*

- Union Work*), Beijing: 中国社会科学出版社 (Zhongguo shehui kexue chubanshe, China Social Sciences Press).
- Chen, Weiguang, and Boy Lüthje (2011), Trade Unions and Worker Struggles in Guangdong, Chen Weiguang interviewed by Boy Lüthje, in: *Global Labour Column*, 55, April, online: <<http://column.global-labour-university.org/2011/01/trade-unions-and-worker-struggles-in.html>> (12 December 2013).
- Chin, Gregory T. (2010), *China's Automotive Modernization, the Party-State and Multinational Corporations*, Basingstoke, New York: Palgrave Macmillan.
- Dong, Youde (2011), 幸运中的义乌工会。维权模式的持续创新 (*Xingyun zhong de Yiwu gonghui: weiquan moshi de chixu chuangxin, Yiwu Trade Union in Action: Empowerment Model as Persistent Innovation*), presentation at SYSU-FES Workshop Collective Bargaining and the South China Experience, Sun Yat-Sen University, Guangzhou, 10–12 April, unpublished manuscript.
- Ernst, Dieter, and Barry Naughton (2008), China's Emerging Industrial Economy. Insights from the IT industry, in: Christopher McNally (ed.), *China's Emergent Political Economy. Capitalism in A Dragon's Lair*, London: Routledge, 39–59.
- Eurasia Group (2011), *China's Great Rebalancing Act*, New York, Washington, DC, London: Eurasia Group.
- Feng, Tongqing (2005), Social Transition and Positive Adjustments in the State Enterprise–Worker Relationship. A Case Study in Chinese Enterprise Worker Participation, in: *Chinese Sociology and Anthropology*, 37, 4, 34–51.
- Financial Times* (2013), Analysts Remain Weary Over Efforts to Reform China's State Sector, 13 November.
- Friedman, Eli D. (2011), *Rupture and Representation. Migrant Workers, Unions, and the State in China*, Ph.D. dissertation, UC Berkeley, unpublished manuscript.
- Friedman, Eli D., and Ching-Kwan Lee (2010), Remaking the World of Chinese Labour: A 30-Year Retrospective, in: *British Journal of Industrial Relations*; 48, 3, September, 507–533.
- Gallagher, Mary E. (2004), *Contagious Capitalism. Globalization and the Politics of Labour in China*, Princeton, NJ: Princeton University Press.
- Global Times* (2009), Angry, Voiceless Workers Halt Steel Reform, 18 August.

- Guangdong Provincial Labour Bureau (2013), *Guangdong Province Regulation On Collective Negotiations and Collective Contracts for Enterprises (Draft for Comments)*, translation provided by International Center for Joint Labor Research, Sun Yat-Sen University, Guangzhou, online: <<http://labornotes.org/sites/default/files/guangdong.negotiation.regulations.2013.pdf>> (12 December 2013).
- Hart-Landsberg, Martin, and Paul Burkett (2007), China, Capital Accumulation and Labour, in: *Monthly Review*, 5, 39–58.
- He, Gaochao (2013), *Production Networks, Industrial Upgrading and Labour Relations in the Automotive Supply Sector in South China*, unpublished research report, SYSU International Center for Joint Labour Research, Rosa Luxemburg Stiftung.
- Hung, Ho-fung (2008), The Rise of China and the Global Overaccumulation Crisis, in: *Review of International Political Economy*, 15, 2, 149–179.
- Hürtgen, Stefanie, Boy Lüthje, Wilhelm Schumm, and Martina Sproll (2009), *Von Silicon Valley nach Shenzhen. Globale Produktion und Arbeitsteilung in der IT-Industrie*, Hamburg: VSA.
- Jürgens, Ulrich, and Martin Krzywdzinski (2013), Breaking Off from Local Bounds: Human Resource Management Practices of National Players in the BRIC Countries, in: *International Journal of Automotive Technology and Management*, 13, 2, 114–133.
- Kong, Xianghong (2011), Capacity-building and Reform of Chinese Trade Unions: Using Legal and Democratic Means to Resolve the Conflict of Roles of Trade Union Chairs, in: Rudolf Traub-Merz and Kinglun Ngok (eds) (2011), *Industrial Democracy in China. With Additional Studies on Germany, South-Korea and Vietnam*, Beijing: China Social Sciences Press, 78–87.
- Kuruvila, Sarosh, Ching-Kwan Lee, and Mary E. Gallagher (eds) (2011), *From Iron Rice Bowl to Informalization. Markets, Workers, and the State in a Changing China*, Ithaca, NY: Cornell University Press.
- Lansbury, Russel D., Chung-Sok Suh, and Seung-Ho Kwon (2007), *The Global Korean Motor Industry: The Hyundai Motor Corporation's Global Strategy*, London, New York: Routledge.
- Lee, Ching-Kwan (2007), *Against the Law – Labour Protests in China's Rust-belt and Sunbelt*, Berkeley: University of California Press.
- Lin, Kun-Chin (2011), Enterprise Reform and Wage Movements in Chinese Oil Fields and Refineries, in: Saroth Kuruvila, Ching-Kwan Lee, and Mary E. Gallagher (eds), *From Iron Rice Bowl to Informaliza-*

