

Articles of China Left Review

The Current and Future Condition of China's Working Class

Chinese Workers Research Website works for the emancipation of the working class. This website has edited and published dozens of books and booklets for workers. Every year it organizes college students and youth to conduct investigative research in factories and communities, closely monitors typical cases such as the Tong Gang Incident. It has also organized essay writing competitions among youths in China that focus on workers and peasants.

Similar to what Engels documented in his epic *The Condition of the Working Class in England* over a century ago, China's proletarian class has endured the most transparently sharp social disasters, and has also shouldered the socialist movement's future mission.

Ever since the start of the economic reforms, China's working class has experienced a big change. With each passing day, the traditional working class has become commodified and rural laborers are unceasingly proletarianized. At the same time, a large number of intellectual workers have been continuously thrown into the proletarian ranks. Under globalization, capitalist production relations have expanded in both the cities and the rural areas with a resultant simplifying of exiting class based hostilities. The entire society is now divided into two hostile camps, constituting two mutually opposed classes, the capitalist and proletarian classes.

1) The Historical Background of China's Traditional Working Class' and Its Present Condition

Since 1949, 30 years of socialist development nurtured China's working class. This working class's growth was closely tied to a socialist mission. This working class established both state and collectively owned enterprises, which were the epitome of the PRC's development. The traditional working class in China had two special characteristics. For one, they had an obviously proletarian character and a direction of struggle that was overall tied to that of socialism. Factories were created that were the product of this working class' hard work. They underwent socialist education and treated their factories as their homes, and were conscious of their status as masters.

This working class was a primary obstacle to the forces of privatization. Additionally, while China's traditional working class was developed under a socialist system, it lacked experience engaging in struggles with a capitalist class. During the Cultural Revolution, workers did attain a certain level of such training, but due to the complicated nature of that struggle, a considerable segment of the industrial working class in China joined up with conservative factions during that period. For example, at the start of the Cultural Revolution, the Chongqing workers formed committees that went along with the ruling faction of the Chinese Communist Party to attack oppositional factions within the Party. The traditional working class was accustomed to following the Party line. As concerned issues of the Party's deterioration or restoration of capitalism, this class tended to lack a concrete or deep understanding. As capitalist production relations were both restored and developed, China's traditional working class received an education in such matters based on reality. It was then that it gradually saw clearly the problem of the growth of the Party's capitalist factions, which it did not sufficiently appreciate during the Cultural Revolution.

During the "Economics in Command" period of the early 1980s, China's workers incomes continuously rose, and rapidly so. According to the Chinese Annual Statistics Report, in the years prior to economic restructuring, workers in China saw wage increases of about 4.4 percent annually. Wage growth rate during the early Post-Mao years was some 6.3 times greater than that amount. For example, at one Beijing Machine Factory, starting in 1983 production workers could work by piece rate, securing bonuses for every piece beyond quota. The average worker's wage at this factory leaped from Y52 in 1978 to Y119 in 1985, equaling an average of 13 percent wage growth annually. During this period of market restructuring, China's workers gradually acceded to liberalizing managerial power, as part of the transition from politics in command to profit taking priority.

As administrative power in the Chinese factory system returned to factory directors, workers lost the democratic rights they once possessed control managers. According to a report from the Workers' Daily,

“As the direction of reforms has become clearer, as concerns the status enjoyed and roles played by status factory directors, managers, and other managerial staff been given a specific definition. Their power has likewise acquired specific guarantees. While we stress the changes in the role and power of factory directors and managers, let us not overlook the rights that workers are supposed to have. As a result, the anticipated fruits of reform have not been shared by workers yet, nor have they shared in the opportunity to truly participate in negotiating with managers.”

A 1982 investigative report on “Chinese Workers’ Situation” revealed that “factory leaders and cadres have devised means to secure good positions for their children, promotions, housing assignments, etc, which ultimately is harmful to the interests of the people.” From 1986, given the need to revitalize state owned enterprises, enterprise managers could begin the process of enterprise conversion, bestowing to themselves greater enterprise rights. Factory directors would be appointed by state ministry cadres and would be responsible for factory output and profit. Whether or not workers were satisfied with this, they had to agree to it. Whether or not the factory leader did a good job, workers were not expected to make any appraisals. It was said that “A worker should fulfill the duties of the master of the house, not exercise that master’s power. Whereas the master takes on the risks (i.e. if the enterprise is run poorly the factory director would not receive a salary), public servants (i.e. workers) always have job security.”

