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To cite this article: Andreas Bieler & Chun-Yi Lee (2017) Exploitation and Resistance: A Comparative Analysis of the Chinese Cheap Labour Electronics and High-Value Added IT Sectors, Globalizations, 14:2, 202-215, DOI: [10.1080/14747731.2016.1204698](https://doi.org/10.1080/14747731.2016.1204698)

To link to this article: <http://dx.doi.org/10.1080/14747731.2016.1204698>



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Published online: 15 Jul 2016.



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## Exploitation and Resistance: A Comparative Analysis of the Chinese Cheap Labour Electronics and High-Value Added IT Sectors

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**ABSTRACT** *This article compares the electronics sector in the area of Shenzhen, based on cheap labour assembling goods for export, with the IT sector in the area of Shanghai, relying on a more skilled workforce manufacturing high value-added goods. It is asked in what way these rather different locations within the global political economy condition the form and contents of resistance in these two sectors. The article concludes that industrial relations are more confrontational in the electronics sector with informal labour NGOs supporting workers in getting their individual and collective rights. The IT sector, in contrast, is characterised by consensual relationships. Informal labour NGOs concentrate on organising cultural activities for workers' free time, performing a mediating role between employers and employees, supported by the government.*

**Keywords:** Chinese form of state, electronic sector, informal labour NGOs, Pearl River Delta, Yangtze River Delta

### Introduction

China is frequently considered to be an example of successful developmental catch-up. And yet, the country's impressive growth rates are to a large extent based on the super-exploitation of its workforce expressed in long working hours, low wages, and a general lack of basic welfare benefits such as medical insurance and work-injury insurance (Chan & Selden, 2014, p. 606). Wages are often so low that a normal working day is not enough for the reproduction of labour power. Hence, workers are pushed towards performing 'excessive amounts of overtime work' to make ends meet (Li & Hao, 2014, p. 483). In recent years, Chinese workers have

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started to resist these exploitative conditions and a new movement is emerging spear-headed by migrant workers (Pringle, 2013). The purpose of this article is to analyse these dynamics of resistance within the wider structuring conditions of the global political economy.

Empirically, this paper will provide a comparative analysis of the electronics sector based around Shenzhen with the IT sector in the area of Shanghai. While the former is predominantly based on cheap labour, assembling electronic goods for export—see, for example, Foxconn and the assembling of Apple products—the latter relies on a more skilled workforce manufacturing higher value-added goods. In what way do these rather different locations within the global political economy condition the form and contents of resistance in these two sectors?

Conceptually, this paper will be based on a neo-Gramscian, historical materialist perspective, which starts through an analysis of the social relations of production and the different ways of how these two sectors are integrated into the global political economy (Bieler & Morton, 2004). Unlike liberal or neo-realist approaches, a historical materialist theory allows us to comprehend the historical specificity of capitalism. State and market only appear as separate in capitalism, because of the way production is organised around wage labour and the private ownership of the means of production. In this arrangement, the accumulation of surplus value is not politically enforced, but workers are indirectly, economically compelled to sell their labour power to ensure their subsistence. In turn, this will then allow us to identify key social class forces and provide the structural background within which these forces struggle against exploitation (Bieler, 2014).

The terrain of class struggle is, of course, the factory floor, but also the wider social relations of production, which regulate the work process. Production is, thus, understood broadly in that it also includes the wider institutional and normative settings around the production process including government involvement and broader research environment. In the next section, we will, therefore, first analyse the position of Chinese production in the global economy and the kind of social class forces this generates. In line with a neo-Gramscian, historical materialist perspective, these struggles take also place at the form of state level. Hence, the second section will assess the particular Chinese form of state and the way especially informal labour NGOs interact with Chinese state institutions in the two industrial sectors under investigation. These two sections, in turn, will provide the background for our comparative analysis in the third section. The Conclusion will draw out the main implications of our findings.

Methodologically, the empirical argument is partly based on a set of 21 semi-structured elite interviews with representatives of informal labour NGOs, employers, local government and researchers between 2009 and 2014. All interviewees were guaranteed anonymity and are not mentioned by name. The validity of information was cross-checked through the information from other interviews as well as the consultation of further primary and secondary printed sources.

