



## Copyright Undertaking

This thesis is protected by copyright, with all rights reserved.

**By reading and using the thesis, the reader understands and agrees to the following terms:**

1. The reader will abide by the rules and legal ordinances governing copyright regarding the use of the thesis.
2. The reader will use the thesis for the purpose of research or private study only and not for distribution or further reproduction or any other purpose.
3. The reader agrees to indemnify and hold the University harmless from and against any loss, damage, cost, liability or expenses arising from copyright infringement or unauthorized usage.

### IMPORTANT

If you have reasons to believe that any materials in this thesis are deemed not suitable to be distributed in this form, or a copyright owner having difficulty with the material being included in our database, please contact [lbsys@polyu.edu.hk](mailto:lbsys@polyu.edu.hk) providing details. The Library will look into your claim and consider taking remedial action upon receipt of the written requests.

**RECONFIGURING THE STATE AND LABOUR ACTIVISM  
IN INFORMAL EMPLOYMENT  
— A STUDY OF THE CONSTRUCTION INDUSTRY IN CHINA**

**YAU TZE KEN**

**PhD**

**The Hong Kong Polytechnic University**

**2020**

**The Hong Kong Polytechnic University  
Department of Applied Social Sciences**

**RECONFIGURING THE STATE AND LABOUR ACTIVISM  
IN INFORMAL EMPLOYMENT  
— A STUDY OF THE CONSTRUCTION INDUSTRY IN CHINA**

**YAU TZE KEN**

**A thesis submitted in partial fulfillment of the requirements for the degree of  
Doctor of Philosophy**

**January 2018**

## **CERTIFICATE OF ORIGINALITY**

I hereby declare that this thesis is my own work and that, to the best of my knowledge and belief, it reproduces no material previously published or written, nor material that has been accepted for the award of any other degree or diploma, except where due acknowledgement has been made in the text.

\_\_\_\_\_ (Signed)

\_\_\_\_\_ YAU Tze Ken \_\_\_\_\_ (Name of student)

## **Abstract**

The Chinese economic reform has brought about a new social structure under the neo-liberalist agenda where the accumulation of capital predominated. Its accumulation and economic growth were mainly promoted at the expense of workers' interest. In particular, informal workers were one of the most vulnerable and precarious groups without much legal and social protection. This form of employment relationship was apparent in the construction industry where the system of labour subcontracting has brought about an informalization of labour relations. This arrangement not only undermined workers' bargaining power, but also exploited workers in unconscionable ways for the sake of capital accumulation in real estate industry and government revenue.

This research critically reviewed the informal employment among peasant construction workers. The significant role of labour subcontractors and the absence of labour contracts in the industry explained its authentic nature and attributed to the sources of the illegal practices which were not properly handled by the legal system of the state. In addition to review the structure of the industry, my thesis further distinguished the stage of recruitment and the stage of employment so as to develop a modified analysis on employment configuration.

On top of these analyses, my research indicated the significance of social ties under embedded employment within the construction workers contributed to the labour activism. The precarity of the construction workers and the tedious legal procedures of the state explained their non-legalistic cellular activism in their collective actions. The role of the state, production relations, the structure of construction industry and

working conditions of construction workers were reviewed and studied. Through in-depth review of two case studies, I have also examined the counteraction and strategies of the state responding to the challenges of labour activism. The social ties on one hand were favourable to the rise of labour activism, but on the other hand they brought constraints and limitations to the collective actions to have broader agenda consolidating class consciousness.

## **Acknowledgements**

I could not have completed this doctoral thesis without the unconditional help and support of people around me. Firstly, I would like to express my deepest gratitude to Professor Pun Ngai, my Chief Supervisor, and Dr. Jenny Chan, the Co-supervisor of my PhD thesis as well as Professor James Lee, my ex-Chief Supervisor for their incessant guidance and patience. Without their inspiration and dedication, this thesis is a mission impossible. Besides, I would like to thank teachers and colleagues in APSS, especially Dr. Denny Ho, Dr. Yan Hairong, Ms. Fanny Cheng, and other staff members who have given lots of support in my study. I would also like to thank to the External Examiners, Professor Susanne Choi and Professor Hung Wong who gave valuable comments on my thesis for revision.

My sincere thanks also go to organizers and volunteers of the Workers' Center in Beijing, Students Concern Group on workers with pneumoconiosis in Shenzhen which dedicated themselves to the protection of construction workers. Without their help, I was not able to get access to the field and know migrant workers on the construction sites.

My gratitude must also be extended to the Chinese migrant workers and organizers of labour rights non-governmental organizations. Each and every worker, volunteer and organizer I met in the past ten years has their own unique story of life and work contributing to labour activism in China with different trajectories and approaches. Through their laughs and tears I witness the social reality of Chinese "socialism" and the urge to improve it. Their sharing not only has helped me complete my

research, but also inspired me what the real struggle is and their potential to change.

Finally, I would thank my family. Over the years I have received unconditional spiritual and emotional support from my family. In order to focus on my study, time to gather with family has been sacrificed. Their support is the inexhaustible force for my work and study.



# Table of Contents

Abstract.....	3
Acknowledgment.....	5
<b>Chapter 1 Understanding Researches on Labour Activism and State.....</b>	<b>9</b>
1.1 State and Labour Struggle	
1.2 Subjectivity and Working Class	
1.3 Research Method	
1.4 Conclusion: Relationship between Informal Employment, State and Labour Activism	
<b>Chapter 2 Double Movement of State in the Rise of Labour Market.....</b>	<b>44</b>
2.1 Collectivization and Labour Relations in Socialist Era	
2.2 Decollectivizing & Marketizing Rural Economy	
2.3 Rise of the Labour Market	
2.4 Emergence of New Labouring Subjects	
2.5 Conclusion: Unfinished Process of Proletarianization	
<b>Chapter 3 Structure &amp; Relations of Production in Construction Industry.....</b>	<b>74</b>
3.1 Strategic Role and Structure of Construction Industry	
3.2 From Honourable Craftsmen to Commodified Workers.	
3.3 Rise of Subcontracting System	
3.4 Expropriation of Labour in Production Chain.	
3.5 Commodification of Labour through Social Relations in Rural Areas.	
3.6 Conclusion: Loss of Honour and Suffering from Informal Employment	
<b>Chapter 4 State Regulatory Regime in Construction Industry.....</b>	<b>104</b>
4.1 State Strategies in Commodification of the Industry	
4.2 Laws and Regulations in the Construction Industry	
4.3 Legislation and Implementation by Local Government	
4.4 Shifting Risk from Project Contractors to Workers	
4.5 Conclusion: Implicit Collusion between the State and Capital	
<b>Chapter 5 Employment Configurations under Labour Subcontracting System.....</b>	<b>144</b>
5.1 Significance of Recruitment in Informal Employment	
5.2 Blurred Employment Relations under Subcontractors	

5.3	Reliance on Villages for Social Reproduction	
5.4	Conclusion: Precarity in Informal Employment	
<b>Chapter 6</b>	<b>Labour Activism &amp; Counteractions of State.....</b>	<b>171</b>
6.1	Labour Activism in Construction Industry	
6.2	Shenzhen Pneumoconiosis Gate: Two Successful Cases of Protest	
6.3	Prioritizing Non-legalistic Cellular Activism Upon Legalism	
6.4	Social Network for Mobilization and Constraints	
6.5	Responding Strategies of State and Capital	
6.6	Conclusion: Informal Employment Facilitating and Limiting Labour Activism	
<b>Chapter 7</b>	<b>Bringing back State and Labour Activism into Informal Employment.....</b>	<b>208</b>
References	.....	232

## Chapter 1

### Understanding Researches on Labour Activism and State

After almost 40 years of economic reform under the guideline of “taking economic construction as the central task,” Chinese society has been drastically changed in many ways. The last few years have seen an upsurge of social conflict — identified by the Chinese government as “mass incidents” (群体性事件). According to the official definition, “mass incidents” were tandem and gathering activities caused by the internal contradiction among the people, for the mass thinking their rights were violated express their will and raise claim to related authorities or units through ways of illegal gathering and containment.

In 2005, the scale enlarged and the total amount of mass incidents with more than 15 participants reached 0.87 million, a 30% increase from the year before, with an average of 250 incidents per day (L. Liu, 2012). Less official figures on mass incidents were recorded by the civil society and two citizen reporters Lu Yuyu and Li Tingyu made such effort since 2012. A total of 28,950 mass marches, demonstrations, rallies, etc. were recorded in 2015, an average of 79 per day, an increase of 34% over 2014. The main growth groups came from real estate-related workers and owners. The main growth areas are in Henan, Hebei, and Jiangsu provinces<sup>1</sup>.

The increase in social conflict in China has drawn much attention from scholars engaged in social research. Some scholars characterize the increase in social conflict as a “response to the change of state” (Y. Xie, 2008). According to them, the peasant protests, and the popular protests of Chinese citizens, has turned from “rightful

---

<sup>1</sup> “One of the social observations in mainland China-"non-news" more real than news” (中國大陸社會觀察之一——比新聞更真實的「非新聞」) at *Independent Comment*, October 25, 2016, <https://opinion.cw.com.tw/blog/profile/216/article/4924>, accessed on January 25, 2020.

resistance” to “resistance by law” (O'Brien & Li, 2006; J. Yu, 2010). Scholars have employed some of the concepts and theories of resistance and social movements to understand the resistance of peasants against state. The literature addresses everyday resistance (Y. Guo, 2002; 2007), relative deprivation, resource mobilization, and political opportunities ( G. Wang, 2007). Research examining peasant resistance was relatively rich compared to that of labour protests. However, nearly all the research was conducted from the perspective of a “state-society” relationship and it generally argues for the rising of a civil society.

Research looking at resistance and social movements employs a broad cluster of social movement theory from the western social sciences, including concepts of relative deprivation, resource mobilization, political opportunity and, more recently, contentious politics. Its focus was, generally, on the causes of these actions, the means and resources behind them, and the expression of a “rising rights consciousness” or “rules consciousness” (Elizabeth J Perry, 2009). The primary conflict identified by these scholars was that between the state and the masses, regardless of cause, or social participants.

Most of the research on social conflict was categorized according to its social impact and number of people involved. Although some research looks at social conflict on the basis of social groups, these groups were conceptualized as citizens without historical and social structural context. Furthermore, most of the research tends towards an emphasis on the institutionalization of these conflicts along the lines of a Durkheimian paradigm on collective action, as put forward by Samuel Huntington and Ted Gurr (Tilly, 1978,17).

While this research recognizes the relationship between sharp social change and social conflict in the form of collective action, it offers little insight into the nature of the social change. Some of it falls into the modernization model, where social conflict was seen as a necessary cost of modernization (Y. Xie, 2008). But again, the focus of this research centers on the relationship between citizens and the state and tends towards “political reductionism” offering little insight into the relationship between collective action and social structure (Nilsen, 2009).

Some scholars propose that the social change that accompanied industrialization in China was a process of proletarianization and the formation of a new working class (Pun & Ren, 2008). It can be argued that, in order to achieve better understanding, it was necessary to “bring class back into the analysis of social change in China” (Shen, 2006) and to understand change from the perspective of capitalist transition (T.-P. Huang, 2006).

With the era of Chinese economic reform, social research has embraced an entirely different paradigm. The peasant workers were long understood, in the terms of the social mobility and social stratification theory, as the underprivileged group in the social strata. Only recently has there been a call to “bring class back in” (Shen, 2006). But it remains difficult for scholars to accept class as a valid paradigm, let alone a social force for change in society, in an environment where class discourse has been officially subsumed (Pun & Chan, 2008). More important, class analysis and the vocabulary of “class struggle” has become a taboo, both in the academic and the political area. It was apparent in the discourse that class (and class struggle) was denied and stigmatized. Even the language and analysis of exploitation was rendered as totally subjective. And referring such vocabularies were perceived as a restoration

of the Cultural Revolution.

### **1.1 State and Labour Struggle**

The role of the state in the labour movement was considered as “the most important macro-causal focus.” The state appears as both an actor — with considerable variation in its degree of autonomy — and as an entity that shapes the motives, interests, strategies, and activities of other actors (Katznelson & Zolberg, 1986). The state was important in shaping different regimes of labour (Burawoy, 1985), as well as in shaping the struggle of workers’ in general. It cannot be ignored or neglected when considering labour struggles.

Chen looks at the role of state in shaping the western working class movement and also points out implications in contemporary China. According to Chen, there were two state regimes that shaped western working class regimes — absolute and liberal. Where the absolute regime was repressive by nature, the liberal regime was inclined to compromise. Gary Marks points out that it was the repression of state (not capital as Marx argued) that gave the working class the appearance of homogeneity (F. Chen, 2009a). Chen also identified citizenship and the judicial system as important to the formation of the working class.

Chen also points out two important ways in which the Chinese state would influence the working class: First, by way of the state constitution, i.e., the structure of political power, the rights of its citizens, the relationship between local and central state, and the use of coercive power; and, second, by way of the labour institutions as they were

determined by the regime, including the configuration of state and trade unions, the nature of labour rights, the motives and orientation of labour legislation, labour judicature and administration, the framework and procedure for collective disputes, and class discourse. He concludes that, in contemporary China, when the market economy commenced, the labour regime — which was used to control workers, especially workers' associations — was already in place (F. Chen, 2009a). The question was: What influence will the state exert on the labour struggle?

In research examining the Chinese state, the focus was primarily on three typical relationships, i.e., the relationship between the central state and local state, between the state and the market, and between the state and society. Theoretical propositions such as “local state corporatism,” “developmental state,” “predatory state,” to some extent explain certain aspects of the Chinese state in the market transition (N. Chen, 2006). These theories pay attention to some aspects of the state while ignoring some other aspects. Lee employs a dialectical perspective on the state which sees contradictions within different state imperatives. She insists that state power was not independent of but rather constituted through its engagement with social groups in their acquiescence and activism, and argues that this dialectic was triggered by contradictory state goals and policies (C.K. Lee, 2007) .

According to Lee, Chinese society in the past 30 years made a transition from a society based on a social contract to one based on a legal contract where the legal system that accompanied the economic reform was of vital importance. She sees the Chinese state as one of “decentralized authoritarianism” where two significant contradictions beset the Chinese regime: i.e., the contradiction between the imperative of the local state for accumulation and that of the central authority to impose law to

and legitimate political authority. The contradiction lies in the need to maintain the political monopoly of the Communist Party and the binding authority of the law over state agents.

Lee concludes that the “decentralized authoritarianism” successfully built a “rule of law” hegemony which shaped the workers’ repertoire of struggle and established patterns of labour protest which she describes as “cellular activism” (C.K. Lee, 2007). She writes:

“Looking ahead, radicalization and pacification of labour struggles were both possible... But there was another, opposite scenario of labour politics development. Better enforcement of the labour law or property rights may institutionalize and rationalize the resolution of labour conflict. This study has pointed to the potential for the legal system to channel collective mobilization into the relatively routinized, bureaucratic environment of the labour bureaus, the arbitration committees, and the courts. Legal consciousness may outgrow the illiberal legal system that engendered it, and disparate leaders of cellular mobilization may over time join forces in confronting a common opponent, and in the process overcome the unfavorable conditions that have kept them dispersed in the first place (C. K. Lee, 2007: 241-242).”

Where Lee emphasizes the contradiction between the central and local state, G. Zheng explores the collusion between the local and central state in their not implementing labour laws. He argues that the workers were pacified by the ideological at the central level and by the material at the local level (G. Zheng, 2010).

The scholars cited above look at ways in which the state pacifies the struggles of



workers by way of the legal system, but other research indicates that the state represses labour protest selectively. H. Cai points out that, while the state tends to play the role of executor and supervisor of the law, when workers demand the bottom-line benefit, it then functions as mediator in the struggles for incremental benefit by workers. (H. Cai, 2010). Compared to the state in Vietnam, the Chinese state was more repressive of workers and sides to a greater extent with the employers. In Vietnam, the registration system, living arrangements, and government-sponsored trade unions were all more pro-worker than in China (Anita, Chan & H. Wang, 2004).

Moreover, some research indicates a paradoxical phenomenon where the state-driven process in economic globalization was accompanied by a state-retreat process in the areas of social reproduction and social protection (Pun, C. Chan, & J. Chan, 2009). As a result, the failure of the legal system led to radicalization of the struggle of workers. In this process of radicalization, workers realize their class position and a cognitive liberation occurs, prompting workers to act unintentionally in class ways (Pun et al., 2009; Pun, Lu, & Zhang, 2012; Pun & Xu, 2011). Research on the struggles of construction workers suggested that workers, in uniting, were able to move beyond “cellular activism” but no detail was provided to show how the process of organizing would work.

The relationship between the state and the struggle in which workers were engaged can be summarized in two ways. On one hand, the directive to “use the law as your weapon” was to some extent empowering workers and the legal system becomes the territory where workers engage with the state. The Chinese state was now intentionally establishing a legal system to deal with labour struggles so thereby aims to pacify labour conflicts. On the other hand, the effectiveness of the legal system in

contending with legal activism was questionable. It can be said that the legal system as a means of empowerment has actually become a way of disempowering activism (Zheng, 2005). The territory where workers encounter the state cannot be confined to the legal system governing labour law. In reality, as workers struggle to improve their lot, they always encounter complex state apparatus, and so their lived experience of the way they were treated by the state was more complex. This research will focus on the way in which workers' actions reveal the involvement of various state apparatuses, and the way in which the state treats workers in turn.

## **1.2 Subjectivity and Working Class**

E. P. Thompson's (1980) understanding of class "as a result of common experiences, feel and articulate the identity of their interests as between themselves. The class experience was largely determined by the production relations into which men were born". His view on class and class consciousness has an important implication and at the same time poses a question. The implication was that class consciousness was a transformation from pre-existing cultural traditions, therefore it was not created, but refined (McNall, 1986). Scholars who came after Thompson explored worker actions in different cultural traditions re-examining the assumption that "workers all over the world, irrespective of their specific cultural past, experience 'capitalist production' in the same way" (Chakrabarty, 2000). They found that workers from different cultural traditions developed different responses to their situation. For example, Korean workers lacking in the craft tradition developed specific class consciousness based on resentment (H. Koo, 2001).

In China, non-industrial relations were mainly based on kinship and regional identity. Scholars looking at the history of the Chinese labour movement note that these identities form the basis of both solidarity and division in the Chinese labour movement (Chesneaux, 1968; Hershatter, 1993; Honig, 1989, 1992b; Elisabeth J Perry, 1993). For Perry, both the division and contradiction were so deeply rooted that it was difficult (if not impossible) to form an integrated working class. Perry shows that workers from different places, with different occupations, have different cultures and that, in as much as skill levels were also a social construction, these can all influence workers' actions greatly. Workers of different skill levels occupy different positions in the economic structure and may therefore differ in their political views as well. Perry, however, sees these divisions among workers as positive elements in labour politics.

Perry was not the only scholar doing Chinese labour history in this turn. Emily Honig emphasizes that the native place of origin [native-place] was important and must be taken more seriously when examining the structure of the labour market and motivations of the working classes (Honig, 1992b). She also looks at the phenomenon of the "created ethnicity" (Honig, 1989, 1992a, 1992b). In this dynamic, the division and fragmentation within workers, by both gender and birthplace, were emphasized as were traditional organizations such as gangs and other forms of cross-class alliance. These cross-class alliances were effective that the most effective organizing made use of existing alliances between workers (Hershatter, 1993). Here, the Chinese labour force was seen as always fragmented, divided by various identities that can cross-cut class and place of origin.

The importance of native-place was seen as an important characteristic of the Asian labour force (Elizabeth J Perry, 1996; Wigen, 1999). Research examining the protest activities of contemporary workers indicated that created ethnicity was largely based on native-place differences. Created ethnicity has dual implications. On the one hand, ethnicity was open to exploitation if it was used to generate division among workers (and thereby to reinforce control — as in the “politics of difference;” alternatively, a “culture of solidarity” was formed when workers make use of their ethnicity to resist authority (Wen & Zhou, 2007). The native-place identity organizes the labour market and the labour process in the construction industry — a hegemonic labour regime in its own right (Shen, 2007). This Guanxi hegemonic regime produces loyalty and at the same time restricts discontent.

Where research has examined the impact of pre-industrial relations on the labour process and on the actions of workers, non-industrial relations were to a large extent seen as given and unchanging. In reality, the regional social network would well change in a different social space. Cai and Jia note that “this hegemonic regime was based on social relation as well as on the power of informal employment of the subcontractors” (Cai & Jia, 2009). Their research shows that it was power generated from the labour market that controls the labour process, not merely guanxi. L. Guang (2005) also found that the migrant workers generate new strategies and form bifurcated networks in informal sectors based on kinship.

Such social relations can be reconstructed — bifurcated networks — to serve a need in this new social space and, to some extent, the labour process may be less sentimental than the researchers imagined, and more work-oriented. As Guang notes, “no amount of kin or native-place loyalty can hold a work team together if no job was

available for its members” (Guang, 2005).

Other findings demonstrate that the impact of the social network on the labour regime changes under stressful conditions, contradicting the so-called “hegemonic regime:” The non-commodified social relationships were gradually destroyed through the labour subcontracting system. When the problem of wage arrears became serious, conflicts between subcontractors and villagers occurred more frequently and their relationship worsened (Pun & Lu, 2009).

In a recent study of protest actions by construction workers, Pun and Lu (2010) found that the native-place identity was often exploited in the work place, but as workers moved to the stage of protesting their pay delivery, workers once divided by native-place differences become united. Pun and Lu do not, however, study the mechanism of the transformation and the conditions under which transformation could occur.

Studies clearly indicate that social-cultural traditions — whether they be based on social networks, gender, or regional identity — cannot be as unchanging. Rather, they must be seen as responsive to changing social conditions that prompt changes in social relations, especially conditions involving conflict.

Upon the review of the academic debate and literature above, we have identified a number of shortcomings and limitations. A number of studies (J. Yu, 2010) on collective actions focused mainly on relations between workers and the state; they were lacking in their examination of interaction processes, and the nature of state and

the worker conflicts. Labour studies (C. K.-C. Chan, 2008; C. K. Lee, 2007; Silver, 2003) in China lacked experience with the construction industry, especially in situations employing a flexible labour regime. The current research on construction workers (Pun et al., 2012; Qi, 2011; Shen, 2007; L. Wang, 2011) were lack of the process behind workers' actions, especially with respect to the formation of solidarity in the course of their struggles; the realization of cognitive liberation was not addressed. Some studies (Anita Chan & Wang, 2004; F. Chen, 2003, 2009a, 2009b) took the note of the organizing processes of workers, but they did so mainly from the perspective of union organization. Though illuminating, it was insufficient to consider labour politics simply in terms of union organization; new forms and possibilities must be emphasized equally. A number of studies (Hershatter, 1993; Honig, 1992b; Elisabeth J Perry, 1993; Qi, 2011) emphasized social-cultural tradition in labour politics but overestimated and at times essentialized tradition which, in Thompson's view, regarded the scholars as "people captive within their language."

Social research on class and class formation has been controversial with respect to the problem of agency and structure. For a long time, class formation and class struggle has been understood in terms of economic determinism. Although Thompson avoided determinism and attempted to bring the subjective aspect back into focus, he has been criticized for seeing the making of the working class as a form of class consciousness. As Therborn noted, since "the capability of a given class depends not only upon its degree of self-identity, but also upon its concrete economic location and the organizational and power resources available to it" (Therborn, 1983). McNall reviewed the debate on the problem of agency and structure and concluded that "class was simultaneously structure, organization, and ideology" (McNall, 1986).

This research examined three aspects of class struggle: the class structure and those conflicts generated out of the mode of production; the power and discourse that workers constructed through their protest actions; and the power and the constraints of discourse behind these actions and how the state and capital colluded in the developing an unfavourable environment on labour activism . Social researchers often ignored some important social constituents, such as state and class in their research. Critiques often advocated the bringing back of “state” and “class” which suggested a paradigm shift in social research. It has been noted in some quarters that the ways in which capitalism shaped social movements has been increasingly ignored (Barker, 2013).

Instead, in these last decades, students of social movements have been using the language of “political opportunity,” “political process,” and “contentious politics” which focuses on the “processes” and “mechanisms” of social movement. The study of collective action in China seemed to follow its American counterpart, importing concepts and ignoring the tremendous social transformation Chinese society currently undergoing. In the name of market reform, the observation that China was undergoing capitalist transition was generally neglected, intentionally or unintentionally. It has been said that this focus on the process and mechanisms at work in China’s social movements were a form of “political reductionism” (Nilsen, 2009); it offered little insight into the relationship between collective action and social structure.

There has, only recently, been a call to bring class back into Chinese labour studies (Shen, 2006). However, the analysis was confined to a few studies and, even so, class tends to be treated as a single social dimension of society rather than a systematic driving force. This research stressed the importance of bringing an analysis of

political economy to Chinese social research. That was to say, accounting for the struggles of workers must be grounded in the wider political economy. Both the state of capitalist development and the extent of its crisis should be taken into account.

According to Marx, it was the accumulation of capital that firstly organizes workers. However, capitalist production did not organize workers in a simple way. Workers came from different backgrounds and occupy different positions. When people were transformed into workers they were simultaneously standing against capital. To satisfy their needs, they must use their power to struggle for unity. Uniting as a mass with production process constituted a class-in-itself.

Where then was the workers' power? According to Eric Olin Wright, he looks into two sources of workers' power: associational power and structural power. Associational power consists of "the various forms of power that result from the formation of collective organization of workers" (most importantly, trade unions and political parties). Structural power, in contrast, consists of the power that accrues to workers "simply from the location of workers within the economic system" (E.O. Wright, 2000)

Structural power could be divided into two subtypes — bargaining power in the marketplace and bargaining power in the workplace. Where marketplace bargaining power resulted "from tight labour markets," workplace bargaining power resulted from "the strategic location of a particular group of workers within a key industrial sector." Wright explained that workplace bargaining power "accrues to workers who were enmeshed in tightly integrated production processes, where a localized work



stoppage in a key node can cause disruption on a much wider scale than the stoppage itself.”

Lee, looking at Chinese labour issues, argues that “given the large labour supply, the prevalence of unskilled and low waged jobs, and the non-existence of independent unions, Chinese workers can hardly be described as having any marketplace, workplace, or associational bargaining power” (Lee, 2007). Chris Chan contests Lee’s assertion. Based on his own empirical data, Chan argues that Chinese workers have rising marketplace bargaining power as evidenced by workers’ confidence to quit (Chan, Chris King-chi 2012). However, while this may be the case in some industries, it was not the case in the construction industry. The construction workers’ marketplace bargaining power was simply too weak — as workers said “It was difficult to find a three-legged toad but two-legged people were everywhere”. Construction workers did have some context-specific marketplace bargaining power in certain situations. For example, because the main workforce in the Beijing construction industry consisted of workers from Henan and Hebei, some of whom would go home for the harvest in June, workers were able to organize “guerrilla work team” in this short period of time. Such “guerrilla work team” were able to receive daily wages, and with a wage level higher than those doing the same work in the same construction site. But the period only lasted for about two weeks.

As for workplace bargaining power, the workforce in the construction industry has been fragmented, so workplace bargaining power was generally weak. Different strategies were employed to gain workplace bargaining power, but since these strategies depend on “make stoppage” — the main source of workplace bargaining power — they were best understood as “derivative” workplace bargaining power.

As far as associational power goes, when it refers mainly to trade unions and party organization, it can be argued that construction workers have no associational power. Where some researchers focus on union reform and the ability of Chinese workers to form their own organization (F. Chen, 2003, 2009b; Wu, 2007). Although unions were important for workers, it was not appropriate to focus on unions as the only form of associational power at this present time. This research, in contrast, will emphasize the process by which workers construct temporary associational power.

Katznelson and Zolberg have proposed a four-level model to describe the formulation of the working class: economic structure, way of life, disposition, and collective action. They saw the contingent relationships between these different levels as the core concern of class formation. The model of workers' power formulated by Eric Olin Wright focused on the relationship between the structure of capitalist economy and collective action — the first and fourth level in the four-level model of class formation (Katznelson, 1986). Social consciousness and other social relations, the second and third level in this model, were ignored.

Silver has pointed out that “there was not a strict correspondence between workers' bargaining power and the actual use by workers of that power to struggle for better working and living conditions” (Silver, 2003). In this way, workers' power was objective as well as subjective; it could not be viewed as given and static, but rather as a constant process in the construction of associational power. Therefore, to better understand labour struggle, the way in which workers constructing and using their power was also significant.

This research proposes two ways of understanding the ways in which workers construct their power. It will consider, the strategies that workers exploit to construct associational power and it will look at class consciousness. As Lebowitz noted that “Capital’ power rests in large part upon its continued ability to divide and separate workers – its ability to put workers into competition with each other, to turn difference into antagonism” (Lebowitz, 1992: 184). By contrast, workers’ power rested on the ability of workers to unite and organize themselves. Internal dynamics within groups of workers — the difference of skill, native-place and so on — might influence workers’ power greatly. However, these differences did not necessarily produce antagonism. How workers overcame difference to construct their power through informal ways of organizing deserves examination.

On the other hand, workers’ consciousness represented and arose in the way of constructing their power. Rather than regarding certain rhetoric as the main indicator of class consciousness, this research will analyze class consciousness “based on actions, organizational capabilities, institutional arrangements, and the values that arise within them” (Fantasia, 1989: 11).

Chun’s study of informal labour’s struggles in South Korea and the United States, examined the ways in which workers with limited labour rights, or disadvantaged workers’ groups, exercised symbolic leverage to redefine the conditions of their employment. She argued that, when conventional forms of workers’ power have been severely eroded, such as the right to form unions and the capacity to strike, workers could still exercise potentially potent forms of leverage by drawing upon the contested arena of culture and engaged in public debates about values. For workers located at the margins of the economy and society, this often entailed drawing on recognized

and legitimate forms of social injustice that have not only gained meaning and social influence during previous historical struggles but also continued to resonate in new historical settings. (Chun, 2009)

In 2019, China's National Bureau of Statistics reported that migrant construction workers earned a monthly total wage of 4,567 yuan on average, or an increase of 8.5% over the previous year, *including* overtime premiums<sup>2</sup> (NBS 2020: table 5). To put this figure in comparative perspective, as of early 2020, the statutory minimum wage in Shanghai was 2,480 yuan/month—the highest minimum-wage level in the country.<sup>3</sup> At a glance, the total monthly income of an average construction worker was far above the floor wage standard (which varies by cities). Based on scholarly research and media sources, however, construction workers were mostly not paid on time, let alone the full pay on a monthly basis (even when this is contrary to national legal requirements).

Through social networks and/or unregistered labour agencies, construction workers did not have written employment contracts except for a very few (Chang 2017: 323). In this circumstance, as waged labour, they lack fundamental legal protection to wages. Social insurance benefits are often not provided at all. Worse still, construction workers, as an integral part of the internal migrant workforce, were not effectively

---

<sup>2</sup> The annual survey findings were released online on April 30, 2020. See National Bureau of Statistics of the People's Republic of China (中华人民共和国国家统计局), 2020, “2019 年农民工监测调查报告” (Investigative Report on the Monitoring of Chinese Rural Migrant Workers in 2019). [http://www.stats.gov.cn/tjsj/zxfb/202004/t20200430\\_1742724.html](http://www.stats.gov.cn/tjsj/zxfb/202004/t20200430_1742724.html), accessed on May 5, 2020

<sup>3</sup> A Guide to Minimum Wages in China in 2020 (29 April 2020): <https://www.china-briefing.com/news/minimum-wages-china-2020/>; see also, <https://www.china-briefing.com/news/wp-content/uploads/2020/01/Minimum-Wages-in-China-2020-Updated-April-29-2020.jpg>, accessed on May 7, 2020

represented by the government trade unions as they did not have proper status as formal workers to join or form trade unions. They attempted to hold their “bosses” (labour subcontractors) accountable through informal means, such as fist fights, group pressure, and media activism. Formal legal mechanisms were, in actuality, often inaccessible to informal labourers. Based on construction workers’ testimonies of his study, “using the law as a weapon” remained burdensome, despite progressive reforms. They did not have the proof to make their rightful claims in local labour dispute arbitration committees or people’s courts.

Hence, construction workers were under a very unfavourable situation for labour struggles and class consciousness under the labour subcontracting system. Sarah Swider (2015a, 2015b) has developed a theoretical framework of “employment configuration” to understand the labour relations and employment situation of informal workers in construction industry. Construction workers were encountering existing definitional and conceptual limitations under formal/ informal employment dichotomy. “Employment configuration” was established as a pathway into employment linked with a specific mechanism that regulates the employment relationship and explained their respective control mechanism and vulnerability of workers’ precarious existence.

Three different types of “employment configuration” have been examined in the construction industry, including mediated, embedded and individual employments. For “mediated employment”, it shared similar findings of other researchers on employment relations and factory regime as Burawoy (1985) in South Africa and Pun (2007) in South China’s factory dormitories. Construction workers in this type were paid in a lump sum at the end of the year and their daily lives were trapped in a cycle

of isolation and a state of permanent temporariness. For “embedded employment”, it was characterized by the specific close social networks of peasant workers who developed their “migrant villages” in large cities and these social networks have paved the way for the migrant workers into the employment of construction industry. The subcontractors and workers mostly have closer social relationship. Enforceable trust, reciprocity and bounded solidarity based on the mechanism of kinship obligations made workers less vulnerable in relation to their employers and capital, but they were facing constant disturbance and “cleansing campaign” of the local government. The last type was “individual employment” which was characterized by the street violence and hegemony of street labour market as the last resort for those highly precarious workers.

Under the framework of “employment configuration”, Sarah Swider has developed a typology to identify different categories of construction workers under informal employment and it is able to examine different political, social and industrial structure to explain different precarious conditions of informal employment in the construction industry among three different employment configurations. Although she has correctly addressed the political and legal setting under the collusion between the capital and the state in developing the labour subcontracting system, her analysis has simplified the actual employment situation of the construction workers under labour subcontracting system. There were three weaknesses in her model of employment configuration. Firstly, she has wrongly assigned three different employment configurations at the same level of analysis and overlooked the mobility for the construction workers; secondly, she has wrongly believed that the construction workers were most regulated by the large contractors under labour contracts in the “mediated employment”, but it was not the case; thirdly, she has overlooked the

importance and the role of labour subcontractors in the “mediated employment”.

The subjective power of social actors, including the state apparatus and construction workers as well as employers/ management should be paid more attention to. Although the political, social and industrial structure of China explained part of her analysis, the emergence of these structures are not objective and they are highly affected by the state strategies in economic development based on neo-liberalism and abandoning of the former protected employment relationship based on socialism. Most importantly, the power of collective actions and labour activism were worthy for further discussion. Construction workers under such unfavourable working conditions of informal employment were assumed as passive and obedient. In reality, labour activism and struggle have accumulated more and more experience and power to shake the establishment of informal employment. Although the attempts of construction workers may not be successful once and for all, the constraints and limitations of struggles should be taken into account seriously to make the whole analysis of workers in construction industry more comprehensive. Lack of the perspective of subjectivity will make any understanding and analysis on the informal employment in construction industry incomplete.

Many academic studies on collective actions and labour activism regarded the migrant workers either as passive subjects lack of agency power and were limited by the constraints of ‘legalism’, or as a ‘compromising citizenry’ bribing government officials in protecting their interests and rights, or even worse as silent individuals without political and legal efficacy. They question the effect and sustainability of labour protests staged by Chinese migrant workers, and argue that these actions are isolated and uncoordinated and seldom go beyond rights-based demands (Friedman &

Lee, 2010). As the most prominent pessimist, Lee Ching Kwan has suggested that the “moments of radicalization” would not transform the wildcat labour protests into horizontally organized, inter-factory labour movement due to the lack of worker representation and the non-existence of community-based associations or allies from the civil society under the domination and monopoly of the state-party (Lee, 2007). This pessimistic conclusion drawn by Lee was echoed by other empirical studies which claimed that labour protests in China can only rely on informal social networks instead of formal organizations as mobilizing structures (Becker, 2012).

However, some theorists have presented counterarguments to such pessimism that prevailed over the emergence of collective action. Leung and Pun (2009) advanced doubts on the validity of legalism, and stated that ‘migrant workers are not necessarily confined to a legalistic framework’. Based on their study of the collective actions of gemstone workers, they suggested that legal action was only one of the possible ways for workers to forward class struggle. Leung (2015) further suggested that migrant workers preferred collective actions over legal channels with the facilitation and support of worker activists.

Based on the ethnographic and interview data in labour-intensive factory in South China, Yinni Peng and Susanne Choi (2013) have argued that while the dynamics of control and resistance was contingent upon the exact arrangements of production. While the management of the factory strictly prohibited workers in the assembly line department from using their mobile phones, the management accepted mobile phone usage for workers in the hardware department in practice, and allowed mobile workers without fixed work stations to use their mobile phones. Diverse control tactics by the management have generated different patterns of resistance from the



workers. Those workers in the assembly line department evaded managerial surveillance and used their mobile phones covertly. They also challenged the double standards of the management policy on phone usage. Those workers from the hardware department challenged the boundaries of legitimate mobile phone usage. The inconsistent and diverse control tactics did facilitate collective actions and labour resistance.

Apart from the production and management arrangements, Jeffrey Becker (2012) adopted the social network approach which argued that workers with urban ties tended to engage in protests. While the optimists presented arguments and counter-evidence to the legalism thesis, they rarely analyzed the subjective and structural factors that brought workers to adopt non-legalistic strategies as well as the mobilization process. Under the social network approach, Becker focuses mainly on informational support explaining different choices of protest strategies and tactics, but he did not put sufficient analysis on how rural kinship network and urban ties favourable to worker mobilization.

Facilitated by the application of preexisting social networks, construction workers, could directly launch collective action against their employers and government officials to struggle for their rights and compensations promised in laws and regulations. Under the labour subcontracting system, the collective action of construction workers were usually cellular, based on their specific subcontracting team and this non-legalist approach was less likely to generate a sustained cross-factory labour movement addressing the structural causes of their problems in the construction industry.

### 1.3 Research Method

From the literature review above, labour activism and subjectivity of workers should be put sufficient focused in examination the informal employment in the construction industry in China. It is the product of different dynamics and struggle among state, workers and employers. Hence, informal employment although brought about the poor working conditions of the construction workers, but it should not be regarded as static concept and phenomenon in the construction industry. The research aims to examine the following aspects and questions of informal employment of the construction industry in China:

- By viewing the neo-liberal development model under the economic reform of China, this research is going to identify how the labour subcontracting system in the construction industry has been created by the state; and to examine that the employment structure and working conditions of the construction workers;
- Concerning the poor working conditions in the construction industry, this research will also examine what the responses of the state, especially in the area of laws and regulation to rectify the situation, the limitations and the policy effectiveness will be demonstrated;
- I will demonstrate in what sense the informal employment is advancing and constraining the labour activism by the construction workers, the reasons for their preferred path on the non-legalistic, cellular activism as well as the counteractions and strategies taken by the state and capital responding to labour activism are going to be reviewed.