- tion. Markets, Workers, and the State in a Changing China*, Ithaca, NY: Cornell University Press, 83–106.
- Lüthje, Boy (forthcoming 2014a), Exporting Corporatism? Regimes of Production of German Multinationals in China, in: Anita Chan (ed.), *Chinese Labor Relations in Comparative Perspective*, Ithaca, NY: Cornell University Press.
- Lüthje, Boy (forthcoming 2014b), Regimes of Production and Labor Relations in the Chinese Automotive Industry, in: *Industrial and Labor Relations Review*, Special Issue on Industrial Relations in China.
- Lüthje, Boy (2013), *Why is there no Fordism in China? Regimes of Accumulation and Regimes of Production in Chinese Manufacturing Industries*, IfS Working Paper, 3, Frankfurt am Main: Institut für Sozialforschung.
- Lüthje, Boy (2011), Which Side are You On? Lessons from the Strikes at Auto Suppliers in South China, in: *Asian Labour Update*, 15–20.
- Lüthje, Boy (2010), Belegschaften und Gewerkschaften in China in der Wirtschaftskrise, in: *WSI-Mitteilungen*, 9, 473–479.
- Lüthje, Boy (2007), *Arbeitsbeziehungen in der chinesischen IT-Industrie – neue Perspektiven in der Diskussion um internationale Arbeitsstandards*, Düsseldorf: Hans-Böckler-Stiftung, online: <[www.boeckler.de/pdf\\_fof/S-2007-14-1-1.pdf](http://www.boeckler.de/pdf_fof/S-2007-14-1-1.pdf)> (12 December 2013).
- Lüthje, Boy (2006), Ökonomische Modernisierung und industrielle Beziehungen im neuen chinesischen Kapitalismus, in: *Das Argument*, 48, 5/6, 61–75.
- Lüthje, Boy, and Florian Butollo (2013), *Production Networks, Industrial Upgrading and Labour Relations in IT Manufacturing in South China*, unpublished research report, SYSU International Center for Joint Labour Research, Rosa Luxemburg Stiftung.
- Lüthje, Boy, Siqi Luo, and Hao Zhang (2013), *Beyond the Iron Rice Bowl. Regimes of Production and Industrial Relations in China*, Frankfurt, New York: Campus.
- Lüthje, Boy, Stefanie Hürtgen, Peter Pawlicki, and Martina Sproll (2013), *From Silicon Valley to Shenzhen. Global Production and Work in the IT Industry*, Lanham, MD: Rowman & Littlefield.
- Luo, Siqi (2013), *Collective Bargaining and Changing Industrial Relations in China. Lessons from the U.S. and Germany*, Frankfurt am Main: Peter Lang.
- Ma, Zhining (2011), *The ACFTU und Chinese Industrial Relations*, Oxford, Bern: Peter Lang.