### Chinese Production in the Global Economy

China's GDP growth figures are impressive indeed. Although they are currently no longer in the double digits, they have remained high since 2012 with about 7.5 five per cent (<http://www.tradingeconomics.com/china/gdp-growth-annual>, accessed 26/06/2014). No other country in the world seems to make such good use of the opportunities presented by globalisation, observers assert. Hence the discussions of China's rise as potential new hegemon in the global economy and be it only as an economic super-power for the moment. And yet, a closer analysis of the Chinese production structure reveals a rather more fragile picture of Chinese economic growth. First, 'it is largely in low-value, labour-intensive sectors that China has played a

major role in out-competing other developing countries' (Kiely, 2010, p. 226). As discussed in the introduction to this volume, China has become the major regional assembly platform in Asia. A large part of regional trade is the trade in parts and components especially in ICT products and electrical goods in the direction of China, where they are assembled on the basis of cheap labour (Hart-Landsberg, 2013, p. 34). In turn, these products are mainly destined for markets in North America and Europe integrating East Asia tightly with the global economy, but also making it dependent on continuing demand in the Global North. Equally important, Chinese exports are dominated by foreign transnational corporations (TNCs), which control about 85% of China's high technology exports (Hart-Landsberg, 2015, p. 5). Expressed differently, 'China's growth has become increasingly dependent on exports produced by transnational corporations' (Hart-Landsberg, 2013, p. 43). In short, China's production is mainly based on cheap labour, low value-added activities, dominated by foreign TNCs and highly dependent on access to markets elsewhere.

The focus on cheap labour and dependence on foreign TNCs, however, has significant implications for the Chinese social relations of production. Most importantly, there needs to be a continuing supply of workers, who are prepared to work for low wages. In the process of privatising state-owned companies during the 1990s 60 million workers were made redundant and turned into a source of cheap labour. They are joined by the ever growing group of migrant workers from the countryside, making up 269 million in 2013 (Chan & Selden, 2014, pp. 600–601). As a result of this large pool of cheap labour, Chinese workers have not benefitted from the economic boom. Labour's share of GDP 'fell from approximately 53% of GDP in 1992 to below 40% in 2006. Private consumption as a percent of GDP also declined, falling from approximately 47% to 36% over the same period' (Hart-Landsberg, 2013, p. 50; see also Qi, 2014). The Chinese government has started to stimulate domestic consumption since the 2008 financial crisis in the expectation that increasing domestic purchasing capacity will boost consumption. Nevertheless, 'China's level of consumption, at 36 percent of GDP, is much lower than the world average, which measures in at 60 percent of GDP' (Hsu, 2015). In a situation of unsatisfactory pensions, health care and public services, people are reluctant to invest more in luxury goods. Although China has introduced a minimum wage in 2008, this minimum wage is still far below a level, which would allow more extensive consumption patterns.

Our first case study the electronics goods sector in the Pearl River Delta (PRD) characterised by companies such as Foxconn is precisely part of this cheap labour, export-oriented strategy. The PRD is the earliest developing area after the 1979 open door policy. As a result of generous tax breaks for foreign companies, the PRD benefited from waves of foreign direct investment (FDI) from the mid-1980s onwards (Yeung, 2001, p. 44). While higher value-added functions of production remained in Hong Kong or Taiwan, manufacturing production in the PRD is mostly confined to assembling and finishing at the low value-added segment of the international production chain organised by and through Hong Kong or Taiwan investors, who have reaped profits from cheap land and labour (Airriess, 2008, p. 140). Because both raw material and half-finished and finished components of computer products have to come from and go through Hong Kong, the PRD has been stuck in the low value-added part of production (Mao, Liu, & Hu, 2004).

Another characteristic of PRD's industrial development is the lack of long-term planning by local government. Though the PRD was one of the earliest regions to open up for FDI, local governments in the region did not prepare well for attracting sustainable foreign investment. As Shen indicates, there was minimal transportation, communication and electricity supply during the mid-1980s when the PRD just opened for foreign investors (Shen, 2002, p. 135).

After 2000 with increasing labour costs and capital shifting production to the hinterland in the search for cheaper labour, there were some attempts at upgrading to attract higher value-added investment. For example, with the help of national government, nine industrial technology parks have been established in the PRD; three of them were located in Dongguan (Airriess, 2008, p. 141). However, whether those technology industrial parks really triggered industrial upgrading is rather doubtful. As Tuan and Ng indicate, the PRD is limited in technology upgrading due to the deepening cross-border processing trading, characterised by declining wages and labour expertise (Tuan & Ng, 2004, p. 1618). And if there is industrial upgrading as, for example, in the textile industry, ensuring China's continuing competitiveness in global textile, this has not gone hand in hand with social upgrading. Rather, while a small proportion of workers have become highly skilled to operate new machinery, the larger part of the workforce has become deskilled (Butollo, 2014).

