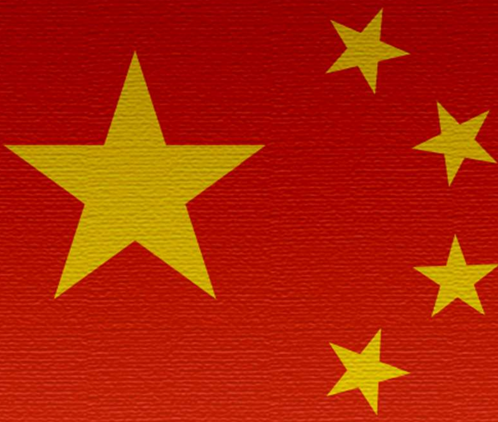

A New Revolution?

Chinese Working Classes Confront The Globalized Economy

by Robert Weil

The Oakland Institute

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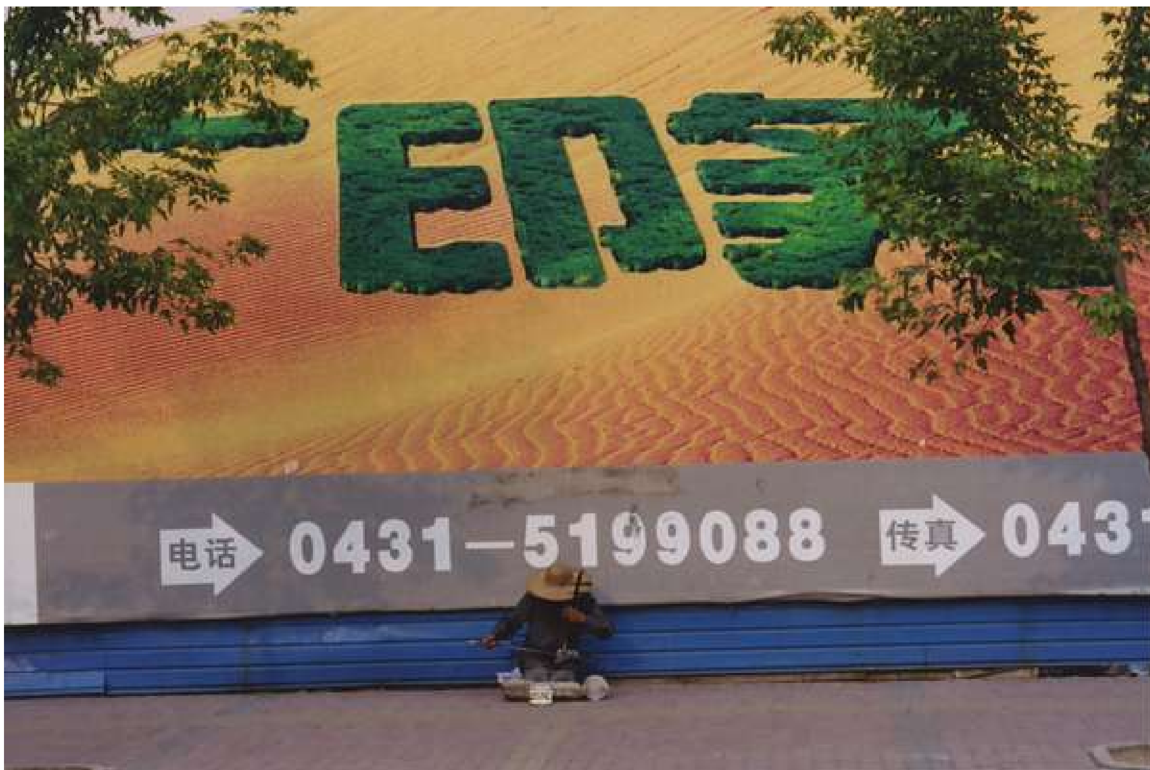
Rapidly changing conditions of the working classes in China, and their struggles in response to the new circumstances, have enormous implications for people everywhere. Chinese workers, peasants and migrants, together with elements of the "new middle class," make up one-fifth of the population of the world. The transformation in their circumstances, and the choices that they make over the next few years, will not only have an impact in China, but will be felt far beyond its borders.