This research was grounded in the Marxist tradition of political economy and thereby

regards the social reality as a historically changing and imminently contradictory system. In this study, workers' collective actions and employment situation in construction industry as informal workers will be discussed with respect to the historical context of China's political and economic transition. The struggle of workers in the workplace was seen as a response to the exploitative social relationship, a negative force in the present regime of accumulation; workers' struggles will be understood in relation to the state regime, in particular its legal procedures and strategies of the local officials.

This research employed the ethnographic method to collect data by snowball sampling through the network of a labour centre supplementing it with a review of documents, including a number of laws and regulations at different levels of government, so as to review how the state developed the authentic informal employment structure in the construction industry under her economic strategies and labour rights regime. A historical perspective was employed here to analyze the content of the case studies. I have developed my insight and interest on working class from my study in the programme of Master of Philosophy and my master thesis was concerned about the discourse of working class in China from the perspective of nationalism. My journey to familiarize myself with the construction industry and the labour conditions of the workers in this industry started in 2007 when I was the board member of a Hong Kong-based cross border NGO concerning corporate misbehavior in the Mainland and we have conducted a research and campaign on the workers' rights situation of the construction sites in various cities in China developed by a Hong Kong-based property developer.

My research focuses on the labour activism and the role of state constructing the

labour regime in the construction industry. As a member of the volunteers from University Student Concern Group on Construction Workers, I have participated and witnessed when these two protests were in their peak from 2009 to 2011. Other than primary sources, I also found secondary sources to expand the analysis, including blog posts and reports of the Concern Group as well as the news reports and stories in mass media. By examining two cases of protest in Shenzhen by the construction workers from Hunan Province, qualitative data presented were obtained through participatory observations, field notes of my participation capturing the conversations and interviews with construction workers originated from Leiyang and Zhangjiajie, two cities in Hunan Province.

With such prior network and participation, I became a volunteer for a worker center and a student volunteer association providing social services for construction workers on construction sites in Beijing and visited villages in Hebei during 2014 summer and winter. The association was established in 2007 and it has developed a very extensive network in dealing with more than one thousand cases of labour disputes and activism in construction industry, including more than 300 cases of collective rights protection. Based on such excellent network, I was able to look at the working conditions, experience and lessons from the labour activists and construction workers. In-depth interviews on workers and labour activists as well as focus groups among construction workers, activists and scholars were conducted for me to examine their situation. The worker center has developed a number of informal and formal documents, publications and reports to summarize the current situation and concerns of construction workers. They were adopted in my research as the source of data. In addition to my exposure in Beijing, I also traveled various construction sites located in different places in eastern part of China with volunteers in 2015 summer and 2017

winter that I had known in Beijing. A more systematic survey by questionnaire was conducted to examine the working conditions of construction workers and verify my previous observation in Beijing. In this sense, I have conducted a multi-site research including Shenzhen, Beijing and eastern China where were the most prosperous areas in cities with intensive construction projects. My informants of interviews were primarily from 32 construction workers but I have also interviewed 8 labour subcontractors, 3 bosses of property developers, 5 managers and 3 bosses of construction companies, one from labour services company and one interview with former official on one to one basis. They were type recorded and transformed to be verbatim transcripts in Chinese for the sake of analysis, except the interviews in Shenzhen when I attended the process of the protest. Due to sensitivity in the protest, it was not appropriate to conduct type recording. But the data came from my field notes or following interviews afterward.

In addition to the interviews, a survey of construction workers has been conducted to analyze the living and working conditions among workers in the Greater Shanghai Region's construction sector. The sampling method we applied is accidental sampling due to the difficulties of gaining entries to construction sites. To overcome barriers to entry, pilot studies were conducted to identify possible and appropriate sites for questionnaire surveys: sites that are relatively large in scale and easy to get entries. Then the researcher entered workers' dormitories of these selected construction sites to conduct questionnaire surveys. We deliberately chose our respondents in order to have a relatively balanced distribution of samples of different genders, job types and origins. Due to the limitations of accidental sampling used, we could not make any generalizations about the total population from our samples.

The questionnaire survey was carried out in three phases. A total of 142 valid samples were collected. Among our interviewees, 48 respondents were interviewed at a construction site in Pudong in mid-June 2015; 50 samples were collected at three construction sites in Xuhui District of Shanghai in mid-June 2015; and the rest 44 respondents were approached at several construction sites in Hangzhou in November 2017. In-depth interviews and focus-group interviews were conducted with key informants from different layers of the sub-contracting system in Shanghai and Hangzhou during July in 2015 and November 2017. These informants include: labour contractors; local officials and trade union cadres; and owners, managers and senior staff of property developer and construction corporations. The interviewees were approached through our professional networks and assistance of local scholars in Shanghai.

In order to explore the dialectical relationship between the regime of accumulation characterizing the current state of the construction industry, the workers' struggles within that industry, and way that these struggles were reported in this industry, three analytical strategies have been brought to bear here — historical analysis, case study comparison, and content analysis.

First, a historical perspective was necessary to the analysis of the political and economic transformation of the construction industry. The labour subcontracting system has long been seen as necessary to the construction industry on the basis of a number of so-called industrial characteristics. Therefore, an analysis of the transition of the Chinese construction industry will be set in the historical context of a changed political economy in order to demonstrate how the labour regime changed during the reform years.

Secondly, comparative case studies were employed here to illuminate workers' struggles in different conditions. The labour subcontracting system varies in form, and workers' actions consequently take on different forms under different employment relationships. To fully understand workers' struggles under the labour subcontracting system, multiple case analysis was necessary. Comparative studies were useful for highlighting the particularities of each case — making the agency of workers more clear in different contexts and revealing patterns of organization in workers' struggles.

Thirdly, political economy analysis was used here to reveal the structural forces of the state and capital in establishing the informal employment structure in the construction industry. The strategies and tactics of workers were analyzed in order to reveal the social forces in place. The aim was to contextualize the labour activism as they were reported by the media and to explore the logic and considerations behind the struggles of workers.

I conducted this research both as a volunteer and as a researcher, and one may ask whether my participant role as an ethnographer influenced my objectivity as a researcher. The main concern of my research is to understand the situation of labour activism of informal workers by looking at the employment relationship in construction industry which workers were mainly employed under informal arrangement and setting. Since labour activism was the outcome of a complicated dynamics and struggle between the state and the people (T. H. Marshall, 1949); between the structure and agencies.

In addition to the textual analysis on different groups of people, in-depth interviews will be done to further examine the views of the people on social security system so as to reflect their ideas on citizenship. The interviews are not conducted for different groups of people in the society in a chosen town/ city, so as to improve the reliability of the study.

The ethical issue raised here is that the participation of a researcher from Hong Kong may intervene and affect the collective actions of construction workers and those organizations supporting the workers. In the material sense, my attachment in the agency may have negative effect on the resources, occupying the office space and involving the coordinating and guidance of the staff. It may violate the principle of beneficence. To tackle this problem, I acted as the role as unpaid volunteer for the organization. On one hand, I got the essential data and information for my research in my attachment in the agency, but on the other hand, I involved in other assigned duties and works of the agency which had no direct relationship with my research. Of course, the research itself could contribute to the work of the organization. I bear my own cost of travel and accommodation in the research so as to minimize the negative material impact on the agency.

In particular, the construction workers under insufficient employment protection had much stronger grievances and discontent towards the society and some of them even are involving in some legal cases or social actions struggling for their legal rights. Being a researcher from Hong Kong might be identified as a foreign intervention and mobilization on social movement. The interviewees might be suppressed by the government or even prosecuted. In this sense, my research might violate the principle of non-maleficence (Mark Israel, 2006). And confidentiality on the particulars of the



interviewees and their cases was another ethical concern. Worse still, the negative impact would further extend to the NGOs which have referred interviewees to me, even though they had no direct responsibility to my research. My research might be understood as the covered work of the NGOs and put them in a risky situation.

So as to prevent the violation of these ethical principles, I had to make myself to be regarded as “non-political” by conforming my research status with the letter of the University to recognize my identity or even ask for the additional help from my supervisor to reconfirm my detail status of the research. The research methods, schedule and interviewees was discussed by the concerned NGOs and got their acknowledgement before implementation.

For the interviewees, I explained to them clearly on my purpose and status, meanwhile I conducted the interviewees separately in different time and venue, so as to avoid the skepticism from the government. Particularly, I made some distance from those interviewees having legal cases or other social actions. But it did not mean that I excluded those people from my research. Instead, their views and ideas were very valuable to my study. I was very careful not to give them a wrong impression or expectation that I would involve directly in their cases. I only gave them some advice and information under the current legal framework of China or refer their latest development of labour activism. Lastly, all the stories and content got from those interviews in the thesis were elaborated anonymously by using code names. For the most sensitive cases and interviewees, primary interview notes were conducted carefully with code names and the real particulars were recorded in another file.

Another ethical issue was from the personal subjective point of view of construction workers. Since they were underprivileged groups, they were not that confident to themselves and might feel embarrassing to let others know their unfavourable situations in their employment. Hence, focus groups were conducted when those concerned interviewees had known each other well. The focus group involving people with different and diverse social status and background was replaced by getting reflections from others' written opinions and views on social security system. Of course, the anonymous measures mentioned above were crucial to protect their dignity and they were fully informed these measures before interviews were conducted.

My research took all necessary measures following ethical principles so as to avoid any ethical problems in conducting interviews with the informants who were suffering from the current labour subcontracting system of the construction industry and in involving in the advocacy campaign of NGOs. Although it was sensitive, these are essential component towards my research, in which they were the actors and subjects of the labour activism. To tackle any possible risk, the involved NGOs and interviewees were fully informed on my research purpose and status, meanwhile anonymous measures were applied during process of data collection and of thesis compiling.

These ethical concerns and protective measures were crucial to the quality of my research, because they not only help to fulfil the formalities and guiding principles of a professional and ethical researcher in social sciences, but also help to maintain the trust with my informants. Only with a high degree of trust, they were willing to share their true ideas and real stories of their lives and struggles with me, since construction

workers and labour activists were so precarious and marginalized under the situation of informal employment in construction industry and they were always under the double harassment of the state and capital together with the violence of the triad groups employed. The reliability and accuracy of this research are improved as a result based on the good will and trust of the informants.

#### **1.4 Conclusion: Relationship between Informal Employment, State and Labour Activism**

This chapter has reviewed the academic debate of labour activism and state which highlighted the significance of subjectivity of workers in constructing the social reality of class struggle and production relationship, in addition to the political, social and industrial structure of a country. To conceptualize the working conditions and employment arrangement of peasant workers in construction industry of China, Sarah Swider has developed a theoretical framework of “employment configuration” to understand the labour relations and employment situation of informal workers in the construction industry of China. “Employment configuration” was established as a pathway into employment linked with a specific mechanism that regulates the employment relationship and explained their respective control mechanism and vulnerability of workers’ precarious existence based on three different types of “employment configuration” employments. Her insight on the situation of those informal workers in the construction industry gave a good analytical framework to examine the current employment relations and daily challenges encountered by them.

However, this static view on the informal employment overlooked the significance of subjectivity of social actors. This makes the typology not comprehensive enough to

understand the full story of peasant workers in the construction industry of China. The state, labour activism and the responding actions of the state and capital actually paved the way to restructure the production relation of construction industry. Workers were no longer regarded as honorable builders of the republic enjoying social protection and welfare under socialist regime and they became underpaid workers always looking for insecure job in an unregulated, unprotected and marketized labour market, which was driven by the neo-liberal reform and collusion between state and capital.

Also, labour activism and struggle for fair treatment and better working conditions are essential components in understanding the dynamic of the relationship between state, capital and workers. They brought about big challenges against the current working conditions. The static view of employment configuration is unable to put these factors into account. Although the state favoured neo-liberalism and the operation level of state apparatus tended to be unfavourable against workers in labour disputes, the informal employment structure in the construction industry relied on rural and urban social networks which in return gave crucial resources to mobilize and facilitate labour activism. The role of social network among workers again played an important role in understanding the potential capacities and limitations of construction workers to change their situation of informal employment. This research based on my participatory research in two cases of protest in Shenzhen as well as the survey and interviews in Beijing and eastern part of China aims at reconfiguring the analysis of the informal employment of the construction industry by bringing the factors of state and labour activism of workers back into the analysis.

In the next Chapter, I am going to elaborate the social transformation since 1979 as a

background to examine the role of state in the economic reform. Such discourse of the state explained the paradoxical process of state activism and state retreat in proletarianization of Chinese peasant workers. Chapter Three is going to review the commodification of construction workers and the emergency of the labour market under a number of structural forces under political economy, meanwhile Chapter Four will demonstrate more specific on laws and regulations governing the construction industry. The superficial existence of laws and regulations to protect the rights of the construction workers, I argue was the result of the implicit collusion between the state and capital, as a part of the strategy adopted to respond to potential challenges from labour activism and resistance. Chapter Five will critically review the structure of informal employment. The significance of labour subcontractors and the popular absence of labour contracts were key features in the informal employment of the construction industry. The unjust and exploitative nature of the labour subcontracting system became the material foundation of labour disputes and labour activism. Chapter Six will discuss the potential capacities and constraints of labour activism under the informal employment based on two case studies in Shenzhen Pneumoconiosis Gate. It finally brings state and labour activism back into the analysis of the informal employment and the logic will be clearly shown in Chapter Seven as a conclusion of this research to develop a more comprehensive analysis on the informal employment of the construction workers in China. With my attempt in my study, the dynamics between informal employment structure, state and labour activism will be fully reviewed in reconfiguring the informal employment of the construction industry in China. Academic significance and the limitations of this research will also be demonstrated for the potential areas for further research.

## **Chapter 2**

### **Double Movement of State in the Rise of Labour Market**

As the workshop of the world, China attracts all kinds of foreign direct investment, particularly in labour intensive manufacturing industries. The intuitive thinking suggests that China with the largest number of population in the world has established her competitiveness in export-oriented manufacturing industry by providing abundant supply of labour, effective labour market and obedient workforce. However, such intuition has based on the inaccurate and even wrong assumption that labour supply, free labour market and working conditions have physically existed. Actually, the state did take a significant and dominant role in promoting her competitiveness in these areas. Compared with the labour supply, industrial relations and working conditions in socialist era before 1979, the transformation of these areas were greatly driven by the state intervention or “non-intervention” in the period of opening door policy and economic reform since 1979 to benefit the interests of transnational capital. The dramatic differences in the status of workers between these two periods were the strongest evidence to confirm state activism in labour supply and labour market.

Workers were regarded as the master of the socialist country. Labour supply and allocation were controlled by the state under work unit system, and their working conditions and welfare were well protected by the state as well as by their participation in the factory management and daily operation of the factory. Rural urban migration was carefully promoted with the same pace of industrialization, in order to avoid the oversupply of labour. However, these protections gradually were faded out when the reformist party-state drove forwards the process of “reform and open” policies since 1979 brought global capitalism into China and shattered socialist

production relations. This state-driven process of economic globalization has been accompanied by a state withdrawal from the areas of social and institutional protection of the peasantry and working class.

Under the pro-market reform, the mode of production and labor relations in China have greatly been changed. The people's communes were dismantled and replaced by the household responsibility system. It led to the collapse of the collective rural economy and the widespread of surplus labourforce in rural area. Although these were the consequences of such policy changes, they were accused of the structural problems of rural economy of China. The "liberation of labour power" and rural-urban migration of workforce were regarded as the solutions of these problems. On the other hand, the restructuring and privatization of state-owned enterprises in urban area brought about the dichotomy of management and workers, and serious lay-off of their workers since late 1990s. These changes further weakened the social protection and bargaining power of workers.

The state had established such an excellent setting to provide abundant supply of labour with high degree of labour flexibility and mobility. From the perspective of the global capitalism with little idea about the social-economic institutions of pre-reformed China, the free labour market with abundant supply of young and literate workers was so "natural" and the state activism was overlooked.

After three decades of state activism in establishing capitalist labour relations, labour was no longer the political subject of the so-called socialist country, but it was now regarded as a "commodity" that could be exchanged freely in the labour market as a factor of production to attract the investment of the global capitalists. The idea of

freedom for individual workers to turn themselves into wage-labour was highly promoted. The discourse of the state has framed workers to believe that individual workers were now “liberated” from the rigidity of collective economy and they could be benefited from the global economy.

Under the marketization and economic reform of the state, peasant workers have undergone a typical process of proletarianization from the perspective Marxism. As the new labouring subjects, they gradually lost their means of production from the collective economy and had nothing but their labour to be sold in a labour market.

## **2.1 Collectivization and Labour Relations in Socialist Era**

As an agrarian country, agriculture took a strategic role to the Chinese economy and the economic reform in China began first in rural area in 1979, which brought about structural and fundamental changes in the mode of production and labour relations not only limited in rural area, but also in urban area. To evaluate the role of the state activism in promoting “free” labour market and proletarianization, the collectivization in socialist era has to be reviewed to assess the huge changes in the mode of production and labour relations after the economic reform.

Collective land ownership and the degree of collectivization were politically sensitive issues and they symbolized the socialist nature of China. There was a long debate on mode of production and labour relations since the Collectivization Movement in the 1950s. People’s Commune and Cultural Revolution could be also understood from the debate of the socialist development of China.



There was a certain kind of path dependency in the development. The Land Reform in 1940 and early 1950s triggered the momentum of collectivization, not only the people's sense of equality promoted further collectivization, but also each phase of development of collectivization generated some new challenges and problems from productivity to the relations of production. These pushed another round of collectivization. There were great debate among the Communist leaders on the nature of socialism and the socialist road. On one hand, there were great pressure for them to develop the strong material and political base for socialism so as to advance to communism; on the other hand, they were under the potential threat to retreat backward from socialism to capitalism. The whole collectivization project lasted for 30 years could be understood as the result of such debate.

The Land Reform had begun in 1940s at the regions under Communist rule before she came into power of entire mainland China. It should not be understood from economic perspective as a means for land redistribution, but it drastically changed the mindset of peasants. Such kind of bottom-up revolution on land developed a sense of political consciousness from social equality to class struggle. However, the Land Reform did not solve all the problem of inequality, as it was not an absolute equalitarian project. Not only the rich peasants remained comparatively favourable, the individual ownership of land implied a structure ground and foundation to develop social diversity and inequality based on the so-called 'Four Freedoms', including freedom of land sale; freedom to employ; freedom to lend money with high interest; and free market. Such new trend was summarized as the rise of 'new rich peasants' or 'new middle peasants'.

Such trend brought about a debate on the socialist road between the Party leaders, Liu Shaoqi and Mao Zedong: Firstly, they debated on the issue of relations of production and productivity. Liu emphasized on the credit of the business mindset (entrepreneurship) of the rich peasants to promote productivity but he underestimated the contribution of gross labour force on the growth of productivity; meanwhile Mao focused on the small peasants, he would like to arouse their incentive on productivity by changing the relations of production.

Secondly, they had diverse view on the nature of foundation of socialist state. Liu believed that the state apparatus had been taken by the Communist Party, and the majority of the (small and poor) peasants were supporting the Party. The potential threat and challenge from rich peasants were unconsidered. Mao worried that the unrestrained development of rich peasants would change the nature of regime by forming alliance with party cadres, meanwhile the small peasants' support of the Party would be questionable when they found that the state was not standing shoulder with shoulder with them.

Thirdly, they had different understanding on socialist revolution. For Liu, he believed in the coercion and violence as the nature of socialist revolution. Once the Communist Party took over the state apparatus by violence and the means of production were transferred to the hands of the proletariat from capitalists and landlords, the objective of socialist revolution was attained. The Party should focus on the development of productivity and economy. Another round of violence could be employed to exploit what were owned by the rich peasants. Mao believed in continuous revolution in the sense that socialism requires to adjust the relations of production as well as people's ideology. The rise of new rich peasants implied a change of relations of production.

Lastly, although Liu and Mao had consensus on developing industry in rural area, Liu believed manufacturing industry, especially farming machines as the prerequisite and foundation for agricultural collectivization. Mao regarded that even without much industry foundation, the change of mode of production and relations of production could give aid to the development of production.

The debate ended with the victory of Mao, but collectivization as such a widespread movement with certain degree of bottom initiatives could not explain itself merely from the decision of the Party. As mentioned above, the Land Reform had aroused the sense of class struggle and equality of peasants. The low degree of collectivization implied the existence of exploitation as those household with better land and more tools were much in much more favourable conditions and they were implicitly and indirectly exploiting the poor and small peasants who were contributing more and more labour in production. It generated an internal pressure for further collectivization and some good and capable leaders in villages gradually appeared and they not only contributed their effort, but also gave much more confidence for general peasants. The successful experience in other villages on collectivization gave more hope to peasants with the state propaganda. All these explained the development of collectivization in the 1950s.

The Great Leap Forward Movement was another round of collectivization attempt responded to the problems aroused in the First Five-year Plan. Mao has overlooked the problem of the First Five-year Plan at the beginning. It mainly followed the Soviet experience in developing industry. The consequence of the Plan was not only in the advance of the productivity in industry, but also the import of the problems on the relations of production. It particularly focused on the rise of professionalism,

materialism, elitism and hierarchism. The Soviet model of industrialization emphasized on the role of professions (one factory manager system), instead of general workers. It threatened to the equalitarian social status among urban population. Worse still, the over-emphasis on industrialization in urban area required the price scissors and implied the exploitation of villages. Urban-rural divergence became more serious. All these development similar with the rise of 'new rich peasants' in early 1950s, required another institutional arrangement to turn the direction from the negative side which was threatening socialist foundation of the country as argued by Mao.

Although the ultra-high production target brought the Great Leap Forward Movement into failure, some of the measures in the Movement actually gave a correct response to the problems of the First Five-year Plan, for example the employment of professions to work as general workers or even send them to villages. It can help to break the gaps between professions and layman, meanwhile the people's communes were not only an agricultural production unit for further collectivization, but also they focused on developing their own industries in rural area. It aimed at addressing the problem of the rural-urban divergence, and industrial-agricultural divergence, so as to bring the industrialization in a more balanced way of development.

The Cultural Revolution could also be understood under the framework of the debate of socialist road. Due to the failure of the Great Leap Forward Movement, some of problems addressed were not completely tackled. The problems of professionalism and elitism, and even bureaucratization still existed. The corruption of those owned power and discretion of management; particularly the Party cadres would become a new class and brought socialism back to capitalism. Mao's objectives in short run was

to adopt sufficient democratic monitor on bureaucrats through the guarantee on “Four Big rights” (big debate, big banner, big speech, big open), and in long run was to break the static status of people and bureaucrats, so that the people could hold not only the ownership, but also the rights to manage and use the means of production.

To achieve these objectives, the populist road was employed. The experience of An-Shan Steel Factory was adopted as the guiding principle to put these ideas into practice. It suggested that the people were encouraged and able to participate in the management; meanwhile the bureaucrats and professions were required to work at bottom-level (*Lang Can* 两参), so as to break the gap between them. Workers could make suggestions to change the unreasonable rules in workplace (*Yi Gai* 一改); lastly, working people; ruling cadres and professions should unit together (*San Jie-he* 三结合). Of course, the populist road was not only employed in cities, but also in villages. Peasants were encouraged to participate the management of production teams, brigades and peoples’ commune.

Under collectivization and populist road in socialist era, the mode of production and labour relations were greatly favourable to the interests of workers. Means of production were owned by the collectives with the genuine participation of individual households and workers, which were not regarded as simply labour subjects to provide labouring in the production. More than that, peasants in the setting of People’s Commune were encouraged to participate and contribute in other political, production and social arena. The preliminary industrialization in rural area also absorbed quite a number of surplus labour. Together with the rigid household registration system and strict control of long distance transportation, the urbanization and supply of labour in cities were carefully planned to keep pace with the industrialization in cities. The control of the influx of labour of the rural area could in

return protect the higher social status and better remunerations for the workers in cities. Meanwhile, the system of social security and welfare provisions in rural area were well established, albeit below the level of provisions to urban population on quality and quantity. The main bundle of the social security in rural area particularly targeted the “five guaranteed households” – persons such as the disabled and widows who received welfare support and subsidized grain. The costs of basic education and medical services were also covered by the collective. In some more well-off areas, there were also other additional welfare measures.

## **2.2 Decollectivizing & Marketizing Rural Economy**

Although the livelihood of the people and economy under socialist collectivization and populist mode of production were much better than in 1949 and China had generally established her essential production foundation for industrialization, her economy and people’s nominal income were far lagged behind developed capitalist countries and even other newly industrialized countries in east Asia.

In the late 1970s, the reformist elites believed that the overall livelihoods of peasants remained at the low level of subsistence economy (Huang 2000 [1992]). They asserted that the peoples’ commune system which favoured large scale of production and public ownership was the main cause of rural poverty. Peoples’ communes took away the freedom of peasants and tie them up with the collective land; their freedom of individual household in economic management was sacrificed and greatly discouraged their production incentive and enthusiasm. Particularly, “ate from the big pot” system provided peasants no incentive to promote rural productive forces (Du 2007: 98). Collective economy and production were patriated as low efficiency and

against basic economic principles in agriculture. Under such attack on collectivism, the reforming elite designed household responsibility system to contract agricultural production to individual households, to substitute the system of people's communes.

There is a popular perception on the rise of household responsibility system that it was the spontaneous social innovation of a number of peasants at bottom level. However, it is not the full story. Although the practice of household responsibility system had been spontaneously initiated by peasants themselves at certain areas long before 1979, the household responsibility system as the nationwide institutional production arrangement in rural areas was greatly promoted since 1979. Majority of the former people's communes had transformed to adopt this system by 1984. This drastic transformation in economic structure only spent five years to complete and it was even much more rapid than the collectivization in 1950s and 1960s. This pace of reform was only viable with the vigorous support and intervention of the state. As the reform in rural area was the essential component of the neo-liberal economic strategy of the liberal reformists.

The substance of the household responsibility system was actually the revival of peasant economy constituted by plenty of individual household as the basic economic unit, which was a backward return to the basic economic structure of China under the rule of feudal dynasties lasted for thousand years. This move was a U-turn of the socialist collectivization which was regarded as one of the key features and credits of socialist China. Undoubtedly, the household responsibility system was under fierce challenges. The rapid promotion of the system could only be explained by the support of reformist leaders in the CPC, for instance Deng Xiaoping. Leaders from central

level to party cadres at village level were requested to liberate their mind and thinking, to be bolder in reform and more “down-to-earth” in their work (Vogel 2011).

In this manner, the central government launched a second round of neo-liberal measures in rural area in 1984 to foster the structure of marketization. The government extended the contract period of land to 15 years; established and opened up market mechanisms for sales and funding; and even allowed private individuals to set up their own businesses for promoting rural trade and commodification of the means of production and agricultural products.

After the quick promotion and nationwide adoption of household responsibility system in the early 1980s, the state released a series of policy measures to consolidate the household production responsibility system and to stabilize the concrete arrangement of land contract relationships in rural area. A revision to the Constitution was passed by the National People’s Congress in 1993, adding special provisions for the household contracted production responsibility system. Document No. 11 was issued in 1997 to extend the fixed contracted period for land further to 30 years. The dismantling of the peoples’ communes was finally complete (Vogel 2011).

The nationwide implementation of household responsibility system was witnessed a rapid development of rural productivity and a large rise in grain outputs. With such a great success, the Chinese government could claim that Chinese people had resolved the problem of basic subsistence. Meanwhile, there was also significance increases in other agricultural produce, including forestry, livestock rearing, sidelines and fisheries. The increases in productions greatly improved the income of peasants. The success of the reform in rural areas and increases in production were attributed to the household



responsibility system and the success greatly strengthen the confidence of neo-liberal economists and reformists in the sense that their neo-liberal reform strategy had brought the countryside out of poverty and they were able to feed the livelihoods of 22 percent of the world's total population with a mere 7 percent of global arable land.

Neoliberal economists further consolidated their success by adopting concepts of institutional economics from the West, particularly the theories of property rights, to provide further theoretical foundations and justifications for the household responsibility system. A famous neoliberal economist Theodore W. Schultz offered his assessment after his research visit looking at the effects of rural reform in China. He suggested that the household responsibility system was the key force to push in this success and social progress. As a whole, neo-liberal economists and reformists blamed for all problems of agriculture before 1979 due to collectivization and gave all the credit for the success of the production increase after the reform to decollectivization and marketization. Based on this development model, neo-liberal economists gained huge belief in their economic theories and advocated further decollectivization and marketization by full privatization of the land (Zhou 2008; Dang and Wu 2014), when they found a bottleneck in agricultural production under household responsibility system.

Although the household responsibility system could promote the production incentives and flexibility in production, the benefits brought by the system began less and less obvious after its early years of promotion. Worse still, a number of new problems appeared in rural area coming together with the reform. After the great grain harvest in 1984, peasants found that it was difficult to sell grains around the country at good value and price of grain kept stagnating for a long period. It hindered the growth

of peasant income. The income gap between urban and rural area had once been narrowed and it came wider again.

Household responsibility system recreated the production model of small peasant economy in rural area of China. Although it was able to resolve some of the accumulated problems with the collective economy, such as lack of incentives and poor management and there was a rapid improvement in rural productivity in a short period of time, the fundamental weaknesses of the small peasant economy soon became more and more apparent when the structure of market economy guided by capital took the dominant role in the economy.

Due to the lack of economies of scale in the peasant economy, its unproductive and uncompetitive nature became apparent in the market. Compared with collective economy, individual households under decollectivization of farming were much more vulnerable to encounter the risks in production and price fluctuation driven by an external market. The household responsibility system gave peasants freedom to decide how they ran their farms. In theory they decided what to grow and how much to grow, at what price to sell responding to market demand in order to maximize their income and productivity. In reality, Individual households in peasant economy failed to respond effectively to the uncertainty, risks and fluctuation. Based on the nature of agricultural production, farming producers made their production decisions based on the outdated information of the market demand and supply. It implied that they always lag behind the market. Ironically, they often ended up with huge debts in the times of good harvests. When supply of their products far exceeded the expected demand, prices dropped and the fall in income made peasants unable to cover the costs of production. Peasants were heavily indebted and they were unable to invest

effectively to improve their productivity. As a result, the reform of household responsibility system explained the absence of long-term and sustainable growth in income and production in rural area.

The household responsibility system has dismantled the pre-reform rural collective organizations. The poor and even indebted individual households could only promote low degree of agricultural industrialization. There was little processing of agricultural product and so added value was low. Peasants could only contribute the market with their primary rural products with minimal added value and peasants' incomes were limited. It was a vicious cycle that the poor rural area was unable to accumulate sufficient capital to promote industrialization in agriculture which required such huge capital, technology and additional land. Without value-added process from industrialized agriculture, peasants' income was highly dependent on their agricultural products and their prices. Although the collectives were a way out to accumulate enough resources and capital for agricultural industrialization, they were no longer function after the economic reform.

The poor peasant economy became more vulnerable under a globalized market. As a compromise in the deal for the accession to the WTO in 2000, the domestic market was opened and it had been greatly protected by the government. Tariffs on agricultural imports were one of the lowest in the world. Import agricultural products as a result gained a strong competitiveness with high quality and low price. The influx of agricultural imports further worsened the situation of peasants which had been suffered from the lack of economies of scale and poverty in rural economy. The imports defeated the domestic agricultural production.

Under the double attacks from decollectivization and global competition, the grain farmed by peasants generated earnings barely sufficient to cover production costs. The total monetary income was unable to support the consumption demands of peasant households in rural area. The land formerly had the status of a means of production to support the livelihood to the peasantry being downgraded from “productive land” to “welfare land”. The situation became even worse when the earnings from grains dropped further and peasants were indebted, in the sense that the land lost the function as a source of welfare. As a result, huge amount of arable land was left idle to avoid the potential risks of agricultural production. This process implied the loss of land as a means of production for peasants in China.

A petty peasant economy based on the individual households is an economy for self-sufficiency by nature, dealing with the issue of basic subsistence with no potential to bring prosperity. However, the rural economy of China was no longer considered merely for subsistence. Not only because marketization has brought the livelihoods of peasants dependent on the market and cash incomes, in which the supply of major consumer durables and daily necessities like salt, meat, oil, and fuel have become marketized, but also the agricultural production itself was greatly linked with the market, seeds and fertilizer had become commodities. The misapplication of chemical fertilizer particularly worsened the natural fertility of land and it became addicted to use more and more fertilizer to compensate the loss in fertility. Hence, the livings of peasants and agricultural production have become more dependent on currency ever. The household responsibility system has resumed the petty peasant economy as in ancient China, but the basic subsistence under this traditional model could not be actualized and maintained without sufficient cash income under marketization.

Social security and welfare system before the economic reform were based on the the institutions of People's Communes and collective economy. Under decollectivization, the social welfare and social security system formerly provided by the collectives was no longer viable. Now the bundle of social welfare has been marketized and it costed money to send a child of peasants to school, it costed money for an elderly to see doctors. The financial burden on the individual households dramatically increased. The peasantry, who had barely escaped from the sufferings of hunger and starvation in the socialist period, but they found themselves constrained by the need for cash for their basic needs, daily living and agricultural production.

Neo-liberalist economists heavily attacked the restrictions of the planned economy imposed on the peasantry which extolled their freedom. However, the freedom of the peasants was restored by the marketization project was actually a handover of their freedom under the domination of market force. The individual households had absolutely no capacity to resist the giant forces of market, even a globalized market nowadays. The peasantry being "liberated" from the collectives had only a short moment to enjoy their freedom before being forced to "choose" to be migrant worker under market economy, so as to generate sufficient money for the living of their families. They moved to the cities "freely" and "freely" chose to work as hired workers at factories.

As a whole, the petty peasant economy provided no ground for peasant survival and livelihood in the sense of agricultural production and social reproduction. On the one hand, such a petty peasant economy model merely achieved a short-term and low level of productivity based on the increase in quantity of agricultural products, on the

other hand, measures of marketization led to an increase in consumer demand and cash for transaction. It became very difficult to maintain a basic living in the petty peasant economy and peasants were forced to abandon their land towards factories in cities to seek another means to earn a living with cash. State intervention to promote decollectivization and marketization in rural area was the origins of “migrant worker tide” and the migrant workers as the new labouring subjects who facilitated China’s rise as the workshop of the world for global capitalists’ sake.

Some may argue that the reformers for rural reform were unaware of the problems of the petty peasant economy resumed under the household responsibility system. Yet under the perceptions of neo-liberal economists, they considered the vast rural population in China an important resource for industrialization and urbanization, instead of self-determined labouring subjects. Especially, the favourable structure of the rural population skewed to youth and generally literate. It was a good moment when the majority of peasant workers were in their prime and the dependency ratio is low. This was the “demographic dividend” population economists spoke of with such pattern (Cai 2009). Ironically speaking, these merits of peasant workers to some extent were the policy outcomes of collectivization in the socialist era. The social security system and popularization of basic education at rural areas were attributed these features of peasant workers. With the abundant and cheap supply of labour, the neo-liberal economists gave advices to the reformists to abandon the former model of industrialization which focused on heavy industry, but to develop labour-intensive manufacturing industries instead. Only this approach could absorb an enormous surplus labour force from the rural area and brought China to gain benefit from her comparative advantage under the global division of labour (Lin 2002; Wu 2006).

### **2.3 Rise of the Labour Market**

During socialist era, free labour market did not really exist. The party state and collectives took the initiative in allocating labouring. Labour market reestablished firstly in rural areas together with the rise of township and village enterprises. They absorbed surplus labour from agricultural sector following the dissolution of people's communes. In order to facilitate the marketization of labour power as a commodity for production, the state gradually lifted administrative barriers to both job and geographical mobility without abolishing the household registration system since 1980s. This inconsistency in policies could deprive rural migrant workers of such fundamental social rights as pensions and health care in urban areas so as to minimize the social and economic costs of labour and to restrain the influx of less productive and dependent population from rural to coastal urban area. Employment of rural-to-urban migrants in the non-state sector in coastal cities has grown rapidly since the 1980s and it gradually created a new working class in the last three decades. By these policies, the state could take advantage of job and geographical mobility of labour force without losing the entire control of the population mobility.

Township and village enterprises had emerged due to the increase in peasants' income in the early 1980s and also took the advantage of surplus labour and increase in job mobility in rural area under marketization. However, the growth of peasant income became slower from mid-1980s and the limitation of petty peasant economy greatly restrained their further capital accumulation. From the mid-1990s, they were unable to compete with the foreign and joint ventures. They were no longer able to absorb the surplus labour in rural area and the peasant workers could only find jobs in factories in the rapidly grown foreign and joint ventures at cities.

Under the state strategy of restructuring and privatization since late 1990s, not only peasants and surplus labour force in rural area, but also the workers in urban area were also suffering as the small and medium size state-owned enterprises in urban area declined rapidly, following with large scale of layoffs. Those unemployed workers were able to find new jobs; meanwhile some of them were forced into early retirement or informal employment. In the early 2000s, they became jobless, and those lucky ones who were able to find new jobs became temporary workers in an unstable labour market without much protection. State-owned enterprises were the foundation of the populist road of the workplace democracy. The decline and privatization of state-owned enterprise seriously damaged the socialist class workforce when the majority of workers became temporary or marginal workers. Their working conditions were poor and their lives deeply dependent on the conditions of the newly established labour market. The move was significant political implication as these former state workers in the socialist era were supposed to be the master of the socialist regime with strongest organizing capacity and revolutionary vision. Their entitlement of lifetime benefits in the work units as their material base of their political loyalty to the party and socialist ideology. All these have faded under marketization and privatization in economic reform. The former state workers were replaced by the new working class which drastically emerged under the state-led policies of agricultural reform, decollectivization, privatization and open door policy to attract global investment.

This state driven globalization has created a new working class in China. Such phenomenon was paradoxical in which the role of state took under double movement but under a very different and even opposite direction. On one hand, economic



globalization witnessed state activism of intervention providing a number of direct and indirect subsidies as well as tax allowances. On the other hand, there was a radical retreat and activism of the state from the areas of social protection and social reproduction. The birth of the labour market and new working class were under this paradox of state activism and retreat in favour of global capitalism. Ironically, the world workshop and free labour market in China were able to be established within a such a short period of time and to run smoothly only with the aid of such double movement of the party state which ruled under the name of socialist ideology and under the dominant power of state. This victory of neoliberal global capitalism over the socialist China could become true under the generous support of the party state.

The establishment of the Special Economic Zones (SEZs) and entry into the WTO in the early 1980s and 2001 could illustrate the state activism respectively, especially the changing nature of the socialist state in transforming the Chinese economy. The establishment of SEZs was an historical event to record the open door policy and to transform China's urban economy to export-oriented development. As a stronghold of socialist system and prestige, the abandon of the socialist model of development in urban area confirmed as a betray of socialist revolution.