Unsurprisingly, as a result of an emphasis on cheap labour and control by foreign TNCs, the social relations of production are characterised by super-exploitation. The source of the pressure results from international competition and here the key role of TNCs in the organisation of transnational production networks. As Ngai Pun et al. make clear in their analysis of a series of suicides by Foxconn workers, the pressure comes directly from Apple, which is Foxconn's main customer. 'Our studies show that compressed delivery time of new products has repeatedly taken precedence over protecting workers' health, safety and rights, at times with tragic consequences' (Pun et al., 2014, p. 9). In a situation of clear power asymmetries between Apple and its suppliers, it is Apple's drive to reduce costs and maximise profits, which 'is the source of the pressure placed on Chinese workers employed by Foxconn, many of them producing signature Apple products' (Chan, Pun, & Selden, 2013, p. 106). The US retail giant Wal-Mart is another example. 'Seventy per cent of all products sold by Wal-Mart in 2005 were made in China and 80 per cent of the 6000 factories that supply it were Chinese' (Sum, 2009, pp. 162–163). This has given Wal-Mart enormous leverage vis-à-vis these suppliers. 'This firm grip over suppliers-manufacturers and the unrelenting push for cost and price-value competitiveness means that manufacturers, in turn, must pass on their costs and production insecurity (e.g. stopping orders) to their workers' (Sum, 2009, p. 163).

Nevertheless, as Jane Hardy (2016) points out in her contribution to this volume, China's technological capacity is also characterised by unevenness. Cheap labour and low technology production are combined in some areas with medium and small pockets of advanced technology. Our second case study of the IT industry in the area around Shanghai, the Yangtze River Delta (YRD), is an example of higher value-added production. It rose as the second regional driver of massive FDI into and export out of central coastal China during the 1990s and into the twenty-first century (Chen, 2007, p. 171). As Chen indicates, the YRD is less export-oriented than the PRD, and has a consistently lower export-to-foreign investment ratio. Unlike the larger percentage of foreign investment especially from Taiwan and Hong Kong in the PRD, the YRD regions is characterised by more domestic private and state-owned enterprises. In comparison to the PRD, from the early 1980s to the early 1990s, the government-led development of the YRD economy type focused on township and collective enterprises, that is, social relations of production which were comprised by human capital, business networks, technical expertise, and technology transfer provided by urban youth and urban young adults from Shanghai to Suzhou (Ngo, 2011, p. 4; see also Chen, 2007, p. 185). Airriess argues that this model is different from the PRD's production relationship with Hong Kong (Airriess, 2008, p. 144). While the latter focuses primarily on short-term investment benefits, vast land and cheap labour, this model heavily relies on careful planning and aggressive action by the municipal government

**Table 1.** Different characteristics of the social relations of production in PRD and YRD

	Ownership types	Production types	Government role	Incubating environment
Electronics industry in PRD	FDI by large foreign TNCs especially from Hong Kong and Taiwan	Low value-added production, assembling and processing trade based on cheap labour	Little long-term planning by local government	Only one top university
IT industry in YRD	More domestic investment or joint venture with local government	Higher value-added production, with more R&D input	Government-led development	Several top universities

to create an attractive environment. In many respects, this resembles closely earlier strategies by Newly Industrialised Countries in the region such as South Korea and Taiwan, which had heavily relied on state involvement (see Gray, 2015). The most prominent and successful planned projects are the Suzhou Industrial Park (SIP) as well as the Suzhou New District (SND). The SIP is a joint project between both national and local governments (Airriess, 2008, p. 144). The SIP and SND have mainly attracted electronics and telecommunications companies in higher value-added production lines, including firms such as Panasonic, Philips, Nokia, and Alcatel.

The SIP and SND are research and development (R&D) friendly zones, necessary for higher value-added industries. Apart from governmental planning to retain the capacity of R&D, the incubating environment is also rather different from the PRD. In the PRD, there is only one top university, that is, the Sun Yat-Sen University in Guangzhou. In the YRD, by contrast, there are several top universities including Fu-Dan University in Shanghai, Jiao-tong University in Shanghai and also Shanghai University of Finance and Economics. To nourish human capital is crucial for pushing R&D and higher value-added industries. For a comparative overview of the social relations of production in the electronics industry and the IT sector, see the Table 1.