As a result, the relationship between workers and managers grew increasingly tense, and that workers were using passive measures such as slowdowns to deal with managers was an open secret. According to a 1998 ACFTU sponsored survey of workers’ levels of motivation, covering 17 cities and over 210,000 workers in 400 enterprises, “State Owned Enterprise workers enthusiasm on the decline. Of the 210,000 workers surveyed, only 12 percent said they felt highly motivated to work. As a result, the ranks of the working class have already begun to dissolve. So-called ‘workers motivation’ now only refers to individual kinds of motivation. When the individual interests of workers are not met, then their motivation to work naturally disappears. Reformers turned a blind eye to why managers are monopolizing factory powers, while paying close attention to the results of labor slowdowns, suggesting they revealed the low level of efficiency ‘inherent’ in the State owned system. Reformers then used this ‘discovery’ to impose a stricter factory system in order to prevent “bad SOE workers’ who are looking to ‘avoid work.’”

From the start of 1985, Large sized SOEs began to tie workers’ salaries to economic efficiency, and profit transfers to ministries grew 1%, as did salaries at a rate of three to seven percent. At this stage, workers’ incomes continued to rapidly grow, but wage inequalities within the factory also widened. On December 5th, 1986, The State Council put out a directive on, “General guidelines for the deepening of enterprise reform and increasing enterprise vitality,” which stated, “In instances where the profit quotas called for within a specific period are fulfilled, administrators are allowed to have salaries that are between 1 to 3 times the average salaries of workers and staff. In instances where they are responsible for outstanding contributions to the enterprise, the gap could be somewhat greater than that. In instances where profit quotas were not realized, factory directors’ salaries should be reduced.”

In reality, factory directors’ salaries typically were not only three times those of the average worker. According to state guidelines, publicly invited bids for production contracts had to be competitive. However, in fact, rarely were such bids based on any competition. Basically they were arranged at the whim of the director. Given the close ties between enterprises and the state, decisions on how profits would be apportioned were mainly made in negotiations between state ministries and factory directors. Rarely were they made on the basis of consistent or scientific criteria. According to a study by You Zhenglin, within the factory the contractor was the factory director and the person who monitored the contractor was the factory party secretary. Under the terms of the production contract, quotas and profit margins were to be based on a process of haggling and the production targets were not set too high. Ordinarily, realizing the quotas was not that difficult and, as a result, the notion of ‘pay cuts for poorly performing factory directors’ was an empty one. The subcontracting system of bonuses was based on factory mortgage and how much quotas were exceeded. The latter bonuses would be divvied up according as the factory director (the subcontractor) saw fit and this was not one that required any public input.

As such, this two-fold bonus system created a class of cadres who ‘got rich first.’ The link between the choice to modernize production and this time period was a close one. It was difficult to use a piece rate system to figure out workers’ contributions to productivity, not to mention auxiliary and non-production workers’ invisible added labor value. Thus there came the widespread call for workers’ ‘salary reform.’ At the same time we began to see the distribution of yearly bonuses and ‘red envelopes.’ Workers’ year-end bonuses were basically the same, and the gap between workers’ and factory administrators’ bonuses

grew with each passing day. Workers had a clear understanding of what was behind these changes in the factory, grumbling among themselves, “Workers are poor, factory directors rich; workshop floor managers enjoy salaries above 10K, and for factory directors’ salaries the sky’s the limit.’

In the 1990s, a key component of ‘strategic enterprise reorganization’ was the principle of ‘cutting redundancies and increasing efficiency.’ This came in many different forms, including early retirement inducements, internal reassignment, buying out of labor relationships, furloughs, layoffs, among others. By the end of 1997, Chinese SOEs had already laid off 6.34 million for workers, 3.1 million of whom did not receive any subsidies for basic living expenses. This time period constituted an unprecedented attack on Chinese workers’ direct interests, forcing them to start to think seriously about how to defend their self-interests.