Four SEZs were set up in coastal China, signifying an end to planned economy and an invitation to the global capitalism. The first SEZ was established in Shenzhen in 1980 as a window and set a good example to attract foreign investment, especially from Hong Kong. Deng Xiaoping's "Southern Visit" to the Shenzhen SEZ and Guangdong province in 1992 stimulated a new round of foreign investment from Taiwan, Korea and Japan. In SEZs, state activism was recognized by heavy investment of governmental infrastructure, including, highways, power stations, airports, customs

houses and etc. Privileged measures and policies such as free or low prices provision of industrial land, exemption from taxes and facilitation of workers recruitment were enforced to serve the interest of global capital. With the support of state activism, industrial zones, factory plants, workers' dormitories, and production facilities were built by foreign direct investment under joint ventures first and foreign owned enterprises later.

In order to attract more investment from global capital, the reformists paid huge efforts for the membership of WTO providing a new driving force for economic globalization after twenty years of economic reform. After ten-year long negotiation, China confirmed her membership of the WTO in 2001. It was significant for China's export and foreign investment. Garment and textile industry was a very good example which was greatly transformed and benefited from the accession of WTO and state activism. Under the framework of WTO, China eventually phased out the Multi-Fibre Agreement (MFA) in 2005, which had seriously limited her export of garment products. China further signed a number of bilateral Free Trade Agreements (FTAs) with countries such as Pakistan, Thailand, Chile, New Zealand, Switzerland, South Korea and Australia. Particularly, FTAs were signed with the ASEAN countries (the Association of Southeast Asian Nations) to form a regional free trade zone in 2009. These international trade deals and regime could be made only with the active engagement and commitment of the Chinese government, so as to promote the export industries.

The development of the SEZs and other technology development zones across the country played similar functions to attract foreign direct investment. Such kind of establishment was nothing new and we could find similar cases in development model

of other developing economies which was based on an intensive harnessing and massive labouring of young population, in particular of unmarried women, which was often regarded the cheapest and most obedient workers. With the influx of foreign investment in export-oriented industries, the local governments partially relaxed the household registration system and actively facilitated the shift of the surplus labour from rural area to the coastal area. By the mid-1990s, surveys (Gaetano & Jacka 2004) estimated that the number of internal migrant workers ranged between 50 and 70 million mainly located at coastal area. In 2019, the size of the migrant workers was over 290 million working at different regions of the country and working not only in manufacturing sector, but also in other booming sectors, such as service sector, building and construction sector.

The party state took a very active role in promoting massive rural-to-urban migration of working population to form a new labour market to serve the export-oriented industries over the past three decades. Under the neo-liberal development programme to resolve regional polarization, the local governments initiated inter-provincial cooperation and coordination program to facilitate and systemize labour mobility for urban economic growth. Since 1990s, inner provinces, such as Anhui, Hubei, Hunan, Jiangxi and Sichuan have systematically exported their surplus workers from rural area to Guangdong in the South. In return, these inner provinces have gained huge benefits from the remittances sent back by rural migrant workers to their families. This policy also assured a stable supply of migrant workers for the production in the coastal cities. This initiative of state activism supported the labour demand of emerging export industries (Pun et al. 2010). Many local governments from inner provinces even set up their labour management offices in Shenzhen to consolidate the supply of migrant workers serving at the foreign invested factories. The so-called free

labour market in urban area was actually connected with the governments of different counties and townships of inner provinces in China. Again, this further assured our statement on the role of state activism in free labour market and industrialization of China.

In sum, the labour market was not free as the government claimed, but it was deliberately constructed by the party state. In the last three decades of economic reform, massive uses of her administrative power and policies were witnessed to turn the “collective-based peasantry master” into “individual-based labouring commodities” for the benefit of global capital. The labour management offices of local governments served as the agencies in labour market. They were responsible for screening and recruiting young peasants from rural area and then referred them directly to the factories in the industrial regions. The engagement of these labour offices could be very in-depth and detailed, such as arranging long distance coaches to transport migrant workers to the factory sites, in return they gained management fees counted per head from the factories.

#### **2.4 Emergence of New Labouring Subjects**

Under the strategies of state activism and retreat, a new labour market has been deliberately established to facilitate the exchanges of labouring force as a kind of commodity. These peasant workers from rural area were often called *dagongmei* and *dagongzai*, in which the former one was female peasant workers and the latter one was male peasant workers. Such classification was categorized a new gendered labour subject. It was constructed when global capital came to China. The term *dagongmei/zai* (打工妹/仔) actually embraced multi-layered meanings denoting a

kind of labour relationship very different from that in Mao's period. labouring (*Da-gong* 打工) meant "working for the boss" or "selling labour" denoted the commodification and exchange of wage labour. This meaning was contradictory with Chinese socialist discourse. Labour, especially alienated wage labour, supposedly emancipated with the Chinese revolution, was again sold to the capitalists but at this moment this process was supported by the auspices of the state. Comparing with the term *gongren* (工人), state worker, which carried the highest status in the socialist rhetoric of Mao's day, the new word *dagong* signified a lower status in the context shaped by the rise of market forces under new labour relations and hierarchy (Pun 2005).

From the point of view of peasant workers, there was a huge desire to emigrate from the rural area. Young rural peasants found no way to compete with the low prices for agricultural products in the post-WTO accession era. Together with limited employment and educational opportunities, they had no choice but to go to work at cities at their 16. Those younger generations grew up in the reform period were facing less and less opportunities in rural area. Some rural young women also aspired to escape from arranged marriages and patriarchal relations. And most of them would eager to expand their horizons, to experience cosmopolitan living style and consumption in the cities, as a kind of myth that was portrayed by mainstream thoughts. Indeed, personal pursuit of emigration was not simply a free choice and personal decision of labouring subjects themselves, but actually such pursuit was pushed and shaped by the state retreat limiting their opportunities in rural area and by the state activism to promote export-oriented development strategy.

The birth of a new labour market for the interest of global capital was accompanied by a process of state retreat and withdrawal from the areas of social reproduction and social protection in the rural communities. From the perspective of neo-liberal theorists, the household registration system was heavily criticized as a deliberate barrier to discriminate against the right of rural population to work and live in the city. In practice, the implementation of the household registration system was manipulated seriously by local governments to exploit labour appropriation. The Chinese economy under a globalized market had keen demand on labour force from the rural area, but the government intentionally overlooked the demand of peasant workers for city-based living and survival. This newly forming working class was permitted to work at cities but without the respective social protection and legal identities in the cities. Even worse, the household registration system constructed an ambiguous identity in which the peasant workers maintained a legal identity as peasants, even though they had no idea and skills in farming. It deepened and obscured the exploitation of this huge labouring workforce. Hence, this multi-faceted marginalization of peasant workers have constructed a contested and ambiguous citizenship which was greatly unfavourable to Chinese peasant workers to transform themselves into full workers and citizens in cities.

Under the settings of the household registration system, peasant workers were distinguished by their transient nature. A worker, especially a female worker, would usually spend many years working as a wage labourer in cities before getting married. Upon marriage, most of the female peasant workers had to return home because of the difficulty in support the cost of their family in the city without urban social protection and welfare. Since rural communities have long tradition and norms in the extensive planning of life events, such as marriage, procreation, and parenting. The

reproduction of labour of the next generation was hence left to the rural villages, which bore the most of social cost of industrialization in using labouring force, even though the social protection and welfare in rural area were greatly weakened after the decollectivization. Worse still, rehabilitation of workers was mostly presumed to be settled in their rural homes in the case of serious industrial injuries and occupational diseases. The global capital together with different levels of government took the benefit and advantage of the young, productive and cheap labouring force of peasant workers, but left the social costs of labouring and reproduction alone to the rural communities so as to maximize their profits to attract more and more global investment to China.

This ended up the unfinished process of proletarianization of Chinese labour, which was driven by the state but crippled by her at the same time. The official and legal identity of peasant workers, as wage labourers with rural household registration kept their social status and class identities unclear and ambiguous. With such status, their employers at factories could suppress their increase in wage rate by claiming that the income they received by working at the factory was not supposed to support their living in the city. It was presumed that the costs of social reproduction of the workers, their families and their next generations were absorbed by rural communities. This meant that their family, marriage, procreation, parenting, and retirement were taken care of their original home villages in rural area. Hence, the unfinished process of proletarianization formed a global production regime in which there was dichotomy between the production sphere in industrial regions and social reproduction in rural area (Pun and Lu 2010). The total amount of wages the whole population of peasant workers earn were much lower than the average costs of social reproduction of labour in the place where they serve. In sum, the salary they receive was not able for them to

live in the cities but only to prepare them for returning their homelands. They were free to choose to work at cities and free to return rural homelands afterwards. The state activism and retreat actually limited their possibility of different life events; their freedom was void without meaningful other options.

This logic to shift social costs of labouring to rural area had significant implication on how the level of minimum wage was determined in China. The policy of a minimum wage directly affected the well-being of most peasant workers which constituted as the majority of labouring force in this country, instead it was merely used to protect the marginal workforce in other Western countries, as a bottom line to protect these workers not falling below poverty levels. Throughout the 1990s and 2000s, the minimum wage standards were often the maximum wage rates for most of the peasant workers.

Under the Regulation on Enterprise Minimum Wages, local governments had their own autonomy to formulate their level of legal minimum wage. Minimum wage levels varied among different provinces, municipals, and autonomous regions based on the local conditions of poverty. Generally speaking, those more industrialized and prosperous areas, like Shenzhen, Shanghai, set a higher minimum wage levels than the inner and western regions. With rising food prices and general living costs between 2006 and 2010, provincial-level governments raised local minimum wages by an average of 12.5 percent annually, except for a wage freeze in 2009. Such increases were greatly offset by high level of inflation and did not improve the real purchasing power of peasant workers.



The huge differentiation in incomes of rural migrants and urban-registered workers could be explained by the provision of social security in cities, and even those peasant workers who were provided by their employers found it difficult to carry their benefits to another city when they changed jobs. Although employers should provide five types of social insurance and one housing fund, including pensions, medical insurance, unemployment benefits, work-injury insurance, and maternity insurance, as well as housing provident fund, these were an occupation-based welfare system. Since the peasant workers were lack of job security and urban social protection, they had to change jobs frequently and retired back their rural homelands. They were unable to carry their benefits with them. In this sense, they were at an unfavourable condition compared with their fellow workers with urban household registration who enjoyed comprehensive social insurance and benefits in cities. This was another way to exploit their entitled welfare and benefits.

Under structural exploitation of peasant workers, export goods made in China became globally competitive with a massive, productive and stable new labouring class being paid at the local minimum wage levels until recent years. The amount of surplus value produced by this new working class was taken away mainly by the global capital and their suppliers.

The labeling of the products as “Made in China” created a misleading impression. On one hand, the label masked the reality of the transnational corporate power in eating up surplus value of workers produced, and subsumed the phenomenon of exploitation on labour through global production chain. On the other hand, this nation-based label was manipulated to misrepresent a global capital war as a nation-state competition when western politicians voiced their worries of “Chinese threat” and such concern

was accompanied with some Chinese elites and officials who sought to promote a “big and rise” of their country with high prestige and honour in history. But the reality was that large portions of the new labouring class were living in dire poverty and they were unable to take a fair share of the rapid economic growth. “Made in China” was a label misrepresenting the wealth and income distribution in the global production chain which placed China and her new working class in an astonishing position in global capitalism.

## **2.5 Conclusion: Unfinished Process of Proletarianization**

Global capitalism has won a landslide victory to embrace the former socialist regimes into its global capital accumulation since late 1970s. With the entry of global capital into China’s export-oriented SEZs since early 1980s, the country has been gradually transformed into a market economy. This transformation was not a spontaneous process but mostly driven by state activism and deliberate retreats. This neo-liberal agenda of reformists at the government echoed with the interests of global capital in its search of off-shore production and relocation to shift the crisis of capitalism in the Western countries. The launch of economic reforms and open policies in 1979 changed not only the direction of Chinese socialism but also the development of global capitalism. The Chinese state has brought the socialist country into the WTO demonstrating this state activism of economic globalization.

The mode of production and labour relationship in China have been entirely reshaped in favour of the interest of the global capital. On one hand, the expansion of export-oriented industries led to a strong demand for labour force in China. Since the late 1970s, the de-collectivization and the retreat of state in social protection had

generated a massive labour surplus from rural areas. On the other hand, the central government set up a new labour market to facilitate an unprecedented tide of rural-to-urban migration by partially loosening the administrative restrictions on the household registration system. Most transnational corporations (TNCs) or their subcontractors were able to recruit millions of these peasant workers to work at export-oriented industrial zones as wage-labourers as a kind of disposable commodity in free market.

The unprecedent rural reform to contract agricultural lands to individual households was one of the key factors for China to achieve economic growth under global production chain. Factory employers did not need to fully pay their peasant-workers with a level of living wage to support the full cost of their social reproduction of labour, meanwhile the remaining household registration system helped to shift these social costs of labour to workers' rural communities. This process of state retreat largely shaped a specific capital–labour relationship in China as an unfinished process of proletarianization which contributed to the growing number and scale of struggles by peasant workers in China.

In sum, this state activism and state retreat paradoxical process has resulted in the emergence of a new working class in China. Alongside the rise of this new working class in urban area, the governments at various levels were almost disappearing in the provision of social services such as housing, medical care, education, and other basic necessities for peasants workers to settle their lives permanently in cities. The struggles for these provisions and improvement in social status and well-being would be inevitable under the path of proletarianization of Chinese peasant workers.

## **Chapter 3**

### **Structure & Relations of Production in Construction Industry**

The magnificent skylines in coastal big cities, like Beijing and Shanghai, have crystallized dreams of modernity, the rise of the nation and her global status. These modern human landscapes were underpinned by the construction industry which composed of close to sixty millions peasant-workers from rural area of China. The contribution of construction workers was an essential part for China to integrate with system of global capitalism and to achieve her capital accumulation. This chapter will overview the structure of construction industry; the general features of the relations of production in which workers were not given enough concerns, since the general wage rates of construction workers, particularly the skilled workers were much higher than workers in other manufacturing industries and service industries. There was a misperception that the construction industry was less exploitative to workers.

Although the construction industry was derived from the production and demand of various industries, it was essential to attract the investment of foreign investment and the growth of capitalism. In addition to the cheap, literate and abundant peasant workers, different levels of Chinese government has encouraged foreign direct investment to set up factories in China by investing huge sum of money in infrastructure, including roads, bridges, highways, railways, container terminals and airports so as to minimize the cost of the global supply chain located in China. It was one of the favourable factors to keep the factories serving the transnational brands in China rather relocating massively to other developing countries, even though the labour cost of these developing countries were much lower than China. The package

of investment environment in China as a whole could still outcompete her late competitors.

### **3.1 Strategic Role and Structure of Construction Industry**

Infrastructure was not only serving the transportation of raw materials and output for the factory production, but also it was a response to the keen demand on basic living facilities in the rapid increase in the number of urban population during the process of urbanization. As mentioned in the last chapter, the partial relaxation of household registration system allowed the rural-urban migration of the peasant-workers. The increase in the mobility of peasant-workers provided sufficient labour force for global capitalism to set up their factories in China. Urbanization implied the strong demand in urban housing and dormitories for peasant workers. The rate of urbanization has increased from 20.43% in 1982 to 35.39% in 2000<sup>4</sup>. With strengthening the integration with global market after entry of World Trade Organization, its rate was raised even faster at 50% in 2011 and achieved 59.58% in 2018<sup>5</sup>. Urbanization in China has undergone two processes. The first one was the typical rural-urban migration. The second one was the expansion of the urban area and transformed some former rural communities into urban areas under the new enclosure movement. The widespread of urban villages appeared at the outskirts and the downtown segments of major cities in China, particularly in Guangdong province were good examples of second kind of urbanization. The new enclosure movement aimed at restraining the conflicts on land and production costs in urban areas so as to maintain the

---

<sup>4</sup> National Census 1982 & 2000, National Statistics Bureau

<sup>5</sup> “Series Report on the 70th Anniversary of the Founding of New China” (新中国成立 70 周年经济社会发展成就系列报告), National Statistics Bureau, August 2019

competitiveness of export and foreign investment. Increase in urban population not only promoted the quantity demand of housing and other living facilities, but also those peasant-workers migrated to cities have adopted and admired the living style and standard of urban population. Urbanization driven by industrialization of China was the fundamental force for the growth of infrastructure and construction industry.

Some people may criticize that the government could restrain the adoption of urban living style by the peasant-workers so as to minimize the social cost of labouring. It was valid at the beginning of the economic reform when there was huge amount of surplus labour in rural areas and the living standards were low there. Provided with basic dormitory facilities, the first generation of peasant-workers were given such level of benefits in 1980s and early 1990s. Such primitive provision was unable to attract the second generation of peasant-workers who had more alternative job opportunities and higher expectation on urban living style. In order to keep the momentum of peasant-workers to work at urban factories, the primitive style has to be replaced by modern life and cosmopolitan consumerism to some extent.

The promotion of construction industry helped to resolve the problem of over-supply of manufacturing products. With the marketization and privatization of state-owned enterprises in heavy industries, there were strong incentives for them to maximize their production in term of quantity. It was also coincided with the bureaucratic motivations of local officials to increase the economic growth rate which was regarded as one of the key assessment criteria of promotion. The blind and unregulated investment in heavy industries to boost economic growth was accompanied with a number of negative impacts.

The overproduction of these products of heavy industries brought about a huge decrease in the prices of these commodities as well as the profit rate of those state-owned enterprises. Some of them were even heavily indebted and unable to repay the bank loans previously granted for expanding their production line. The non-performing and bad loans affected the security of banking system of China. Although there were administrative orders and policies from the Central government to restrict and even abandon certain capacity of backward production in these industries, the short-sighted local officials and privatized enterprises did not wholeheartedly follow the policies. The vicious cycle of surplus outputs not only affected the profits of individual enterprises and banks, but also had negative impact to the macro-economy, on the government revenue and liquidity of banking system. The promotion of infrastructure and construction industries could consume and absorb the surplus of these products from heavy industries.

In addition to absorbing surplus products of heavy industries, the promotion of real estate and construction industry were the responses of local governments after the fiscal reform in 1994. The reform has strengthened the fiscal capacity and stabilized the sources of fiscal revenue at the central level at the expense of local level government. The weight of fiscal revenue of the central government has shared about 60% of the total public revenue since 1994 comparing with slightly more than 20% in 1993 (Chen, Yulu and Guo, Qingwang 2015). The fiscal reform improved the fiscal conditions of the central government of China and provided sufficient fiscal foundation for the basic infrastructure development fund which was under the scope of central government. In return, the improvement in infrastructure confirmed the attractiveness of China from the perspective of global capital.

Although the fiscal reform could guarantee a stable financial source for the construction of infrastructure, it greatly weakened the taxable base of local governments. With higher fiscal autonomy after 1994 and the launch of housing reform in 1998, the local governments heavily relied on the land-related revenue to support their public expense. Particularly, land transfer payments occupied half of the total revenue of the local governments. In some third and fourth-tier cities with minimal development of industrial sector, their governments were unable to generate tax revenue from much productive activities and land transfer payments could even take about 70% of the total revenue (Chen Yulu and Guo Qingwang 2015). Urbanization, reliance on land-related tax revenue of local government and the marketization of housing provision explained the booming housing market and real estate industry, which provoked a strong derived demand in construction industry.

The rise in the real estate market and booming housing price were crucial in the process of capital accumulation after the primitive industrialization. The economic reform and industrialization generated an increase in people's income and wealth. Housing, particularly in the form of ownership, was widely regarded as a positional good from the perspective of traditional Chinese culture as an indicator of social status and wealth. Increase in people's wealth under economic boom triggered an increase in its demand; meanwhile the inter-city and urban-rural migration further promoted its demand, especially after the asymmetric relaxation of household registration system and different cities have developed their own scheme of citizenship depended on individuals' professions and property ownership.

Since the development and marketization of real estate market echoed the economic strategies of the state to expand domestic demand and fiscal revenue, the government



encouraged the promotion of real estate and construction industries. The speculation of housing and land gave an excellent opportunities for accumulating capital and wealth in the capitalist and property owners. Based on the transition from the wealth housing in socialist era to the commoditized housing since 1990s, the city population, particularly those urban residents working at huge state-owned enterprises and work units of the state apparatus enjoyed low price and subsidies in home ownership at this transition period. They were greatly benefited from the booming housing price at the expense of the young urban and migrated population who suffered from increasing living costs in urban area. Such great economic benefits no matter from the perspective of the urban population or from the state explained the rise of the real estate and construction industries in China.

The structure of industry was incomplete without examining the supply side of the industry. Based on the logic of neo-classical economic theories, the rise of real estate and construction industries were lamed without an economically efficient and cost effective production relationship, in a such way that the cost of construction industry should be kept as low as possible. The construction companies were able to not only earn a huge profit for reinvestment and capital accumulation, but also they could afford the high level of tax and cost for capital goods and materials, including cement and steel. As mentioned in previous section, it was the core concern of the local and central government to maintain the affordability of construction companies who played the role as tax payers and materials buyers. The viability of the local bureaucracy and strategic industries owned by the state greatly relied on them. Since the high level of tax and land cost, expensive raw materials and machines generated a huge burden on the business of construction companies. Worse still, the production cycle of construction industry was much longer than the traditional manufacturing

industries and the business was greatly dependent on the support of the loans from banks or even costly private loans outside the banking system. Based on the specific characteristics of construction industry, it has gradually developed a particular model of exploitation on workers, namely subcontracting system of labour.

The highly exploitative subcontracting system emerged to support the accumulation of capital and generate sufficient purchasing power for raw materials and machines which were owned or produced by big state-owned enterprises. This labour system constitutes of two processes: the commodification of labour through social relations organized by a quasi-marketized labour market in the rural areas; and the expropriation of labour in the construction industry during production process in urban areas. These two processes shaped the subcontracting system in the industry that was specific to China. On one hand, such exploitative system maintained the profitability and affordability of construction industry which was strategic to the economic development and fiscal conditions of the government; on the other hand, it resulted in a and upward spiral process of wage arrears and the constant struggle of construction workers to fight for their delayed wages with various kinds of worker activism and collective actions, even involving certain degree of violent behaviour.

The construction industry in China has experienced an incomparable boom in the last two decades.<sup>6</sup> The construction industry consumed almost half of the cement and one third of its steel output in the world. Domestically, it employed about 60 million workers, majority of them from rural areas without much social security and protection. Even with implementation of a series of property-purchasing limitations in

---

<sup>6</sup> The construction industry under the context of China was defined as the sector that created buildings and other structures. See Han and Ofori (2001).

first tier cities since 2014, there were 19.7 percent of migrant workers from the rural area worked in the construction industry in 2016.<sup>7</sup> In order to transform big cities, particularly Beijing and Shanghai as China's global cities as the showcases of Chinese economic growth and to speed up the urbanization, China had invested about 376 billion yuan in construction each year since the Tenth Five Year Plan (2001–2005). Construction has become the fourth largest industry in China. At the beginning of the twenty-first century, the construction industry merely accounted for 6.6 percent of China's GDP. By the end of 2007, its total revenue had increased by 25.9 percent to 5.1 trillion yuan, and gross profit had risen by 42.2 percent to 156 billion yuan.<sup>8</sup> The total value of its industrial output was US\$1,873 billion in 2011, 22.6 percent higher than in 2010. Be aware that such rapid growth of total industrial output and gross profits were iconic, not only its increase in an increasing rate; but also the period overlapped with the global financial crisis in 2008 and there was no indication of any negative effect on the construction industry. It was partly explained by the 2008–09 Chinese economic stimulus package worth for 4 trillion yuan which was designed to minimize the negative impact of the global financial crisis to China as the workshop of the world and its export was greatly hit by the crisis. The over-investment in infrastructure promoted the boom in the construction industry, and it became more and more influential after the financial crisis.

In spite of the huge industrial output value and gross profits of the construction industry, its workers are poorly paid and protected facing various risks in occupational, safety and health; as well as financial risks in particular, compared with

---

<sup>7</sup> See National Bureau of Statistics, 2016 National Survey on Migrant Labour. [http://www.stats.gov.cn/tjsj/zxfb/201704/t20170428\\_1489334.html](http://www.stats.gov.cn/tjsj/zxfb/201704/t20170428_1489334.html)

<sup>8</sup> See *Zhongguo jianzhu nianjian, 2008* (Statistics of China's Construction 2008). Beijing: Guojia Tongji Chubanshe, 2009.

workers in other industries.<sup>9</sup> The daily working and living of construction workers came together with quarrels, individual and collective violence and fighting, attempts to damage their production outputs and machines, psychological abuse, and even suicides. At construction sites, a variety of violence involving construction workers should not be blamed and regarded as their individual behavior, but it could only be understood under a much wider the structure and production relationship of the construction industry.

### **3.2 From Honourable Craftsmen to Commodified Workers**

Craftmen in different kind of handicraft, mini-manufacturing and building industries in ancient China had been ranked as the third strata, which came after the scholar-gentry and peasantry according to the social order of Confucianism. It merely got a higher social status compared with the business men who were ranked as the lowest. They were less respected as the Confucian ideology put more emphasis on individual's training and studies in ethics and morality. Scholar-gentry class regarded material well-being and handicraft products would sidetrack the people's attention on their own ethical standard.

With the advancement of primitive capitalism and the infiltration of western imperialism, the tradition social order and attitude towards craftsmen have gradually changed since mid-Ming dynasty. They received higher social status than before. The construction of the big cities was conducted by craftsmen recruited from “cradles of

---

<sup>9</sup> Their work intensity, work hours, and payment methods are exploitative, but the rates of pay for construction workers are not as bad as those for workers in the manufacturing or service sectors.

building craftsmen” in nearby provinces of Shandong, Hebei and Jiangsu.<sup>10</sup> These craftsmen were well respected and honoured as so called masters and skilled labour. They obtained higher social status compared with peasants or small businessmen. These new labour learnt their skills and technique from their masters under apprenticeship (Hershatter 1993). Building and construction craftsmen were present in the form of a guild system which provided professional training and a monopoly of protection of this industry. As a historian Lynda Shaffer (1978: 381) commented such structure of industry under guild system was to form a solid front to a hostile outside world and imposed strict control in expanding the number of apprentices to avoid unnecessary competition and exceed supply of labour in building and construction industry.

Contrast with the modern factory system in which constant and fundamental exploitation and conflict between employers and employees widely existed, the relations of production within the guild was less confrontational. Unlike the alienated and inhuman working relations in modern factory system, the relations between master and skilled labour in the construction industry under the guild system was similar with that of teacher and student (Shaffer 1978: 383). The interests and concerns between masters and skilled labour were coherent under such guild system which generated certain level of associational power to protect their labour rights in pre-Republic China.

After the First Opium War, western construction companies came to China together with the penetration of the western powers and the expansion of trade ports. These

---

<sup>10</sup> See the report on *Xin Zhongguo jianzhu ye wushi nian* (The Fifty Years of New China's Construction Industry), published by a study group formed by the Construction Ministry (Beijing: Zhongguo Sanxia Chubanshe, 2000), p. 3.

construction companies recruited rural workers as wage labourers through a labour subcontracting system for various construction projects in ports. After 1880, their Chinese counterparts gradually adopted the subcontracting system. These moves weakened the domination of guild system. The former masters in the guild system were transformed their status and role as entrepreneurs and employers of construction companies. They were no longer identified themselves as masons or carpenters. Although they employed the former students as skilled labour in the companies, these journeymen merely played a role as manual labour under the status of proletarians without the protection of their guilds as before. The proletarianization of construction workers was attributed to the strike with four thousand construction workers under the Mao's leadership in 1922 and Changsha Construction Workers' Union was established as a result.

In the early days of the socialist Republic, the new government under the leadership of Chinese Communist Party (CCP) had an urgent target to rebuild the damaged and ruined country for post-civil war recovery. The government faced a shortage of construction workers for different construction projects. The State Council transformed the demobilized soldiers from the People's Liberation Army as construction workers. In 1952, there were eight army divisions becoming state-owned construction enterprises. Even if such initiative of state-owned construction enterprises, the pre-1949 construction companies and labour subcontracting system still persisted during the period of New Democracy, in which national capitalists and private companies were present.

After the transition from the period of New Democracy to socialism, the labour subcontracting system in construction industry was ended in 1958. Construction work

was no longer organized by private companies; meanwhile state-owned and collective enterprises superseded the role of the former. There was certain diversity on the working conditions among construction workers based on the nature of the work units they were serving. Although construction workers in collectives received fewer material benefits and less protection compared with their counterparts in state-owned enterprises, they generally enjoyed regular payments and reasonable working hours, and food was even provided.

The higher social status and better working conditions of construction workers were not only attributed to the role of workers as the core subject of the proletariat dictatorship, but also explained by the nature of planned economy, in which the state dominated the ownership and allocation of factors of production and products, at the expense of private ownership as well as the enjoyment of popular consumption. The state mobilized the scarce material and human resources for the advancement of the basic manufacturing and economic structure under a series of Five-year Plan. In order to justify such development model and strategy, the party-state put a lot of emphasis on the term “Building” (*Jianshe* 建设) meaning building and developing in Chinese. Building new China (*Jianshe xin zhongguo* 建设新中国) was one of the most popular political slogans during socialist period. Under such context, labouring of construction work were widely regarded as respected and skilled work; and workers, particularly in construction industry were often publicized as “model workers” under the propaganda of the Party-state and they were contributing to the building of the socialist country. Construction workers in this sense were constructing not only the physical infrastructure of new China, but also the ideological infrastructure of the socialist state. They took a significant role in establishing high status of workers to the economic achievement under planned economy.

As the subject of the identity building, it was a positive experience and honourable memory for a construction master who was sixty years old, pulled from a rural collective to work in the construction industry from a rural village in Hebei in 1970s told us,

*“We originally paid the production brigade [in their village] 1 yuan per day and were pulled to work for a construction team in the 1970s and 1980s. At that time, there were not many subcontractors, and also cheating cases were rare. We were all paid after the work had finished. The work team provided work uniforms, work boots, hard hats, and other daily necessities for us. Nowadays, subcontractors are different. All of them cheat people. We were good and seldom cheated in that time.”<sup>11</sup>*

Under the socialist transformation, the state-owned enterprises and collectives were dominant in the construction industry. At the very beginning of the economic reform, the number of employees in state-owned construction enterprises was 4.82 million in 1980, meanwhile the workforce in urban construction collectives and those in rural collectives numbered 1.66 and 3.34 million respectively. There were only less than ten thousand employees in privately owned construction enterprises.<sup>12</sup> Subcontracting system under private companies regarded as a ‘norm’ and ‘character’ of the construction industry nowadays was almost extinct during the socialist period.

---

<sup>11</sup> Interview with a 60 year old construction worker, July 30, 2014, Beijing.

<sup>12</sup> See the report on *Xin Zhongguo jianzhu ye wushi nian* (The Fifty Years of New China’s Construction Industry), published by a study group formed by the Construction Ministry (Beijing: Zhongguo Sanxia Chubanshe, 2000) p. 6.



Such production relations and production modes for almost thirty years did give workers a concrete experience and memory for an alternative under the neo-liberalist development model.

### **3.3 Rise of Subcontracting System**

The economic reform under neo-liberalist agenda gradually ended the socialist practices in construction industry which were favourable to the workers' benefits and working conditions. In particular in 1978, Deng Xiaoping said that construction industry could be profit making. When the party-state departed from its socialist road, the strategic and social function of construction industry and its workers in demonstrating the advantages of socialist system were no longer that important as before; meanwhile economic efficiency in terms of profitability became the key concern under economic reform. The objectives of the reform for the construction industry included, opening construction markets, restructuring administrative system of the industry; delegating more autonomy in state-owned enterprises; improving project managerial skills; and developing a competitive bidding system (Mayo and Liu 1995).

The neo-liberalism of the western countries played a crucial role in promoting such reform in the construction industry. World Bank as one of the international financial institutes to promote the neo-liberalist agenda, initiated Lubuge Hydropower project in Yunnan in 1980. Under its regulations and provisions on lending loan, the project adopted international competitive bidding for its work and such initiative seriously challenged pro-worker practices in construction industry in socialist era. The practice

of the subcontracting and bidding system in construction industry revived (Guang 2005).

With such neo-liberalist attempt, the government moved forward to promote these liberalized practices through her formal regulations and policies. In 1984, the State Council suggested in one of its documents “The state-owned construction enterprises should gradually decrease their number of permanent workers. In future they should not, in principle, employ any permanent worker except those skilled operators who are necessary to keep the enterprises technically operational.”<sup>13</sup> Another important regulation on “Separating Management from Field Operation” issued in the same year at is “ even put this principle explicitly. It stated that contractors and contracting companies should not employ blue-collar workforce directly. Instead, they should employ subcontractors taking the responsibility to recruit the general workers of blue-collar workforce. These regulations triggered drastic changes in the management and structure of the construction industry as well as the composition and nature of employment of its workforce. Driven by state apparatus and orders, construction enterprises were generally marketized and field operations of construction executed by sub-contractors were separated from direct management of the construction companies through the subcontracting system.

With the deliberate promotion of the subcontracting system of the construction industry by the state throughout 1980s and 1990s, the restructuring of the industry was complete by late 1990s.<sup>14</sup> this series of dramatic changes Even if the reform and

---

<sup>13</sup> This was the “Tentative Provisions for Construction Industry and Capital Investment Administration System Reform.” See *Xin Zhongguo jianzhu ye wushi nian*, pp. 7–8.

<sup>14</sup> In August 1995, the State Planning Commission, the Ministry of Power Industry, and the Ministry of Transport jointly issued “The Circular on Granting Concession to Foreign Financed Capital Projects.” The Construction Law was put into effect on March 1, 1998, covering a wide

restructuring aimed at increasing the productivity and efficiency of the construction projects and the industry, they brought about the re-emergence of a multi-layer labour subcontracting system, which undeniably led to a negative impact on workers' working conditions and benefits. Tens Millions of construction workers were suffering from this labour contracting system today. They were no longer employed directly by construction collectives or enterprises with proper protection and benefits, but they were organized through labour subcontractors recruiting individuals and group of migrant workers from rural areas forming different construction teams working at urban construction sites.<sup>15</sup>

In the actual practice of the industry at field level, the construction industry has experienced a delinking of capital from field operation, and separation of management from blue-collar workers. In the production chain, top-tier contractors and construction companies took the key control of construction projects through their direct relationships with the property developers and the local governments but they outsourced their actual construction tasks to low-tier subcontractors. The top-tier contractors did almost nothing but simply earned profit by transferring project risks and labour recruitment to their subcontractors at the bottom. A third-tier subcontractor complained about top-tier contractors saying that “They don't even bother to make their hands dirty. They shift all the risks to us. They make us encounter workers in wage arrears when money doesn't come from above.”

---

range of issues such as qualifications for entry into the construction industry, procurement and delivery of works, construction supervision, construction safety, construction quality, legal liability, market regulations, and procedures in construction projects.

<sup>15</sup> The number of peasant-workers in the industry is listed in a 2004 ACFTU report, “A Survey on the Situation of Construction Peasant-Workers.” Retrieved on January, 20, 2018 from <http://finance.sina.com.cn/g/20041111/17381148918.shtml> .

A construction project in a Beijing was used as an example of the production chain under subcontracting system. The process of subcontracting started with a well-established property developer responsible for the design of the residential project and land reclamation. Then, the responsibility for the actual construction work was shifted down the production chain to a state-owned construction company through bidding process. However, this construction company was only in charge of the general project management and related equipment arrangement for its contractors. In return, this construction company mainly relied on three “big contractors” (*dabao* 大包) who came from Jiangsu, Guangdong and Hebei. They were responsible for recruiting labour for the project and providing raw materials. Two of them established a labour service company to recruit migrant workers from rural area but in practice, they mostly relied on labour-supplier subcontractors (*xiaobao* 小包) to recruit the workers; to manage the daily allocation of work; and to pay wages on the completion of the whole construction project. These subcontractors did not directly recruit workers by themselves but they depended on labour-use facilitators (*daigong* 顶工), usually relatives or co-villagers of migrant workers looking for workers from their home or surrounding villages. In this residential project, about one thousand workers were employed in the construction site under a number of small construction teams. The size of the teams varied and the number of employed workers ranged from a dozen to one hundred in each team depending on the nature of actual construction task.

Without access to a credit record in legal banking system, most of the contractors and subcontractors did not have sufficient capital to spare and even operate. About half of the construction projects were lack of adequate funding even at the time of budget approval. And it was partly attribute to the triangular debts in the industry

which shared a large portion of total triangular debt in China. The developers at the top of the production pyramid did not make the majority portion of payments to their contractors until the project had completed; the labour subcontractors in return usually face a shortage of available fund at the early stage of construction process. With these unaffordable subcontractors, the workers faced a dilemma between unemployed if they insisted instant monthly full payment of salary and taking risks of wage arrears. Gradually, such labour subcontracting system pushed workers become accustomed to an unfavourable practice in which they would only receive their full salary from the subcontractors until the construction project is finished. Since the property developers had sold the residential houses to home buyers, they now got sufficient funding to pay the contractors and subcontractors..

Not only the front-line construction workers, the subcontractors did not have much bargaining power and they got very small amount of profits in each projects. Due to the low profitability, the subcontractors were unable to accumulate sufficient funds to over until their final payment. In one instance, the work was the construction of 140 villas of 300–500 square meters each. A labour subcontractor<sup>16</sup> shared one of his subcontracting experience and information with me. For a block of villas sold for about 20 million yuan, its bidding price under subcontracting system was only 1.5 million yuan (including raw materials, labour, and administration). But such amount was only for the first-tier contractors. and they would outsource the actual construction work to the second tier of contractors further subcontracting the work to labour-supplier subcontractors. The standard unit price for labour costs was as low as 80,000 yuan per villa. Such amount implied that the third-tier and fourth-tier labour-supplier subcontractors merely got this very small amount of money to afford

---

<sup>16</sup> Interview with a labour subcontractor, LF, December 2, 2014, Beijing.

the salary of workers and from which they still had to make a certain amount of profit. LF explained further that subcontractors like he almost lost money in building the villas and occasionally ran into debts, but they still had to bid these kinds of unprofitable subcontracting projects so as to keep themselves in the production chain. Otherwise, they would be left out of the construction industry since their role in the production chain was to maintain a relation with the construction companies and hoped for was the chances to bid the contract of the more profitable interior renovation work after the villas were sold. As LF explained, “When those rich people buy a 20-million yuan villa, they will use an additional 2 million yuan for renovation. I am waiting to get that work.” By bidding the unprofitable project and compensating the initial loss by taking an insider and fast track on the more profitable projects later on (homeowners’ interior renovations in the case of LF) was the logic and business model of the low-tier subcontractors. Unfortunately, such deal was not guaranteed but the loss was very likely to appear. When the loss and debts were high enough, wage arrears would happen.