As a result of these different locations within the global political economy and diverging social relations of production, the social class forces of labour are rather different in both industrial sectors. In the electronics sector in the PRD, workers are generally less skilled and the turnover of the workforce is high with cheap labour being easily replaced (see also the contribution by Butollo & Lüthje, 2016). By contrast, employment relations in the IT sector in the YRD are more stable and the workforce more highly skilled. In the YRD, China's economic development has adjusted from 'fast and good' to 'good and fast' (Wang, Appelbaum, Degiuli, & Lichtenstein, 2009, p. 489). Skill and quality have become the main focus. In the next section, we will first assess the Chinese form of state and the different kinds of labour organisations, before we then compare the labour struggles taking place in the electronics with those in the IT sector.

### **Informal Labour NGOs within the Chinese Form of State**

When analysing class struggle within forms of state, Gramsci's notion of the 'integral state' is important. The integral state consists of 'political society', that is, the coercive apparatus of the

state more narrowly understood including ministries, the police and other state institutions, and ‘civil society’, made up of political parties, unions, employers’ associations, churches, etc. (Gramsci, 1971, pp. 257–263, p. 271). For Gramsci, civil society is the sphere of hegemonic struggle over the purpose of a particular state form. ‘Civil society is simultaneously the terrain of hegemony and of opposition to hegemony’ (Buttigieg, 2005, p. 38). Linked back to the social relations of production, it is clear that different social class forces operate within and through a particular form of state to establish their particular interests as part of the national interest. The methodological task is then to identify which institutions in civil and political society are the formal expression of the interests of which particular social class forces. We need to identify the relevant institutions representing workers’ interests in the electronics sector based around Shenzhen, compare them with the institutions representing workers in the IT sector in the area of Shanghai as well as analyse the nature of their interaction with state institutions.

Analysing capitalist restructuring in China, Kevin Gray highlights the important role of the state in a strategy of passive revolution. As there is no dominant class fraction or class alliance in support of restructuring, state officials are crucial in sustaining the conditions of restructuring, simultaneously drawing on international expertise as well as negotiating domestic restructuring within the wider global economy. Gramsci’s framework, Gray asserts, ‘can help to address the issue of the role of the state in facilitating the restoration of capitalism, and how this “revolution from above” has been embedded within broader processes of transnational accumulation and inter-state rivalry’ (Gray, 2010, p. 455). The Chinese state, therefore, plays a crucial role in mediating the tensions between foreign TNCs focused on super-profits and Chinese workers labouring under conditions of severe economic hardship.

Unsurprisingly, the state is heavily involved in organising civil society in China:

Instead of lifting restrictions on freedom of association in China, the CCP has established a system of state-corporatist industrial relations, and the All-China Federation of Trade Unions (ACFTU) has been given a new role in the representation of workers’ interests, and has itself played a greater role in the design of reform policies. (Gray, 2010, p. 459)

Independent trade unions, however, are not permitted. There is no right to free association and ‘the right to strike was removed entirely from the 1982 constitution and has not been reinstated’ (Gray, 2015, p. 149). In parallel to these official efforts of structuring civil society, a whole range of more informal labour NGOs have emerged in recent years as a form of support and organisation of Chinese workers. The Chinese state is also heavily involved in the control of these labour NGOs. There are three basic strategies for labour NGOs to survive in China (Chan, 2013, pp. 5–6; Pun, 2008, pp. 154–170). The first one is to collaborate with organisations with a clear legal status, for instance local official trade unions, the Communist Youth League, or academic institutions. By doing so labour NGOs can operate their projects under their host’s names, but still retain some autonomy in actual work. The second strategy is that the NGO will register as a self-employed person, an independent enterprise or a limited company. One of our interviewees actually registered his organisation as a commercial company. As he said: *I am using my company’s resource to support my organisation . . . ; therefore during the week days I focus on my ‘company’ but I will organise activities for workers during the weekend* (Interview data, S1). The third strategy is to choose not to register at all. Labour NGOs of this type go underground and keep a low profile. Unsurprisingly, the

latter type of labour NGO is the most important target for the government and finds it more difficult to survive under official surveillance.