Sign of the new polarization of wealth in China; Changchun, Jilin Province (2004)

Introduction

The number of protests today, the vast majority of them by the working classes, is quite extraordinary. According to the Chinese government, "mass incidents, or demonstrations and riots," rose to 74,000 in 2004, up from just 10,000 a decade ago,

and 58,000 in 2003 (*New York Times*, August 24, 2005). This rising tide of protests is also unleashing new political forces. After a quarter century in which the "market reform" policies introduced by Deng Xiaoping in the late 1970s went largely unchallenged, there is a growing dissent, as their full effects are felt in an ever widening gap between the rich and poor, systemic and entrenched corruption, and ecological damage on a vast scale. Polarization is becoming extreme, with many entrepreneurs, managers and even officials now living in world class luxury at the top —including seven billionaires. Today China is more divided by income than either Indonesia or India—with Gini indices respectively of 44.7, 34.4 and 32.5—or the United States, at 40.8, generating growing alienation even among the many who have benefited from "market reforms" (*World Development Report 2005*, World Bank and Oxford University Press, NY 2004, Table 2, 258). As a result, intellectuals are joining with the working classes in ways not seen since the revolutionary socialist era under Mao Zedong, and there is a revival of the Chinese Left that is beginning to have an effect not only on the level and form of social struggles, but even within the party and state institutions.

Yet in the United States, as in other places outside of China, little attention has been paid to these developments. Both media and activist concern has been focused on the coastal export zones which supply the U.S. market, relying on low cost migrant labor from the countryside, frequently working under sweatshop conditions. While this certainly deserves both exposure and protest, it represents only a very small proportion of the overall labor scene in China, where the vast majority of the

population still lives in the rural areas and their situation has rapidly deteriorated in the wake of new “globalized” market forces. In the cities the most dramatic change has been the layoff of tens of millions of workers and the influx of over a hundred million migrants from the countryside seeking jobs in export factories, construction and services. To understand the conditions of the Chinese working classes today, these groups too need to be the focus of attention, as do the forces of the Left that are reviving in part to assist them in their struggles. This policy brief, based primarily on meetings held with workers, peasants, migrants, members of the new middle class and activists in China in the summer of 2004, addresses some of these developments.

The Urban Proletariat

Though the general outline of what has happened to Chinese workers over the past decade is now relatively common knowledge, it is another matter to hear directly from some of them the impact of these changes on their personal lives. Discussions with members of the working class in the cities of Zhengzhou and Kaifeng, in central Henan Province, yield a searing picture of the almost complete devastation of the urban proletariat in the main industrial centers of the country.

With the outright or at least quasi-privatization of virtually all State Owned Enterprises (SOEs), most commonly through corrupt arrangements between managers, state and party authorities, and/or members of the new capitalist class, tens of millions of workers have been thrown out of work, losing not only their jobs, but pensions, health care, education for their children and in many cases housing—all of

which were provided by their *danwei* or work unit. The magnitude of the disaster is difficult to grasp. In these two cities, somewhere around 70-80 percent of former SOE workers have been laid off. In Kaifeng alone, some 100,000 have lost their jobs—in a city of less than 750,000 people. Similar conditions are found across the new “rust belts,” especially in the highly industrialized central and northeast provinces, with hundreds of State Owned Enterprises closed down and abandoned.

Workers advertising their skills in hopes of obtaining casual work; Changchun, Jilin Province (2004)

Many older workers have been forced into retirement, where they may still get limited benefits. Some of the younger workers also receive small layoff payments, but most are driven into casual labor or low paying jobs in private enterprises. In general, the families of these dismissed employees are left with little or nothing, relying mainly on the pensions of their retired relatives. Three generations, including both adult

children and grandchildren, frequently live off one pensioner. Women in particular are, as one worker put it, “sent home to knit,” where their premature retirement causes many tensions, while others find new ways to survive on the streets, including by turning to prostitution. Many families have broken up, and others have gone south, to the coastal export regions.

But the workers have not taken passively the destruction of their former jobs, securities and rights, won through many decades of socialist revolution under Mao Zedong. Some of the largest demonstrations in the world are taking place in China today, at times with tens of thousands of protesters occupying factories, surrounding government buildings, or even lying down on railroad tracks to disrupt city life until their demands for payments are met. In Zhengzhou, in the central Henan province, we were told of massive demonstrations that began in the late 1990s, involving up to 100,000 participants at a time, in an effort to protect the rights of the workers by preventing the privatizing and closing of the SOEs, to force the rollback of new taxes on taxi drivers, or to protest the loss of pensions or housing. In one famous case, worker seizure of part of a paper mill continues even today. Most of these protests, however, remain relatively local and isolated, despite efforts to link up workers city-wide and build province-wide alliances.