I could recognize a comparative ‘disadvantage’ of the low-tier subcontractors in particular. Most of the contractors and labour subcontractors from less advanced areas like Hebei, Sichuan, Anhui and Shandong had weak bargaining power compared with construction companies offering contracts and construction projects to them. These construction companies were mainly originated from big cities in coastal area like Beijing, Shanghai and Guangzhou and had been transformed from state-owned enterprisess with close connections and good relationship with the local government, who were one of the shareholders or owners for commercial projects or infrastructure. The contractors and labour subcontractors were in a weak and unfavourable position facing the influential property developers and construction companies. They often

faced arrears even only certain payments owed to them in the early stage of construction. They Similar to other manufacturing sector in China, the state at local level colluded with capital (no matter private or state-owned) to improve the profitability of capital by shifting risk to other parties and exploiting migrant workers from rural area. Wage arrears have become a chronic, popular and iconic phenomenon of the construction industry. Over-speculation of land price; insufficient initial funding for projects; and the absence of state regulation on the industry were attributed to the widely existence of wage arrears. Fundamentally, the subcontracting system delinking capital from labour at field operation; and separating the management from labour generated a power imbalance in production chain of the industry at the expense of the low-tier contractors and frontline construction workers at the bottom.

### **3.4 Expropriation of Labour in Production Chain**

The rapid urbanization and industrialization of China brought about the bloom and further expansion of construction industry in the 1990s which led to a tremendous demand for cheap labour. Labour subcontracting system was widely adopted in the provision of labourforce to cater such keen demand. The collusion between the state and capital was identified in the production chain of the construction industry. Internally, the state abolished the former pro-workers labour structure in the construction industry ordering the industry to adopt labour subcontracting system in most of the employment and transforming the former democratic state-owned enterprises and collectives with more equal power relations between workers and management into profit-oriented companies. Externally, the local government with a close relation and connection with construction companies took a pro-capital position

in favour of first-tier contractors over lower-tier contractors and construction workers in labour disputes. The government at local level sometimes even defied pro-labour laws and provisions passed and issued by the central government. Under such pro-capital internal and external structure in the construction industry, property developers and construction companies could easily make high level of profit from exploiting the construction workers.

Under the neo-liberal development model, construction workers were assumed to be free and they took such working conditions and accept the role as workers in the construction industry by their own free will. Actually, these migrant workers did not have much option and other choices under the constraints and special context in rural area after the economic reform. The state had destroyed the former self-sustained rural economy in favour of the urban development and most of the resources were shifted and invested in the coastal urban area. The poor rural area and agricultural industry pushed peasants leaving their home villages as migrant workers.

The labour subcontracting system became dominant in the construction industry by the late 1990s together with the push factors in the rural areas bringing the rural workforce without state and social protection. The essential health cover, insurance to cover accidents, and injury payments were absent in the construction industry. Labour subcontractors recruited migrant workers as temporary and casual workers without signing a proper legal contract as required by the Labour Law of 1995. From our interviews and studies, almost all of the construction workers did not receive regular monthly payments or even did not sign a proper labour contract with their own copies. Although the National People's Congress has passed the new Labour Contract Law in force in January 2008, neither the contractors nor subcontractors did follow its



requirements and the local government simply neglected the implementation of these laws. Worse still, most construction workers were unaware of the legal obligations binding on their contractors under the new Labour Contract Law.

Most of the construction workers interviewed in Shanghai had been promised by their labour subcontractors a salary rate ranging from 150 to 200 yuan per day, depending on the nature of job and the level of skills required. However, such promise was simply used as a reference in calculation and during recruitment. Ultimately, they were often paid at a substantially lower rate, and even at risk of receiving no payment at all in wage arrears. Without proper labour contracts, they were under a very unfavourable legal position with limited grounds to pursue their subcontractors in the courts. The local government and courts could easily settle any labour dispute under unfavourable terms against migrant workers and even the government officials could even use this excuse to ignore the grievances of workers in wage arrears.

Under the labour subcontracting system, construction workers were usually paid by their subcontractors an irregular allowance to maintain their basic living expenses, which were barely enough to cover food and other basic expenses. The amount was only a very small proportion of the original promised weekly or monthly payouts. The remaining money was supposed to be settled until the end of the year or the completion of the project. The so-called living allowance could range from a hundred to a few hundred yuan each month (only 10–20 percent of the promised monthly salary), depending on the willingness and financial conditions of their subcontractors. Since the direct employers of the construction workers were low-tier subcontractors who had poor conditions and bargaining power against the top-tier contractors and construction companies, they were unable to afford the full payment of monthly

salary or even increase the amount of living allowance at a decent level. One of the interviewed subcontractors showed his sympathy to his employed workers:

*“The workers followed you, but had no money to spend. If a worker caught flu with no money to purchase medicine, you had to give them one to two hundred yuan.”<sup>17</sup>*

Instead of paid by the top-tier contractors and construction companies, many subcontractors had to spend their own money to afford the living allowance for their employed workers, even they did not receive project payment from their higher level contractors assigning construction tasks to them. In some cases, construction workers received no allowance at all, because their subcontractors claimed to have no money. Of course, such claim was a good excuse for those bad subcontractors who would like to further exploit their workers to get rid of potential financial risk when they face wage arrears of the top-tier subcontractors. Serious extraction and exploitation of labour value in the production process was promoted when monthly or weekly salary were replaced by minimal living allowances and labour subcontractors could shift their legal obligations and justify this illegal practice by claiming that they had no money for salaries received from their contractor.

When I met a 50-year-old worker from Hubei in his dormitory at a construction site and he showed us his notepad documenting all the details of the daily work, saying that:

---

<sup>17</sup> Interview with a labour subcontractor, December 23, 2014, Beijing.

*“We’re not even regarded as workers. Workers sell their labour to the boss and in turn they get their salary ... For construction workers, we are different. I have worked 285 days for the boss but I still can’t receive my pay. I’m waiting for the working money back (gongqian), just alike I’m waiting for my luck come”<sup>18</sup>*

Compared with manufacturing or service industries, the promise of wage rate in construction industry was relatively high and it explained why many migrant workers were willing to work in the construction industry despite of low monthly living allowance and risk of wage arrears. In addition, I was aware of the less competitive for male construction workers in their age of 50s who had few alternative job options.

### **3.5 Commodification of Labour through Social Relations in Rural Areas**

The economic reform and marketization in rural areas drastically changed the economic and social relations which were originally based on kin, ethnic and hometown networks. It was not only favourable to the commodification of migrant worker, but also it deteriorated the conflicts and problems arising from the labour subcontracting system. At the typical village in Hebei we studied, most household income of the people was derived from the construction work of their household members working in urban area. Be reminded that the village was not particularly poor and annual family incomes over there ranged from 15,000 to 20,000 yuan. I visited 20 families with at least one family member working on construction sites in Beijing. Most of these families had their fathers and sons working in the construction industry. These families showed us the “debt notes” which they had received in the

---

<sup>18</sup> Interview with a 50-year old construction worker from Hubei, August 10, 2014, Beijing.

past years. Behind those debt notes, they were telling real stories of wage arrears and unpaid toil. There was a 48-year-old man in the village, Cai who had worked for twelve years in the industry<sup>19</sup>, showed a piece of paper written, “XXX owes Cai three thousand yuan only.” Without signing proper labour contract, the labour subcontractor’s signature made this paper as the only evidence of a debt owed to the construction worker. The nature of the amount of money owed has significant implications. Without a proper labour contract, construction workers were very unlikely to prove their cases as wage arrears and unpaid toils asking for the help and intervention the government departments according to the labour laws and regulations. Instead, non-payment of debts was simply regarded as the private debt problems among private individuals from the government point of view and they should be settled in civil litigations. When I studied those cases of debt, I enquired into the nature of debt and the reasons for wage arrears. A typical answer was,

*“This debt note is just waste paper. It’s useless now to get money. The subcontractor said he had no money. He was a shark,” the worker said. “Do you say that your subcontractor intentionally held your money or that he couldn’t pay you because the money didn’t come true?” we asked. “Who knows? We didn’t even know who the bosses were. We haven’t seen the bosses neither.”<sup>20</sup>*

The mentioned boss was not the labour-supplier subcontractor directly employing him but the higher-level contractor who outsourced the work to the labour subcontractor. Although the labour-supplier subcontractor should be responsible for

---

<sup>19</sup> Interview with construction workers Cai, August 10, 2014, Beijing.

<sup>20</sup> Interview with a construction worker, HZD, July 25, 2014, Beijing.

wage payment in principle because he directly recruited the workers., he was not the boss in a legal sense and that was the reason why the higher-level contractors owe the debt, instead of the labour supplier subcontractors. Strictly speaking in legal sense, the labour supplier subcontractors did not have corporate status, and they did not have the legal status to employ workers according to Company Law and Construction Law. Ironically, these laws originally made to protect the construction workers with better security in wage payment. In practice, these laws became a good excuse to hide and blurry the employment relation and brought about a huge difficulty for workers to prove their employment status to get their full salary in wage arrears.

Facing the risk of wage arrears, the recruitment of migrant workers for the construction industry was possible based on the social relations and networks in rural areas. Such traditional social network instead of protecting workers was the facilitator of labour commodification. According to my study in this village, most of the labour-supplier subcontractors recruited workers from their own or surrounding villages. After the long Chinese Lunar New Year holiday, they used their social networks in the villages to recruit a team of workers. The exact size of the team depended on the scale of the bidden construction projects. They promised a daily rate for workers varied from their skill level and experience. All the recruited workers were well noted that their full wages would only be received at the end of the year or after the completion of the project. This payment arrangement was common and popular among the recruited workers in the village for construction industry. Based on the social network and certain degree of trust on their labour subcontractors, they accepted the delayed payment though not totally on their willingness; as long as they could receive their wages by the time to celebrate Chinese New Year or they returned home farms to help with the harvest season. In the village, social relationships were

manipulated to serve the purpose of labour commodification and expropriation and to blur the production relationship between wage-labour and capital by various tiers of labour subcontracting system. In consequence, the “real” boss has become an unseen myth in the construction industry hidden from the production chain.

There was a good will among the construction workers in the sense that they would be paid eventually based on social network and kin connections with the subcontractors recruiting them. A popular proverb among the workers was: “A monk can run away but a temple ever stays,” suggesting that their subcontractor also had relatives and friends in the village and it would be unlikely to escape from his responsibilities to pay. However, such traditional wisdom and good will had become increasingly uncertain when wage arrears and unpaid toils became more and more popular in the late 1990s. The non-commodified social relationships in the traditional villages were gradually destroyed under the labour subcontracting system. Wage arrears became more serious. Labour dispute and conflicts between subcontractors and workers occurred more frequently and the traditional relationship and trust were harmed.

A number of workers shared with us that they always looked for a new labour subcontractor every year, hoping the new subcontractor would treat them better than the previous ones. As discussed in previous chapters, the economic reform and marketization of the rural economy had destroyed the self-sustained economic structure and migrant workers had not much choice, especially middle-aged ones. When they badly needed a job, the workers, had little choice to choose among labour subcontractors in their villages. Even if those subcontractor had have a poor wage

payment record, there was still unrealistic hope that he would be able to fully pay before the Lunar New Year this time.

When I visited the village in Hebei near Beijing, serious worries had arisen among workers that the subcontractors would run away without paying the wages owed. This kind of worries and even rumour could easily be spread with the poor experience in the past and there were many stories and hearsay about wage arrears. Many villagers complained about such relationship in the labour subcontracting system. When more people were hired as construction workers by the labour subcontractors from the same or neighbouring village, the social relationships within villages became tenser. Complaints and rumours often came across both sides of the subcontractors and workers divide.

For example, a subcontractor complained that a worker of his construction team had just left his team without leaving a word: “This is not a general industry. There is no a long term relationship with anyone. People just quit the construction field whenever they like.”<sup>21</sup> The complaints from subcontractors about the work attitude and performance of their workers were as frequent as complaints from workers about their subcontractors. Traditional trust in the rural villages was very much in decline and it ultimately damaged the entire social network and fabric of the village as a result. The social network in the rural areas facilitated the commodification of labour for the construction industry under the labour subcontracting system, but such exploitative subcontracting system was abused the trust of the construction workers and it would pave the way for its collapse, not only in the sense of the social harmony in villages, but also in the sense of the successful recruitment of migrant workers for the industry.

---

<sup>21</sup> Interview with a labour subcontractor, HGL, August 1, 2014, Beijing.

### **3.6 Conclusion: Loss of Honour and Suffering from Informal Employment**

Under the neo-liberalist development strategy, the construction workers had lost their high social status and role model of the development in the socialist era. As the pioneers of “materialized” labour, construction workers had been highly praised and lauded for their labour and contribution in the socialist period. This symbolic effect was changed in reform-era when labour was turned into a commodity and alienated as simply a tool of production with market value. Their livelihood were rarely studied and well recorded in the mainstream rhetoric of the state, as if they were not significant. After the rapid industrialization and urbanization for 30 years, the party-state even went further to emphasize on mass consumption based on tertiary and service industry. Postmodern and post-industrialized play of “immaterial” labour further marginalized the voices and role of construction workers.

In addition to the inferior position and social status, the production relations and class forces were skewed in favour of capital, construction workers were situated poorly in the specific structure of Chinese political economy. The workers serve for building the infrastructure and basic material buildings of the economy, but in return there was no boss, no employer directly responsible for the employment malpractices in the industry. Compared with workers in other industries in China, the capital–labour relationship was highly disguised and blurred under the labour subcontracting system in the industry. Construction workers literally did not know the identity of the property developers and construction companies who should be ultimately responsible for the malpractices in the employment and the non-payment of the owed wage . This mis-recognition was made possible through the labour subcontracting



system promoted intentionally by the party-state and local governments by their regulations and orders in the 1980s and 1990s. These moves were justified under the neo-liberalist values and concepts as an invisible hand, the market, flexibility, profits. The subcontracting system enabled a rigged hand to deal with a transient army of labour in the construction industry.

The exceptional malpractices involved in the rapidly growing construction industry induced largely radical collective actions by angry construction workers. The political economy of the industry shaped a specific labour subcontracting system that embodied two processes: the commodification of labour from rural villages and the expropriation of labour in the production process of the construction industry in urban areas. Rural social relationships were manipulated to serve the process of labour expropriation, which in return seriously damaged the social trust and complicated the labour conflicts at the construction fields.

The highly reputable construction workers in the socialist era have become the “invisible” subjects of the city which they built. They were present at the construction sites where they were wasteland in the cities having little economic value to society. They were disappeared once the buildings had been completed with their toil, and the market value of the land has been added and escalated. The workers were not only absent psychically in the space that they have created, but also they were absent from sharing the economic benefits of their building contributions as they were frequently not fully paid on the wages that they deserved. In sum, the labour subcontracting system was the source and core problem of the construction industry, generating a perfect environment and conditions of exploitation on construction workers with poor working conditions and could not get their full wages.

## Chapter 4

### State Regulatory Regime in Construction Industry

Under the marketization and decollectivization of rural economy promoted by the Party-state, the peasants found more and more difficult to earn a living in their home villages. The agriculture and rural industrialization were no longer promoted as the key economic strategies of the state. Under the neo-liberalist discourse of trade and economic development, China as a populous developing country should adopt an export-oriented strategy by attracting foreign direct investment in manufacturing industries with her comparative strength and advantage with abundant cheap labour. The scarce state investment and bank loans were unproportionally spent in urban areas and these measures went together with long-term practice of price scissors unfavourable to the selling prices of output from primary industries. Worse still, China entered the World Trade Organization in 2001 for opening the export markets in the western countries. The deal in its membership had greatly sacrificed the interests of primary industries with opening the markets of agricultural products. The under-invested and backward agriculture of China were easily outcompeted by the foreign imports. The poor environment in rural economy became a push factor for commodification of labour. The provision of abundant cheap labour from rural villages explained the bloom of these labour intensive industries including manufacturing and construction industries. Undeniably, the commodification of labour from rural peasants to peasant workers was not simply a spontaneous movement of peasants, but it was mainly driven by the state apparatus under its neo-liberal discourse and economic strategies.

The rapid urbanization and development of infrastructure in China could not be

understood without the contribution of the construction workers. In particular, the highly profitable but indebted property developers in real estate industries were viable to provide abundant land revenue for the local government based on the highly exploitative labour subcontracting system. At the national level, the construction industry supported the growth of infrastructure and urbanization which were economic and fiscal strategic of the state to encourage domestic consumption and strengthen its attractiveness for foreign direct investment. At the local level, the local governments relied heavily on land-related revenue after the tax reform in 1990s. The profitability and fiscal viability of the property developers and construction companies were linked with the fiscal capacity for them to spend higher amount to bid land for real estate projects.

Meanwhile, the emergence of labour subcontracting system was greatly unfavourable to the construction workers. Without proper employment contracts, the workers were not able to identify their authentic employers ultimately and legally responsible for any wage arrears; and they were unable to figure out the substantial production relationship exploiting their surplus value of labouring in that highly-profitable industry. The capital–labour relationship was highly disguised and blurred under this system. The production relations of construction industry was very different from other manufacturing industries, which competitiveness was based on exploiting labour directly in low wages, poor working conditions and long working hours, especially low labour costs were one of the emphases of the government to attract foreign investors. For highly-profitable real estate industry, the construction workers comparatively received higher salary but they were under a very insecure employment relations, and they rarely received full monthly salary and occasionally faced wage arrears after the completion of the projects. The entire highly profitable and indebted

real estate and construction industry were financially feasible through shifting the project risk and financial risk to the workers at the bottom. Under such unequal labour subcontracting system, tens of millions construction workers were forced to become the “debtees” of the whole industry without the protection and guarantee from any collateral and contract. They were unwillingly to follow the norm and practice of the construction industry of salary deferral. As “debtors”, the property developers, construction companies and big subcontractors were able to conduct construction projects without paying any compensation and interest to their “debtees”. They could even escape from their “debts” and ran away for additional profit without bankruptcy. This was how the business model of the industry looked like and it was developed at the expense of the interests of construction workers.

The former well-protected and high prestigious construction workers in the socialist era were replaced by unprotected and low status peasant workers under the labour subcontracting system. Similar with the commodification of labour which was the deliberate economic and development strategy of the state, the commodification of the construction industry and the emergence of labour subcontracting system were not spontaneous institutional arrangements driven by the market force and free economic actors as what neo-liberal theorists claimed; but the presence of state forces and her strong intervention explained the rise of the current structure of construction industry and labour subcontracting system.

#### **4.1 State Strategies in Commodification of the Industry**

Before the China’s economic reform started in 1978, the construction sector was regarded as a “consumption” *danwei* unit of the government responsible for building

national infrastructures under the planned economic system. On August 2, 1980, Chinese communist leader Deng Xiaoping expressed his views on the construction industry: “Construction sector could make money. It was an important industry as its development could facilitate capital accumulation and increase national income.” Deng’s thought has greatly shaped the latter development of construction sector, commodifying it into a business which aims at profit maximization. As referred to Polanyi’s idea of fictitious commodification, it was argued that the capital accumulation process in China’s construction sector was highly related to increasing “commodification” of the factors of production. Table 4.1 briefly introduced the commodification process found in China’s the construction industry.

**Table 4.1** *Commodification of China’s Construction Sector*

<b>Factor of Production being Commodified</b>	<b>Starting Time</b>	<b>Policy Details</b>	<b>Policy Results</b>
<i>State Investments in Infrastructures</i>	1980	Financing infrastructure projects through loans but not grants; Capital Construction Funds; establishment of professional investment corporations	Infrastructure projects have been financed through intermediates like Construction Bank; paid utilization
<i>Profits of State-owned Construction Companies</i>	1980	Profit-retaining system	State-owned construction firms could enjoy relative financial autonomy, enabling them to engage in capital accumulation through cost saving

<i>Operation of Basic Construction Projects</i>	1984	System of Investment Responsibility for Capital Construction; “the Inner Contract System”; varieties forms of joint contracts; the agencies of the State Council and local governments could set up companies undertaking contracted projects; allowing construction teams formed by individuals and collectivities to bid contracts	Enabling business entities to engage in the process of capital accumulation
<i>Land</i>	1990	“Interim Regulations Concerning the Assignment and Transfer of the Right to the Use of the State-owned Land in the Urban Areas	Commodification of land
<i>Assets possessed by State-owned and Collectively-owned Construction Companies</i>	1995	Restructuring state-owned enterprises businesses into shareholding enterprises; the policy on “Managing Large Enterprises while Easing Control over Small Ones” (抓大放小)	Assets possessed by State-owned construction enterprises could be traded in the form of company stocks
<i>Public Housing</i>	1998	Stopped allotment of tangible housings; monetizing housing distribution; newly-built “economically affordable houses” should be sold but not for rent	Commodification of public housing
<i>Forms of construction enterprises</i>	2000	Allowed the entry of foreign-invested companies	Further diversification of the forms of enterprises & influx of foreign investment

<i>Renewal of squatter settlement (棚户区改造)</i>	2009	Demolition of squatter settlement in danger and poor conditions followed by urban renewal	Increase the housing demand of the lower-income groups
<i>Limited Purchasing Order (Ten Measures of the State Council)</i>	2010	The will implement Purchase restriction in designated 40 key cities, which households with residence permits can have a maximum of two sets of housing; those non-domestic households can have a maximum of one set	Retraining speculation of housing market in the first and second tier cities
<i>The One-belt and One-road Initiative</i>	2014	Promotion of China overseas investment and lending loans in infrastructure	Participation of construction companies in the construction projects overseas funded by China to absorb the excess supply of production capacities
<i>Monetarized compensation for the renewal of squatter settlement</i>	2015	In-cash payment to compensate the residents of the squatter settlement for the renewal projects	Increase the purchasing power of the lower-income group in private property market for destock

Generally speaking, the commodification of China's the construction industry after the China's economic reform could be summarized in three aspects. Firstly, the communist organizational structure of China's construction sector was replaced by one compatible with capitalist relations. The state non-market capital inputs were completely transformed into tradable assets, like bonds or shares of state-owned construction companies. Also most state-owned enterprises, particularly those small and unprofitable ones, had been privatized after the policy on "Managing Large

Enterprises while Easing Control over Small Ones”. Thus, China’s construction industry was now populated by large state-controlled shareholding companies and small private entities which were profit-maximizers with little interest to protect the interests and rights of the construction workers.

Secondly, state-controlled construction companies were run on market principles after a series of economic reforms, including the profit-retaining system, the system of investment responsibility and the shareholding system. The market-oriented construction projects thus provided an institutional possibility for capital accumulation. Three elements of production including land, labour and capital (money) were re-commodified successively: money has got commodified once public construction projects were financed through loans in 1980 and assets possessed by state-owned construction enterprises could be traded in 1995; land was turned into commodity once the transfer of land use rights was allowed in 1990; and labour market was formed since construction enterprises were allowed to hire temporary workers through local labour bureaus in 1980. The priority of the commodification of labour was placed profound influence on the conditions of China’s construction workers and the entry of foreign-owned property developers in the market further intensified the degree of the market competition. Property developers and the construction companies put more focus to minimize the cost of production.

The high profit rate in the real estate and construction industry attracted the influx of investment and it brought about the problem of excessive stock and production capacities. Slow pace for the market to absorb the existing stocks generated difficulties of the property developers and construction companies in capital liquidity to receive their investment back. Wage arrears and delay became more and more



popular among construction workers as they were the part of the solution and outcome of lower liquidity. In return, wage arrears and delay were adopted as the strategies of the construction companies to force the construction workers in financing their construction projects.

Responding to these problems in the real estate and construction industry, the government launched the renewal projects on squatter settlement in 2009 so as to encourage the low-income group for house purchase to absorb the housing stock, in particular in the third and fourth tier cities; meanwhile the Limited Purchasing Order by the State Council placed a restriction of housing purchase in 2010 at 40 key cities to restrain the speculation in the first and second tier cities, so as to prevent boom and bust cycle in the real estate for more sustainable growth and development. The monetarization of compensation in 2015 further increased the purchasing power of these families to buy flats from the property developers, particular in the third and fourth tier cities which had prominent housing stock. “The One-belt and One Road Initiative” also opened the big potential market overseas to invest in the infrastructure projects in the developing countries which aimed at digesting the excess supply of production capacities in the construction industry.

## **4.2 Laws and Regulations in the Construction Industry**

The overemphasis on the neo-liberal objectives of the economic reform like income-generation and market-oriented management greatly challenged the labour standards in China’s construction sector and the working conditions of construction workers deteriorated rapidly under the reform. Labour law violations like wage arrears, contracting out to individuals, illegal subcontracting and project cost arrears

were commonly found in the industry. The violations not only harmed to the interests of construction workers, but also the malpractice would ruin the brand of the party-state which supposed to represent the interest of the working class and workers. The political and economic consequences of further widespread of violations would hinder the incentives of peasant workers to stay in the construction industry and might turn the nature of labour conflicts from economic dispute against construction companies and contractors to political discontent against the so-called socialist government. To deal with these violations and avoid the potential negative consequences, the government introduced numerous measures for regulating corporate misbehavior.

In 1984, state-owned enterprises began to implement the wage system reform, and wages could be flexibly adjusted by the employers. Two years later, the contract system was implemented. The construction industry had become the earliest field of state-owned enterprise reform. In 1984, the State Council promulgated the "Interim Provisions on Several Issues Concerning the Reform of the Construction Industry and Infrastructure Management System", (关于改革建筑业和基本建设管理体制若干问题的暂行规定) which determined the basic model for separating the management and layers of construction enterprises, and encouraged construction enterprises to reduce front-line construction workers and retained only management and technical personnel. This reform of the construction industry established the foundation of social and legal environment of labour subcontracting system. Although the management of the construction enterprises had benefited greatly from this system, it resulted in a number of problems in the construction industry, including low transparency in project subcontracting, poor quality of subcontracted projects, and frequent wage arrears. The reform in the construction industry provided a model and

set an example for the reform of state-owned enterprises in other fields. Since then, the reform of state-owned enterprises had begun to spread widely. The factory manager's responsibility system had given the person-in-charge of the state-owned enterprises the opportunity to rent-seeking. It also weakened the workers' rights to participate democratically in the management of the enterprises and finally lowered the enthusiasm of the workers of the state-owned enterprises.

Since 1992, foreign capital entered China much faster after Deng Xiaoping's South Tour so as to have a breakthrough in politics and containment of the West. Under the strong impact of foreign capital, Chinese township and village enterprises went bankrupt, and a large number of rural workers had to leave their hometowns and poured into cities. Although the State Council made discriminatory amendments to the 1982 regulations on "Measures for the Containment and Deportation of Urban Wandering Begging Persons" (城市流浪乞讨人员收容遣送办法) and issued the "Opinions on the Reform of Containment and Deportation Work" (关于收容遣送工作改革问题的意见) in 1992 to replace the former measures. The objects under containment and deportation included the migrants from rural areas without identity cards, temporary residence permits and work permits. Although peasant workers were designated as the object of containment, but the number of peasant workers who entered the city was as high as 40 million in that year. As a result of the household registration system and a series of institutional arrangements based on the household registration system. Under the policies of "economic absorption and political exclusion" of peasant workers, they greatly contributed to the economic development of cities in providing abundant human resources, but their presence at cities were treated as temporary and even illegal in strict sense. For peasant workers in manufacturing industries, they could live in the factory dormitories to escape from the

disturbance of the state and officials only if they did not change their working factories. For peasant workers in the construction industry, they were continuously under the disturbance and abuse of the state from time to time as the production nature of construction industry made them leave their work place and attached dormitories after the construction projects had completed. Their temporariness was easily exposed in the city villages or other temporary accommodations in the city before they could find the next job. Despite of these unfriendly measures, the number of peasant workers entering the city increased at a rate of millions of people every year since 1992. While the reformists regained their political control and authority relied on their favourism to capital, workers' conditions and status became poorer.

Due to the constraints of economic development and the state machine's desire to control workers, peasant workers faced various obstacles to entering the city to work. The most prominent of these was the temporary residence permit system, which removed and deported "three noes personnel" (三无人员) (personnel without legal documents, fixed residence, or normal work). The Public Security Bureau and related security personnel used this system to extract large amounts of money from peasant workers through certificate registration, detention, fines and forced labour, and caused countless tragedies. Peasant workers did not have the freedom to move and they were always worried about being deported. Once they found a job, even if the salary was poor, they would prefer to continue since the work was relatively steadily compared with their farming at home villages and the work could provide them as temporary status to stay in the cities.

In order to cope with the new employment relationship under the economic reform and new labour market, the government promulgated a new version of the Trade

Union Law (工会法) in 1992 to consolidate the collective bargaining rights of trade unions, and at the same time to strengthen the control of the subordinate trade unions by the upper trade unions. In 1994 alone, the trade union system established 17,293 enterprise trade unions among foreign-invested enterprises, almost double the number ten years ago (Chan, C.K.C 2012). However, most of these trade unions were controlled by management and could not perform the effective role of trade unions as "conveyors" in the socialist era. Therefore, most ordinary peasant workers did not know whether there was a trade union in their workplace, or whether they were members of the trade union themselves, nor how the trade union could help to provide their legal rights. Due to the absence of an effective trade union organizations, wildcat strikes became a common form of worker protests. The reasons for the strike were mainly low wages, wage arrears or deductions, forced overtime, and rude management.

The catalyst that directly promoted the promulgation of the "Labour Law" (劳动法) originated from two huge fires that occurred in Shenzhen and Fuzhou in 1993. On November 19, 1993, a huge fire broke out in the Hong Kong-owned company Zhili arts and crafts factory at Kwai Chung District in Shenzhen. 87 workers with an average age of less than 18 years lost their lives, and there were 51 injured. Just over 20 days later, on December 13, 1993, a huge fire broke out in Taiwanese owned Gaofu textile factory, at Mawei Economic Development Zone in Fujian Province, and 61 people died. These two fires accelerated the promulgation of the "Labour Law", but a more critical factor was that the 14th National Party Congress determined the goal in establishing a socialist market economic system, and the market-oriented employment relationship required a new legal system to cope with the new situation and economic structure.

On July 5, 1994, the promulgation of the "Labour Law" symbolized the basic establishment of the labour legislation and regulatory framework under the market economy. The Labour Law laid the foundation for workers' legal rights and the right to sign contracts, and established a framework for resolving labour disputes and it also let trade unions and employers to sign collective contracts. As pointed out by Zhang Zuoji, the person in charge of the drafting group of the Labour Law and the then Deputy Minister of Labour: "(the labour law) affirmed in the form of law the workers' autonomy in choosing a job and the autonomy in employing and distributing enterprises, for further deepening the reform of the economic system, improving the labour market, and establishing a modern enterprise system, it will played a powerful role in promoting it."<sup>22</sup> However, due to the collusion between local officials and investors, officials of local governments were reluctant to seriously implement the Labour Law. "Workers' wages were often lowered than the legal minimum wage. Labour arbitration had become the normal legal way to resolve labour disputes. According to the statistics of the National Bureau of Statistics of each year, the total number of registered labour dispute cases increased from 19,098 in 1994 to 226,391 in 2003. From the perspective of workers, labour arbitration procedures were complicated and very time-consuming, and many workers gave up their rights as a result. Due to lack of binding power and proper execution, the implementation of the Labour Law formally implemented on January 1, 1995 was extremely unsatisfactory.

In early 2003, after graduating from university, Sun Zhigang was taken into custody because he did not bring along his temporary residence permit and identity card, and

---

<sup>22</sup> "Two fires set out 'Labour Law'?" (两把大火烧出的《劳动法》?), *Workers' Daily*, July 7, 2014

was later killed at a detention centre in Guangzhou. After the event was magnified by the media, the State Council abolished the deportation system in June 2003 which had greatly restricted the free movement of workers. The abolition of the deportation system was epoch-making. Its significance and influence surpassed all legislation in the same period. It satisfied the basic needs of workers in terms of security. It signified that registered workers from other places (especially peasant workers) had free movement and the right to choose a job independently, and could stay relatively stable in the city to work. With such policy change, peasant workers had higher expectations. They could work steadily in cities and settle down. Due to the increase in demanded for low-paid production lines, the shortage of peasant workers broke out again in 2004 favoured workers to find more job opportunities and gave more leverage for workers in rights protection.

With the increase of resistance from workers as well as the keen demand on workers, the basic condition of workers was improved and the structural forces of labour market facilitated workers to reply on their individual measures, such as threatening to quit or even collective actions to win concessions from the management and employers (Choi and Peng, 2015). Compared with the 1990s, the work intensity of production in some industries declined, especially the large-scale electronic factories no longer had desperately work overtime. Generally speaking, overtime per day did not exceed 3 hours, but it still greatly exceeded the Labour Law's requirement that the monthly overtime should not exceed 36 hours. Moreover, problem of occupational safety and health had been severe. In ordered to prevent the accidents, occupational injuries and occupational diseases that had occurred frequently since the 1990s, the "Occupational Disease Prevention Law" (职业病防治法) in 2001, the "Safety Production Law" (安全生产法) in 2002, and the "Work-related Injury Insurance

Regulations" (工伤保险条例) in 2004 were issued successively to improve occupational safety. The health situation of workers was improved. With the struggle of the workers and the strengthening of the national legislation on labour security and the promulgation of the "Labour Security Supervision Regulations" (劳动保障监察条例) in 2004, the management personnel scolding at their employees and corporal punishment of employees which had frequently existed in the 1990s and were greatly reduced, meanwhile the problem of wage arrears in most industries was basically solved, except the construction industry.

In order to cater to the general trend of China's accession to the World Trade Organization (WTO), and to respond to the new changes in the employment relations under the Chinese market economy in the past decade, the state had substantially revised the 1992 edition of "Trade Union Law". The revised "Trade Union Law" was adopted in October 2001. The 2001 edition was aligning with international labour conventions, emphasizing the consultation system between management and employees, it established the collective contract system, and the tripartite negotiation mechanism to regulate employment relations. However, under the collusion between local government and capital as well as the state repression from the maintaining stability (维稳) system, trade unions had difficulty in representing workers' interests. Except for a few public-owned enterprises, the tripartite negotiation mechanism relations, collective contracts, and collective consultation systems were still difficult to implement.

Since the labour unions could not play a role in safeguarding the rights and interests of workers, workers were unable to protect their rights through legal platforms and mechanism offered by the institutional framework of the state, the spontaneous



struggles and wildcat strikes of workers were still the popular way in rights protection and it caused great headaches for the officials and the management. These non-legalistic collective actions affected not only the "production order" but also bring potential risk to the "social order". In order to effectively cope with the labour disputes and enhance the legal effect of the Labour Law, the government began to promulgate a series of laws, including the "Labour Contract Law" (劳动合同法) and the "Labour Dispute Mediation and Arbitration Law" (劳动争议调解仲裁法), in an attempt to improve the working conditions of workers by integrating the resistance actions of workers into the regulated and controllable platform governed by the state to avoid shocks to society and production with the excessive and radical resistance actions.

Among this series of legislations, the "Labour Contract Law" was in particular important with a strong mark of the times in the labour rights. With the poor implementation of the "Labour Law" issued in 1994, the "Labour Contract Law" elaborated and explained the principle provisions of the "Labour Law" and strengthened the punishment for illegal employment and misconduct of enterprises, such as governing the tenure of employment, period of fixed employment and compensation. It was the most important part of protecting labour rights and regulating employment relations since economic reform and open door policy. But this law also had its weaknesses, and the biggest shortcoming was the retention of the labour dispatch system. It was first developed and established by the Shenzhen government in 1992 and seriously restrained the workers' rights but the Labour Contract Law did not restrict it, and the labour dispatch system still remains. It was further adopted into the labour subcontracting system in the construction system through the labour services companies.

Less than a year after the promulgation and implementation of the "Labour Contract Law", it encountered a global financial crisis in 2008, which greatly affected the implementation of the "labour contract law". The impact of this economic crisis in china was slow but far-reaching. During the financial crisis, the management shouted that the winter of the enterprises was coming, and asked the government to suspend the implementation of various laws to protect the rights and interests of workers, and introduced favourable policies and measures to support enterprises, including the suspension of the implementation of the "Labour Contract Law" to allow employers and workers to work together to pass "cold winter". The Ministry of Human Resources and Social Security slowed down the level of implementation of the Labour Contract Law and set aside the increase in the minimum wage. In 2009, there was no increase in minimum wages across the country.

Under the financial crisis, in 2009, typical cases of labour disputes were Zhang Haichao's "chest opened lung test" incident and "Shenzhen pneumoconiosis gate". These incidents fully exposed the problems in the occupational disease / work injury insurance identification procedures under the "Occupational Disease Prevention Law" and the "Work-related Injury Insurance Regulations", as well as the legal loopholes used by the capital to escape from their obligations to the entitled rights of workers. Hence these laws and regulations urgently needed to be carried out further revision. In 2011, the revised "Work-related Injury Insurance Regulations" and "Occupational Disease Prevention Law" were implemented on January 1, 2011 and December 31, 2011, respectively. Compared with the previous editions, the revised "Work-related Injury Insurance Regulations" had made big amendments in expanding the scope of application of work injury insurance, adjusting the scope of work injury identification,

simplifying the work injury identification procedure, improving the treatment of work injury, and making advance payment of compensation from insurance fund. Compared with the progress of the "Work-related Injury Insurance Regulations", the amendment of the "Occupational Disease Prevention Law" was unsatisfactory. Apart from highlighting the rights and responsibilities of labour unions and government departments on work safety supervision and management, it simply increased the punishment measures for enterprises violating the law. There was no substantial progress in identification procedure and compensation.

The "Social Insurance Law" (社会保险法) formally implemented on July 1, 2011 was a landmark law in China's 30 years of reform and opening up. It enabled peasant workers and urban workers to receive the same treatment and comprehensive coverage of the five major social security insurances. This demonstrated the principle of equal protection of the people's basic social rights. On May 1, the same year, the "Crime of Refusing to Pay Remuneration" (拒不支付劳动报酬罪) was officially adopted into the Criminal Law. Although the incidents of malicious wages arrears were very popular, the "Crime of Refusing to Pay Remuneration" was difficult to be enforced. Wage arrears still frequently happened in the construction industry and some industries with less wage arrears before were increasingly involved due to market fluctuations and competitive 'race-to-bottom' labour market.