The funding of labour NGOs is coming either from government institutions, making them into so-called Gongos (Government organised NGOs), or foreign foundations. Gongos are controversial in terms of their identity. Some argue that although they receive government funds, they still can serve society to a limited extent, as long as they do not cross the government's official lines (Ma, 2006, p. 10). However some scholars argue that although coming under the government's protection will ensure NGOs' legitimacy and most importantly, financial status, these NGOs will either intentionally or inadvertently sacrifice workers' solidarity or the collective capacity of self-protection (Lee & Shen, 2011, p. 177). The struggle of whether to accept governmental funds has gone on for quite some time. Nevertheless, as a leader of a labour NGO in Guangzhou stated in an interview after the crack-down on Shenzhen labour NGOs from June to October 2012 (see below), *it's a difficult choice for us to consider whether to accept government help. For us, the important thing is to survive first. Some organisations stubbornly refuse to take government help. Therefore, they have to move out from their offices or have their electricity and water cut off* (Interview data, G2). The government version is: *If these organisations don't promote illegal activities, and if it is so difficult to maintain an organisation, why don't they accept government funding* (Interview data, G4)? This clearly demonstrates the close involvement of Chinese political society, the government, in civil society in line with a strategy of passive revolution.

Foreign foundations are an alternative source of funding. However, due to the unstable financial situation, labour NGOs are in danger of becoming commercialised. They become part of a market competing for funding from institutions such as the European Union, foreign governmental bodies, the International Labour Organization (ILO), the United Nations or even large, branded corporations (Lee & Shen, 2011, p. 179). Compared to Gongos, it could be easily assumed that these 'independent' labour NGOs, which are funded by foreign foundations, would have more courage to challenge state regulations and control, to initiate some activities which inspire workers' consciousness. This assumption, however, is not always correct. In fact, many foreign foundations deliberately avoid sponsoring projects that may be considered politically incorrect or violating governmental policies (Interview data, S5). More importantly, NGOs which receive foreign funding are the main target of the government (Chan, 2013, p. 6, Interview data, G5). It is easy for the Chinese government to close down NGOs, while it is difficult for labour NGOs to obtain legal status. It is precisely because of this that some labour NGOs did not register with the government at all, whereas others did register but as commercial companies. Overall, it can be concluded that:

the CCP has attempted to restructure civil society so that social organisations such as trade unions serve to mediate social tensions, and their revival as part of a wider legalization of industrial relations can be seen as a key element of the CCP's passive revolution. (Gray, 2015, p. 142)

In the next section, we will analyse what kind of NGOs operate within the PRD and YRD, the kind of government response they receive and how this is related to the different positions within which the two industrial sectors are located in the global economy.



## Comparing Labour NGO Activities in the PRD with Labour NGO Activities in the YRD

### *The Electronics Sector in PRD*

As outlined above, this sector is characterised by cheap labour and a large migrant work force, working often in highly exploitative and hazardous working conditions. In general, the cheap labour-based industrial sector in PRD has experienced a large amount of labour protests. In the absence of official data, scholars have estimated the amount of industrial conflicts. Wedeman (2009) investigates a sample of 947 ‘mass incidents’, reported in domestic and foreign news articles from 1990 to 2008, to find that 345 incidents or 36.7% of the total number of incidents in his sample involved workers and employment issues. According to a research report (China Labour Bulletin, 2014, p. 17), from the beginning of June 2011 to the end of December 2013, 470 strikes and protests by factory workers across the country were recorded. The bulk of China’s factory protests occurred in the manufacturing heartland of Guangdong, and especially in the PRD. There were 267 incidents in Guangdong alone, some 57% of the total. In short, the cheap labour electronics sector is characterised by high levels of industrial dispute.

Labour NGOs in the PRD mainly rely on funding from foreign foundations including the World Bank, Ford Foundation, Oxfam, etc. Funding is channelled through Hong Kong as a transit passage (He & Huang, 2008, p. 66). Certainly, the government has been very sensitive and defensive towards these foreign-funded foundations. A former ACFTU chairman in Guangzhou, expressed this as follows: *It is not that the government doesn’t support labour NGOs. The taboo for the government is to see these labour NGOs accepting foreign foundations’ funding. The government cannot be sure whether these foreign foundations will not control mainland labour NGOs through funding them* (Interview data, G3). As we discussed above, labour NGOs have struggled over the issue of whether to accept government funding. Importantly, this struggle is much more severe in the PRD than in the YRD. Though government’s persuasion is strong and even coercive in funding labour NGOs, organisations in the PRD emphasise much more the importance of being financially independent from government funding. From 2010 to 2014, periodically we visited eight grass-root labour organisations in the PRD. One is commissioned by companies to conduct factory audits, while the others have distanced themselves from government funding. It has to be noted that under the current President Xi Jing-Ping’s governance, the regulation in terms of monitoring NGOs to receive foreign funds has been tightened, putting pressure on labour NGOs, who accepted foreign funding (People’s Republic of China, 2015).