Labor conflicts became more and more prevalent. At the start of 1998, the reform effort’s final act called for a ‘decisive battle’ with the SOE, which involved widespread SOE bankruptcies and mass layoffs. From 1998 to 2001, SOE layoffs amounted to 22.5 million. Laid off workers’ life conditions took a turn for the worse. For example, of those laid off during the third wave of layoffs in 2005, 68% had average monthly incomes of less than Y300 per month. 92 percent of their incomes were used to cover food, clothing, and children’s education. 88 percent of laid off workers had no way of supporting themselves and were left with no choice but to rely on government aid and relatives. From the third year of this attack on, SOE workers, and labor conflicts became much more intense. Collective actions rapidly accumulated, ultimately contributing to the wave of labor actions in 2002. By 2005, nationwide over 80,000 collective petitioning actions occurred, involving 4 million persons, 40 percent of which were worker led.

Traditional workers fell into different groups. Retired workers numbered about 30 million (SOE retirees at 23 million, Collectively Owned Enterprises at 6.3 million). During the Maoist period, wages for SOE workers were kept low with the assurance of comprehensive social benefits for their role in China’s industrialization. In the process of refitting the economy to the track of market based development, the historical debt due them was great. Retired workers were engaged in the earliest collective struggles against the consequences of reform. They were also had an easy time winning support from the people and ultimately were able to achieve considerable successes from their protests. One retired woman worker recalled this period, “these past years they haven’t given us our pensions and so we went to our work unit (factory) and we’re told they had nothing to give. They told us to go to the insurance company, which we did. They told us that our work unit had not made their contributions to the pension fund because they were out of money, so why should we pay out your pensions? Then we went back to the work unit and they told us they were broke. Then on to the mayor’s office, we went in collective numbers a number of times. Only then did we get our pensions. If we had not gone and demanded them in numbers, we wouldn’t have received one penny.”

In most countries, retired workers have stepped off the stage of history. However, a unique set of circumstances exist in China. An administrative official in the Fushun Municipal Office put it like this, “At present, the ability to maintain social order while Fushun’s unemployment rate is so high has in large part to do with retired workers’ ability to take care of the younger ones. As long as older workers have guaranteed social benefits, the younger ones won’t be inclined to make trouble.” A retired woman worker at Jihua Pesticide Company said, “Right now, my two sons’ families live with us, seven in all. My pension is Y400 monthly and my husband’s is Y700. Both sons work outside Jihua (city), but my son and his wife have not received any wages, we’re a household of 7 with a monthly income of Y1,100, barely enough to survive on. My son is works at a collectively owned enterprise, Jihua Construction Company, and is supposed to be paid Y800, but the company has rarely distributed wages for the past 3 to 4 years because they are out of money. The world has totally changed now, those in the prime of their life can’t find work and, in an odd twist, it is the elderly who must take care of them.” A Fuhun mining district miner with 32 years in the mines told of his son and daughter in law who went to Shenyang to find part time work after being laid off. They left their child, who had just turned 5, with the grandfather to take care of. He resentfully declared, “Why after I’ve given 30 plus years as a miner, having reached this old age, I not only have to take care of my son, I also have to take care of my grandchild?”

Retired workers in China have a hard time letting go of their ties to their factory:

Although we now are all being paid out of the social security fund, we both still have a strong emotional attachment to our factory. While I’m not there working now, my children are there. Even if I don’t personally benefit from the enterprise’s success, I still feel happy from afar if that’s the case. All of us retired workers feel the same.

Collective struggles by traditional workers in China who have been laid off became the most common, most steadfast, and longest in duration. According to a 2004 Xiamen City survey, 48.4 percent of laid off workers had participated in collective actions, primarily to secure economic oriented goals, of which 46.7% were jobs and 43.3 % for wages and aid. 8.3 percent saw demands for the punishment of corrupt officials and factory administrators. The most prevalent type of collective action was petitioning marches to officials' offices. As reality sunk in, workers gradually came to recognize the importance of solidarity in struggle. Across China workers saw that the larger scale the struggle the larger the gains, the smaller scale the struggle, the smaller the gains. No struggle, no victories."

In its propaganda, the Party repeatedly talked up "3 lines of protection' that presumably would help solve laid off workers' problem of survival. In fact, for workers who took advantage of one of these, the reemployment centers for laid off workers, aside from being able to receive some help with basic expenses, they were in basically the same boat as those who did not make use of the centers. In 1998, at Changchun Tractor Factory, the labor relations section chief claimed that the rate of workers who entered the Laid-off Workers Center was close to 100%. He claimed that, "not only did they receive compensation for basic life expenses and social security contributions, workers also received job retraining. According to the standards set by the CCP's '3 Lines of Protection', we've already done very well."