The poor connection between the labour-related government department in executive enforcement and judicial procedure led to many cases of wage arrears which stayed at administrative processing and failed to be transferred to Bureau of Public Security for further investigation and following prosecution, which affected the effectiveness of cracking down on wage arrears under the criminal law. On December 23, 2014, the

Supreme People's Court, the Supreme People's Procuratorate, the Ministry of Human Resources and Social Security, and the Ministry of Public Security jointly issued the "Notice on Strengthening the Linkage of Investigations and Punishment of Suspected Cases of Refusing to Pay Remuneration" (关于加强涉嫌拒不支付劳动报酬犯罪案件查处衔接工作的通知) to further smoothen the enforcement from administration to investigation and prosecution. Seven days later, the Ministry of Human Resources and Social Security, the Ministry of Housing and Urban-rural Development, the State Administration of Work Safety and the All-China Federation of Trade Unions jointly issued the "Opinions on Further Improving Work-related Injury Insurance in the Construction Industry" (关于进一步做好建筑业工伤保险工作的意见), which included the four highlights to join the insurance separately by construction project, information sharing among the four departments, and the advanced payment system for injury insurance. However, these administrative measures failed to promote fundamental reform in the informal employment system of the construction industry, meanwhile claim procedures on work-related injury, and the punishment of refusal compensation were unsettled.

Over the past 40 years of economic reform, China had abolished such vicious laws as the regulations on containment and deportation, and established a set of systematic laws covering employment, industrial safety, and social security. However, the legislations of laws and regulations were simple the first step, and they encountered selective used or even malicious distortion by the executive and judicial departments in their implementation. Although the illegal practices, wage arrears, informal employment and serious incidents of work-related injury and occupational diseases were still very popular in the construction industry, the fundamental reviews and reforms through formal legislation at the national level did not exist. Despite of the

authentic nature of production and employment in the construction industry, it was not specially identified and tailor-made laws and regulations to deal with the poor working conditions of the industry. There were several administrative notes and measures announced by Departments at central level for rectify the problems in the industry, but they were either not comprehensive enough or regarded as temporary rectification with less long-term impacts. Under the informal employment system, the construction workers from the rural areas mostly failed to enjoy their legal rights promised by those national laws and regulations. Their working conditions and rights protection were far lagged behind their counterparts in other industries.

In addition to the reviewing the laws and regulations at the national level, Irene Pang (2019) has further traced the limitations of the legal framework in the construction sector to explain the precarity of construction workers was structured and reproduced by the state based on her study in Beijing on the labour disputes and legislations at the domestic level. In the context of multi-layered subcontracting, construction workers and their petty labour recruiters might not be able to get their payments from above. However, their employment relations were ambiguous and difficult to prove within the pre-existing legal institutions and domestic regulations.

Through the law—instead of its absence—the Chinese state “has adopted an approach of legal specification that seeks to meticulously define the terms and conditions of labour relations” (Pang 2019: 554). New rules and regulations have been promulgated to attempt to harmonious labour relations, including but not limited to the construction sector. The practice of subcontracting was legalized, instead of being abolished or regulated properly. The leading property developer established business partnerships with a number of firms, who further contracted out labouring work to the

bottom-tier of the hierarchy of the construction industry. In the context of subcontracting, however, a score of subcontractors went unregistered. Although these informal recruiting agents were not qualified as employing entities, they nevertheless continued to operate in the market. In return, construction workers without formal employment relationships were always placed outside the laws, even when the laws formally existed. This was the legal gap, in which construction workers found it extremely difficult to defend their legal rights and interests.

The State Council has recently passed “Regulations on Safeguarding Wage Payment of Migrant Workers” (保障农民工工资支付条例) on December 4, 2019 and it was effective from May 1, 2020. This regulation has clarified the main responsibilities of employers, government departments to safeguard the wage payment of migrant workers. Chapter 4 of this Regulation has particularly highlighted the arrangements in construction industry defining particular responsibility of employers in the production hierarchy to pay the construction workers. Penalty and fines on wage arrears and delay have been defined as well to increase the leverage of implementation. Although it was a progress to pay more attention to the unique nature of the construction industry, this Regulation failed to address the fundamental problem of informal employment in the construction industry. Without formal employment contracts with the employers, the workers would still encounter much difficulties in protecting their rights in wage arrears and late payment.

Although a number of measures and regulations were promoted accompanying the commodification of the construction industry, the government regulations not only lagged far behind the commodification process of the construction industry, but also most of the protective measures were not fully implemented at local level and

construction sites. With the top priority placed on fast state capital multiplication, hardcore measures which would slow down capital accumulation and imposing restrictions on capital expansion were not implemented faithfully.

The regulations of the government to intervene and restrain the labour violations were announced and declared to deal with problems and malpractices in the construction industry. In particular, the Regulation in 2005 prohibiting any illegal subcontracting to labour contractors was supposed to well target on the labour subcontracting system which was the fundamental cause of labour rights violations in the construction industry. The level of implementation on these measures was unsatisfactory and a study in 2011 conducted several years after the Regulation confirmed that the legal practices and violation on labour rights were still very popular. We also realized that the government intentionally restrained her enforcement on those pro-labour measures as counter-balance.

According to “Report on Living Conditions of Construction Workers in Beijing, Shanghai, Chongqing and Shenzhen” (京、渝、沪、深四城市建筑工人生存状况调查报告)<sup>23</sup> in 2011, 75.6% construction workers did not sign labour contracts. Among the population with labour contracts signed, 63.6% did not own copies of their contracts. The situation was attributed to three reasons. First of all, the contracting system, in which labour contractors were considered the person-in-charge, hinders normal labour relations. According to the Report, 34.1% among those construction workers without labour contract thought “labour contracts are not necessary as they

---

<sup>23</sup> The Report was conducted by labour-rights concerns groups of “Beijing Xingzai Human Culture Development Center” (北京行在人间文化发展中心) and “Helmet College Student Volunteer Mobile Service Team” (安全帽大学生志愿者流动服务队) accessed on January 20, 2018 from <https://wenku.baidu.com/view/907ae51d10a6f524ccb8593.html>

believed in their labour contractors” whereas 21.8% “did not consider issues related to labour contract”, 23.8%”did not ask about labour contract as contracts are useless”. The other 11.4% of the interviewees did ask for labour contract but was rejected by their companies. In addition, 71% of the interviewed construction workers considered labour contractors as their employers. Interview results collected disclosed to us that construction workers regarded the existence of employer-worker relationship only in between themselves and their labour contractors.

Secondly, the too small authorized size of labour inspection system limited its enforcement power. Full-time labour protection inspectors in China added up to 23 thousands. The ratio of inspectors to construction workers was 1 to 20000 which was much lower than 1 to 8000, the common standard adopted in other parts of the world. With government tendency in cutting off government officers, the ability of labour protection inspectors in labour law enforcement would be further limited.

Thirdly, strict implementation of related legal doctrine posted barriers to construction workers’ rights protection activities. Issued in 2005, “notice of labour relation establishment related issues” stated that construction companies which contracted the right of management to organization or natural person, instead of labour contractors, were responsible for the construction workers. In lawsuits, standards implemented in proving employer—worker relation between construction companies and construction workers, however, could hardly be verified by construction workers due to the presence of labour subcontracting system (*baogongzhi*), in which the workers were directly under the management of labour contractors instead. Such limitation added difficulties to construction workers’ right protection activities through litigation when there was any labour dispute. The combined effect of labour subcontracting,



government labour inspection system and the current judicial system troubled and intentionally hindered the execution of labour contract and labour law.

The problems in social insurance system and the response of the government showed as another example of the collusion of the state and capital in the construction industry. Established with urban workers as its subject, the existing social insurance system lacked the coverage to peasant workers in the construction industry. According to the Report, the highest work-related injury insurance coverage was found in Chongqing, counted to 77.0%, followed by Shanghai and Shenzhen, both with approximately 45.0%. Beijing, with only 23.8% work-related injury insurance coverage, rated the lowest among four targeted cities. On the other hand, 79.4% construction workers understood the necessity of work-related injury insurance for working in construction sites, while 41.8%, 10.2%, 6.4% and 2.4% workers acknowledged the importance of medical insurance, pension insurance, unemployment insurance and maternity insurance respectively.

Acting in response to too low coverage of social insurance in the construction industry, “Opinions Concerning Solving the Problems of Peasant workers” was promulgated by the government in 2006. The guiding document carried specification on enlarging work-related injury insurance and medical insurance coverage among peasant workers. The Ministry of Labour and Social Security later launched a nationwide plan, which aimed to achieve work-related injury insurance participation among most peasant workers in the construction industry within three years. However, the good will of the Ministry failed to address the problem in social insurance when the plan was put into implementation by the local governments. The “full participation of construction workers in work-related injury insurance” practiced by local governments was

distorted. The premium was calculated with reference to either average wage of the region or as a certain proportion of the project cost. The adaption conditions of the insurance system, together with the fact that the premium and compensation standard was much lower than the actual wages, which forced the construction workers to protect their right through ineffective and costly lawsuits, hindered the workers from receiving work-related injury compensation.

In short, the plan introduced in 2006, with its ignorance of specific employment relations under labour subcontracting system, could only achieve “full coverage” of work-related injury insurance in statistical terms. Furthermore, the strict conditions of labour law doctrines that accompanied the “full participation of construction workers in work-related injury insurance” policy placed extra barriers to worker’s right protection activities. The inconsistency between the legal framework and implementation structure highlighted the collusion between the state and the capital in construction industry. Those pro-workers regulations and measures overlooked the structural forces unfavourable to the protection of workers’ rights and made them ineffective. It was the interest of the state to uphold the survival of the exploitative labour subcontracting system.

### **4.3 Legislation and Implementation by Local Government**

It was the interest of the state to develop such inconsistency between those pro-labour regulations and implementation. From the perspective of central government, the construction industry supported the growth of infrastructure and urbanization to promote foreign direct investment and domestic consumption. The strategic concern of the central government mainly was put on the smooth and health business

operation of the construction industry in macro sense, only if the fiscal condition would not harm to the banking system and deteriorated the fiscal revenue of local governments as a whole. Since the tax revenue of the central government was less reliable on land-related economy, it left more room for her to show a good will to protect workers' interests for the stake of the socialist legend and ideology.

At the local level, the local governments relied heavily on land-related revenue after the tax reform in 1990s. The local governments shared smaller proportion in the total tax revenue of the country than before. Hence, the profitability and fiscal viability of the property developers and construction companies directly linked with the fiscal capacity for them to spend higher amount to bid land for real estate projects. The land tax and profits from the construction companies were significant to the income of the local governments.

I took Shanghai as an example to show the reliance of the local government on construction industry. The study also demonstrated the collusion of local government and capital in the industry. Shanghai Construction Group, formerly the Shanghai Construction Bureau established in 1953 with the approval of Prime Minister Zhou en-lai, was the leading the construction industry of the city. The Bureau was restructured and transformed into Shanghai Construction Group in 1994 under the government economic reform, with its business scale and variety expanded greatly.

Indicated by interview material obtained showed the fact that many construction industries were correlated to government in their early years. Many were former state-owned enterprises undergone privatization under the economic reform. These corporations enjoyed policy advantages in the last two decades of 20th century.

Dae-oup Chang (2017) has demonstrated that concerning capital sources, statistics from yearbooks showed that during the period of 1978 to 1993, fixed investments included only state-owned and collective economies. Shareholding economy appeared and foreign capital started to enter the city's fixed investment sector (mostly into the construction industry) since 1993. Although state-owned economy still shared the majority of fixed investment, it experienced a continuous decline in proportion, falling from 64% in 1993 to a near half of 37% in 2011; whereas shareholding economy and foreign investment were raised from 5% to 27 % and from 9% to 14% respectively.

Meanwhile, the State Council at the central government and Shanghai Municipal government imposed restrictions on housing purchase and mortgage so as to retrain the speculation and boom in housing market. In addition, there were several well-noted fire accidents in construction sites happened in Shanghai which addressed the widespread concerns over the country on safety issue and led to tightening of the industry's safety requirements.

Many formal requirements were enforced. Over 700 regulations and documents on the construction industry management were implemented ever since 1987. These documents could be categorized into three groups regarding their focus: (1) regulate enterprise behavior; (2) regulate building material market; (3) emphasize production safety, including restrictions on construction site safety and standards of fire-fighting facilities, etc. Yet, the enforcement of administrative regulations was far from expectation. Ma, the director of Putuo District Trade Union, said that contributed by the continual increase in worker's legal conscious, together with relative strict management of the industry, Labour Law was better implemented and enforced in

Shanghai.

Introduced in 2002, the “Provisional Method of Comprehensive Insurance for Peasant Workers in Shanghai” prescribed work units (单位) to pay premium for peasant workers. Peasant workers could enjoy work-related injury insurance, medical insurance, and pension. For every single year with the insurance premium paid, one pension voucher would be offered, which could be vitalized in home towns of peasant workers. The starting ages for pension vouchers were 60 for male and 50 for female workers respectively. In 2005, subsidy cards on medicine were released to peasant workers. Concerning the social security system of construction workers, no specific regulations apart from the 5.5% of premium fee paid by employers were set in order to offer construction workers extra protection in terms of social insurance.

The more flexible and cost-effective comprehensive insurance system was replaced by social insurance system which was known to be of higher operation cost and more complicated procedures after 1st July, 2012. The responsible person of a construction company explained to me that the newly implemented social insurance system increased financial burden of companies on one hand, while peasant workers on the other hand are reluctant to pay for their part of the premium. He further said that the lack of inter-department communication and unstandardized certification of training received by workers extended project times, lowered working efficiency and increased the production cost of construction industries. The non-standard bidding procedures, stated by his company, resulted in underbid, and winning the bid by the use of power or relationship (关系). In consequence, construction companies lacked profit space for adjusting their strategy in response to the market changes and hence wage arrears were prevalent as well. The existing policy stipulated a minimum

number of architects in construction sites. Yet, most experienced workers had difficulty passing the architect registration examination while the university graduated licensed architects lacked practical knowledge in construction work. The detachment of skills and architectural licenses resulted in construction companies buying licenses for skilled workers so as to fulfill the policy requirement.<sup>24</sup>

As a whole, these restrictions and policies imposed on the construction industry in Shanghai had little impact on the structure of construction industry in Shanghai since the projects ran by the corporations showed great variety and flexibility in operation. Shanghai as the first-tier mega city, the optimistic projection of rise in housing prices overweighed the negative impacts on those restrictions. The price and quantity of constructed premises were still increasing.

Dae-oup Chang has analyzed the practices of “informal recruitment” in the weakly regulated construction sector of contemporary China (2017: 292). In the post-2008 Global Financial Crisis, the Chinese construction industry recovered quickly and expanded rapidly, thanked to the government’s trillion worth of investment in large-scale infrastructural projects and supporting services. Land-related revenue and economic growth driven by construction and real estate industries were the fundamental incentives attributing to the loose implementation of the labour-related laws and regulations. In the state-guided market economy, the “construction labour regime” was characterized by temporary and unstable employment, profit-maximization, and ill-defined industrial relations (Chang 2017: 296). Workers’ plight was the product of the highly uneven power between capital and labour. Developers, including both privately-owned and restructured state-owned enterprises,

---

<sup>24</sup> Interview with a manager, ZJW, of a construction company, July 22, 2015, Shanghai.

competed for land to create different property projects. These firms concentrated on marketing while outsourcing low value-added construction tasks.

Government departments and business corporations were major construction project owners. According to my interview, former Director-General of a department's Infrastructure Construction Office directly under Zhejiang Province, capital chains of government funded projects were more stable whereas the possible landslide in property market might cause financial difficulties in private projects<sup>25</sup>. Furthermore, a manager of Property Developer Corporation mentioned that China's property corporations usually demanded construction companies to fill up money for construction of projects' underground parts as property sales, from which corporations received capital, generally stated together with ground projects<sup>26</sup>.

The explanation and the logic behind the unspoken rule in the construction industry was attributed to differences in financing capacity and ownership forms of developers and general contractors of construction projects. In China, state-owned banks accounted for most property projects loans provided, and relatively loose loaning restrictions were imposed on state-owned companies, leading to a more stable cash flow of state-owned corporations. The dominance state-owned bank loan resulted in relatively weak financing capacity of private developers compared with state-owned construction companies. The private developers, therefore, considered general contractors of construction projects to fill up money as a special way of financing.

Under the unspoken rule of financing, developers contracted out their projectors to

---

<sup>25</sup> Interview with a former Director-General of a department's Infrastructure Construction Office under Zhejiang Provincial Government, November 18, 2017, Shanghai.

<sup>26</sup> Interview with a manager of Property Developer Corporation, November 18, 2017, Shanghai.

one or more construction companies through bidding and other ways. General contractors of large-scale construction projects were mostly large state-owned enterprises with stable and abundant capital flow, wide social network, and supported by more advanced technologies. The branches of these large state-owned enterprises subcontracted parts of construction projects. Contracting of smaller size construction projects, on the other hand, involved more private-owned corporations. Concerning the bidding system, professionals were invited by the Tender Bureau, tender office and developers to set conditions for open bidding of a particular construction project. Enterprises would be selected to the next round by lottery in case of too many applications received. L, manager of Tong Sheng Property, however, disclosed that developers tended to choose enterprises with better funding power. In addition, our interview with a company in Zhejiang found that malicious bidding problem was serious, usually in the form of together-conspired bidding, low-price bidding, and revealing bidding prices. Corruption was prevalent in open bidding in which people responsible for bidding price setting revealed bidding prices to contractors. The mean of bidding price of selected corporations were taken as bidding price to rectify corruption. Yet, cases of together-conspired bidding appeared soon after the problem lessened.

Since government regulations set the average of selected companies' bidding prices as the bidding price, large construction companies purchased and controlled other construction companies to participate in open bidding. A construction company in Zhejiang mentioned:

*“In an open bidding with 6 companies, 5 of them may be purchased by 1 corporation for the project. For example, a large corporation gave*



*each competing construction company 20000 to 30000 Yuan in together-conspired bidding for a one-million project. More than 10 thousand Yuan may be spent on together-conspired bidding for a 1.6-million budget project. Failure of together-conspired bidding, on the other hand, causes malicious bidding. In open bidding of a 1.6 million project, 2 corporations want to win the project through together-conspired bidding. At last, the projected is bided by 0.97 million”<sup>27</sup>*

Another serious problem of open bidding was low-price bidding which exploited profit space of industry chain participants. The situation was even worst among private-owned construction companies due to keen competition in private sector.

The prevalence of such malicious and problematic bidding system greatly reduced the profit space of construction enterprises. However, the influence varied with construction corporations. Since large state-owned or other well-established enterprises played several roles in the industrial chain through vertical integration, they received more comprehensive and huge profit returns which could relieve their profit pressure created by the malicious bidding. Only large state-owned corporations, with comprehensive participations in the industry chain and stable cash flow, can survive under extremely low profit conditions. Yet, middle-and-small sized private-owned enterprises possessed no advantages on industrial chain. Their cash flow was easily broken due to malicious bidding practices. Private competitors were eliminated through this way.

---

<sup>27</sup> Interview with a boss, GQW, of a construction company in Zhejiang, November 25, 2017, Hangzhou.

Our interview with a manager of a construction company in Zhejiang disclosed that developers defaulted in final payment of projects were a “hidden rule” in the construction industry. For government projects, the situation was mainly attributed to the too long audit time:

*“According to the related regulations, project payments have to be audited for three times: the payment is first audited by government department in charge of the project, then re-audited by the Department of Finance and the Province’s Audit Office. For construction projects that take longer duration, the account is settled and paid by periods. It may take three to five years for construction companies to receive the final payment. Together with the complicated and long auditing time, companies hardly get their precious capital input paid back on time, the final payment usually accounts to 10% total project cost.”<sup>28</sup>*

The causes of the situation were different among private projects: difficulties of private-owned enterprise in cash flow together with problems concerning the rules for settlement.

*“While some companies deliberately hold final payment, many do not have enough capital to pay for construction projects due to unstable cash flow. Since the account had to be settled by both sectors before passing the case to the court, and the developers denied to settle the*

---

<sup>28</sup> Interview with a manager, HWZ, of a construction company, November 27, 2017, Hangzhou.

*payment, we therefore, failed to resort to legal procedures.*”<sup>29</sup>

In short, the difference in ownership of developers and general project contractors which led to the varied financing abilities of actors; the integrity of general contractors’ industrial chain resulting in differentiations in profit making ways and abilities, together with the too long government auditing time and imperfect settlement rules of business construction projects created the above undesirable competing practices such as malicious bidding, defaulted final payment and contractors fill in money for construction projects. These malpractices put pressure on cash flow of China’s construction market. The state has played a significant role in the emergence of such bidding system in favour of state-owned corporations, particularly on the ownership and time-consuming auditing system.

#### **4.4 Shifting Risk from Project Contractors to Workers**

General contractors only shouldered part of the construction and management works. A considerable proportion of project works were sub-contracted to other construction companies or independent project managers. Yet, some project managers were simply labour contractors without architect qualifications. They were affiliated to qualified labour services companies for work, in return, a certain proportion of management cost was paid to the companies. Independent project managers, on the other side, had complete management teams and board social network. They operate like a branch and have developed mutually benefited relationship with construction companies. Disclosed by a boss of a construction company in Shanghai,

---

<sup>29</sup> Interview with a manager, WD ,of a construction company, November 27, 2017, Hangzhou.

*“They have deep-rooted social relations...You may call it tending by power or by relations....but they can reach local government directly as they have personal relationships with cadres or city leaders.”<sup>30</sup>*

Project managers undertook either projects they gained directly or tasks arranged from companies they affiliated to. They set up companies engaging in “profit sharing”, which accounted to 8% of their management cost (with tax) to return for “qualifications” for undertaking construction projects. The construction companies also provide them loans when project managers face financial difficulties.

An interview with an independent project manager, found that this form of contracting adopted to shirk legal responsibilities as sub-contracting was illegal under the current legal regulations. On the other hand, such mode of contract increased the capital risk of construction companies, but the corporative relationship between project managers and the construction companies was the dependent path for development of construction enterprises. Such corporative relations focused on resources sharing between project managers and companies. The mode existed in 1990s. The concept that ‘only with good economically responsible people could set up a construction company and grew in scale’<sup>31</sup> was increasing influential in the structure of the production chain of construction industry.

Project sub-contractors hired construction workers through labour service companies which were mostly bogus companies operated by labour subcontractors. After several sub-contracting, labour subcontractors became the one who managed construction

---

<sup>30</sup> Interview with a boss, ZH, of a construction company in Shanghai, July 22, 2015, Shanghai.

<sup>31</sup> Interview with a project manager, LJS, of a construction company, July 26, 2015, Shanghai.

projects directly. Project sub-contractors or labour services companies tended to select labour contractors they have previously cooperated with and have good records. Several measures were imposed by project sub-contractors on labour subcontractors, including the separation of project management and wage issuing. Labour subcontractors were only responsible for daily management of construction workers whereas workers' wages are issued directly by project sub-contractors.

Some construction companies, though allowed labour subcontractors to issue workers' wages, implement the following restrictions as well. Firstly, the living expenses must be issued to each construction worker. Secondly, information of construction workers managed by labour subcontractors must be verified so as to guarantee wages issued are received by construction workers. Thirdly, labour subcontractors could get their payments only after all the workers under their management receive their wages. Labour contracts signed between labour services companies and labour subcontractors generally stated that wages of labour contractors were issued by labour services companies while labour contractors are responsible for issuing wages to construction workers. Based on such complicated arrangement and process of subcontracting, the capital and project risks were ultimately shifted to the construction workers at the bottom through wages of construction workers were usually issued through construction workers in spring festival or by project completion while their living expenses were issued on a monthly basis. Construction workers faced high risk of defaulted wage payment and wage arrears in three most common ways: labour subcontractors absconded with the money to be issued as wages, broken of cash flow resulted in defaulted wage payment, and back pay due to the rise in workers' wages.

Labour subcontractors were bridges between workers and construction companies and

workers were paid wages through labour subcontractors. Yet, when labour subcontractors absconded with the money, construction workers were owed in back pay. Since the employment relations between workers and construction companies were not verified by proper legal contracts, law suits for back pay were in questions.

In contemporary China, the strict government regulations in property market which added difficulties to financing of construction enterprises, together with fluctuation and slump of the housing market; and the widespread of ‘ghost cities’ (i.e. constructed residential apartments and houses with occupants and buyers), added instability and uncertainty to the cash flow of developers. Once their cash flows were broken, construction companies faced the risk of 70% project cost arrears which were supposed to be paid by project completion. In addition, sub-contractors tended to pay first for construction materials, instead of workers’ wages.

At the intermediate level of the construction industry chain, there were labour services companies (usually bogus companies run by labour subcontractors) and project sub-contractors. Labour subcontracts were signed between these two actors. If the situation that workers’ wages raised after the subcontracts had signed, and payment listed by the labour subcontractors could no longer cover workers’ wages. The agreed amount for workers’ salary was insufficient to settle the actual required amount promised to the workers. Due to the malicious bidding system, the labour subcontractors with poor bargaining power were unable to revise and update the amount for increased wage rate. They were quite likely to default wage payment as a result by the completion of the construction projects. In these ways, the risks were transferred from the developers to the construction workers at the bottom, meanwhile the state and local governments took a significant role to maintain and even promote

such system through the ineffective implementation of the legal regulations and the malicious bidding system.

#### **4.5 Conclusion: Implicit Collusion between the State and Capital**

The labour subcontracting system was the outcome of the market forces driven many free actors in the construction industry. However, it was not true and the collusion between the state and capital was the fundamental cause of the labour subcontracting system. Various institutional and legal settings and arrangement developed by the state were favourable to the subcontracting system and the malicious bidding system.

Based on the review of the labour-related legislations, the state paid much effort and promulgated a number of laws and regulations to protect workers' rights. Although workers' rights and working conditions have been improved, the situation of the construction workers was still unsatisfactory. Under the informal employment, the construction workers did not have formal employment contract and they failed to verify their employment relationship with the employers in labour disputes. Those well-written laws and regulations became ineffective from the perspective of these workers, who were excluded from the protection of laws and regulations. The government did not put the construction industry with sufficient concerns and it was regarded as one of the industries. No special law and regulation was declared to settle the problem of informal employment in the construction industry. The gap was left for the administrative notes and measures at the national level or local level execution. It was obviously not sufficient and regarded as temporary rectification. The labour subcontracting system was still widely adopted to govern the employment relations in the construction industry and workers did not have their own employment contracts.

Without formal employment relationships, construction workers were mostly excluded from these legal protections, even if they were well written. Such intentionally and unintentional negligence of the authentic employment structure in the construction industry by the state could show there was certain implicit and covert collusion between the state and the capital.

In my interviews with labour subcontractors in Hangzhou<sup>32</sup>, they commented that it was “troublesome” to establish labour service sub-contracting companies or professional contracting companies. This was because setting up a sub-contracting company implied frequent interactions with different government departments including taxation, commercial and construction bureaus. In addition, running a subcontracting company involved high operating costs even in times of no construction projects. In short, labour subcontractors were unwilling to establish sub-contracting companies and recruit construction workers as formal employees owing to trivial registration procedures and high operating costs.

My respondent<sup>33</sup> mentioned that labour services companies under the existing labour subcontracting system were bogus. It was believed that inexistence of formal construction labour market was one of the major factors pushing construction workers to seek for employment through personal ties, instead of formal labour services companies. More fundamentally, the phenomenon was attributed to the household registration system which made peasant workers unable to get access to formal employment services offered by urban governments.

---

<sup>32</sup> Interview with labour subcontractor, ZG, November 20, 2017, Hangzhou; Interview with labour subcontractors, BJW, November 22, 2017, Hangzhou; and Interview with labour subcontractor, ZPN, November 25, 2017, Hangzhou.

<sup>33</sup> Interview with the boss, FQR of labour services company, July 20, 2015, Shanghai.



It was disclosed from the analysis on the industry chain of the construction industry that projects taken by general contractors were first sub-contracted through the contract responsibility system in which project managers were affiliated to construction companies. Only by altering the current sub-contracting system, a formal contracting-sub-contracting relationship could exist in the construction industry. As shown in our previous analysis, fierce competition among property developers and general contractors greatly reduced the amount of profit shared along the industry chain of the construction industry. Limited profit margin thus led to irresponsible corporate misbehavior like illegal transfer of contracts to labour subcontractor. The unhealthy market structure, e.g. the ownership structure of property developers and general contractors; and imperfect project audit system were attributed to such unhealthy and fierce competition at the expense of the interests of construction workers.

To sum up, the solution to the problems associated with the current sub-contracting system in China's construction industry rested on the change in market and industry structure and improvement in the state regulatory system. However, such a solution seemed unattainable particularly when the state capital and private corporations were committed to profit maximization.

## Chapter 5

### **Employment Configurations under Labour Subcontracting System**

Under labour subcontracting system, exceptional malpractices were prevalent and popular in the rapidly growing construction industry. The political economy of the industry embodied the processes of the commodification of labour from rural villages as well as the expropriation of labour in the production process of the construction industry in urban areas.

From the previous chapters, the unfavourable conditions of the peasant workers in the construction industry should be understood as the product of state and capital under economic reform. The state constructed a so-called “free” labour market, but had taken most of the pro-workers social arrangements and it made the workers under a unfavourable position. The highly reputable construction workers in the socialist era had become the “invisible” subjects of the city which they built. They were present at the construction sites where they were wasteland in the cities having little economic value to society. They were disappeared once the buildings had been completed with their toil, and the market value of the land had been added and escalated. The workers were not only absent psychically in the space that they had created and emotionally detached from the social honour and pride, but also they were suffering from risks and uncertainty as they had to encounter the risk of wage arrears and default by labour subcontractors on the promised salary. The labour subcontracting system was the source and core problem of the construction industry and it provided a perfect environment for the exploitation on construction workers with poor working conditions and they could not even get their full wages.

Based on her study on male migrant taxi drivers, Susanne Choi has argued that precarity referred to the “feelings of disempowerment, a profound sense of livelihood insecurity and a crisis of social reproduction” (Choi 2018). Her findings contributed to the discussion of precarity and masculinity. It then showed how precariousness negated these male taxi drivers’ sense of self by simultaneously taking away the control that distinguished themselves from other jobs. Her insights on precarity was insightful to study the situation and precarity of workers in the construction industry which was also male-dominant. Higher level of work skills and salary also distinguished the construction workers from other workers. The every day control at the construction sites and other illegal practices made the workers under strong sense of insecurity and disempowerment as a result.

Here I am going to examine the detail working and employment conditions of workers in the construction industry. Based on my findings in the survey and interviews, the three categories of employment configurations proposed by Sarah Swider (2015a) will be critically reviewed and a more realistic analysis to highlight the characteristics of the informal employment of peasant workers in the construction industry of China should be adopted to identify how the reproduction of labour power were conducted based on the previous research findings and descriptive statistics of my research.

### **5.1 Significance of Recruitment in Informal Employment**

Dae-oup Chang (2017: 292) has analyzed the practices of “informal recruitment” in the weakly regulated construction sector of contemporary China. In the post-2008 Global Financial Crisis, the Chinese construction industry recovered quickly and

expanded rapidly, thanked to the government's trillion worth of investment in large-scale infrastructural projects and supporting services. A 2009 estimate showed that China ranked the second largest construction market in the world, second only to the United States, and the market share would further increase (quoted in Chang 2017: 295). New houses, industrial complexes, and commercial buildings were bought and sold in the property boom. With more job opportunities in contemporary construction work than ever before, the recruitment of Chinese rural migrants—through subcontractors—has continued to grow.

In the state-guided market economy, the “construction labour regime” was characterized by temporary and unstable employment, profit-maximization, and ill-defined industrial relations (Chang 2017: 296). Workers' plight was the product of the highly uneven power between capital and labour. Developers, including both privately-owned and restructured state-owned enterprises<sup>34</sup>, competed for land to create different property projects. These firms concentrated on marketing while outsourcing low value-added construction tasks. On the construction site, predominantly male workers were subjected to high intensity, physically demanding job requirements. Labour discipline was often very harsh and coercive.

Based on such construction labour regime, Swider has developed a theoretical framework of “employment configuration” to understand the labour relations and employment situation of informal workers in the construction industry. Construction workers were encountering existing definitional and conceptual limitations under

---

<sup>34</sup> As of the early 2010s, China State Construction Engineering Corporation (中国建筑集团有限公司), China Railway Construction Corporation (中国铁建), and China Railway Group Limited (中国中铁股份有限公司) were among the largest state-owned construction firms. They have access to low-rate bank loans and numerous government support.

formal/ informal employment dichotomy. “Employment configuration” was established as a pathway into employment linked with a specific mechanism that regulates the employment relationship and explained their respective control mechanism and vulnerability of workers’ precarious existence.

Three different types of “employment configuration” have been examined in the construction industry, including mediated, embedded and individual employments. For “mediated employment”, construction workers in this type were paid in a lump sum at the end of the year and their daily lives were trapped in a cycle of isolation and a state of permanent temporariness. For “embedded employment”, it was characterized by the specific close social networks of peasant workers who developed their “migrant villages” in large cities and these social networks have paved the way for the migrant workers into the employment of construction industry. The subcontractors and workers mostly have closer social relationship. Enforceable trust, reciprocity and bounded solidarity based on the mechanism of kinship obligations made workers less vulnerable in relation to their employers and capital, but they were facing constant disturbance and “cleansing campaign” of the local government. The last type was “individual employment” which was characterized by the street violence and hegemony of street labour market as the last resort for those highly precarious workers. Table 5.1 and 5.2 have summarized the framework of “employment configuration”.

*Table 5.1 Dimensions of Employment Configuration (Swider 2015b: 54)*

<b>Employment Configuration</b>	<b>Labour Market Relations</b>	<b>Mode of Regulations</b>
---------------------------------	--------------------------------	----------------------------

<i>Mediated</i>	<ul style="list-style-type: none"> <li>Contracted-labour system based on rural-urban divide</li> <li>Rural labour market</li> </ul>	<ul style="list-style-type: none"> <li>Regulated by large contractors and contracted-labour system</li> <li>Paid by time</li> </ul>
<i>Embedded</i>	<ul style="list-style-type: none"> <li>Embedded in social networks</li> <li>Rural and urban market</li> </ul>	<ul style="list-style-type: none"> <li>Embedded in and regulated by social networks</li> <li>Paid per job</li> </ul>
<i>Individual</i>	<ul style="list-style-type: none"> <li>Spot markets – open and organized street labour markets</li> <li>Urban labour market</li> </ul>	<ul style="list-style-type: none"> <li>Individually subordinated to market</li> <li>Paid per piece</li> </ul>

**Table 5.2** *Precarious Existence in Employment Configuration (Swider 2015b: 54)*

<b>Employment Configuration</b>	<b>Control Mechanism</b>	<b>Migratory Pattern</b>	<b>Vulnerability</b>
<i>Mediated</i>	<ul style="list-style-type: none"> <li>Limited mobility</li> <li>Fining</li> <li>Hierarchy/divisions on jobsite</li> </ul>	<ul style="list-style-type: none"> <li>Permanent temporarines</li> <li>Outsiders living in cities</li> </ul>	<ul style="list-style-type: none"> <li>Protected from state harassment</li> <li>Vulnerable in relation to employers/contractors</li> </ul>
<i>Embedded</i>	<ul style="list-style-type: none"> <li>Mechanisms emanate from social networks</li> </ul>	<ul style="list-style-type: none"> <li>Sojourner to settler</li> </ul>	<ul style="list-style-type: none"> <li>Vulnerable via state</li> <li>Less vulnerable in relation to employers</li> </ul>
<i>Individual</i>	<ul style="list-style-type: none"> <li>Violence/threat of violence</li> </ul>	<ul style="list-style-type: none"> <li>Floater</li> </ul>	<ul style="list-style-type: none"> <li>Vulnerable in relations to both state and employers</li> </ul>

Under the above framework of “employment configuration”, Swider’s model has developed a typology to identify different categories of construction workers under informal employment and explain different precarious conditions of informal employment in the construction industry among three different employment

configurations.

Although she has correctly addressed the political and legal setting under the collusion between the capital and the state in developing the labour subcontracting system, her analysis has simplified the actual employment situation of the construction workers under labour subcontracting system. There were three fundamental flaws and problems for her model of employment configuration. Firstly, she has wrongly assigned three different employment configurations at the same level of analysis and overlooked the mobility for the construction workers; secondly, she has wrongly believed that the construction workers were mostly regulated by the large contractors under labour contracts in the “mediated employment”, but it was not the case; thirdly, she has overlooked the importance and the role of labour subcontractors in the “mediated employment”.

Swider wrongly assigned three different employment configurations at the same level of analysis and overlooked the mobility for the construction workers. She believed that the construction workers got into the employment and labour relations in construction sites under three different and parallel paths. Peasants were directly recruited either by the large labour contractors from the villages under “mediated employment”, or by the labour subcontractors from the migrant villages based on social network of kinship under “embedded employment”; or by employers at the spot market under “individual employment”. In reality, these employment configurations were not at the same level of analysis. In construction industry, the production was different from the production line of a regular factory in manufacturing industry. The location of production was normally fixed unless the workers quitted and changed another job. Hence, workers could live in the dormitories provided by the employers

or rent a premise in “migrant villages” nearby their factories.

Swider, however has overlooked the authentic nature of construction industry. Its production location was more flexible and most of the construction sites were located at areas without much residential buildings and living facilities. In this sense, peasant workers in construction industry had to live in the dormitories nearby or located within the construction sites for the sake of work convenience. With a high degree of geographical mobility on construction sites, “mediated employment” described the employment situation of peasant workers in the construction industry during their production and employment, but “embedded employment” and “individual employment” were the situation of peasant workers during the period of job searching, from one construction site to another new one. Another popular scenario was that the construction workers were forced to leave the construction sites without full payment of their wage or reasonable compensation for industrial injuries. They were staying at the migrant villages in the cities struggling for back pay and compensations.

Once the individual workers or workers in the migrant villages found a new work at a construction site, they would move to live in the dormitories in the construction sites and were no longer under “individual employment” and “embedded employment” respectively. Hence, these three employment configurations actually identified different stages of employment of peasant workers in the construction industry in China.

Swider’s analysis on the vulnerability of construction workers under “embedded employment” and “individual employment” was correct and they were facing more and more pressure from the “cleansing campaigns” of local governments in recent



years under the policy to clean up “low-end population” (清理低端人口). It raised to climax in 2017 after the fire in a rental building in Daxing District of Beijing brought 19 deaths. Illegal and over-crowded rental premises without proper safety facilities in migrant villages were blamed for the accident. The Beijing municipal government gave a hardline order to clear and demolish these buildings. Their water and electricity supply were suspended so as to push the tenants to leave. Since most of the tenants were peasant workers, they left their rental home without any compensation and alternative settlement. When local governments took a more hostile and less tolerant attitude towards the migrant villages in cities, the living situation of peasant workers became more vulnerable and it would be a big question for the sustainability of “embedded employment” for them during the job searching period to look for new working opportunities.