Apart from receiving funding from foreign foundations, labour NGOs in the south are trying to survive by providing Corporate Social Responsibility (CSR) training inside enterprises. For instance, the organiser of the Institute of Contemporary Observation (ICO) in Shenzhen remarked that *the ICO is working with the enterprises to build the concept of responsible CSR. We send out advisers to the companies to train their managers and also accept big brands’ (for instance Disney and Adidas) requests to inspect their contracted factories from time to time, just to check whether their contracted factories are up to standard regulations* (Interview data, S10).

A similar line of independence vis-à-vis government is visible in the choice of labour NGOs of whether to register or not with government. A majority of labour NGOs in the PRD decides for option three, that is, not to register officially at all. Unsurprisingly, the unwillingness to accept government money and to register officially, has resulted in rather conflictual relations with local government. Between June 2012 and October 2012, the Chinese government came down hard on

labour NGOs in the area of Shenzhen, part of PRD (Zhang, 2012), triggering a group of scholars (more than 140) from the outside world to sign an open letter to Guangdong Municipal to express their grave concern at the Guangdong government's repression of grass-roots labour NGOs (Sacom, 2012). The same happened again on 3 December 2015, when authorities detained 20 labour activists in Guangdong Province. 'All of these activists are associated with four grass-roots labor NGOs in the Pearl River Delta' (see <http://www.ipetitions.com/petition/scholars-opposing-the-abuse-of-state-power>; accessed 16 December 2015).

In the PRD, many labour organisations focus on providing workers with legal consultancy (see Chan and Hui, 2016, in this volume). Hence, the priority is on helping individual workers to get their rights, including, for example, back pay owed to them by their companies. The practice of the Laowei labour law firm in Shenzhen is a good example. Established in 2007, Laowei has focused on helping workers in their disputes with their employer and also on spreading the concept of 'collective bargaining' to workers. According to a partner of the law firm, the *workers' movement should be initiated and led by workers, and only through collective bargaining, workers will have equal rights vis-à-vis the employers* (Interview data, S3). To date, Laowei has handled more than two hundred cases of collective bargaining (Interview data, S8). With the reputation spread through workers' mouths, Laowei has become an important source of advice and support for workers in the PRD. When workers encounter unjustified dismissal cases, they have also gone to Laowei for help. Furthermore, there are clear indications that labour NGOs have been actively involved in strike activities. The Yue Yuen strike in mid-April 2014 was a good example in this respect (Interview data, S8). Yue Yuen is a shoe factory in Dongguan, a city in the south of China built with Taiwanese investment. On 16 April 2014, 40,000 workers from this factory went on strike over unpaid social insurance payments by the employer (see also Schmalz, Sommer, & Xu, 2016). It is not only the sheer number of striking workers, which triggered international attention. More importantly, it was the fact that the grass-roots labour organisation *Spring Breeze* was helping workers to negotiate with the factory owner, thereby introducing them to the concept of collective bargaining, which was noted widely at the international level (Interview data, SH6).

Moreover, because the staff at labour NGOs and lawyers of labour law firms cannot represent workers, *workers are the protagonists to negotiate with employers* (Interview data, S3). Hence, Laowei and some anonymous community labour NGOs have been engaged in training interested workers to be 'workers' representatives' since 2012. This includes labour contract law, strategies of collective bargaining and the concept of 'decent work environment'.

### *The IT Sector in YRD*

The IT sector in YRD is characterised by more highly-qualified workers. In contrast to the electronics sector, it is noticeable that there are significantly fewer labour NGOs in the YRD than the PRD. Second, they generally tend to be officially registered with the government. Third, these labour NGOs have not really got problems with accepting government funding. They are even bidding for funding from the government. According to one of the labour NGO organisers in Shanghai, the funding of labour NGOs in the YRD is *most likely from the government, but also organisations such as the Red Cross. Sometimes, even enterprises will offer funding for NGOs. However, the most common situation is that the government has a project and looks for some NGOs to implement it*. This labour NGO leader expressed his definition of a 'good labour organisation' as follows: *First, it has to aim for being awarded the 'five-star'. Local government has a set of criteria to access the performance of NGOs, the best of which can be*

rewarded as a 'five-star' NGO. Second, the NGO has to set up its own mission and endeavour to achieve its own objectives (Interview data, SH1). Another NGO in Shanghai also stated that they mainly receive project funding from the *Shanghai Civil Affair Bureau* (Interview data, SH2). From these two quotes, it can be concluded that labour NGOs in the YRD apply more strategy one and two in relation to registration. Equally, it is obvious that the relations between labour NGOs and government institutions are characterised by co-operation and less conflict.