However, several workers at the Tractor Factory revealed the actual situation. One worker declared, "Yeah, we went to the center, but it wasn't worth a damn! For a month you get a piddling of money for expenses. When we leave the center as older workers without skills, we can't find any work. All we can do is stay at home all day." Another recounted, "in 1998 I was laid off, in 2001 I went to the center, but no one there said anything to me about any kind of unemployment insurance. Anyhow, life these days is unbearable. Our work unit? It's not going to subsidize our heating costs. This is truly immoral! Our work unit couldn't deal with our issues, so now we're marching and sitting in to force them to resolve our heating issues. This fee isn't something we can afford to pay ourselves!"

Getting workers to enroll in the Reemployment Center does not necessarily reflect the good will of the enterprise. A laid-off worker at a noodle factory in Changchun declared, "In June of 2000 I was laid off. On the spot, the company provided me with a laid-off workers' certificate, which was for enrolling in the company's Reemployment Service Center. I was enrolled in the center for 3 years and every month I was able to get Y170 in 'unemployment aid.' Why did the enterprise want to give me this certificate? Because they could make money out of the deal! In name we were laid-off, but the company still could get us to work for 8 Yuan a day. Also, the company had a rule, if you did not have a laid-off worker's certificate, you could not work. From what we could gather, the company did this to steal money from the state. Think about it, a worker is laid-off and an enterprise doesn't have to pay out the monthly cost of Y188 in social welfare insurance premiums. In the past, this is what the company had to put out. Now? The worker is forced to get an unemployment special discount certificate (actually it's called the re-employment special discount certificate), or else they aren't allowed to work. Workers who are near retirement are not inclined to fill out the application, so the enterprise just goes ahead and does so for them. So, once we've secured this special discount certificate, the work unit then calls us back to work and thereby secures a savings in premiums. Those who did not fill out the application for the certificate are left to fend for themselves without work on 'extended leave' or outright buy out their labor relationship with the enterprise.

Many laid off workers have already received a severance payment in exchange for their leaving the enterprise for good. However, the conflicts brought on by enterprise conversion have not ended. When an enterprise goes bankrupt, its debts are numerous. According to a survey of 29 SOEs by the Shanxi Provincial AFCTU, owing back-payments of health insurance premiums is a very common and serious problem. The enterprises surveyed owed a total of Y 63.23 million in retired workers' health insurance premiums. In the worst instance, enterprises owed individual premiums of several hundred thousand Yuan, for a period of a dozen or more years. One third of the debt comprises premiums that were supposed to have been paid for workers who have already died. According to an investigative report conducted by the Hubei Provincial ACFTU, of 60 surveyed enterprises that had already undergone conversion, 5 owed back-wages to worker, 11 owed funds they had borrowed from the workers, 13 owed health insurance premium contributions, and 18 owed workers' housing subsidy payments. Thus, workers' militant struggles are inspired by their desire to secure owed wages and social welfare benefits, in addition to protecting state assets from factory and Party cadre corruption. These battles have increased the level of SOE workers' consciousness.

The conditions brought on by the development of capitalist relations of production provided China's

traditional workers with a solid education in reality. Laid-off workers could be heard exclaiming, "Mao gave us the Iron Rice Bowl. Deng poked our eyes, Jiang Zemin stomped on us, and Zhu Rongji kicked us aside." A worker at Jihua Tractor said, "These past few years there has been rapid development, which is undeniably tied to a capitalist form of primitive accumulation. The primitive accumulation that took place over a hundred years during capitalism's start only took a few years to carry out in Jihua!" Workers would lament that "During the Qing Dynasty, it would cost a fortune to take care of a local official. The costs of a Qing official pale in comparison with today's cadres!...When Mao was in power, workers had good spirits, were not easily bullied and were the masters of the factory. Since Deng, workers don't have a penny to spend. Now their power has been handed over to foreign and leaders who exploit and oppress workers, serving the interests of a small minority. The state is only socialist in name, not reality."