In addition, there were quite significant proportions of peasant workers in the construction industry situated in three different categories of employment configurations, even though they were not equally distributed. According to my observation and research, it was very rare to identify peasant workers under the category of “individual employment”. Very few workers who had criminal record or poor reputation in the industry could be classified under this category. When those workers protected by the social network under “embedded employment” were becoming more vulnerable, the more precarious workers under “individual employment” would be even more exposed to the disturbance from the state. It would be a question if the peasant workers under “individual employment” could maintain such kind of existence in future.

Although “embedded employment” and “individual employment” were not describing

the working and employment conditions of peasant workers in the construction industry during their employment, “mediated employment” under Swider’s analysis was not able to completely reflect the reality as well. Under “mediated employment”, her analysis on the living pattern of peasant workers within the dormitories in the construction sites and the control mechanism including limited mobility, daily finning and hierarchy on jobsite were valid. My research also found that an average of 9 workers shared one dormitory. The housing premises of construction workers were usually cabana made two to three-storey makeshift houses. In addition, some construction sites rent abandoned warehouse or factory sites as workers’ dormitories, such large-scale dormitory generally had a capacity of nearly 100 workers. However, she wrongly believed that the construction workers under “mediated employment” were mainly regulated by the large contractors under labour contracts.

## **5.2 Blurred Employment Relations under Subcontractors**

The poor working conditions of peasant workers under the informal employment shown in the report was attributed to the labour subcontracting system in the construction industry. Construction companies were unwilling to offer permanent employment to construction workers. Instead, they subcontracted different parts of their projects to labour agencies. These agencies were mostly operated by individuals who hired workers peasant workers not eligible to the same legal status as the local people. Thereby, labour subcontracting system left workers in the construction industry uncovered by institutional and legal protections.

According to the findings of my field study and survey in eastern China on the coverage and enforcement of labour contracts, a majority 78% of 142 construction

workers did not sign labour contracts with employers, only 31 workers, 21.8% of the group, were covered by labour contracts. However, this signing rate did not reflect the full picture as the study took a lenient definition of labour contracts and did not consider the validity of the contracts. Many workers did not keep their contracts or simply sign on a regular contract template without any personal particulars and remuneration details. Almost those workers with contracts, just 21 out of those 31 workers kept their contract documents. Concerning workers knowledge of their labour contracts, 16 interviewees understood contract conditions, 10 had partial understanding of contract content while 5 were complete ignorant of contract conditions when they signed their contracts.

Without proper labour contracts, the basic setting of “mediated employment” was incorrect. Peasant workers were not governed by labour contracts and it brought about a very vulnerable situation for the informal employment of the workers. Workers were not protected by the contracts. The payment method and its calculation method became informal and uncertain. Wage arrears and deduction were popular as a result. Many of the workers without labour contracts understood that labour contracts were useful and important in protecting their rights. Yet, they were failed to bargain with employers in contract signing. Majority of them trusted their labour subcontractors while the others had no understanding of labour contracts. Labour contractors still paid the important role to stabilize the workers in the employment relations.

Another fundamental weakness of Swider’s analysis was that she overlooked the significance of labour subcontractors in regulating the daily operation of peasant workers in the construction industry. Absence of labour contracts implied that large labour contractors or labour services companies were not regarded as the employers

of the workers. Most importantly, the logic of the labour subcontracting system was to shift the risk and burden to the frontline workers and small labour subcontractors by blurring the genuine employment relations.

My research found out that labour subcontractors paid the key roles in the daily management of workers, from arranging daily work schedule, to keeping work records of workers as well as paying salaries to workers. The work schedules of 68.3% interviewed workers were scheduled by labour subcontractors or supervisors assigned by labour subcontractors. Among the population, the work schedules of 42.3% were arranged by supervisors while 26% were scheduled to work by labour subcontractors. Apart from following schedules arranged by labour subcontractors or supervisors, 2.8%, 9.2% and 18.3% workers were scheduled daily work by managers of labour services companies, managers of construction companies, and by themselves respectively.

Concerning working records of construction workers, my research displayed that a respective of 54.9% and 15.9% construction workers' work were recorded by supervisors and labour subcontractors. These groups occupied the majority of the population. On the other hand, only 4.9% and 2.8% of worker stated that their work were recorded by managers of labour services companies and that of construction companies respectively. Approximately 21% of workers were not required to record number of working days and working hours due to their wage calculation methods whereas some were not clear about the responsible person for working records.

Wages of 74.9% interviewed workers were paid by labour subcontractors, the figure was followed by 15% who received wage payment from managers of construction

companies. The other 5.7% and 5% workers received wages issued by others and managers of labour services companies respectively.

The results of my research illustrated that a major 66% of interviewees considered their relationship with labour subcontractors as employment relations. The other 17.6%, 7%, 5.6% and 0.7% thought that they had developed employment relations with managers of construction companies, managers of labour services companies, supervisors and managers of project developer respectively. Only less than 2% construction workers realized that there were employment relations between themselves and construction companies. Most construction workers thought that they were employed by labour subcontractors only.

Since most construction workers understood themselves as employees of labour subcontractors, they turned to labour subcontractors for back pay. 47.2% interviewed construction workers agreed that labour subcontractors should be responsible for wage arrears while around 20% thought that managers of construction companies should bear the responsibility. Only 6.3%, 4.9% and 2.1% construction workers stated that wage payment in arrears were attributed to managers of labour services companies, supervisors and manager of project developer respectively. In addition, approximately 10% interviewees did not know who should be the responsible person for claiming their back pay.

Based on the result of my study, I can highlight the working conditions and employment relations at the firm level under the labour subcontracting system. Long working hours with popular wage arrears and insufficient payment for over-time work reflected the inferior position of peasant workers in the construction industry. It was

the result of the labour subcontracting system which successfully blurred the employment relations. According to the labour contract law, the labour subcontractors and supervisors assigned by them were not eligible to have the legal entity to sign labour contracts with peasant workers. Only the construction companies or labour services companies could be the legal parties to sign labour contracts, but majority of the workers did not have contracts. Ironically, 66% of the interviewed workers misperceived that their labour subcontractors were their employers and 47.2% of them regarded their labour subcontractors should bear the responsibility for labour disputes. The real employers including labour services companies and construction companies were able to escape from the legal obligations of employment contracts under this employment arrangement.

The peasant workers wrongly perceived their labour contractors as employers because the construction companies and labour services companies almost did not appear in the actual production at the construction fields from the perspective of workers. Large proportion of the construction companies and labour services companies did not assign work schedule and tasks and did not keep work records of workers. Most of them even did not directly pay the workers for their salaries. Their disappearance successfully blurred the employment relations, and made the peasant workers confused. Worse still, the peasant workers did not sign labour contractors with their perceived employers, i.e. labour subcontractors since majority of the interviewed workers had trust with them as most of the workers and their labour subcontractors came from the same or neighbor villages with high degree of trust based on kinship.

Although some labour service companies recruited peasant workers directly from their home villages in rural area, it did not weaken the role of the labour

subcontractors. Most of the labour service companies had developed a network and relation with a number of labour subcontractors and they recruited peasant workers through these labour subcontractors or the peasant workers formed their own teams. The labour service companies then made a service contract or agreement with their labour subcontractors.

Based on Swider's analysis on labour remuneration, construction workers were paid by time under "mediated employment"; meanwhile they were paid by job and paid by piece under "embedded employment" and "individual employment" respectively. My studies found out that the wage calculation method and wage payment methods were not dependent on the employment configurations, but they were varied from the nature of the work tasks and the bargaining power of the labour subcontractors and their workers. This research concluded that construction workers were generally paid by daily payment, piece payment and monthly payment. Wages of daily paid workers varied from 40 to 500 Yuan due to differences in technical requirement, worker intensity and numerous factors. Most workers received 100 to 200 Yuan per day, only a small proportion earned less than 100 or more than 200 Yuan. Calculation of working hours in daily wage payment also differed among workers.

Wages of piece paid construction workers were calculated based on the cost of construction works per square-foot. Payment varied from 40 to 200 Yuan, with the lowest cost of approximately 40 Yuan/square-foot and peak cost at 170 Yuan/square-foot depending on the nature of the job. Monthly paid construction workers also displayed gaps in wages paid. Interviewed construction workers received monthly wages of at least 3000Yuan and at most 8000 Yuan while wages of the majority located in-between the two extremes. Apart from the three major wage

calculation methods, some construction workers were paid in yearly base. The annual salary of construction workers were around 50 to 60 thousand Yuan.

Concerning the wage payment of construction workers, wages were settled monthly, seasonally, annually or by completion of construction project. Workers paid under the latter three situations receive daily living wages varied from 300 to 3000 Yuan. 7% interviewees received wages by month, around 40% were paid annually, wages of 4% construction workers were settled by season, and 10% were paid by project completion. Construction workers in general were clear about their wage and calculation and payment method whereas a mere 5% had no idea on how they were paid.

Results of my research found that workers had holiday on rainy days or when construction materials were yet replenished. On the country, they seldom had day-offs on Sunday or statutory holidays. Merely 2 % had day-offs on Sunday while 20% denied Sunday as holiday. The others said actual situation of construction sites determined provision of day-offs. Around 62% construction workers had holiday on rainy days whereas a small proportion of 6% continued to work despite rainy weather. On the other hand, 23% workers received day-offs when the sites were short of construction materials, but some 11% construction sites denied giving day-offs to workers during the time of construction material shortage.

Construction workers rarely had vocations on statutory holidays. Most interviewees did not mention their holiday days and other details. This may be due to the special wage calculation methods of construction workers which encourage workers to give up day-offs in return for better payment. Daily working hours and number monthly



work days of most construction workers exceeded the statutory ones. The research illustrated that around 51% construction workers received overtime pay whereas some 41% worked overtime without extra payment. In addition, 6% workers had no idea if they received overtime pay. Calculation method of workers' overtime pay also varied. Some were paid hourly, receiving 7 to 50 Yuan per each hour; some were paid with 50% increase of normal wage for overtime working; some transferred overtime working hours into normal working hours under certain calculation formulas. In short, overtime pays were usually higher than normal wages.

It was disclosed by the research results that among construction workers who got overtime at weekend, only a mere 10% were compensated with overtime payment, whereas around 85% did not receive any premium or payment for extra working hours. Moreover, approximately 5% construction workers did not realize if they received overtime payment. The construction workers were compensated with overtime pay under different calculation methods: some received half-day wage for 1.5-3.5 extra working hours; some were paid hourly at around 50 Yuan/hour; some earned 1.5 time normal wages for working at weekend. On the other hand, 10.6% workers were compensated for extra working hours at statutory holidays. Around 82% of the interviewees however, were not paid for overtime work while the remaining 7% construction workers did not know if their extra work were paid. Similarly, various ways of payment calculation were adopted by construction sites for extra working days on statutory holidays: some were paid double or triple; some received hourly wages of around 40 Yuan/hour; some were compensated half-day wage for every three hours extra work; some earned normal wage level payment for overtime work. Majority of construction workers did not get overtime pay in weekends and holidays which violated the regulations of Chinese labour laws on the calculation of

overtime pay. It highlighted the unfavourable and informal employment relations of the peasant workers in the construction industry under the labour subcontracting system. Without proper labour contracts to verify the employment relationship, it was very challenging and time costly for peasant workers to get back the full pay including the legitimate amount of overtime pay.

The total annual household income of construction workers, obtained by the sum of annual income of construction workers and their annual family land income, ranged from 10,000 to 160,000 Yuan. An approximate of 10% interviewed workers lived with less than 20,000 Yuan annual household income; those with annual household income between 20,000 to 50,000 Yuan accounted to around 48%; around 32% earned more than 50,000 Yuan annually in which around 20% were with annual household income ranged from 50,000 to 100,000 Yuan, and around 5% earned more than 100,000 Yuan per year.

The research results showed that only 17% families lived beyond their income; 6% balanced their income and expenditure, with no debts or surplus; around 75% construction workers lived with surplus between 2,000 to 150,000 Yuan. A small proportion of the population were with family debts ranged from 2,000 to 100,000 Yuan, mainly originated from expenditures on university education of family members, medical services, house building, and numerous issues.

The labour subcontracting system brought about the poor and unstable financial conditions of the construction workers. Based on the limited income, they were unable to support the living expenses of themselves and their family members for the reproduction of labour power and it led to a strong reliance on their home villages for

adding income and support. This will be discussed in detail in the next section.

### **5.3 Reliance on Villages for Social Reproduction**

Swider has identified the migratory patterns of the peasant workers in the construction industry. The peasant workers were under permanent temporariness as outsiders living in cities when they were staying at the dormitories in the construction sites. They were from sojourners to settlers when they were staying at the migrant villages in cities. These patterns were attributed to not only the informal employment structure and production methods in the construction industry, but also the rural-urban divide which was characterized by the household registration system mentioned in previous chapters. However, Swider's analysis on the different migratory patterns in different employment configurations has overlooked the significance of the reproduction of labour power, which generated a pull factor for the peasant workers relying on their home villages.

Interviewed construction workers ranged from 18 to 70 years old while their average age was 41. The majority of construction workers belonged to the age group of 30 to 50 years old: among 148 interviewees were within the age range of 20 to 30, 37 belonged to the 31-40 year-old group, 55 (38.7%) were around 41 to 50 years old. Based this demographic distribution, around 86% interviewed construction workers were married and 62% construction workers had family number of 4 to 5. Those with family of three or less counted up to 19% of the population. Construction workers with family of six or above occupied approximately 20% of the interviewees. Results of research on number of minor children raised by construction workers found that: only 28% construction workers did not need to raise children; around 60% need to

raise 1 or 2 minor children while those with 3 or more minor children counted to a relatively low proportion of the population. In addition, around 37% construction workers were unable to support their parents; around 54% interviewees needed to support 1 or 2 parents.

Only 13% construction workers did not possess land in their home town, they were generally urban citizens. The remaining 87% were from rural areas, with between 1 to 20 acres of land. Since youth and middle aged labour left rural areas and worked at urban construction sites, their family farmland were left for other family members or rented to other for farming purpose with rent ranged from 100 Yuan to 800 Yuan per year while some lent their cultivated land to others without rent. Yet, some cultivated land were left used and abandoned.

My research results found that more than 60% of the interviewed workers earned 200 to 40000 Yuan from their cultivated land annually. The income span was large, and with a dispersed distribution of land income. Regarding annual income of construction workers, the majority, around 70%, were with annual income ranged between 20000 to 50000 Yuan. Some 17% earned less than 20000 Yuan annually while around 12% received more than 50000 Yuan annual income.

Research results illustrated that apart from the non-farming incomes of construction workers, their family members also earned non-farm wages. Families of 26% interviewees had only one member (construction worker) with non-farm income; around 36% families had 2 members with non-farm incomes; around 22% families with 3 members receiving non-farm wages; around 11% with 4 family members working in non-agricultural aspects.

It was found that around 61% workers returned home at least twice every year; some 37% returned home annually while the other 2% returned once in two years or even longer. Construction workers returned home by chances, i.e. for special occasions or when works at construction sites were finished; under a regular base, i.e. in spring festival and busy seasons. My report found that around 92% workers returned home in last spring festival whereas the remained 8% did not.

A previous study on living conditions of construction workers in four different cities in China<sup>35</sup> also highlighted the overall picture of geographical proximity of the origins of the workers. 92.6% of construction workers were from rural area. The proportion of construction workers with rural *hukou* occupied more than 90% of the population in all the four cities, the other small proportion of workers were from small counties and towns, and some were land-lost peasants. Only one construction worker among those at construction sites in Beijing had Beijing resident status while a mere 7.2% of construction workers at Shenzhen sites were from Guangdong Province. No Shanghai people were found in the cosmopolitan's construction sites whereas 80% of the workers in Chongqing's sites were local people from Sichuan. It was concluded from the report that construction workers in Beijing mainly come from Hebei, Sichuan and Henan Province; local people and workers from Sichuan take up the majority of Chongqing's Construction workers; most construction workers in Shenzhen originated from Chongqing, Sichuan, Hubei and Guangxi Province; Shanghai's construction workers were largely from Anhui and Jiangsu Province. The above pattern of the construction workers exposed a distinct tendency of geographical

---

<sup>35</sup> "Report on Living Conditions of Construction Workers in Beijing, Chongqing, Shanghai and Shenzhen" (京、渝、沪、深四城市建筑工人生存状况调查报告). Retrieved on January 20, 2018 from <https://wenku.baidu.com/view/907ae51d10a6f524ccbf8593.html>

mobility to the rural area of the nearby provinces among peasant workers in the construction industry. Particularly, this research on Shanghai's construction sites showed that the construction workers were mainly from the adjacent proveniences—36.1% workers were from Anhui while 16% came from Jiangsu.

The vulnerable and precarious employment of workers explained the reason why the majority of the peasant workers in the construction industry came from the nearby provinces. This geographical tendency reflected the reliance of the peasant workers on their home villages for reproduction of labour power. It is important for peasant workers under the informal employment in the construction industry which was unable to provide sufficient job and social security to them. The short distance from their home villages actually reflected the incomplete proletarianization of peasant workers which still relied heavily on the support of the rural areas and in return, the remaining agrarian economy also relied on their economic contribution, not only from monetary remittance, but also from providing temporary human resources during harvest.

In successive land grabs, the number of uprooted and displaced residents will inevitably increase, exacerbating many social problems and undermining the political governance. The contradictions between land, labour, and the Chinese state in contemporary “development” and urbanization are to be critically examined. Above all, the precariousness of hundreds of millions of Chinese people needs to be fundamentally confronted and changed.

The reliance of construction workers on villages on labour reproduction was the result of the semi-proletariatization which was characterized by the spatial separation

between economic production at the construction sites at the cities and the social reproduction at their home rural villages. Such reliance had implications on labour activism. On one hand, the temporariness of the construction workers made them failed to develop a strong attachment and strong urban social ties which could facilitate their resistance and struggle. Once they needed to go back to their home villages for social reproduction and supplementary economic production, the sustainability of long-term resistance and labour organizing would be in doubt. Such time and spatial constraints made construction workers less able to engage in the time-consuming and tedious rights-defending legal actions.

But on the other hand, the reliance of the villages and rural social network offered important resources favourable to labour activism to some extent. Firstly, the construction workers were able to earn their basic living through the economic activities, including farming and receiving rent from their land so that it generated limited material ground for labour activism. In our case study, the construction workers with pneumoconiosis in Shenzhen could afford to establish a fund for collective actions to fight for compensation. The reliance also provided important emotional and social resources to mobilize resistance. The construction workers came from the same home villages shared a strong sense of belonging and group. The spread of the news on family tragedy across the pneumoconiosis villages strengthened the solidarity and class consciousness among these workers for collective actions.

Although the reliance on villages on social reproduction could provide certain resources for labour activism, Julia Chuang (2015) has highlighted the situation of more vulnerable group of construction workers as their land had been taken away by further marketization of the rural economy. In the course of capitalist transformation,

China, not unlike other economies, utilized massive land, energies, and other scarce resources. The commodification of land was fuelling high growth in the property market, while putting unprecedented pressure on both the natural world and the people. When more agricultural land was expropriated for commercial real-estate business, infrastructure, industrial projects and services, more peasants would lose their means of production to join the rank of complete proletariats. Worse still, landless rural migrants, who have lost their family lands contracted from birth villages in the course of “urban development,” may risk losing their employability in the construction sector.

In China’s poorly regulated construction sector, wage arrears and non-payment were commonplace in the long subcontracting chains. Labour subcontractors were reluctant to hire dispossessed rural migrants because they themselves have to pay upfront to meet the migrant workers’ basic needs before getting paid for the completion of the project. The cost of social reproduction of land-losing workers would be higher than average migrants who can fall back on their rural land and families at times of crisis. As a result, subcontractors were incentivized to search for peasant migrants who still possess their land to lower their costs.

This was a new form of exclusion and expulsion of landless rural workers from the construction sector. These marginalized rural people were double losers, who no longer possess their means of production and their paid employment in the job market.

#### **5.4 Conclusion: Precarity in Informal Employment**



With the comprehensive collusion of the state and capital in construction industry of China, the construction workers encountered multi-facet pressure from the state, capital and economy. The unfavourable employment and industry structures put the construction workers bearing most of the risks and uncertainty of the construction industry so as to make whole production chain viable and financially feasible. In material sense, the construction workers had to take the risk of wage arrears. Worse still, the poor daily working conditions and remuneration arrangement put the reproduction and social reproduction of labour into a very difficult situation. With long working hours, intensive labouring tasks and insufficient pay for the overtime work, construction workers were under the daily and structural pressure. Swider has classified three different categories of employment configuration, namely “mediated employment”, “embedded employment” and “individual employment” to identify the employment relations and precarious living conditions of the construction workers in China.

Based on the above discussion, Swider’s analytical framework in informal in the construction industry however has made several fundamental problems. Firstly, she has overlooked the authentic nature of construction industry on accommodation and she wrongly perceived those construction workers under “embedded employment” and “individual employment” in job searching status as under employment. Actually, simply “mediated employment” under her framework was describing the employment situation of peasant workers in the construction industry during their production and employment. Secondly, she has wrongly conceptualized those formal and informal contracts between upper-tier construction companies/ labour services companies and labour subcontractors at the bottom as labour contracts. Lastly, she also overlooked the importance of labour subcontractors under “mediated employment”. Without

signing proper labour contracts, the daily management of workers and production were only able to proceed with the aid of the labour subcontractors who shared the social ties and kinship with those workers based on social network.

Swider's analysis of employment configurations actually messed up the stage of recruitment with the stage of employment and production. Those three types of employment configuration were mainly describing the situation and conditions of workers recruitment if we took away those dimensions directly related to mode of regulations and control mechanism about employment. With such modification, the stage of recruitment could be classified into three recruitment configurations, namely embedded recruitment, mediated recruitment and individual recruitment.

Under the labour subcontracting system, the role of labour subcontractors was pivotal and embedded recruitment identified that labour market relations could be established only based on the embedded social network between the labour subcontractors and workers. It did not make much sense for peasant workers to work for the large contractors /construction companies who were regarded as the strangers from workers' perspective without signing any proper labour contracts. Hence, embedded recruitment should be classified as the key type of recruitment configuration, meanwhile mediated recruitment and individual recruitment were subordinate to embedded employment, since the large contractors and construction companies as the mediators to recruit workers through the labour subcontractors; meanwhile the workers as floaters in cities under individual recruitment without proper recognition and social trust. They could get into the job market under the umbrella of labour subcontractors.

No matter peasant workers were recruited under which type of recruitment configuration, they would work under the daily instruction and management of their labour subcontractors and live in the dormitories within the construction sites once they got into the production and labouring of the construction industry. They were suited under a similar employment configuration under the labour subcontracting system.

The descriptions and characteristics under various dimensions listed above actually were the mixture with “mediated employment” and “embedded employment” under Swider’s typology, in the sense that we highlighted the role of labour subcontractors in the labour market relations and mode of regulations under “embedded employment” but construction workers were staying at the dormitories in the construction sites during their employment there. They as a result were subject to the negative side of the control mechanism in dormitories but less harassment from the state. With this modified version of employment configuration, it can have a more realistic analysis on the informal employment of the construction workers in China.

Informal employment under the labour subcontracting system was the source of the precarity in the construction industry. The unequal and unfair employment structure and poor working conditions aroused popular discontent among construction workers. Constant labour disputes and conflicts between subcontractors and workers were highlighted as one of the characteristics of construction industry in China. The collusion between state and capital would fully utilize the advantages of the labour subcontracting system in the highly exploitative construction industry, so as to shift the burden and cost of economic crisis with slower economic growth and poor fiscal conditions of local governments to those precarious and vulnerable peasant workers

who were not protected by any formal and legal employment relations. Based on such analysis on the political economy of China, the radicalization of labour activism was expected as a response to the intensification of exploitation of workers in the construction industry, in which the working conditions became more and more unsustainable for labour reproduction and social reproduction.

Labour activism and collective actions were regarded as the weapons of helpless workers to confront the collusion of the state and capital. In the battle, the workers had to deal with another series of implicit and explicit control; coercive suppression and tedious legal procedures by the state and capital under the concurrent neo-liberalist development strategy together with the socialist legend and heritage ironically. Although the informal employment structure greatly hindered the full proletarianization and the rise of class consciousness of the construction workers, it also gave a good foundation of social network and ties for worker mobilization in collective actions. It will be fully elaborated in the next chapter.

## **Chapter 6**

### **Labour Activism & Counteractions of State**

In the last chapter, the structure of employment configurations in the construction industry in China has been reviewed. The absence of labour contracts and agreements was popular. The existing contracts were actually made between large contractors/construction companies and labour subcontractors. Contracts were unable to guide and govern the labour relations to a large extent, especially during labour disputes.

With the insights of employment configuration suggested by Swider (2015a, 2015b), the way of recruitment based on different kinds of social network brought much implication to the informal employment under the labour subcontracting system. However, the discussion was not complete if we did not put sufficient focus on labour activism of the construction workers who were suffering from the unfair and unfavourable working conditions and environment, since employment configuration did not address the dynamics of labour activism, so as to evaluate and project the potential power and constraints of labour activism. The more dynamic view of the informal employment under the framework of employment configurations could make the analysis more comprehensive. In return, the labour struggle and labour activism could give an answer on why such unreasonable and unfair employment structure could exist in China for such long period during the era of economic reform.

#### **6.1 Labour Activism in Construction Industry**

Many academic studies on collective actions and labour activism regarded the migrant workers either as passive subjects lack of agency power and were limited by the

constraints of 'legalism', or as a 'compromising citizenry' bribing government officials in protecting their interests and rights, or even worse as silent individuals without political and legal efficacy. They question the effect and sustainability of labour protests staged by Chinese migrant workers, and argue that these actions are isolated and uncoordinated and seldom go beyond rights-based demands (Friedman & Lee, 2010; Lee, 2007, 2016). As the most prominent pessimist, Lee Ching Kwan has suggested that the "moments of radicalization" would not transform the wildcat labour protests into horizontally organized, inter-factory labour movement due to the lack of worker representation and the non-existence of community-based associations or allies from the civil society under the domination and monopoly of the state-party (Lee, 2007). This pessimistic conclusion drawn by Lee was echoed by other empirical studies which claimed that labour protests in China can only rely on informal social networks instead of formal organizations as mobilizing structures (Becker, 2012).

However, some theorists have presented counterarguments to such pessimism that prevailed over the emergence of collective action. Leung and Pun (2009) advanced doubts on the validity of legalism, and stated that 'migrant workers are not necessarily confined to a legalistic framework'. Based on their study of the collective actions of gemstone workers, they suggested that legal action was only one of the possible ways for workers to forward class struggle. Leung (2015) further suggested that migrant workers preferred collective actions over legal channels with the facilitation and support of worker activists.

Jeffrey Becker adopted the social network approach which argued that workers with urban ties tended to engage in protests. While the optimists presented arguments and counter-evidence to the legalism thesis, they rarely analyzed the subjective and

structural factors that brought workers to adopt non-legalistic strategies as well as the mobilization process. Under the social network approach, Becker focuses mainly on informational support explaining different choices of protest strategies and tactics, but he did not put sufficient analysis on how rural kinship network and urban ties favourable to worker mobilization.

By examining two cases of protest in Shenzhen by the construction workers from Hunan Province, qualitative data presented were obtained through participatory observations and formal and informal interviews with construction workers originated from Leiyang and Zhangjiajie, two cities in Hunan Province. As a member of the volunteers from University Student Concern Group on Construction Workers, I have conducted fieldwork from 2009 to 2011 when these two protests were in their peak. Other than primary sources, I also found secondary sources to expand the analysis, including blog posts and reports of the Concern Group as well as the news reports and stories in mass media.

Based on my first-hand observation and interviews, the informal employment relations in the construction industry and the exclusion of construction workers from the legal system can explain the emergence of 'non-legalistic, cellular activism'. The labour subcontracting system in the construction industry in China has structurally denied the access of the construction workers to the legal process to struggle for compensation in wage arrears and occupational diseases.

Legalism ironically became the strategies of the state and capital responding to collective actions of construction workers. Without legally authentic identity, those legal procedures were very likely to be the way to absorb the momentum and

collective power of the labour struggle. Legal procedure in general was conducted on individual basis, dealing with specific case of each worker. Such nature was unfavourable to collective action, in particular in the construction industry. Under such constraints, construction workers did not prefer to take legalist tactics in their struggles. In some cases of labour activism, legal means and entitled rights may be addressed simply to frame their demands and strengthen their moral grounds for their grievances, workers actually demonstrated a non-legalistic characteristic judicial activism was absolutely not their priority.

Facilitated by the application of preexisting social networks, construction workers, could directly launch collective action against their employers and government officials to struggle for their rights and compensations promised in laws and regulations. Under the labour subcontracting system, the collective action of construction workers were usually cellular, based on their specific subcontracting team and this non-legalist approach was less likely to generate a sustained cross-factory labour movement addressing the structural causes of their problems in the construction industry.

## **6.2 Shenzhen Pneumoconiosis Gate: Two Successful Cases of Protest**

The protests were staged in Shenzhen by two groups of construction workers suffer from pneumoconiosis in 20019. The protest was firstly launched by the construction workers from Daozi Town in Leiyang, and it was followed by the construction workers from Sangzhi County in Zhangjiajie. These two protests were highlighted for indepth review in my study because they were one of the most well-known rights-defending massive collective actions in China by the construction workers to



compensate for their occupational illnesses. In terms of its duration and scale; media coverage; and the amount of received compensation, these two cases of protest were very successful, in particular the Leiyang case, compared with other wildcat strike and protests launched by the construction workers under informal employment structure. These two cases of protest, namely Shenzhen Pneumoconiosis Gate given by media could attract the intensive report and coverage from the national-level media including and China National Radio and China Central Television.

The story could be traced back to the early 1990s when villagers of Daozi Town in Leiyang were recruited by the subcontractors from the same village as blasters and drillers for the construction sites in Shenzhen and there were keen demand for these two jobs to build high-rise buildings for the rapid urbanization of this fast growing special economic zone nearby Hong Kong. The subcontractors from the same village who had been as blasters and drillers in Shenzhen before and they had become rich and became subcontractors to earn more money. Their successful role model to get rich and the trust built on kinship attracted a lot of peer villagers to start their journey in the construction sites. With the keen demand for construction workers, the labour supply in Leiyang was insufficient to satisfy the demand. These subcontractors from Leiyang changed their target and began to recruit construction workers from Sangzhi County in Zhangjiajie, which was 600 km away from Leiyang and it was much poorer than Leiyang.

In their daily operation at various construction sites, they applied pneumatic drills in wells with tens of metres below the ground level. The lack of dust-control facilities and terrible ventilation for these underground drilling operations generated massive amount of dust and consequent inhalation. This situation was worsened by the popular

application of dry drilling technique to shorten the period of construction. In spite of the severe risks associated with blasting, construction companies failed to provide these construction workers with sufficient protective equipment for frequent daily consumption. Occupational safety and health training were also insufficient and the construction workers had little idea about the risks behind their work. In order to earn more money, these construction workers were working under the wells for long hours. The long exposure to dust and silica significantly raised the susceptibility to pneumoconiosis.

### *Struggles of the Leiyang Group*

Since 1990, young people left their home village in Leiyang and went to Shenzhen as blasters and drillers. Workers who were working through the same subcontractors began to have pneumoconiosis and died of the disease after long exposure to dust in the construction sites. Their protest was brought out when one of the victims successfully approached the blasting company for a medical compensation in April 2009. The successful story spread across the construction workers and 10 seriously ill workers then returned to Shenzhen on May 22, 2009 seeking a settlement with another blasting company they had once served. This company, however, rejected their claims for compensation, due to the lack of official authentication of pneumoconiosis as occupational illness. This experience was then shared with other workers from Leiyang, brought about the return of other 170 workers suffered from pneumoconiosis to Shenzhen for medical checkup so as to ask for compensation for occupational illness.

A total of 190 construction workers from Leiyang had got medical checkups at the

Shenzhen Prevention and Treatment Centre for Occupational Diseases (*The Treatment Centre*) in May 2009. A document was sent later to the Leiyang Municipal government and stated that 101 out of the 190 construction workers had varied different stages of pneumoconiosis. On June 15, the construction workers received radiological reports of the Treatment Centre with remarks such as ‘lung spots found’, ‘further diagnosis needed’ and ‘re-examination required’. The deviation of information between heard from Leiyang’s government officials and received based on the radiological reports from the Treatment Centre triggered their anger. They then brought the responsible person of the Treatment Centre to headquarter of the Shenzhen Municipal Government. The government top officials in Shenzhen government were shocked by this collective action and instructed officials at the lower levels to consider the workers’ demands within the ‘legalistic framework with humanistic care’, which was a popular strategy adopted by the government as a micro-foundation of bargained authoritarianism, turning the citizens’ imagined legal rights to realistic rights under circumstances (Lee and Zhang 2013). In contrast, street-level officials appealed to the legal procedure and asked the construction workers to present the evidence of their employment relationship at the construction sites and to apply for an official certification of their occupational illness.

On July 27, 2009, construction workers from Leiyang submitted a letter to the heads of Shenzhen Municipal Government and Party Committee. The letter not only addressed their suffering and concerns, but also accused the illegal employment practices and the inaction of the government officials on these malpractices. At a meeting on July 29 with the working group of Leiyang municipal government for this incident, worker representatives were informed of their second diagnosis results and the proposed a resolution of the case, in which 17 of them without written

employment contract but with a confirmed employment relationship supported by other evidence could request the statutory compensation through judicial procedures; meanwhile the remaining 84 workers without employment contract and other employment authentication could only get a one-off payment of 30,000 yuan from the Shenzhen municipal government. All the constructions workers were not satisfactory with this offer and launched another protest on July 30. They petitioned and protest outside the municipal government headquarter until early morning on the next day, when officials agreed to have a dialogue with worker representatives; and to provide statutory compensation to those workers with confirmed employment relationships; and to increase the amount under ‘humanistic payment’ for those workers unable to confirm their employment relationships. After days of dialogue, officials from Shenzhen and Leiyang informed the worker representatives on the revised government offer on August 4: 70,000 yuan for workers diagnosed with stage-one pneumoconiosis and for the relatives of those workers who had passed away; 100,000 yuan for those workers with stage-two pneumoconiosis, and 130,000 yuan for those workers suffered from stage-three pneumoconiosis.

However, the amount of offered compensation for workers with stage-two and stage-three pneumoconiosis were far less than what they would have claimed under the regulations of insurance. Alongside with the humanistic care, 86 workers without confirmed employment relationships would like to struggle for more compensation under legal procedure and requested the Shenzhen Municipal Human Resources and Social Security Bureau on August 7 to intervene and to recognize their official employment relations at the construction sites. Upon the request, the officials of the Bureau scheduled a meeting on August 10 between these construction workers and bosses from the blasting companies, who refused to confirm the employment

relationships with the majority of workers as their employees. The officials of the Bureau easily believed the blasting companies and did not carefully review the validity of their denial; and even worse, the officials had called 500 police officers to uphold the order of the meeting so as to protect the boss from the potential psychical or emotional pressure. After the meeting, only 17 workers were successful confirmed their employment relationships, meanwhile the Bureau refused to confirm the employment relationships of 14 workers who have other employment evidence, including work permit, entry permit and living permit. With the unsuccessful meeting, majority of the construction workers, particularly those victims with early stages of pneumoconiosis, accepted deal and returned their hometown in Leiyang.

Among the 17 workers with a confirmed employment relationship, those workers whose employers had paid for their occupational injury insurance received their compensation in September. A worker representative, XZZ diagnosed of stage-three pneumoconiosis died on August 19. His wife received a compensation of RMB 280,000 from the insurance fund. The remaining workers either continued to seek for reasonable compensation through legal procedures or accepted the humanistic payment offered by the government. Those accepting the government's offer were usually early-stage pneumoconiosis sufferers with an established employment history and, in total, received humanistic payments amounting to about RMB 12 million yuan.

Seriously ill construction workers without the coverage of the insurance scheme, including worker representatives XXS and XRB, decided to seek compensation through legal procedures, which were tedious and time-consuming as expected. They began the legal procedures on their diagnosis with stage-two pneumoconiosis in

August 2009 and it followed by two years of administrative and legal processes including the, administrative reviews, authentication of occupational diseases, two rounds of labour mediation and arbitration. They finally got 80 percent of the amount entitled under labour laws and regulations in December 2011.

The protest undertaken by the construction workers from Leiyang attracted media attention in July 2011 and prompted a heated debate on the Internet. Some students from universities from Beijing intervened by forming a Student Concern Group on their protest and working conditions. After the intensive study and review of the working conditions, the Group submitted an investigative report to related and government departments. In addition to sending reports and open letters, the members of the Concern Group even accompanied the victims in the legal proceedings, mediation and arbitration sessions. They even helped workers to voice their oppositions immediately when their legal rights were violated. The engagement of scholars and students in the protest encouraged and empowered the victims to defend their own rights, and also gave strong public pressure to the Municipal Government and courts, since the legal path was mainly on individual basis and the former mass support from peers in the protest was absent. The pressure gave an important background to understand Shenzhen Municipal Government reaching a final verdict and compromise with those workers by the end of the year.

### ***Struggle of Zhangjiajie Group***

Learnt from the experience of the construction workers from Leiyang through personal connections with the activists working at the same construction sites before, most construction workers from Zhangjiajie did not go through tedious legal

procedures to struggle for their compensation, but instead they adhered to follow the track of their Leiyang counterpart for collective action to directly give pressure to the local government. The reasons why they followed the path of Leiyang workers for collection actions was that a case of a worker (WZY) from Zhangjiaje was confirmed his pneumoconiosis in 2008, even though he had found his lung not well since 2005 with various medical checkups. Then he launched lawsuit against the boss of the blasting company but the legal process was very time consuming and the second trial was not completed by the time when the workers decide to launch the protest. The path of legal action was not attractive for so many workers to ask for compensation. Meanwhile Zhangjiaje workers heard from the successful story of Leiyang workers who obtained humanistic payments after launching protests in summer 2009.

The protest began with the block of main entrance of the Treatment Centre by 80 Zhangjiaje construction workers with pneumoconiosis on September 17, 2009 and requested for a medical examination. However, the Treatment Centre stated that they required further instructions from the senior department of the government and did not conduct prompt medical check-ups for the construction workers, but simply collected their personal particulars. About 50 victims leveled up their action by petitioning to the Shenzhen Municipal Government. Officials from four different departments, including Ministry of Health, Bureau of Human Resources and Social Security, Public Security Bureau (Police), and Office of the Shenzhen Party Secretariat, met the worker leaders as follow. Officials persuaded the construction workers to return to their hometown at Zhangjiaje first as they claimed that they need more to process their situation and demands, and they would reply their decision by the end of October. Although workers agreed this arrangement, they did not receive any feedback by the promised deadline. They were deeply upset and went back to

Shenzhen to visit different government departments and bureau on November 3, 2009.