The collective organisation of workers to enable them to obtain their rights is not a major concern for labour NGOs in the YRD. During the time of the Yue Yuen strike in PRD (see above), the second author of this paper was in Shanghai for fieldwork. This was a good opportunity to ask labour NGOs in Shanghai, what their reflections on these issues were. Most of the interviewees argued that it was almost impossible that such a big strike would take place in the YRD and there was little understanding for the striking workers' objectives. At times, these workers were presented as being confused about what their real objectives are (e.g. Interview data, SH2). The main focus of labour NGOs in the YRD, by contrast, is to organise cultural activities and provide social space for workers to meet up in their free time. *We want to enrich workers' after-work time. We also hold a migrant workers' salon, so workers can come over to discuss with each other various issues. For instance, workers can come together to discuss their future career, girls, the latest fashion, etc. We try to transform a person from the inside to the outside.* (Interview data, SH2). The organiser of another workers' community centre describes the objectives of his NGO as follows (Interview data, SH1): *We aim to create an 'open space' for workers, either a theatre or a play, performance is just a form, it aims to mix people from different ages, professions, rich or poor, pretty or ugly. It is a total un-organised space. However, I have to say, people who come to my play or theatre, are not really poor workers, they are not from the bottom of society.* From these two quotes of labour organisations in the YRD, we can see the differences between labour organisations' styles in the YRD and PRD. In the PRD, labour NGOs mainly focus on collective bargaining, getting payment and social insurance for workers, providing legal consultancy in labour disputes, and training workers' representatives. In the YRD, by contrast, the activities of labour NGOs are more culturally oriented. Clearly, unlike informal labour NGOs in the PRD, these NGOs in the YRD understand their role mainly as a service provider rather than an organiser of exploited workers. Interestingly, a Human Resource manager in the YRD in an interview directly referred to the higher value-added production carried out in his company, when reflecting on the lower level of industrial disputes: *Here (in the SIP) workers are much more obedient, compared to the south, workers here don't cause so much troubles. One reason is that the government has a tighter control here in the YRD; another reason is, we are doing a bit more of high-value added production than the PRD* (Interview data, SUH1).

## Conclusion

The social relations of production in the electronics sector differ drastically from the ones in the IT sector. While the former is characterised by cheap labour and the dominance of foreign TNCs, the latter has more domestic investment and involvement. Moreover, while the governance style in the PRD is more laissez-faire without a long-term plan, municipal governments in the YRD have not been transformed into free and independent administrations. The YRD, in contrast to the PRD, is much more characterised by an entrenched planning system and sustained regional governance with the task to direct and foster the local economy as well as to exercise strong control over social groups. The IT sector is also characterised by a stronger R&T environment. While the electronics sector in the PRD is characterised by cheap labour, long working hours and

conditions of super-exploitation, the YRD is an example of regulated working hours and jobs with better benefits attached for the workers themselves as well as their families. Production based on cheap labour in PRD, predominantly organised by foreign TNCs, is in constant and extremely heavy competition with other cheap labour locations in the Global South. The resulting relentless downward pressure on wages and working conditions makes any other system of industrial relations almost impossible. Thanks to a larger reserve army of labour, dissatisfied workers can be replaced easily. Production in IT in YRD, by contrast, is integrated in more high value-added areas of global production. In order to be successful, a skilled, satisfied, and stable workforce is necessary and this requires as a precondition more stable industrial relations, higher salaries, and better working conditions.