- Miller, Tom (2012), *China's Urban Billion. The Story Behind the Biggest Migration in Human History*, London, New York: Zed Books.
- Nanfang Ribao (南方日报, *Southern Daily*) (2013), 为实现中国梦再创新业绩再建新功勋 (Wei shixian Zhongguo meng zai chuangxin yeji zaijian xin gongxun, Bring Forth New Ideas and Achievements and Rebuild Meritorious Service to Achieve the Chinese Dream), 24 October.
- National Bureau of Statistics of China (2008), *China Statistical Yearbook 2008*, Beijing: China Statistics Press.
- Naughton, Barry (2007), *The Chinese Economy. Transitions and Growth*, Cambridge, MA, London: MIT Press.
- Nichols, Theo, and Wei Zhao (2010), Disaffection with Trade Unions in China: Some Evidence from SOEs in the Auto Industry, in: *Industrial Relations Journal*, 41, 1, 19–33.
- Pan, Yi (Pun Ngai), Huilin Lu, Yuhua Guo, and Yuan Shen (2012), 我在富士康 (*Wo zai Fushikang, Me at Foxconn*), Beijing: 知识产权出版社 (Zhishi chanquan chubanshe, Intellectual Property Press).
- Pringle, Tim (2011), *Trade Unions in China: The Challenge of Labour Unrest*, London, New York: Routledge.
- Qiao, Jian (2009), 美国大萧条时代劳动政策的气势 (Meiguo daxiaotiao shidai laogong zhengce de qishi, Inspirations from U.S. Labour Policies during the Period of the Great Depression), in: 新人里 (*Xin Renli, New Human Resources*), April, 36–42.
- Silver, Beverly, and Lu Zhang (2009), China as the Emerging Epicenter of World Labour Unrest, in: Ho-Fung Hung (ed.), *China and the Transformation of Global Capitalism*, Baltimore: Johns Hopkins University Press, 174–189.
- Streeck, Wolfgang, and Kozo Yamamura (eds) (2001), *The Origins of Nonliberal Capitalism*, Ithaca, London: Cornell University Press.
- Taylor, Bill, Kai Chang, and Qi Li (2003), *Industrial Relations in China*, Cheltenham: Edward Elgar.
- The Economist* (2010), The Rising Power of China's Workers, 20 June.
- Thun, Eric (2006), *Changing Lanes in China: Direct Investment, Local Government, and Auto Sector Development*, New York: Cambridge University Press.
- Tomba, Luigi (2002), *Paradoxes of Labour Reform*, London: RoutledgeCurzon.
- Tong, Xin (2008), 国有企业简单控制性的劳动关系分析 (Guoyou qiye jiandan kongzhixing de laodong guanxi fenxi, Analysis of Simple

- Control-type of Labour Relation in State-owned Enterprises), in: 开放时代 (*Kaifang Shidai, Open Times*), 197, 5, 61–76.
- Traub-Merz, Rudolf, and Kinglun Ngok (eds) (2011), *Industrial Democracy in China. With Additional Studies on Germany, South-Korea and Vietnam*. Beijing: China Social Sciences Press.
- Unger, Jonathan, and Anita Chan (1994), China, Corporatism, and the East Asian Model, in: *The Australian Journal of Chinese Affairs*, 33, 29–53.
- Warner, Malcolm (ed.) (2000), *Changing Workplace Relations in the Chinese Economy*, Basingstoke: MacMillan.
- Xu, Xiaohong (2004), Labour Relations in the Chinese Automobile Industry, in: Asia Monitor Resource Center (eds), *Automobile Workers and Industry in Globalizing Asia*, Hong Kong: AMRC, 51–65.
- Yao, Xianguo (2009), 让工薪阶层富起来! (*Rang gongxin jiecheng fu qilai!, Let Wage Earners Get Rich!*), paper for conference Labour Relations and Labour Rights under the Global Recession, Guangzhou, China, 7–9 November, Institute of Labour Relations Renmin University Beijing, Institut für Sozialforschung Frankfurt am Main, Guangzhou Federation of Trade Unions.
- Zhang, Lu (2008), Lean Production and Labour Controls in the Chinese Automobile Industry in an Age of Globalization, in: *International Labour and Working Class History*, 73, Spring, 24–44.

# Contents

## Introduction

- Christopher A. MCNALLY, Boy LÜTHJE and Tobias TEN BRINK  
Rebalancing China's Emergent Capitalism: State Power, Economic Liberalization and Social Upgrading 3

## Research Articles

- Tobias TEN BRINK  
Paradoxes of Prosperity in China's New Capitalism 17
- Christopher A. MCNALLY  
Refurbishing State Capitalism: A Policy Analysis of Efforts to Rebalance China's Political Economy 45
- Julian GRUIN  
Asset or Liability? The Role of the Financial System in the Political Economy of China's Rebalancing 73
- **Boy LÜTHJE**  
**Diverging Trajectories: Economic Rebalancing and Labour Policies in China** 105
- Florian BUTOLLO  
Moving Beyond Cheap Labour?: Industrial and Social Upgrading in the Garment and LED Industries of the Pearl River Delta 139
- LIN Kun-Chin and CHEN Shaofeng  
The Local Government in Corporate Restructuring: Case Studies in Fractured Bargaining Relations 171

- Contributors 199