In the early years of Chinese socialist development, the workers were the masters, enjoyed political status, pensions, health insurance, and were very motivated to work. The CCP was a party that truly depended on and served the working class:

At that time, we had wages, we weren't exhausted from our work, and we had health insurance, etc. Who would say Mao was bad? When he was alive, every month you'd earn 30 to 40 Yuan, and you worked energetically. You didn't lack for food or basic amenities. Now? Even the most basic livelihood guarantees you don't have. So the Maoist period we were treated better. Today, you name it you see it, stuff that wouldn't even compare to the worst abuses of the landlords of old. If you have money, you can do anything, no money forget it! These days who can afford to go to college even if you want to? If you want to find a job, you need to spend money. Today's young people get married but don't want to have children because they can't afford the costs. Indeed, they still rely on their parents' support, how could they try to raise children of their own?

China's New Working Class: Conditions and Demands

With the establishment of the SOE contract responsibility system, Township and Village Enterprises (TVEs) developed rapidly and on average 9.7 million rural dwellers made the transition to non-agricultural production. From 1988-1991, in the period of administrative cleanup, TVE and non-agricultural sector growth weakened. When Deng Xiaoping went on his 1992 'Southern Tour', private enterprise growth entered a period of rapid development in the cities and towns, as did numbers employed in this sector. Every year the number of people leaving the countryside increased by a million, forming a tide of migrant workers in the cities. At present, the total number of migrant workers from the countryside is somewhere between 200-300 million, of whom some 140 million are working in the cities. They now constitute a key actor in China's working class.

Past generations of migrant workers experienced a dual existence. Many worked with the intention of sending money back home to invest in some kind of enterprise. As large producers began to overtake and eliminate small producers and the amount of land use conversions rapidly expanded, this current generation of migrant workers is more and more shaped by the social relations of large scale agricultural production. A migrant worker from Hunan who worked in Guangdong stated, "From the start I felt different from my parent's generation. I had no intention of returning back to my village to get married and raise children. I have an education, I want to learn new skills, and put down my roots here."

As for future plans, half of those who are migrant workers will continue to work away from the home towns; only 17.4 percent of them return. This generation of migrant workers in China basically possessed all the characteristics of a proletarian class and, to a certain degree, working class consciousness. According to a survey by the Guangdong Provincial ACFTU, 81.5% of migrant workers regard themselves as working class, and 'no matter the problems faced, all are working class ones.' 70% believe that wage income is a very important factor in how they evaluate the status of the positions they hold. Only 5% consider 'securing an urban residency ID as critical.' This explains why, from the vantage of rural workers, the relationship between their official place of residency and occupational rank is already quite low.

The majority of migrant workers have low levels of formal education, often barely finishing 7 years. Statistics reveal that 40.31 percent of migrant workers only have an elementary level of education, 48% middle school, and high school only 11.62%. Those with a school post-secondary level of schooling amount to only 9.1%. Given their lack of professional skills, they are only able to find the hardest, most exhausting, and backbreaking forms of labor. Their life conditions tend to be very poor, most living in shoddy housing, tents, or even car trunks, or under bridges and tunnels.

The compensation for their work is low and often migrant workers are owed back wages. Basic work and health safety equipment and precautions are non-existent. From 1992-2004, the average monthly wage for Pearl River Delta migrant workers only increased Y68. According to official statistics, in 2003, throughout China, the number of workers who experienced workplace injury or death was over 136,000, 80% of whom were migrant workers. The number of workers with occupational diseases exceeded 500,000, 50% of whom were migrant workers. In 2004, an investigative survey revealed that in the Pearl River Delta, yearly incidents of injured fingers reached at least 30,000, with at least 40,000 fingers were amputated. According to another 2004 survey conducted in Zhejiang, after experiencing workplace related illness, the majority of migrant workers buy some medicine to take care of it and leave it at that; only 24.4 percent go to a clinic. 14.9% work 8 hour shifts, 38.5% work 8-10 hour shifts, 29% work 10-12 hour shifts, and 15.5 % work over 12 hours daily. Only 6.7% have an actual 2 day weekend off from work, 22.3% get one day off a week, and 56.3% have no guarantee of a day-off.