During a series of visits in the first half of November, they were referred to different departments without no substantial progress and reply. 85 workers followed the example of Leiyang workers and kicked off a sit-in protest at the main square of Shenzhen on November 12 and it was followed by a two-day long hunger strike at the Bureau for Letters and Visits on November 16. Workers made their demands based on the precedent case of Leiyang but the officials told the workers that the offer for Leiyang workers was just a mistake and similar deal would not be applicable to them. The workers were even accused of violating the Fourteen Regulations against Abnormal Petition Behaviour made by the Shenzhen Municipal Government on November 14 after the protest of Leiyang workers.

*“We cannot repeat the offer to the Leiyang workers as it is completely wrong and will bring more and more collective actions and compensations against the government. The workers should go through judicial procedures to request compensations from the bosses. We feel much compassion to the workers. Yet there is nothing we can do unless they can present evidence confirming the presence of employment relationship. Workers should take the responsibility for not obtaining employment contracts. If the workers pass the legal baselines violating the Regulations against Abnormal Petition, they will be punished.”<sup>36</sup>*

---

<sup>36</sup> Field notes on an official of Bureau for Letters and Visits during the meeting with workers, November 17,2009, Shenzhen.



With the threats at Bureau for Letters and Visits, about 30 workers got angry and went to Headquarter Building of Municipal Government for a sit-in demonstration for an hour on November 16 until they were caught by the Police and brought to the Bureau of Letters and Visits to ask workers to follow the legal procedures for their demands. Workers stationed at the Bureau until November 18 when the Police forcefully brought them to the Rescue Station and let the workers dismiss themselves after three days. However, workers were requested by the landlords to leave when they returned to their temporary guesthouse in Pinshan District and the landlords told the workers the quit request was the idea of the “upper” [government]. Workers finally found another accommodation in Nanshan District but their number dropped to 9 and faced big difficulty for further collective actions.

Responding to the mounting pressure, an Ad-hoc Working Group was formed by the representatives of different related government departments, including Ministry of Health, Housing and Construction Bureau, Bureau of Human Resources and Social Security, Unit of Work Safety and Public Security Bureau on December 10. This group visited and investigated various construction sites in two week and requested the construction companies to take immediate modification measures on working conditions such as contributing social insurance, providing protective equipment, and offering wet drilling. However, these measures were on temporary basis and they were simply superficial responses to the immediate check from the officials. Most blasting companies quickly resumed earlier on-site practices as they realized that the preventing measures were too costly and inefficient after half month and applied the dry drilling again as before.

By the end of 2009, 18 construction workers from Zhangjiajie were diagnosed with

pneumoconiosis, and other 16 were under the process of classification. Among them, 14 victims were able to receive compensation before the Chinese New Year in 2010 as their employers had contributed to the industrial injury insurance. However, compensation under the name of ‘humanistic care’ applied in Leiyang case was no longer offered to 11 workers who had confirmed the formal employment relationships.

The right-defending actions of the construction workers from Zhangjiajie was reenergized after the Student Concern Group’s release on an investigation report on their condition in October. The report got positive feedback from the mass media in December, such as the Voice of China, Southern Metropolis Daily, Xinhua and CCTV. They issued follow-up reports on the collective actions of the construction workers suffering from pneumoconiosis, identifying loopholes of current regulation and policies to protect workers’ rights and criticizing the government’s inaction. On 21 December, a joint statement initiated by Professor Shen Yuan of Tsinghua University with the second endorsement of five other academics was sent to the Ministry of Human Resources and Social Security. They urged government departments to take the responsibility for rectifying the current working conditions of workers below the legal standard, in particular to guarantee construction workers to have their labour contracts back and to reform the verifying procedure of occupational diseases. Responding to the widespread concerns and pressure, Vice Prime Minister instructed the Health Department of Guangdong Province to investigate and verify the health conditions of pneumoconiosis-suffered workers, including health examinations, issuing occupational disease diagnosis and providing medical treatment to the suffered workers. Finally, 119 construction workers from Zhangjiajie were given free medical examination on January 7, 2010. Workers were classified into three groups on

compensation arrangement: first group with social security record covered by social security fund; second group of workers with other evidence on their employment relationship to pursue lawsuit against the bosses with the financial support of the government legal aid centre; and the third group without any evidence and materials offered 'humanistic care' compensation from the Municipal Government. All of them were sent back to their hometown in Zhangjiajie by coaches arranged by the government with 1000 Yuan festival bursary for Chinese new year, and they were promised for further negotiation and settlement on their compensation after the festival. When they returned to Shenzhen, the Labour Bureau reclassified the grouping and combined the first and the second group into one group with 52 workers; and the third group will remain separate group with 58 workers. Among those 52 workers in the former group, 6 workers were brought away by their bosses for private negotiation and settlement; 2 workers abandoned their request of diagnosis; 16 workers confirmed with different stages of pneumoconiosis with 2 unconfirmed cases; 26 workers with different symptom at their lung failing to reach the level of verification on pneumoconiosis. Among those 58 workers in the latter group, 41 workers found symptoms on lung diseases but were not given further medical examination. The ad-hoc working group of Shenzhen Municipal Government, government representatives from Sangzhi County and Hunan Province; and worker representatives reached a final settlement on the compensation based on the same standard of Leiyang case on July 16 and workers received the payment through the transfer of the Red Cross of Sangzhi County.

Apart from the path under the general settlement, some Zhangjiajie workers defended their entitled rights under complicated legal channels. Two Zhangjiajie workers with

pneumoconiosis<sup>37</sup>, should receive 610,000 yuan as compensation from the blasting company under the verdict of the court in October 2010 after a series of legal actions but the company refused to pay based on the judgement and only 40,000 Yuan-worth vehicles were seized by the Court in June 2011 to cover the entitled compensation. The asset was unable to cover the total amount of the compensation. Then, they raised his case for more media coverage and some reports covered their case in July 2012 and then an unknown person claiming as a report from central-level media suddenly approached them on July 21 to facilitate a private settlement with the blasting company. The company would pay him 500,000 yuan under the name of charity but in return they had to promise not to approach other media on their case and to make a public statement on the press denying their employment relationship with the company and they made the request for compensation to the blasting company simply for its business size. They seek for the advice of the reporters and solicitor following their cases and they suggested them to accept the deal as “*we are simply common people and most important is to get money, Saying sorry does not matter.*”<sup>38</sup> Finally, they accepted the private offer and ended their long path of legal struggle.

Another legal case launched by a worker representative suffering from pneumoconiosis was finally granted lump sum disability compensation of 250,000 yuan by legal enforcement on December 23, 2013. In the tedious legal procedures to struggle for his entitled compensation, he began a long legal journey since 2008 and he went through labour arbitrations twice to confirm formal employment relationship, three work-related injury verifications, two civil actions disability rating certification, two administrative proceedings and appeal to High Court of Guangdong Province.

---

<sup>37</sup> Interview with ZJQ and GZY, two workers from Zhangjiajie, September 5,2011, Shenzhen

<sup>38</sup> Interview with ZJQ and GZY, two workers from Zhangjiajie, September 5,2011, Shenzhen

From labour arbitration to High Court, he went through nine trials and about twenty court sessions to defend his own legal rights. Based on his reflection, such tedious legal processes actually deprived his legal rights, instead of protecting his legal rights<sup>39</sup>.

Reviewing the cases of Leiyang and Zhangjiajie, employers and local government adopted repressive and divergent strategies to favour cellular activism. Based on the structure of informal employment and labour subcontracting system in the construction industry, the employment relationships for most workers were unable to be confirmed. Legal procedure to confirm the relationship was a popular excuse in both cases to shift the focus. Since the health and work history of construction workers were identified as particular and individual, the government and companies tended to divide the group of workers in collective actions into different categories and sub-groups to offer separate settlement and different level of compensation based on the confirmed stage of pneumoconiosis and evidence to confirm employment relationship. The legal procedures played another role to expend time and absorb energy of more active worker insisting their entitled compensation with endless rounds of legal processes, negotiations and administrative red-tape. These counteractions under the legal framework on one hand repressed defending rights actions by diluting the empowerment of badly-ill construction workers, on the other hand, such legal processes, laws and regulations were well written without proper implementation could prevent the construction workers to transform their grievances and demands to a wider political agenda with implication of and cross-industry labour activism arousing class consciousness. This could explain the reason why collective actions by the construction workers failed to bring substantial and fundamental

---

<sup>39</sup> Interview with WZY, a worker representative from Zhangjiajie, September 5, 2011, Shenzhen

changes to their working conditions.

### **6.3 Prioritizing Non-legalistic Cellular Activism Upon Legalism**

Ching Kwan, Lee (2007: 32) argued, “Migrant workers see the law as providing their only institutional leverage in situations of labour conflict. Their mobilization targets local officials and employers and they work through the legal channel, the labour bureau, and the arbitration system.” She summarized that decentralization, cellular activism, and legalism are common characteristics of the collective mobilization in contemporary China, including, migrant workers in foreign factories, workers in state owned enterprises and peasants. She (Lee, C. K. 2016) further put the cellular and legalistic labour activism as self-limiting to state-defined boundaries.

Different from Lee’s thesis, the labour activism by construction workers suffering from pneumoconiosis in my review symbolized another path of labour struggle beyond legalism. Although the laws and regulations facilitated the awakening of the consciousness of construction workers of their entitled rights, workers were well aware of the limitations and constraints of the existing legal framework, in particular under the informal employment and labour subcontracting system. The legal procedures required them to devote abundant time, money and effort to go through the process with little hope to fulfil their full demands. They were more willing to take more straight forward and direct strategies to raise their demands to the government and the employers by their collective actions, including protests, strike, inviting interviews by media and scholars. Responding to these instant collective actions, construction workers were usually suggested and forced by employers and officials to follow in legal procedures to defend their rights. Hence, workers did not self-limit to

the state-defined boundaries of legalism. Such characteristics were particularly prominent in the rights-defending activities of construction workers suffering from pneumoconiosis since their health conditions and the remaining time of life made the time consuming legal procedure become unrealistic. Workers would die of the occupational diseases before the completion of the legal procedures. Since the workers were competing with time to get their claims when they were still alive, the construction companies were even more eager to abuse all possible legal procedures in lawsuits to extend the time of legal procedures, including appeals, re-examinations of diagnosis results, and even refusing to execute the verdict of compensation.

Zheng Guanghuai (2005) also demonstrated further on the limitations of the rights-defending legal actions of migrant workers. Workers were undermined by four different mechanisms connected to the rights and interest protection system: delegitimization of claims; selective application of the legal system; increased costs; and weakening of social support for migrant workers' rights-defending activities. The legal and institutional arrangements from prevention of pneumoconiosis to remedy and compensation were failed to protect the construction workers.

Under the labour subcontracting system, employment contracts (that is, labour contracts and work-related injury insurance) were not present to protect their legal rights. Construction workers strategically attempted to avoid verifying their employment relationships with their blasting companies individually on their own as it would easily fall into the tedious and ineffective legal procedures. Instead, they undertook collective actions to urge the officials to intervene the misbehaviour of the employers and the Prevention and Treatment Centre for Occupational Diseases. Having witnessed the oppressive attitude of the officials towards the demands and

claims of workers in the Leiyang case, the non-legalistic collective actions of the Zhangjiajie workers were directed towards the government that had failed to regulate and rectify the illegal conducts of the construction companies. In both cases, majority of the construction workers with pneumoconiosis were able to settle their claims and receive compensation after such collective actions. The return of a few workers to take lawsuits within the legal framework was more the result of the divide-and-rule strategies undertaken by the officials in the labour struggle instead of workers' first priority. The tedious legal procedures on one hand discouraged construction workers to take their labour struggle within legal framework, on the other hand such upsetting legal procedures encouraged workers to take direct collective actions against their employers and requesting direct intervention of the government when their legal rights were denied. In this sense, the legal structure had an unintended consequence to mobilize workers in labour activism.

The findings of this research have corresponded well to earlier investigative report. According to the Report on Living Conditions of Peasant Workers with Pneumoconiosis<sup>40</sup>, 60 percent of workers with pneumoconiosis turned to collective actions for compensation, meanwhile only 17 percent and 19 percent defended their rights through negotiation and formal legal channels, such as arbitration and lawsuits respectively.

#### **6.4 Social Network for Mobilization and Constraints**

---

<sup>40</sup> China Social Assistance Foundation the Charity Fund of 'Love Save Pneumoconiosis' 中华社会救助基金会大爱清尘基金, 中国尘肺病农民工生存状况调查报 (2014) (Report on the living conditions of rural migrant workers with pneumoconiosis (2014), July 1, 2014, [http://www.daiqingchen.org/upload\\_files/article/11/1\\_20140714180703\\_c75eq.pdf](http://www.daiqingchen.org/upload_files/article/11/1_20140714180703_c75eq.pdf)), accessed on December 15, 2019.



When construction workers would like to take the non-legal collective actions to protect their rights, the lack of formal organizations and trade unions was major constraint to workers to mobilize their actions. Ching Kwan Lee (2007) also argued that the absence of worker associations and independent unions to connect and aggregate, build on labour actions was one of the key factors for cellular activism. Most of the researches suggested that migrant workers were either fell into inaction or staged wildcat protests due to the lack of independent unions or formal labour organizations. Without horizontal social solidarity, labour protests arose mainly from the same locality and same work unit shared similar interests and concerns.

Although there were such constraints in labour mobilization, different scale of protests by workers were popular and frequent. It brings about a question on how workers have engaged in collective actions when formal organizations are absent. Jeffrey Becker (2012) attempted to fill this academic gap by addressing traditional rural ties providing material support, meanwhile urban ties among workers with no former rural connections providing information which could facilitate non-violent protests through informal bargaining with officials and employers or protests through the legal framework. In the case studies of the protests by Leiyang and Zhangjiajie workers, informal organizations with traditional rural ties and newly-developed urban ties played significant role in labour mobilization.

In existing social networks before the protests, including traditional kinship and family ties and newly-developed urban ties by Hunanese construction workers in and around their workplaces, were crucial to successful mobilization. Under labour subcontracting system, subcontractors usually recruited their relatives and their fellow peer from the same town/ village in drilling work which were famous of its high

salary. Therefore, pneumoconiosis created family tragedies and origins of these construction workers in blasting and drilling became so-called 'pneumoconiosis villages' which had a significant proportion of migrant workers suffered from pneumoconiosis. The traditional rural kinship and family ties in return provided a critical informal organization for mobilization.

Based on the observation, the protests by Leiyang workers, for instance, could be attributed to three family networks with 6, 9 and 10 workers, meanwhile they were connected through the local network of their respective worker leaders (XRB, XZH, and XXS) of each family network based on the informal organization of Leiyang. Through two levels of rural connection, local and family ties were able to connect 25 construction workers from Leiyang.

These three leaders played critical role in their struggle for compensation. XRB and XZH were subcontractors with authority and charisma, and XXS was technician who graduated from a junior college was better knowledge on labour laws and regulations. As the earlier group for blasting and drilling workers in Shenzhen, construction workers from Leiyang were recruited based on the embedded employment configuration in which the subcontractors and workers were closely linked under the rural social network. Under the labour subcontracting system, the embedded employment in return further consolidated and strengthened the pre-existing rural social network as the workers shared similar interests and fate in the collective actions. The subcontractors as their relatives and natural leaders were able to use their authority to mobilize the workers in the struggle.

Worker leader XRB was one of the victims successfully approached the blasting

company for a medical compensation in April 2009. He shared his story with his relatives and hometown peer working for his subcontracting team. 10 fellow workers with XRB with severe pneumoconiosis requested compensation claims on May 22, but the blasting company in return asked them to present official medical verifications on their occupational illness. XRB then shared his experience with worker leaders from Leiyang XZH and XXS, who asked their co-workers to undergo medical check-ups at the Treatment Centre. In the process of labour struggle, the worker leaders took different tasks based on their individual capabilities and particular competences: XRB acted as a liaison person to communicate with officials of government departments; XZH identified related laws and policies to articulate more concrete demands in the collective actions and protests; lastly XXS mainly provided logistical support.

With such organic division of labour, the worker leaders were able to develop proper strategies in their struggle. For example, they established an action fund to collect certain amount of money from workers to deal with the problem of free-riding, which was the popular challenge in collective actions, especially formal organization was absent. Instead of their employers of the blasting companies, they targeted the Shenzhen Municipal Government as the key subject of struggle and it helped them to obtain relatively prompt responses and settlements avoiding the time-consuming and expensive legal procedures against their employers. Through similar rural social networks under embedded employment configuration, the worker leaders from Leiyang successfully mobilized more than 180 construction workers with pneumoconiosis in collective actions.

This successful story of the Leiyang case encouraged the workers from Zhangjiajie

also suffered from pneumoconiosis to launch collective action. ZJQ, the worker leader of the Zhangjiajie workers, was once a colleague of XRB, XZH, and XXS working at the same construction site before. When the workers from Zhangjiajie firstly noted their illnesses, they were failed to obtain official verifications and documents of occupational illness. As a result, they could not take effective legal actions against their employers. It seemed that there was no way out to struggle for their compensation. Fortunately, ZJQ found out that Leiyang workers had faced the similar situation with them after he talked with XRB, XZH, and XXS. Workers from Leiyang, were successful in receiving compensation under the name of ‘humanistic care’ from the Shenzhen Municipal Government after their direct protests and petitions appealing to the government. Aware of alternative path of strategies from his former peers, ZJQ immediately informed and mobilized his coworkers from Zhangjiajie and took collective actions, following the similar campaign strategies as Leiyang workers. In addition to sharing their successful experience at the beginning of the struggle, the worker leaders from Leiyang took an even more significant role to give advice and they attended meetings and discussion among Zhangjiajie workers to share their strategies and tactics of protest used to deal with the government and legal institutions. They also shared connections and resources from the media and scholars. The three worker leaders from Leiyang and Zhangjiajie worker leader ZJQ did not have prior rural connection but they knew each other after working at the same construction site, in which developed a weak tie between three worker leaders from Leiyang and the worker leader from Zhangjiajie and it connected the strong-tied networks of the workers from Leiyang and Zhangjiajie, allowing the Zhangjiajie workers to access information and experience from another network of Leiyang workers.

During the struggle, the active and subjective role of construction workers in

establishing new urban ties and network should not be discounted. They were not merely passive recipients of external support of the media and scholars. After a series of protest, the workers from Leiyang became more familiar with the framing process of mass media and the daily operation of newsroom. The element of drama or confrontation would make the protest more newsworthy and it would make their demands to receive wider media coverage. Performative confrontations, such as staging public sit-in outside government department offices were adopted to attract the more attention from the media. They shared these newly-developed urban ties and tactics with the construction workers from Zhanjiaji.

*“We can gather 50 people at the Treatment Centre. If they refuse to provide medical check-ups, we will escalate our action, such as staging sit-ins and launching hunger strikes, to attract more media attention. We have close contact with Mr. Zhou, a journalist of Xiaoxiang Morning Post (潇湘晨报). He would come here immediately and report our performance.”<sup>41</sup>*

The embedded employment was able to protect workers from the certain repression of the state and employers at the production process according to Swider’s thesis. The findings based on the case studies of Leiyang and Zhangjiajie protests, the rural social networks and strong ties based on kinship also contributed to the mobilization among workers in the building team which co-workers were relatives. Although the information shared between different groups of workers facing the same situation played a crucial facilitating role in non-legalistic cellular activism, the limitations of social network in mobilizing collective actions should not be overlooked.

---

<sup>41</sup> Interview with a construction worker, HC, from Leiyang, September 12, 2009, Shenzhen.

The internal dynamics and the structure of the construction teams in Leiyang and Zhangjiajie cases were similar but not exactly the same. Although the workers in these two protests serving blasting and drilling jobs in the construction teams were close relatives from their hometown which shared strong ties of social network, the way of recruitment were different. Construction workers from Leiyang were recruited by the subcontractors from Daozi Town of Leiyang. The rural kinship not only connected the general construction workers within the construction teams from Leiyang, but also their subcontractors shared the same bonding. Such embedded employment configuration was favourable to the mobilization as the subcontractors with their authority and leverage in the teams could take up the leading role in the labour struggle. For example, the worker leaders XRB and XZH with authority and charisma were subcontractors of the construction teams from Leiyang and they played a significant role in leading their coworkers in the struggle.

Meanwhile, the way of recruitment of the construction team from Zhangjiajie was different from Leiyang. Instead of originated from the same hometown, the subcontractors of those workers from Zhangjiajie were originated from Leiyang which was 600 km away from Leiyang. As the labour supply from Leiyang was insufficient to cater the keen demand of blasting and drilling in Shenzhen, the subcontractors changed their target and began to recruit construction workers from Sangzhi County in Zhangjiajie through the rural labour market under the mediated employment configuration. Since the worker leaders in the protest of Zhangjiajie workers were not their subcontractors, those worker leaders from Zhangjiajie were general construction workers. Without the natural authority of the subcontractors as the worker leaders in the labour struggle, the government officials took this advantage

in challenging the authority and leadership of these worker representatives in the labour struggle to demobilize the collective actions. The police officer talked with the Zhangjiajie workers when they launched a sit-in action at the city centre on November 12, 2009. He challenged the worker representatives,

*“The resolution and settlements have to be step by step, firstly those workers with employment relationship to have medical check. The remaining workers can go to the Bureau of Letters and Visits to reflect their problems to verify those evidence and blasting certificates. Those without anything can reflect their demands as follow and government will consider. The government may say, go to have medical checkups and consider to claim workers’ compensation under social security or the companies, or ‘humanistic care’ by the government. It is complicated to communicate with government and it is not that simple. It is impossible to accept for all medical check-ups at once... Worker representatives do not understand the logic of government in handling issues and simply want to solve at once, they do not deserve to be representatives. I suggest your fellow workers to reselect representatives. If making troubles like this, you cannot solve problems even expending one day and none night.”<sup>42</sup>*

Workers on protest started to have disturbance among workers themselves and questioned on whether they should insist the protest. The worker representatives were under great pressure and they agreed to negotiate with the officials at the Bureau of Letters and Visits. The final resolution was similar as what had claimed by the police

---

<sup>42</sup> Field Note during the dialogue between construction workers from Zhangjiajie and a police officer, November 12, 2009, Shenzhen.

officer. The construction workers were categorized into three groups with different arrangements, including a stipend of 5,000 yuan for each worker as living allowance. The worker representatives were requested to go the Labour Bureau for the procedure to confirm employment relationships. Interestingly, this police officer even recommended all workers should go with the worker representatives to give more pressure to the Labour Bureau. Of course, the police official had no interest to mobilize the workers in collective actions. Instead, the meeting at the Labour Bureau did not have any progress in employment relationships. It was followed by the Fourteen Regulations against Abnormal Petition Behaviour pronounced by the government on November 14 to weaken the incentive and leverage of worker representatives to continue the protests. With the divide-and-rule strategy, the public protest and petition by the construction workers with pneumoconiosis from Zhangjiajie ended as follow. The internal solidarity among Zhangjiajie workers was weaker than Leiyang workers who leaders were mostly their fellow subcontractors with strong ties. The difference in the recruitment method and structure of construction teams could explain why the government was more effective in challenging the authority of the worker representatives in Zhangjiajie case.

In addition to the difference of social ties and recruitment methods among the construction workers from Leiyang and Zhangjiajie, the positive factor of the strong ties among construction workers and their subcontractors originated from the same hometown should not be overestimated.

*“Workers and subcontractors are relatives. Due to face (mianzi 面子) problem, the workers are unwilling to participate the actions to protect their rights. Those people who have gone to work outside in early years*



*became the subcontractors and small bosses. They bought house and cars and had strong incentive to earn money. They brought people from hometown to conduct blasting and drilling works and they did not join the work directly, simply manage and they do not want workers to join petitions and protests.”<sup>43</sup>*

The strong ties among workers within the construction workers on one hand facilitate mobilization and trust in labour struggle, on the other hand the conservative and apolitical tendency of workers hindered the emergency of labour struggle for their suffering and poor situations. It could explain the merits of labour subcontracting system, in particular workers recruited under embedded employment configuration. It could dissolve the discontent of the workers to some extent. Occupational diseases, like pneumoconiosis, were noted and diagnosed only after many years of work with close contact with dusts. Workers tended to neglect their illnesses at the early stage until it became worse and serious enough to obstruct their everyday living and work.

Although the weak social tie between the worker leaders from Leiyang and Zhangjiajie could help to establish the transfer of information and experience between two groups of workers without prior rural connection, they was unable to develop a horizontal solidarity and cross-workplace mobilization based on my case studies. The Lieyang and Zhangjiajie workers were originated from the same province in Hunan and the period of their protest were actually overlapping. At the peak of the protest of the construction workers from Leiyang in July 2009, the construction workers from Zhangjiajie with pneumoconiosis also came to Shenzhen to demand medical checkups and verifications on their occupational disease The Treatment Centre refused their

---

<sup>43</sup> Interview with WZH, a construction worker, September 9, 2009, Shenzhen.

request due to the absence of employment relationship. When I asked the worker representative why they did not join with the workers from Zhangjiajie to protect their rights and he responded that the Treatment Centre had earned enough money from the medical checkups fee of workers and they did not need to rely on workers for more money. It was his excuse to refuse the joint petition and the real calculation was that they worried that the joint protest with workers from Zhangjiajie would make the group size claiming compensation much bigger and it would give more financial pressure to the Shenzhen Municipal Government for payment. In return, it would have affected the affordability to pay to the claims of Leiyang workers if they joined with Zhangjiajie workers. Hence, they refused the invitation of the construction workers from Zhangjiajie for joint actions and even refused to give support to them before they had settled their compensation<sup>44</sup>.

Hence, the labour activism of construction workers were facilitated and also limited by their social networks and their respective employment configuration under labour subcontracting system. Although the protests by workers with pneumoconiosis were finally successful to a large extent to receive significant amount of compensation, they could only be identified as ‘struggles for compensation’, instead of ‘struggles for reforms’ on the fundamental working conditions and employment structure in the construction industry. The non-legalistic cellular nature of the protests explained the limits of these collective actions, meanwhile most of construction workers I talked with were simply concerned about the amount of their compensation. A few of them even refused interviews by the mass media once they had received compensation after legal procedures, to avoid any potential risks and sidetrack of their cases. In these two

---

<sup>44</sup> Field note in the dialogue with XZH, a worker representative from Leiyang, August 8, 2009, Shenzhen.

symbolic cases in collective actions from construction workers, the lack of class consciousness for itself greatly limited the imagination for more advancement and progress for the class interest, and it explained why there was no sustained labour movement to improve the overall working conditions and establish proper and formal employment relationship in the construction industry in China.

### **6.5 Responding Strategies of State and Capital**

While the labour protests by the construction workers from Leiyang and Zhangjiajie reviewed in this research was successful in claiming compensation, these two protests were limited in their scale in the sense that the protests failed to bring much structural changes to illegal misconduct and informal employment in the construction industry. In addition to the constraints of the collective actions and social ties mentioned above, the strategies and tactics of the government responding to the collective actions were also attributed to the cellular activism without much agenda for class interest and broader political agenda.

The non-legalistic nature of the labour struggle and individualized struggle in legal activism were the pre-set result of the legal system and industry structure. With the collusion of state and capital, the state had encouraged the rise of the labour subcontracting system under its abolishment of the former socialist pro-workers employment relationship in the construction industry as well as its decollectivization of rural economy. In order to maintain its socialist nature of the party state as well as pacify the tension between capital and workers, a number of laws and regulations were pronounced claiming to rectify the misbehavior and misconduct of the construction industry. The content of most of these laws and regulations were relevant

although may not be perfect. The working conditions of construction workers should be much better if they were seriously enforced and implemented. Similar as other social problems in China, rule of law was not ruling principle of this country and bureaucrats tended to apply laws and regulations based on their own wish and preference. With the tremendous interests driven by the construction industry and the property developers in real estate industry, there was insufficient incentive for officials to put those laws and regulations in practice to protect the legal rights of the construction workers. Compared with workers in other industries, the construction workers were in particular worse off since they did not even have a formal contracts with their employers to confirm their employment relationship. The informal employment structure under labour subcontracting system in the construction industry made the workers encountering huge difficulties to defend their legal rights and claim compensation when they got occupational diseases. The time consuming and tedious legal procedures made the labour struggle at the legal front become individualized and failed to address wider influence for class consciousness. Hence, most of the workers would respond to take a non-legalistic strategic to launch collective actions directly appealing to the government and the employers. Although it was more effective compared with the legal path of struggle, the resolutions and final arrangements were subject to the discretion and judgement of officials, instead of setting up any precedent case in legal sense or a structural improvement in the sense of public administration.

Referred to the well-written laws and regulations, the officials at the street level tended to shift the pressure of the collective actions of construction workers to the existing legal procedures as a kind of bureaucratic departmentalism to get rid of any trouble and potential uncertainty from their government department and unit. They

always suggested workers to attempt alternative legal procedure which was irrelevant to their own departments. With limited power and resources, they were unable to offer any special arrangement and discretion to workers in protests. They were risk adverse in nature. Contrast to the low ranking officials, the higher ranking officials tended to take very different strategies responding to the labour protests. When the workers aroused the attention of the higher ranking officials, it usually came with a more public and bigger scale protest and petition. There was strong incentive for them to handle the workers' demands as soon as possible upon their discretionary power and financial resources. The delay in settlement implied higher risk of an even bigger protest joined by other construction workers with similar situation. It may finally drive the workers to the more fundamental issue of the implementation of existing laws and regulations which were the responsibility of these higher ranking officials. It was one of the reasons behind the case of Leiyang workers for rapid settlement as a bigger group of Zhangjiajie workers had arrived Shenzhen to claim their compensation on pneumoconiosis. The potential union between two groups of workers pushed the Shenzhen Municipal Government to take prompt action to offer 'humanistic care' to Leiyang workers.

Preventing these protests to arouse more public concerns on the illegal practices in the construction industry, Shenzhen Municipal Government ordered the blasting companies in Shenzhen to take immediate actions to rectify the hazardous working environment at drilling sites. These measures were temporary and regarded as precautionary actions against any accusation from the public and the central government. Due to the increase in cost with these good practices, they only lasted for half a month and left the root cause of pneumoconiosis unresolved. The conservative nature of the workers' demands and the precautionary nature of legislation and temporary

execution could explain the lack of structural changes after the labour activism. Of course, the divide-and-rule strategy was adopted by the government to weaken the workers' solidarity in labour struggle. Based on the limitations of the social ties, the government and employers were able to limit the labour activism to cellular activism. For example, construction workers in the protest were categorized into different sub-groups: those with and without confirmed employment relationship, and those with or without social security; and those with early and later stage of pneumoconiosis. Finally, humanistic payment was given to those workers without a confirmed employment relationship and the remaining workers with stronger demand had no choice but to appeal to legal procedures on an individual basis. Such division and categorization were effective in demobilizing the power of collective actions.

Apart from the social ties to share information between different groups of workers, the government and employers also shared information among themselves to learn from the experience to deal with past protests and petitions of workers. After the settlement of the Leiyang workers, the government obviously learnt from the experience to deal with the following protest by the construction workers from Zhangjiajie. Firstly, the government asked for the prominent intervention of the police. Under the pressure of massive number of police, the protest and petitions by the Zhangjiajie workers at different government departments did not have similar impacts as their counterpart from Leiyang. The Fourteen Regulations against Abnormal Petition Behaviour was made to discredit the legal ground of the protest and made the collective actions by the Zhangjiajie workers as illegal misbehavior. Finally, the Shenzhen Municipal Government also established an Ad-hoc Working Group consisted of representatives of different related government departments, including Ministry of Health, Housing and Construction Bureau, Bureau of Human Resources

and Social Security, Unit of Work Safety and Public Security Bureau. The Ad-hoc Working Group could facilitate the information sharing and the officials could effectively decide the strategies and tactics to handle the protests.

With the example of rights-defending protest by Leiyang workers, the government informed the bosses of blasting and drilling companies about this case through internal channels and requested them for rectification on illegal practices of occupational safety and health. Different from the short-life rectification measures, the bosses were aware of the potential risks to be claimed by the construction workers with pneumoconiosis and made various responding measures to prevent any potential collective actions of construction workers. For example, a subcontractor gave the most health risky drilling task to a labour dispatch company to recruit workers and she only kept the less risky task of blasting<sup>45</sup>. In addition, other subcontractors requested workers to have body check in recruitment and rejected those workers with any symptom of pneumoconiosis. Lastly, some construction workers from Leiyang with labour contracts had successfully confirmed their employment relationship with other evidence, such as certificate of blasting qualification. The bosses would get all this kind of certificates directly to prevent workers to use them for rights protection in future. It was another good example to show the implicit and covert collusion between the state and the capital.

## **6.6 Conclusion: Informal Employment Facilitating and Limiting Labour Activism**

Under current literature on migrant workers, they were described as either a

---

<sup>45</sup> Interview with WZH, a construction worker, September 9, 2009, Shenzhen.

compromising citizenry or being trapped by the limits of legalism. Based on two case studies on Shenzhen pneumoconiosis gate, construction workers were not passive subjects without agency power. Under the constraints of informal employment in the construction industry, they were able to move beyond the chain of tedious legalistic framework and prioritized collective actions over legal activism. This chapter has reviewed on the collective rights-defending activities of construction workers with pneumoconiosis by addressing two central issues: Under the structure of informal employment in the industry, why the construction workers prefer collective actions; and what are the favourable factors and constraints to labour mobilization.

Based on my participatory observation, the structure of informal employment brought much limitation to construction workers in defending their entitled rights through legal processes. In practice, the tedious and time-consuming legal procedures resulted in the actual exclusion of them from the legal system. In return, it was the fundamental factor contributing to non-legalistic, cellular activism of the construction workers. When they were suffered from occupational diseases or encountered wage arrears, the construction workers without formal employment relationship compared with their counterparts in other industries were greatly limited their access to the legal procedures for judicial justice. They were more likely to take protest and petition to address their demand directly to the government officials and employers. In addition, the embedded employment configuration in construction teams based on rural kinship networks was able to provide important foundation to mobilize workers, meanwhile the urban ties among different group of workers at the construction site facilitated a weak tie to share information, other urban network (media and academic) and experience between different groups of construction workers without prior rural connection.



Social ties have contributed to the collective resistance of construction workers, but their positive impacts should not be overestimated. The labour struggle based on social ties among workers was cellular and workplace-oriented, and it was not likely to develop into a sustained movement with class-oriented agenda addressing the structural problems of the industry and employment relationship. Cellular activism should encounter the divide-and-rule tactics applied by government officials and employers; and the unfinished process of proletarianization brought about the spatial separation of production and reproduction of labour further limiting the capacity of mobilization which was essential for long-term labour struggle for bigger agenda with more structural implications. The authentic labour regime under labour subcontracting system in construction industry in China brought the opportunities for, and constraints to labour activism. Strong rural ties of embedded employment configuration facilitated workers' collective actions by offering trust and sense of solidarity as well as providing certain material support. Spatial segregation of the production and reproduction was the major constraint on labour activism by limiting its duration, scope and scale, meanwhile the social ties and network among government department and employers further made the resistance more challenging. The double movement of the state in developing labour market in the construction industry made the semi-proletariat workers fail to develop their full identity as workers in cities. It adversely affected their class consciousness and capacities to take more advancement in their collective action.

## Chapter 7

### **Bringing back State and Labour Activism into Informal Employment**

Construction industry was one of the fastest growth industries in China. It employed more than 60 million peasant workers and the related real estate industry and infrastructure were contributing to the indispensable part of the domestic consumption and investment, as well as the key source of fiscal revenue of the local government. In order to promote the productivity and shift the costs to the workers, labour subcontracting system was adopted on one hand the high promised wage rate could attract the productive workers into the industry. On the other hand, the informal employment conditions under labour subcontracting system made the absence of clear employment relationship. Wage arrears and no compensation for industrial injuries/death were popular in the industry. Without proper employment contracts, peasant workers were very difficult to protect their rights through regular legal procedures as the workers in other industries. In reality, the high wage rate in nominal terms was outweighed by the popular wage arrears and no compensation for industrial injuries/death. Risk was transferred and shared by the peasant workers at the bottom to maintain high rate of profit and high rate of taxation in the construction and its related real estate industry.

Over the past three decades, China has created an economic miracle which has caught the eyeball of the world, especially in terms of alleviation of extreme poverty. However, this development has paid at a heavy price. It has not only dismantled the collective economy, but also it implied the full retreat of the state from the countryside and agriculture has been forgotten. Rural China remained in backward and poverty and large numbers of rural young population had “no alternative” but

were forced to migrate to cities as fulfill the abundant demand for labour in export-oriented industries. Under this export-oriented development model, cheap labour became China's most obvious competitive advantage.

With increasingly severe difficulties and problems in agriculture and the rural area, the neoliberal economists have failed to reconsider their economic development model. Ironically, they have blamed the victims instead, claiming that problems were due to inadequate marketization and privatization of collective land in rural area, but the reality was that marketization a large extent brought about these problems or intensified them. From their point of view, the neo-liberalist doctrines that ensure survival of the fittest can generate the greatest possible incentive mechanisms, and they do not care too much about a widening gap between rich and poor. It is regarded as a necessary byproduct of the market economy. Such economic model was promoted with severe state intervention and the "free" market does not really exist in the way as neo-liberal economist claimed. Under this "unfree" market, equity had to give way to effectiveness when these opposed pair could not be reconciled. They suggested that only if a small designated proportion of the population was allowed to get rich first, common prosperity can eventually be achieved. Only when economic disparities were greatly increased, an incentive mechanism would be possible. There was "no alternative".

The mode of production and labour relationship in China have been entirely reshaped in favour of the interest of the global capital. On one hand, the expansion of export-oriented industries led to a strong demand for labour force in China. Since the late 1970s, the de-collectivization and the retreat of state in social protection had generated a massive labour surplus from rural areas. On the other hand, the central

government set up a new labour market to facilitate an unprecedented tide of rural-to-urban migration by partially loosening the administrative restrictions on the household registration system. Most transnational corporations or their subcontractors were able to recruit millions of these peasant workers to work at export-oriented industrial zones as wage-labourers as a kind of disposable commodity in free market.

The unprecedented rural reform to contract agricultural lands to individual households was one of the key factors for China to achieve economic growth under global production chain. Factory employers did not need to fully pay their peasant-workers with a level of living wage to support the full cost of their social reproduction of labour, meanwhile the remaining household registration system helped to shift these social costs of labour to workers' rural communities. This process of state retreat largely shaped a specific capital-labour relationship in China as an unfinished process of proletarianization which contributed to the growing number and scale of struggles by peasant workers in China.