These rather different social relations of production and their different locations in the global political economy, we argue, have a strong influence on the type of informal labour NGOs in the two sectors as well as the nature of labour NGO—government relations. With work in the electronics industry being based on cheap labour and super-exploitation, industrial conflict is more likely. Labour NGOs, often not officially registered and not accepting government money, assist workers in getting their individual, but also collective rights vis-à-vis employers. By contrast, the higher value-added production in the IT sector requires more stable employment relations and, therefore, better working conditions to ensure a more satisfied workforce. The state is much more involved and informal labour NGOs, which willingly accept government funding and register officially, concentrate on organising interesting cultural activities for workers' free time. They almost perform a mediating role between employers and employees, supported by the government, in order to ensure a smooth functioning of the more high value-added production process.

As a result of improved rural conditions in China, the younger generation of migrant workers is no longer willing to accept the conditions of super-exploitation in the electronics industry (Gray, 2010, p. 463). Related cheap labour shortages especially in the PRD have put further pressure on employers and strengthened workers' bargaining power. As a result of class struggle, export industries have been forced to accept significant wage increases in recent years. 'Between 2008 and 2012, nominal statutory minimum wages increased annually by 12.6 percent on average' (Chan & Selden, 2014, p. 605). As Chan and Hui (2016), when the Chinese economy recovered after the global financial crisis and workers became stronger and more militant again, the Chinese state felt compelled to take their demands seriously and intervene with more pro-labour policies. Hence, the fact that global competitive dynamics put downward pressure on cheap labour sectors does not imply that resistance by workers could not result in an improvement of their working conditions. Nor do higher salaries necessarily imply that capital would simply leave. As Butollo and Lüthje (2016), despite the tendency of capitalists to relocate production sites globally in the search for cheaper labour, the PRD has continued to be a large, increasingly diverse and more mature production site in electronic appliances production. Nevertheless, the state and employers have not only given in to workers' increasing unrest. On the one hand, yes, the state passed some pro-labour policies including increases in the official minimum wage. On the other, it has clamped down on informal labour NGOs especially in the PRD, considered to be involved in recent unrest (Pringle, 2015). Equally, while employers have upgraded some of their production facilities, these struggles continue to be embedded within the wider global capitalist dynamics. 'Global manufacturers may also respond [to increasing wages] by shifting production to lower-cost economies, and there are already signs that this is happening' (Gray, 2010, p. 463). Hence, the success of struggles in China will ultimately also depend on the outcome of struggles in other countries.

## Acknowledgements

We are grateful for the comments by two anonymous referees and Barry Gills on previous drafts of this article.

## Funding

We thankfully acknowledge the grant of £275k by the Economic and Social Research Council (ESRC) for the project on 'Globalisation, national transformation and workers' rights: an analysis of Chinese labour within the global economy' [grant number RES-062-23-2777]. This article is part of our outputs from this research project.

## Disclosure statement

No potential conflict of interest was reported by the authors.

## Interview data

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G1, January 4, 2012, Guangzhou, Lecturer at School of Law, Sun Yat-sen University.  
G2 January 10, 2012, Guangzhou, Leader of Labour NGO1.  
G3, June 7, 2012, Guangzhou, Leader of Labour NGO 2.  
G4, December 14 2012, Guangzhou, former chairman of Guangzhou ACFTU.  
G5, January 13 2012, Guangzhou, Visiting scholar at Labour Study Centre of Yun Yet-Sen University.  
S1, June 5, 2012, Shenzhen, Organiser of Labour NGO 1.  
S2, January 22, 2013, Shenzhen, Labour NGO 2, lawyer 1.  
S3, January 21, 2013, Shenzhen, Labour NGO 2, lawyer 2.  
S4 August 18, 2011, Shenzhen, Formal Leader of Labour NGO 3.  
S5 May 23, 2012, Shenzhen, Organiser of Labour NGO 4.  
S6, January 20, 2013, Shenzhen, Leader of Labour NGO 5.  
S7, December 9, 2012, Shenzhen, representative of workers' centre at Tsinghua library.  
S8, April 24, 2014, Shenzhen, phone interview with labour organiser.  
S9, July 24, 2014, Shenzhen, labour lawyer at Laowei labour law firm.  
S10 , December 10, 2012, Shenzhen, leading organiser of ICO.  
SH4, April 22, 2014, Shanghai, Organizer of worker's community centre 1.  
SH5, April 26, 2014, Shanghai, Organizer of worker's community centre 2.  
SH6, April 27, 2014, Shanghai, phone interview with organiser of Spring breeze after the Yue Yuan Strike.  
SUH1, January 15, 2012, Suzhou, Human Resource Manager of Siemens.  
SUH2, January 16, 2012, Suzhou, Human Resource Manager of Canmax.

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