When workers put forth the most minimal demands that go unmet, their only choice is to resist. One researcher found that in 1999, in Shenzhen alone, there were at least 100 incidents of large scale strikes. No one can estimate the numbers of large or smaller scale strike incidents that take place in the Pearl River Delta region. The Guangdong Branch of the ACFTU put out the figure of at least 10,000 per annum with regard to total strikes, while others have put the estimate at as high as 20,000. In 2004, from January to July, Guangdong Provincial Labor Bureau handled 540 incidents of collective conflict, involving 57,300 participants, exceeding those from the previous year by 15.4 and 17.7% respectively.

In contrast to China's traditional (SOE) working class, China's migrant workers have grown up as workers in a capitalist environment, possessing a consciousness of their relationship with employers that one typically finds in capitalist contexts. Their demands generally cluster round improving wage and workplace conditions. Their analysis is based on collectively experienced problems, which also directly shape the character of labor-management conflicts. In the second quarter of 1996, throughout China collective petitions to the government or strikes that addressed the problem of back wages owed numbered 530 and 590 during the third quarter, 42.6% of incidences of collective conflict nationally. In 2002, the problem of wage arrears became a nationwide trend that officials regarded as 'a major problem that is influencing social order.' According to statistics from the Labor and Social Welfare Bureau, in recent years, varying level of governmental units that deal with labor issues have helped an increasing number of workers secure back wages. From 2002, 1.45 billion Yuan was recovered and that amount nearly doubled in 2003 to 2.7 billion Yuan, and by 2006 it had reached 5.8 billion Yuan. This explosion in back wages only solidified the bitterness felt by China's migrant workers!

China's migrant workers' form of organization is characteristically spontaneous. At a shoe factory owned by a Taiwanese company in Shenzhen, managers and plant security officers often gave workers fines and make deductions from their wages for infractions. These resulted in a major strike by 3,000 workers who broke windows in the factory, burned garbage, and picketed en masse. In Dalian, at a wholly Japanese owned company, workers raised the issue of low wages with managers, only to be consistently ignored. So a strike involving 6,000 workers broke out. After two days, the Japanese central office ordered managers to agree to the workers' demands, but then the Dalian City Government sent in the police to repress the striking workers and their demands.

As the contradictions of capitalism developed at the international level, coastal based labor intensive enterprises gradually saw the conditions that enabled them to survive disappearing, with production costs expanding a great deal. In 2008, the passage of the Labor Contract Law stimulated the development of class conflict. The Labor Contract law stipulates that "A laborer at a given work unit who has 10 years seniority" or "had signed two labor contracts for set periods of time" should be given a permanent work contract by that work unit. This stipulation attracted a panic from China's capitalist class and many rushed to find ways to dismiss workers, trying to change their work duties in order to evade the Labor Contract's restrictions. But they had to calculate overtime pay, as well as severance pay, in accordance, with rates called for by the new law, which accounted for the phenomenon of, on average, workers fighting for tens of thousands of Yuan in back wages.

Chinese University Students Face Proletarianization

In The Communist Manifesto, Engels added a note to the 1888 English translation, which read, "By proletariat, the class of modern wage laborers who, having no means of production of their own, are reduced to selling their labor power in order to live." Indeed, the term 'proletarian class' refers to non-

possession of the means of production and dependence on its relationship as a social class with employers to secure a wage to acquire the means of subsistence. As the forces of production have socialized and increased the numbers engaged in co-operative labor, so too has the concept of production worker expanded. The term 'Productive workers' signifies a role as the producer of surplus value, but value which must be produced for appropriation by capitalists. Zhongguancun is a district in Beijing that houses a workforce primarily engaged in computer programming and software research and development. These workers refer themselves as "IT Migrant Workers," a phrase that vividly depicts the special circumstances that characterize their state as "self-employed" laborers. As the numbers of white collar intellectual workers constantly rose, in the second half of the 19th century Marx came up with two new categories: "mental proletariat class" and "total worker class."

As the character of the labor process became more co-operative in form, the concepts of 'productive labor' and its attendant 'productive workers' needed to be expanded. In order for labor to be productive, it does not necessarily have to be a product of manual work. It is enough for it to become an organ of the overall labor, and complete a function of that labor. Engels stated, "I hope your hard work will help university students more and more recognize that from their work process is produced a type of mental labor 'proletarian class'. They have a mission that dovetails with their manual worker comrades, existing side by side as part of a class that will play a major role in the coming revolution." Lenin also conceptualized the category of "engineer" proletariat.' These new concepts took for granted that mental wage-labor and physical wage labor both comprise the categories of 'overall labor' or 'production worker.' This reflects the historical development of the working class.