The state activism and state retreat paradoxical process has resulted in the emergence of a new working class in China. Alongside the rise of this new working class in urban area, the governments at various levels were almost disappearing in the provision of social services such as housing, medical care, education, and other basic necessities for peasants workers to settle their lives permanently in cities. The struggles for these provisions and improvement in social status and well-being would be inevitable under the path of proletarianization of Chinese peasant workers.

Under the neo-liberalist development strategy and its discourse, the construction workers had lost their high social status and role model of the development in the

socialist era. As the pioneers of “materialized” labour, construction workers had been highly praised and lauded for their labour and contribution in the socialist period. This symbolic effect was changed in reform-era when labour was turned into a commodity and alienated as simply a tool of production with market value. Their livelihood were rarely studied and well recorded in the mainstream discourse of the state, as if they were not significant. After the rapid industrialization and urbanization for 30 years, the party-state even went further to emphasize on mass consumption based on tertiary and service industry. Postmodern and post-industrialized play of “immaterial” labour further marginalized the voices and role of construction workers.

In addition to the inferior position in social status, the production relations and class forces were skewed in favour of capital, construction workers were situated poorly in the specific structure of Chinese political economy. The workers serve for building the infrastructure and basic material buildings of the economy, but in return there was no boss, no employer directly responsible for the employment malpractices in the industry. Compared with workers in other industries in China, the capital–labour relationship was highly disguised and blurred under the labour subcontracting system in the industry. Construction workers literally did not know the identity of the property developers and construction companies who should be ultimately responsible for the malpractices in the employment and the non-payment of the owed wage . This mis-recognition was made possible through the labour subcontracting system promoted intentionally by the party-state and local governments by their regulations and orders in the 1980s and 1990s. These moves were justified under the neo-liberalist values and concepts as an invisible hand, the market, flexibility, profits. The subcontracting system enabled a rigged hand to deal with a transient army of labour in the construction industry.

The exceptional malpractices involved in the rapidly growing construction industry induced largely radical collective actions by angry construction workers. The political economy of the industry shaped a specific labour subcontracting system that embodied two processes: the commodification of labour from rural villages and the expropriation of labour in the production process of the construction industry in urban areas. Rural non-industrial social relationships were manipulated to serve the process of labour expropriation, which in return seriously damaged the social trust and complicated the labour conflicts at the construction fields.

The highly reputable construction workers in the socialist era have become the “invisible” subjects of the city which they built. They were present at the construction sites where they were wasteland in the cities having little economic value to society. They were disappeared once the buildings had been completed with their toil, and the market value of the land has been added and escalated. The workers were not only absent psychically in the space that they have created, but also they were absent from sharing the economic benefits of their building contributions as they were frequently not fully paid on the wages that they deserved. In sum, the labour subcontracting system was the source and core problem of the construction industry, generating a perfect environment and conditions of exploitation on construction workers with poor working conditions and could not get their full wages.

Based on the neo-liberal model of economic development, the bidding system of subcontracting different parts of a construction project was the outcome of the market forces driven many free actors in the construction industry. However, it was not true and the collusion between the state and capital was the fundamental cause of the

labour subcontracting system. Various institutional and legal settings and arrangement developed by the state were favourable to the subcontracting system and the malicious bidding system. They became the only 'feasible' outcomes.

Over the past 40 years of economic reform, China had established a set of systematic laws covering employment, industrial safety, and social security so as to improve the working conditions and address workers' discontent under the neo-liberal economic structure and production relations. However, the legislations of laws and regulations were simple the first step, and they encountered selective used or even malicious distortion by the executive and judicial departments in their implementation. Although the illegal practices, wage arrears, informal employment and serious incidents of work-related injury and occupational diseases were still very popular in the construction industry, the fundamental reviews and reforms through formal legislation at the national level did not exist. Despite of the authentic nature of production and employment in the construction industry, the government did not pay sufficient and sustained effort in establishing tailor-made legal regime to deal with the poor working conditions of the industry. Although there were several administrative notes and measures announced by Departments at central level for rectify the problems in the industry, they were either not comprehensive or regarded as temporary rectification with less long-term impacts. Under the informal employment system, the construction workers from the rural areas mostly failed to enjoy their legal rights promised by those national laws and regulations. Their working conditions and rights protection were far lagged behind their counterparts in other industries.

In addition to the reviewing the legal regime at the national level, Irene Pang (2019) has further traced the limitations of the legal framework in the construction sector to

explain the precarity of construction workers was structured and reproduced by the state based on her study in Beijing on the labour disputes and legislations at the domestic level. In the context of multi-layered subcontracting, construction workers and their petty labour recruiters might not be able to get their payments from above. However, their employment relations were ambiguous and difficult to prove within the pre-existing legal institutions and domestic regulations.

Through the law—instead of its absence—the Chinese state “has adopted an approach of legal specification that seeks to meticulously define the terms and conditions of labour relations” (Pang 2019: 554). New rules and regulations have been promulgated to attempt to harmonious labour relations, including but not limited to the construction sector. The practice of subcontracting was legalized, instead of being abolished or regulated properly. The leading property developers established business partnerships with a number of firms, who further contracted out labouring work to the bottom-tier of the hierarchy of the construction industry. In the context of subcontracting, however, a score of subcontractors went unregistered. Although these informal recruiting agents were not qualified as employing entities, they nevertheless continued to operate in the market. In return, construction workers without formal employment relationships were always placed outside the laws, even when the laws formally existed. This was the legal gap, in which construction workers found it extremely difficult to defend their legal rights and interests.

Although a number of measures and regulations were promoted accompanying the commodification of the construction industry, the government regulations not only lagged far behind the commodification process of the construction industry, but also most of the protective measures were not fully implemented at local level and



construction sites. With the top priority placed on fast state capital multiplication, hardcore measures which would slow down capital accumulation and imposing restrictions on capital expansion were not implemented faithfully.

In our interviews with labour subcontractors in Hangzhou, they commented that it was “troublesome” to establish labour service sub-contracting companies or professional contracting companies. This was because setting up a sub-contracting company implied frequent interactions with different government departments including taxation, commercial and construction bureaus. In addition, running a subcontracting company involved high operating costs even in times of no construction projects. In short, labour subcontractors were unwilling to establish sub-contracting companies and recruit construction workers as formal employees owing to trivial registration procedures and high operating costs.

Some of our respondents mentioned that labour services sub-contracting companies under the existing labour subcontracting system were bogus. It was believed that inexistence of formal construction labour market was one of the major factors pushing construction workers to seek for employment through personal ties, instead of formal labour services companies. More fundamentally, the phenomenon was attributed to the household registration system which made migrant workers unable to get access to formal employment services offered by urban governments.

With the comprehensive collusion of the state and capital in construction industry of China, the construction workers encountered multi-facet pressure from the state, capital and economy. The unfavourable employment and industry structures put the construction workers bearing most of the risks and uncertainty of the construction

industry so as to make whole production chain viable and financially feasible. In material sense, the workers at the national, city and firm level had to encounter the risk of wage arrears and default by labour subcontractors on the promised salary. Worse still, the poor daily working conditions and remuneration arrangement put the reproduction and social reproduction of labour into a very difficult situation. With long working hours, intensive labouring tasks, unhealthy and unsafe working environment, lack of proper and health leisure environment, construction workers were under the daily and structural pressure.

The labour subcontracting system was the source and core problem of the construction industry. The unequal and unfair employment structure and poor working conditions aroused popular discontent among construction workers. Constant labour disputes and conflicts between subcontractors and workers were highlighted as one of the characteristics of construction industry in China. The collusion between state and capital would fully utilize the advantages of the labour subcontracting system in the highly exploitative construction industry, so as to shift the burden and cost of economic crisis with slower economic growth and poor fiscal conditions of local governments to those precarious and vulnerable peasant workers who were not protected by any formal and legal employment relations. Based on such analysis on the political economy of China, the radicalization of labour activism was expected as a response to the intensification of exploitation of workers in the construction industry, in which the working conditions became more and more unsustainable for labour reproduction and social reproduction. Although the Labour Contract Law was enacted in 2008 and the awareness of peasant workers in manufacturing industry on labour contracts became much stronger, the employment of peasant workers without labour contracts was still a norm of the construction industry and majority of workers did not

have proper labour contract to confirm their legal employment status and relationship with their employers. As the key feature of construction industry in China, Sarah Swider (2015a, 2015b) has conducted research on these peasant workers of the industry and developed an analytical framework of “employment configuration” to understand and analyze the labour relations and employment situation of informal workers in the construction industry. The workers were encountering existing definitional and conceptual limitations under formal/ informal employment dichotomy. “Employment configuration” was established as a pathway into employment linked with a specific mechanism that regulates the employment relationship and explained their respective control mechanism and vulnerability of workers’ precarious existence. Three different types of “employment configuration” have been examined in the construction industry, including mediated, embedded and individual employments. For “mediated employment”, construction workers in this type were paid in a lump sum at the end of the year and their daily lives were trapped in a cycle of isolation and a state of permanent temporariness. For “embedded employment”, it was characterized by the specific close social networks of peasant workers who developed their “migrant villages” in large cities and these social networks have paved the way for the migrant workers into the employment of construction industry. The subcontractors and workers mostly have closer social relationship. Enforceable trust, reciprocity and bounded solidarity based on the mechanism of kinship obligations made workers less vulnerable in relation to their employers and capital, but they were facing constant disturbance and “cleansing campaign” of the local government. The last type was “individual employment” which was characterized by the street violence and hegemony of street labour market as the last resort for those highly precarious workers.

Under the framework of “employment configuration”, Sarah Swider has developed a typology to identify different categories of construction workers under informal employment and it was able to examine different political, social and industrial structure to explain different precarious conditions of informal employment in the construction industry among three different employment configurations.

Swider’s analysis of employment configurations has given a valuable insight to study the employment relationship of the construction workers based on their path of recruitment. Those three types of employment configuration were mainly describing the situation and conditions of workers recruitment if we took away those dimensions directly related to mode of regulations and control mechanism about employment.

Under the labour subcontracting system, the role of labour subcontractors was pivotal and embedded recruitment identified that labour market relations could be established only based on the embedded social network between the labour subcontractors and workers. It did not make much sense for peasant workers to work for the large contractors /construction companies who were regarded as the strangers from workers’ perspective without signing any proper labour contracts. Hence, embedded recruitment should be classified as the key type of recruitment configuration, meanwhile mediated recruitment and individual recruitment were subordinate to embedded employment, since the large contractors and construction companies as the mediators to recruit workers through the labour subcontractors; meanwhile the workers as floaters in cities under individual recruitment without proper recognition and social trust. They could get into the job market under the umbrella of labour subcontractors.

No matter peasant workers were recruited under which type of recruitment configuration, they would work under the daily instruction and management of their labour subcontractors and live in the dormitories within the construction sites once they got into the production and labouring of the construction industry. They were suited under a similar employment configuration under the labour subcontracting system.

Labour subcontractors did play significant role in the labour market relations and mode of regulations under “embedded employment” when the construction workers were staying at the dormitories in the construction sites during their employment there. They as a result were subject to the negative side of the control mechanism in dormitories but less harassment from the state. However, such he model of employment configuration can be better in identifying the labour subcontracting system and absence of proper labour contracts as the key phenomenon in the construction industry of China.

The analysis on precarity of the construction workers will not be comprehensive unless sufficient review on the subjective power of social actors, including the state, capital and construction workers. The power of state and labour activism have to be studied. It is not accurate to assume the construction workers under such unfavourable working conditions of informal employment as passive and obedient. In reality, labour activism and struggle have accumulated more and more experience and power to shake the establishment of informal employment. Although the attempts of construction workers may not be successful once and for all, the constraints and limitations of struggles should be taken into account seriously to make the whole analysis of workers in construction industry more comprehensive. Informal

employment in the construction industry was not simply a social phenomenon driven by the social transformation and social structure of China. It was the intentional arrangement on employment setting and it was not taken for granted as some subcontractors and management of the industry claimed. The discourse analysis of the state in development can help us to have a comprehensive understanding on how and why such informal employment arrangement was established.

My study witnessed the radicalization and collectivization of labour activism among construction workers. Although it is not the majority, there were significant proportions of workers experience more radical action, including strike, destroying buildings of construction sites and climbing up to the tower cranes. Although the informal employment and unstable working location of peasant workers in construction industry discouraged the workers membership in trade unions, it did not restrain the workers involvement in collection actions for rights' protection activities in the informal organizations. Under the embedded employment configuration, peasant workers working at the same construction team mostly shared certain family ties or from the same home villages. They were living at the dormitories isolated from other people in the cities. Such setting further strengthened the intra-group linkage within the team originated from family ties and traditional network of villages. Hence, the informal employment of construction workers on one hand limited the labour activism of peasant workers in the formal organizations. On the other hand, this employment setting actually facilitated the collectivization of labour activism of construction teams under the same subcontractors as informal organizations.

The collective power in informal organization is particularly crucial as the labour disputes handled through legal and regular procedures took very long time as peasant

workers in the construction industry did not have their own proper contract and they needed to spend much time look for different ways to confirm their actual employment status with the construction companies or labour services companies.

Many academic studies on collective actions and labour activism regarded the migrant workers either as passive subjects lack of agency power and were limited by the constraints of 'legalism', or as a 'compromising citizenry' bribing government officials in protecting their interests and rights, or even worse as silent individuals without political and legal efficacy. They question the effect and sustainability of labour protests staged by Chinese migrant workers, and argue that these actions are isolated and uncoordinated and seldom go beyond rights-based demands (Friedman & Lee, 2010; Lee, 2007, 2016). As the most prominent pessimist, Lee Ching Kwan has suggested that the "moments of radicalization" would not transform the wildcat labour protests into horizontally organized, inter-factory labour movement due to the lack of worker representation and the non-existence of community-based associations or allies from the civil society under the domination and monopoly of the state-party (Lee, 2007, 2016). This pessimistic conclusion drawn by Lee was echoed by other empirical studies which claimed that labour protests in China can only rely on informal social networks instead of formal organizations as mobilizing structures (Becker, 2012).

However, some theorists have presented counterarguments to such pessimism that prevailed over the emergence of collective action. Leung and Pun (2009) advanced doubts on the validity of legalism, and stated that 'migrant workers are not necessarily confined to a legalistic framework'. Based on their study of the collective actions of gemstone workers, they suggested that legal action was only one of the possible ways

for workers to forward class struggle. Leung (2015) further suggested that migrant workers preferred collective actions over legal channels with the facilitation and support of worker activists.

Jeffrey Becker (2012) adopted the social network approach which argued that workers with urban ties tended to engage in protests. While the optimists presented arguments and counter-evidence to the legalism thesis, they rarely analyzed the subjective and structural factors that brought workers to adopt non-legalistic strategies as well as the mobilization process. Under the social network approach, Becker focuses mainly on informational support explaining different choices of protest strategies and tactics, but he did not put sufficient analysis on how rural kinship network and urban ties favourable to worker mobilization.

By examining two cases of protest in Shenzhen by the construction workers from Hunan Province, qualitative data presented were obtained through participatory observations and formal and informal interviews with construction workers originated from Leiyang and Zhangjiajie, two cities in Hunan Province. As a member of the volunteers from University Student Concern Group on Construction Workers, I have conducted fieldwork from 2009 to 2011 when these two protests were in their peak. Other than primary sources, I also found secondary sources to expand the analysis, including blog posts and reports of the Concern Group as well as the news reports and stories in mass media.

Based on my first-hand observation and interviews, the informal employment relations in the construction industry and the exclusion of construction workers from the legal system can explain the emergence of ‘non-legalistic, cellular activism’. The



labour subcontracting system in the construction industry in China has structurally denied the access of the construction workers to the legal process to struggle for compensation in wage arrears and occupational diseases.

Legalism ironically became the strategies of the state and capital responding to collective actions of construction workers. Without legally authentic identity, those legal procedures were very likely to be the way to absorb the momentum and collective power of the labour struggle. Legal procedure in general was conducted on individual basis, dealing with specific case of each worker. Such nature was unfavourable to collective action, in particular in the construction industry. Under such constraints, construction workers did not prefer to take legalist tactics in their struggles. In some cases of labour activism, legal means and entitled rights may be addressed simply to frame their demands and strengthen their moral grounds for their grievances, workers actually demonstrated a non-legalistic characteristic judicial activism was absolutely not their priority.

Facilitated by the application of preexisting social networks, construction workers, could directly launch collective action against their employers and government officials to struggle for their rights and compensations promised in laws and regulations. Under the labour subcontracting system, the collective action of construction workers were usually cellular, based on their specific subcontracting team and this non-legalist approach was less likely to generate a sustained cross-factory labour movement addressing the structural causes of their problems in the construction industry.

Social ties under the labour subcontracting system in the industry have contributed to

the labour activism but the resistance was cellular and workplace-oriented in general, and it fails to generate the struggle to be sustained social movement with class-oriented or cross-class agenda addressing the structural problems of the political economy and challenging the inconsistency between the socialist discourse of the state and its neo-liberal policies. Divide-and-rule tactics applied by government officials and employers were effective to limit the progress and success of the labour struggle; and the so-called successful stories were mainly determined in material sense based on the amount of money received by the workers after their struggle. The authentic labour regime under labour subcontracting system in the construction industry in China brought the opportunities for, and constraints to labour activism. Strong rural ties of embedded employment configuration facilitated workers' collective actions by offering trust and sense of solidarity as well as providing certain material support. The double movement of the state in developing labour market in the construction industry made the semi-proletariat workers fail to develop their full identity as workers in cities. It adversely affected their class consciousness and capacities to take more advancement in their collective action.

This research has examined the significance of state in the emergence of the labour subcontracting system in the construction industry of China. By reviewing the history of the neo-liberal development model under the economic reform of China, this research has identified how the labour subcontracting system in the construction industry has been created by the state. Under the double movement in promoting neo-liberal free market and decollectivizing the rural economy, the peasant workers were forced to leave their home villages to sell their labour in the labour market.

Concerning the poor working conditions in the construction industry, this research has

also examined the legal and regulatory regime of the state to rectify the situation. The context, impact and limitations of the legislation have been studied. I pointed out the government did not pay sufficient effort to deal with the unique labour regime of the construction industry, in which the construction workers mostly did not have their contracts to confirm their employment relationships. Without touching this fundamental problem, those well-written laws and regulations with good wills failed to be used by workers to protect their rights.

Through the comprehensive review of two case studies of Shenzhen Pneumoconiosis Gate, I have also demonstrated that the strong and weak social rural and urban ties come along with the informal employment and labour subcontracting system were able to advance the labour activism through information and experience sharing among different groups of construction workers, meanwhile the state strategies setting a tedious legal system to exclude the construction workers from their legal entitled rights has in return pushed the construction workers to choose its path of resistance on the non-legalistic, cellular activism. We have also gone through various constraints to labour activism from the limits of strong and weak ties to have more sustainable cross-region and cross-class labour struggle. The legalistic strategy of the state on one hand has aimed at dividing the power of labour struggle and diverse the focus of the resistance away from more structural change in legislations and policies. Responding to labour activism, the government departments were able to use its advantage of formal and authoritative organizations to mobilize its network and repressive and legal resources to respond to the challenges from the workers. A connection between state and capital has also be demonstrated to show the implicit collusion and union between the state and capital to deal with the resistance

The main academic contribution of my research is that the state and labour activism

have been brought into the analysis of the informal employment and the precarity of the construction workers in China has been studied. The state from its neo-liberal reform measures to decollectivize the rural economy and marketize the urban labour market and construction industry favoured the promotion of the labour subcontracting system in the industry. Although a number of laws and regulations had been made to protect workers' interests and rights, the authentic nature of the construction industry with widespread of informal employment was intentionally neglected without sufficient and effective responses from the state. It explained the lag behind on the working conditions of the construction workers compared with other industry and such strategy on one hand could be demonstrated by the collusion between the state and the capital which provided massive interests to the local finance in particular. On the other hand, the well written laws and regulations ironically became an exit for the local officials when collective actions break out. The tedious legal procedures could consume the collective power and effort as the workers fail to confirm their formal employment relationship with their employers and it is the foundation to claim their rights through legal processes. Legalism became a strategy of the state responding to labour activism.

Under current literature on migrant workers, construction workers were described as either a compromising citizenry or being trapped by the limits of legalism. Based on two case studies on Shenzhen pneumoconiosis gate, construction workers were not passive subjects without agency power. Under the constraints of informal employment in the construction industry, they were able to move beyond the chain of tedious legalistic framework and prioritized collective actions over legal activism. The case studies have reviewed the collective rights-defending activities of construction workers with pneumoconiosis by addressing two central issues: Under the structure of

informal employment in the industry, why the construction workers prefer collective actions; and what are the favourable factors and constraints to labour mobilization.

The structure of informal employment brought much limitation to construction workers in defending their entitled rights through legal processes. In practice, the tedious and time-consuming legal procedures resulted in the actual exclusion of them from the legal system. In return, it was the fundamental factor contributing to non-legalistic, cellular activism of the construction workers. When they were suffered from occupational diseases or encountered wage arrears, the construction workers without formal employment relationship compared with their counterparts in other industries were greatly limited their access to the legal procedures for judicial justice. They were more likely to take protest and petition to address their demand directly to the government officials and employers. In addition, the embedded employment configuration in construction teams based on rural kinship networks was able to provide important foundation to mobilize workers, meanwhile the urban ties among different group of workers at the construction site facilitated a weak tie to share information, other urban network (media and academic) and experience between different groups of construction workers without prior rural connection.

Social ties have contributed to the collective resistance of construction workers, but their positive impacts should not be overestimated. The labour struggle based on social ties was cellular and workplace-oriented, and it was not likely to develop into a sustained movement with class-oriented agenda addressing the structural problems of the industry and employment relationship. Cellular activism should encounter the divide-and-rule tactics applied by government officials and employers; and the unfinished process of proletarianization brought about the spatial separation of

production and reproduction of labour further limiting the capacity of mobilization which was essential for long-term labour struggle for bigger agenda with more structural implications. The authentic labour regime under labour subcontracting system in construction industry in China brought the opportunities for, and constraints to labour activism.

After 40 years of neo-liberal economic reform and commodification of rural economy, the memories of socialist era may gradually be lost and the power of social network will become less powerful in future. The main concern of this study is to see the dynamics behind labour activism in labour struggle, and also the criticism may overlook the authentic nature of the construction industry under the labour subcontracting system. With more experience, social network and trust, those first generation peasant workers may be more capable in the leadership to become small labour subcontractors and leaders in labour struggle. They had much more leverages and influences on other younger generations of workers in the construction industry. It was very different from the dynamics in other typical factory-based manufacturing industries. The popular wage arrears and labour disputes in the industry also gave a good atmosphere for the older generation to share their ideas, struggle experience, and urban network to other workers. From my case studies, it was not necessary for the workers themselves to experience the labour struggle and they could equip themselves by studying those secondary materials and listening to the stories and information from other activists. Imagination sometimes was more powerful than real and substantial living experience, which always has negative and down side.

Ironically, the party-state was promoting the economic reform under the neo-liberal strategy, but as an authoritarian regime, the state apparatus continue to establish a

legal regime to legitimize her political control and domination. Such political environment is favourable to the spread of the consciousness on legal rights against informal employment structure and other illegal practices, although there were several hardline repression from the party-state recently on the left wing student activists who have engaged in the labour struggle in various labour disputes. Fortunately, these suppression incidents have not yet affected the application of legal concepts in collective actions and we have to pay more attention if there is any trend in shifting the position of de jure socialist nature of the party-state.

Another limitation of this study was the representativeness of the interviews and case studies. Due to the concern of safety and time constraint, my multi-sites research was conducted in Beijing, cities in eastern China and Shenzhen. The scale may limit the power of generalization. However, the study was not aiming at developing a strong power descriptive statistics of the construction workers, and it was adopted to reflect the typical dynamics and pattern of labour subcontracting system and labour activism of the construction workers. The findings aligned with the stories and cases of the labour activists in construction industry as they went to different parts of China to support workers in labour disputes. The survey was consistent with their observation on the field and it can to some extent compensate the limitation of the scale of the survey.

In addition, the uniqueness of the construction industry has also limited the validity of my thesis on other industries with informal employment. In addition to its large scale of total number of workers in the construction industry, its precariousness was mainly attributed to its uncertainty and risk upon wage arrears, work-related injuries and occupational diseases, instead of low salary which was a popular feature of informal

employment in other industries. Such comparatively high salary was also explained by its level of skills and profession involved in the production. For workers under informal employment in other industries, they were usually low skills and marginal in production chain in the sense that they were easily replaced by other manual labour. With certain degree of professionalism in the construction industry, the workers did enjoy certain structural power of market force. The booming housing market generated keen demand for skilled construction workers and they were able to take this advantage for resistance with individual power in the labour market to find a more reliable construction sites with less harm. For informal workers in other industries, such as dispatch workers or student interns, they were assigned by the dispatch services company or the schools without formal employment relationship to the actual user of their labour who escaped from the legal obligations to them, but the psychological location of their workplace/ work unit was so far the same through the production process. It has facilitated their mobilization and resistance. However, the nature of the construction industry has a strong mobility in work location. A completion of one assignment implied a change of work unit and location. Such strong mobility in the work location of the construction industry did not break the comparative rigidity of the construction subcontracting teams under the labour subcontracting system. It was especially true when the workers were recruited under embedded employment configuration in which workers were recruited based on their strong rural ties and kinship. The workers tended to work at the same team for different construction projects. All these characteristics made the informal employment of the construction industry so unique in some sense and my thesis may not be directly applicable to analyze the dynamics of the informal employment of other industries. With the lower mobility in work unit and location, informal workers in other industries were more likely to confirm their employment relationship with the



employers with other evidence and the workers were more able to claim compensation from the employers on their occupational diseases as it was easier to prove and show the sources of the diseases. Although the informal employment of the construction industry in China had its uniqueness, some of the insights from my researches separately had certain implications to the informal employment structure in other industries, including the potential capacities of rural and urban social ties among different groups for mobilization; the counteractions of the state and the employers responding to the labour struggle. In particular, the unfavourable social and economic structure constructed by the state through the double movements of state in establishing labour market which led to semi-proletariatization of workers was still generally valid to all workers under informal employment structure in different industries.

In addition, the academic significance of such informal employment structure towards Chinese overseas investment and construction projects was worthy for future studies, which was out of the scope of analysis in this research, since the overseas construction projects imply that the Chinese construction workers are facing a very different legal regulatory regime and implementation system. Also, the presence of local workers, usually low skilled, of the host countries may also interrupt the class solidarity among workers. The nationalist concerns and consideration of foreign affairs and image make the Chinese construction companies and investors, usually state-owned enterprises are less likely to abuse their power against those Chinese workers. I have some reservations to apply the thesis to those Chinese construction workers abroad.

## References

- Barker, Colin. (2013). *Marxism and Social Movements*. Wiley Online Library.
- Becker, Jeffrey (2012). The knowledge to act: Chinese migrant labor protests in comparative perspective. *Comparative Political Studies* 44(11): 1379–404.
- Burawoy, Michael. (1985). *The politics of Production: Factory Regimes under Capitalism and Socialism*: Verso London.
- Cai, H. (2010). From "Bottom-Line" Benefit to "Incremental" Benefit--A Shift of the Labour's Appeal and the Order in Industrial Relations.
- Cai, He, & Jia, Wenjuan. (2009). *Luqiao Jianshe Ye Zhong Baogongtou Gongzi Fafang de "Ni Chaxu Geju": Guanxi Jiangdi le Shuide Shichang Fengxian?*. *Society*, 29(5). [in Chinese]
- Cai, He. (2010). From "Bottom-Line" Benefit to "Incremental" Benefit--A Shift of the Labour's Appeal and the Order in Industrial Relations. *Open Times* (009), 37-45.
- Chakrabarty, Dipesh. (2000). *Rethinking working-class history: Bengal, 1890-1940*. Princeton University Press.
- Chan, Anita, & Wang, Hong-zen. (2004). The impact of the state on workers' conditions: Comparing Taiwanese factories in China and Vietnam. *Pacific Affairs*, 629-646.
- Chan, Chris King-chi (2012). *The Challenge of Labour in China: Strikes and the Changing Labour Regime in Global Factories*. London and New York: Routledge.
- Chang, Dae-oup. (2017). Informal Exploitation and Unregulated Expansion: Assessing the Construction Labour Regime in Contemporary China. *Marxism* 21 14(1): 292-334.
- Chen, F. (2003). Between the state and labour: The conflict of Chinese trade unions' double identity in market reform. *The China Quarterly*, 176, 1006-1028.
- Chen, Feng. (2009a). State, Institution and Working Class Formation: Western Literature and Its Implications for Labor Studies in China. *Sociological Research* (5), 165-188.
- Chen, Feng. (2009b). Union Power in China Source, Operation, and Constraints. *Modern China*, 35(6), 662-689.
- Chen, Nabo. (2006). A Review of Fifteen Years of Overseas Literature on Market Transition Debates [J]. *Sociological Studies*, 5, 009.
- Chen, Yulu & Guo, Qingwang (2015). Major Issues and Policies in China's Financial Reform; Volume 1. (2015). *ProtoView*, 2(29).

- Chesneaux, J. (1968). *The Chinese Labor Movement: 1919-1927*. Stanford University Press.
- Choi, S., & Peng, Yinni. (2015). Humanized management? capital and migrant labour in a time of labour shortage in South China. *Human Relations*, Human relations 68(2): 287-304
- Chuang, Julia. (2015). Urbanization through Dispossession: Survival and Stratification in China's New Townships. *The Journal of Peasant Studies* 42(2): 275–94.
- Chun, Jennifer Jihye. (2009). *Organizing at the Margins: The Symbolic Politics of Labor in South Korea and the United States*. Cornell University Press.
- Fantasia, Rick. (1989). *Cultures of Slidarity: Consciousness, Action, and Contemporary American Workers*. iversity of California Press.
- Friedman, Eli and Lee, Ching Kwan. (2010). "Remaking the World of Chinese Labour: A 30-Year Retrospective." *British Journal of Industrial Relations* 48(3): 507–33.
- Gaetano, A., & Jacka, T. (2004). *On the move: Women(2006). and rural-to-urban migration in contemporary China*. New York: Columbia University Press.
- Guang, Lei. (2005). Grrilla workfare: Migrant renovators, state power, and informal work in urban China. *Politics & Society*, 33(3), 481-506.
- Guo, Yuhua. (2002). Weapons of the Weak" and "the Hidden Transcript". *Dushu*(7).
- Guo, Yuhua. (2007). Re-read Scott: On the Everyday Resistance of Peasants. *China Book Review*, 8, 012.
- Han, Sunsheng and George Ofori. (2001). Construction Industry in China's Regional Economy, 1990–1998. *Construction Management and Economics* 19: 189–205.
- Hershatter, Gail. (1993). *The Workers of Tianjin, 1900-1949*. Stanford University Press.
- Honig, Emily. (1989). The politics of prejudice: Subei people in Republican-era Shanghai. *Modern China*, 15(3), 243-274.
- Honig, Emily. (1992a). *Creating Chinese Ethnicity: Subei People in Shanghai, 1850-1980*. Yale University Press New Haven.
- Honig, Emily. (1992b). *Sisters and Strangers: Women in the Shanghai Cotton Mills, 1919-1949*. Stanford University Press.
- Huang, T.-P. (2006). The Primitive Accumulation of Capital and the Peasant Migrant Workers in Mainland China. *A Radical Quarterly in Social Studies*, 61.
- Katznelson, Ira. (1986). Working-class formation: Constructing cases and comparisons. *Working-class Formation: Nineteenth-century Patterns in Western Europe and the United States*, 3-41.

- Koo, Hagen. (2001). *Korean Workers: The Culture and Politics of Class Formation*. Cornell University Press.
- Katznelson, Ira & Zolberg, Aristide (1986). Working-class formation: Constructing cases and comparisons. *Working-class Formation: Nineteenth-century Patterns in Western Europe and the United States*, 3-41.
- Lebowitz, Michael A. (1992). *Beyond "Capital"*. Macmillan.
- Lee, Ching Kwan. (2007). *Against the Law: Labor Protests in China's Rustbelt and Sunbelt*: University of California Press.
- Lee, Ching Kwan (2016) Precarization or empowerment?: Reflections on recent labor unrest in China. *The Journal of Asian Studies* 75(2): 317–33.
- Lee, Ching Kwan & Zhang, Yonghong (2013) The Power of Instability: Unraveling the Microfoundations of Bargained Authoritarianism in China. *American Journal of Sociology* 118(6): 1475–508.
- Leung, Parry P. (2015) *Labour Activists and the New Working Class in China*. New York: Palgrave Macmillan.
- Leung, Parry P. & Pun, Ngai (2009) The radicalisation of the new Chinese working class: A case study of collective action in the gemstone industry, *Third World Quarterly* 30(3), 2009: 551–65.
- Liu, L. (2012). 'Unorganized': the Main Risk Factors of Collective Events During the Transition. *Issues of Contemporary World Socialism* (2), 38-48.
- Marshall, T. H. (1949) Citizenship and Social Class, in T. H. Marshall & T. Bottomore, *Citizenship and Social Class*. London: Pluto Press, 3-51.
- Mayo, Richard E. and Liu, Gong. (1995). Reform Agenda of Chinese Construction Industry, *Journal of Construction Engineering and Management* 121(1): 80–5.
- McNall, Scott G. (1986). Class Analysis and Social Movement Theory: Toward a Synthesis. *Mid-American Review of Sociology*, 11(2), 3-28.
- Nilsen, Alf Gunvald. (2009). 'The Authors and the Actors of Their Own Drama': Towards a Marxist Theory of Social Movements. *Capital & Class*, 33(3), 109-139.
- O'Brien, Kevin J, & Li, Lianjiang. (2006). *Rightful resistance in rural China*. Cambridge University Press.
- Pang, Irene. (2019). "The Legal Construction of Precarity: Lessons from the Construction Sectors in Beijing and Delhi." *Critical Sociology* 45(4-5): 549-64.
- Peng, Y., & Choi, S. (2013). Mobile Phone Use among Migrant Factory Workers in South China: Technologies of Power and Resistance. *The China Quarterly*, 2013, Vol.215, pp.553-571
- Perry, Elisabeth J. (1993). *Shanghai on Strike: the Politics of Chinese Labor*. Stanford

- University Press.
- Perry, Elizabeth J. (1996). *Putting class in its place: worker identities in East Asia*. University of California: Institute of East.
- Perry, Elisabeth J. (2009). A new rights consciousness? *Journal of Democracy*, 20(3), 17-20.
- Pun, Ngai, & Chan, Chris King–Chi. (2008). The subsumption of class discourse in China. *Boundary 2*, 35(2), 75-91.
- Pun, Ngai, & Chan, Chris King–Chi. (2009). The Role of the State, Labour Policy and Migrant Workers' Struggles in Globalized China. *Global Labour Journal*, 1(1), 8.
- Pun, Ngai., & Lu, Huilin. (2009). Who need the labor subcontractor more? *South Reviews* (9).
- Pun, Ngai, & Lu, Huilin. (2010). A culture of violence: The labor subcontracting system and collective action by construction workers in post-Socialist China. *The China Journal* (64), 143-158.
- Pun, Ngai, Lu, Huilin, & Zhang, Huipeng. (2012). *Da Gongdi: Jian Zhuye Nongmingong De Shengcun Tujing (Construction Site: The Living Conditions of Construction Migrant Workers)*. Bei Jing Daxue Chubanshe (The Publisher of Peking University). [in Chinese]
- Pun, Ngai., & Ren, Y. (2008). The State and Migrant Workers: Unfinished Proletarianization. *The Twenty-First Century Review* (6)., & Xu, Yi. (2011).
- Pun, Ngai, & Xu, Yi. (2011). Legal activism or class action?. *China Perspectives*(2), 9.
- Qi, X. (2011). *Wage Arrear and Demandige Wage Arrears: A positive research on labor regime and labor process in construction industry*: Capital University of Economics and Bussiness Press.
- Shaffer, Lynda. (1978). Mao Zedong and the October 1922 Changsha Construction Workers' Strike. *Modern China* 4(4): 379–418.
- Shen, Y. (2006). Social Transition and The re-Formation of the Working Class. *Sociological Research*, 2, 13-36.
- Shen, Y. (2007). *Market, Class and Society: Critical Issues on Sociology of Transformation*. Social Sciences Acadmemic Press.
- Silver, Beverly J. (2003). *Forces of Labor: Workers' Movements and Globalization since 1870*. Cambridge University Press.
- Swider, Sarah (2015a). *Building China – Informal Work and the New Precariat*. Cornell University Press.
- Swider, Sarah (2015b). Building China: Precarious employment among migrant construction workers. *Work, Employment & Society*, 29(1), 41-59.

- Therborn, G. (1983). Why some classes are more successful than others. *New Left Review*, 138 (March–April), 37-55.
- Thompson, E. P. (1978). *The Making of the English Working Class*: IICA.
- Tilly, Charles. (1978). *From Mobilization to Revolution*. New York: McGraw-Hill.
- Vogel, Ezra F. (2011). *Deng Xiaoping and the Transformation of China*. Cambridge, MA: Belknap Press of Harvard University Press.
- Wang, G. (2007). "Review of "Collective Action" in Present China." *Academics in China*, 5, 264-273.
- Wang, L. (2011). *Zhongguo Nongmingong Feizhengshi de Liyi Kangzheng: Jiyu Taoxin de Fashehuixue Fenxi* (the Informal Interest Protest of Chinese Migrant Workers: Legal Sociological Analysis on Demanding Wage Arrears). Bei Jing: Law Press. [in Chinese]
- Wen, X., & Zhou, X. (2007). The Western Theory of Labor Process and the Chinese Experience: A Critical Review. *Social Sciences in China* (3), 29-39.
- Wigen, Kären. (1999). Culture, power, and place: the new landscapes of East Asian regionalism. *The American Historical Review*, 104(4), 1183-1201.
- Wright, Erik Olin. (2000). Working-class Power, Capitalist-class Interests, and Class Compromise. *American Journal of Sociology*, 957-1002.
- Wu, F. (2007). *China's Emerging Cities: The Making of New Urbanism*. London: Routledge.
- Xie, Yue. (2008). *Shehui Kangzheng: Guojiaxing Bianqian de Minjian Fanying* (Social Protests: the Civil Response to the Change of Stateness) *Modern China Studies*, 12. [in Chinese]
- Yu, Jianrong. (2010). *Kangzhengxing Zhengzhi: Zhongguo Zhengzhi Shehuixue Jiben Wenti* (Contentious Politics: Fundamental Issues in Chinese Political Sociology). People's Publishing House. [in Chinese]
- Zheng, Guanghuai. (2005). Injured Migrant Workers: A De-powered Social Group. *Sociological Research*, no. 3, 2005: 99–118.
- Zheng, Guanghuai. (2010). The Rights of Labor and the Propitiatory State. *Open Times* (5), 27-38.