China's capitalism is dependent on investment by foreign invested monopoly capital, which does not require a great deal of skilled researchers. At the same time, capitalist profits in China tend to be rather meager, and there's little means to support a large population of intellectuals. As a result, as education, in line with a capitalist logic, 'produced' a large scale force of university students, massive employment pressures have rendered mental workers more and more like their manual working class comrades. According to a report by the Education Ministry, in 2007 there were a total of 5.67 million college entrants and 4.95 million university graduates. A 2006 survey conducted by China's Ministry of Personnel found that more than 60 percent of university graduates will face unemployment. According to an exhaustive survey report put out by the Labor and Social Welfare Ministry, migrant laborers' average salary comes to an estimated Y1,100 monthly. Meanwhile, the average wage of recently graduated college students dropped to approximately a thousand Yuan monthly, consistent with the trend of declining wages seen in the past several years. A civil servant at the Guangzhou Labor Social Welfare Ministry stated his belief that "university students aren't as competitive now as migrant laborers.' And an investigative report by a Zhejiang journalist discovered that many university students are competing to secure jobs in restaurants as wait staff, fighting with migrant workers for the same bowl of rice. As a result, it wouldn't be inaccurate to assert that today's intellectual workers are a part of the working class in China, even if many academics have not taken the initiative to recognize this reality.

At the moment, China's class of mental workers numbers around 60 to 70 million. This includes about 10 million civil servants with an average yearly wage of Y 17,644; 35.33 million professional skilled workers, of whom 26.13 million are in public work units with an average annual wage of Y16,458, and 20.8 million working in private enterprises.

Channels for Resolving Labor Conflicts

In October, 2006, the 6th Plenary Session of the 16th Central Committee passed a resolution on "Various issues with regard to the establishment of socialism and a harmonious society", which specifically called for a link between "development and harmonious labor-management relations." Addressing the low rate of signed labor contracts, horrible work conditions, wage arrears, the serious problem of arbitrary fines and deductions of workers' wages, and frequent collective labor protests, the session decided to 'call for: a more comprehensive and coordinated labor relations system, which strengthens the establishment of the tripartite (government, union, and enterprise based) system of mediating labor relations; thorough implantation of the labor contract and collective bargaining system, monitor and enforce wages and work hours standards, establish a robust set of labor standards that addresses workplace safety and sanitation issues; comprehensively monitor all types of enterprises for strict enforcement of national labor standards; devise a strong system for monitoring labor protections; an outside mediation system; supervise enterprises' use of labor contracts; consolidate and regulate orderly labor markets; help workers, especially migrant workers, recover owed wages; aggressively protect workers' legal rights.

The 17th Central Committee continued in this vein, calling for guarantees of access to education, jobs, health care, elderly care, and housing, as goals for a harmonious socialism. "Development and Harmonious Labor Relations" is comprised of 3 matters, including 1) no wage arrears, 2) construction of a social welfare system, and 3) in the event the first two are not realized, devise a tripartite labor mediation system to resolve conflicts with management. From the vantage of officials, it's clear the foundation of social harmony and development is government spending along with capitalist's paying out their share to secure something in the way of a 'dignified' wage. This specific expectation comes in response to both the international and national environment. Their hope is to adopt the approach to capitalist production relations found in core capitalist countries like the US, which has ensured long term prosperity and (they presume) can do likewise for China. Only shortsighted bourgeois scholars will dogmatically take for granted that the present prosperity is permanent.

To begin with, there's no way of achieving harmony between China's traditional working class and capital, since the former won't let go of their memories of socialism. Just considering this in terms of the official goal of achieving harmony via a social welfare system, that goal is one that still has a long distance to travel before being reached. A 2004 survey revealed that 41.6% of laid off SOE workers have already severed (with compensation) their labor relationship with their work unit, but only 18.5% of workers at collectively owned enterprises had done so. Among workers who had already severed their labor relationship, 55.6% made contributions to their pension funds, among those that had not done so, the figure was only 24.4 percent. In Shenyang, 18% of laid off workers made such contributions. In Shenyang, the monthly salary averaged Y969 and laid off workers had to contribute a yearly sum of Y1,766 for their pension fund and 1,1163 for health care insurance, combining for a total yearly contribution of close to Y3,000. In households where husband and wife were laid off, this amount was doubled. Declining incomes taken in by laid-off workers could not begin to match the average standard of living in Shenyang. 50% of Shenyang's laid off workers only averaged about Y400 for monthly wages when they found new work, which made it very difficult to shoulder the burden of pension or health care insurance premiums. Among laid off worker, the percentage of those who did not pay their social welfare premiums was 80.8% for those under 30, 72% for those between 30 and 40 72%, 62.7% for those between 40 and 50.

According to a 2006 survey of SOEs with minor economic difficulties in 6 counties, put out by the Shanxi Provincial Branch of the ACFTU, only 36% of the workers who enrolled in the health insurance chose the most minimal (and cheapest) coverage; only 12% of workers enrolled in the more comprehensive form of health insurance that covered more serious illnesses. Overall, among laid off workers, 33.5% contributed to their pension coverage and 5.4% did so for health insurance. Most laid off workers had no way of making these payments and were left in an anxious state as a result.

Harmonious labor relations require a tripartite system of negotiation, but round after round of confrontational labor conflicts have occurred outside this framework. The third article of the Supreme Court's "Ruling on Hearing Cases on Enterprise Conversion Related Labor Conflicts" stipulates that, "When concerned parties approach the People's Court to file a suit, this court is will not hear such cases." That is to say, when national or local level ministries permit the severing of labor relationships at an SOE or if other issues arise in the process of enterprise reorganization, there are no judicial channels available to workers to raise challenges.

Additionally, China's new generation of workers have an increasingly difficult time finding 'harmonious' relations with capitalist owners. In line with the growth of the new generation of industrial workers, an increasingly urgent problem has emerged, namely uncertainty and no sense of what to do about the future. This generation of workers does not have the option of returning home to the countryside. The experience in Chengdu and Chongqing with floating land titles has been expanded to elsewhere rapidly, even putting a dent in the hopes of older generations of migrant workers to return to the countryside. In terms of class consciousness, the new class of Chinese workers hopes to assimilate into the cities. The goal that they can most honestly and possibly push for is the Party's official policy of "access to education, wages, health care, and pensions." However, migrant workers rarely contribute to social welfare schemes. Every time they leave a job, they need to go to the Labor Bureau and withdraw from the scheme. In the case of pensions programs, the Labor and Social Welfare Ministry's rules stipulate that in order to qualify to cash in on this benefit, workers need to have contributed to the insurance program for 15 years. Local city governments also have rules that have all the signs of discriminating against migrant workers. For example, in Shenzhen, for the five years before one retires, workers must have made contributions to the insurance system for 5 consecutive years. What that means is that a migrant worker who is between 50-60 years old needs to make sure that they have stable work at the same factory in the

last 5 years of work. For workers who frequently change jobs, this 'job stability' is impossible to imagine. Thus, in the eyes of these workers, "money paid for premiums is lost money; if you want us to feel secure, might as well just rebate the money back to us." If migrant workers are going without pensions or health care benefits, how is possible to realize the Party's 5 goals to achieve a "harmonious society?"

Further, the standard of living experienced by China's class of intellectual proletarians is worse and worse. Going by official understanding of middle class, those employed by foreign companies and the various forms of privately owned Chinese companies should make up the bulk of the 'middle class.' They are considered to be a mainstay of Chinese society, effectively acting as a buffering force preventing conflicts that arise from extreme disparities between the rich and poor. However, what intellectual laborers require in order to make their home in the cities increasingly conflicts with what they are offered. Real estate brokers alone are able to make off with what most intellectual workers bring home in wages.

Additionally, means of production such as land, raw materials, and the like continue to increase in price, making it more difficult for companies that rely on cheap labor for survival. These companies increasingly move inland in search of better production conditions. Meanwhile, older SOE workers, struggling in losing battles to defend their factories and livelihoods, only grow weaker if they fail to unite with migrant workers from rural regions whose labor is much cheaper. Capital's expanding strength depends on its ability to defeat traditional SOE workers who like their migrant worker counterparts are poor and dependent on a wage for survival. That is to say, the China's new working class and older workers have gone from being divided to now gradually facing similar struggles and having common interests. As Marx put it, the future transformation beyond capitalism is for this united class to make.

Translated by Stephen Phillion.

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