Migrants

The enormous stream of migrant labor in China is undergoing equally profound transformation. Much of this has to do with the changing conditions of the economy

and the labor market. But it also reflects a subjective change in the view that migrants hold of themselves and growing resistance to the ways in which they are exploited.

The migrant labor force is mainly comprised of young women who work in export factories, especially in the coastal cities, and construction workers, primarily men, who keep the endless building boom going. But there are also large numbers of migrants who work in service industries and as domestic help—and in all of the most dangerous, menial and low-paid jobs in the cities, which many urbanites shun. For most migrants, the basic conditions of life remain unchanged. On average, they work 70 to 80 hours per week, often under very harsh conditions, and receive minimal pay. Nevertheless, changes are beginning to affect the situation of many migrants.

In large part, this is simply the result of the length of experience that growing numbers of one-time peasants now have as members of the migrant stream—which has existed now for some two decades—as well as the gradual rise in the average age of those who make up this massive labor force. As a consequence there are new aspects to their situation and their response to it. Among the most serious changes is the declining ability of many aging migrants to continue to find and do the heavy jobs involved, as well as what are often disastrous health and environmental conditions that affect even the young, leaving growing numbers with serious medical problems. Despite this growing crisis, there is little left in their villages to return to, and many find that they “can’t go home again.”

At the same time, the lengthy experience and aging profile of the migrants means that many are now "veterans," no longer just eager youth willing to take any job, so long as it pays more than life on the farm. Migrant workers are becoming more selective about where and how they will work, more conscious of their rights—limited as these are—and more prepared to challenge the exploitation and abuse that they suffer. Demonstrations, and even attempts at unionization, are now increasingly common, and migrants have begun to "vote with their feet," by leaving the worst factories of the export zones in sufficient numbers to cause an increasingly dire lack of workers in these areas.

> Persistent labor shortages at hundreds of Chinese factories have led experts to conclude that the economy is undergoing a profound change that will ripple through the global market for manufactured goods.
>
> The shortage of workers is pushing up wages and swelling the ranks of the country's middle class, and it could make Chinese-made products less of a bargain worldwide. International manufacturers are already talking about moving factories to lower-cost countries like Vietnam. . . .
>
> For all the complaints of factory owners, though, the situation has a silver lining for the members of the world's largest labor force. Economists say the shortages are spurring companies to improve labor conditions and to more aggressively recruit workers with incentives and benefits. (*New York Times*, April 3, 2006, A1)

Many migrants are taking jobs in the rapidly developing interior of China, closer to their homes, or even returning to their villages, where recent policy changes have made economic survival somewhat easier. Though they remain a kind of "underclass" in the cities, they are no longer the largely unorganized and passive pool of labor they were until recently. With help from organizers and NGOs, they have begun to emerge

as a new activist stratum—albeit still tentatively and on a small scale—of the Chinese working classes.

The Chinese Peasantry

Like the urban proletariat and the migrant work force, the Chinese peasantry—still the great majority of the population—faces increasingly dire conditions as a result of the "marketization" and "globalization" of the economy, and is responding in new and different ways.

Key to these changes is the realization by growing numbers of those still working the land, that they can no longer survive in the global market as isolated individual producers—the model of the individualistic "family responsibility system" that was imposed by Deng Xiaoping, after dissolution of the collective agricultural communes of the Mao era. But as with the urban worker and migrant segments of the work force, peasants are experiencing complex changes pulling them in more than one direction at the same time, with a higher level of consciousness of their conditions and of mobilizations to confront them.

After a decade or so of improved well-being at the start of the reforms in the 1980s, due to higher prices paid for crops by the government and the takeover without cost of the agricultural infrastructure built up by collective effort in the socialist period, the situation of many peasants began to reverse in the 1990s. An ever widening gap between the cost of inputs and the prices they received for their farm products saw

average peasant income decline compared to that in the cities. At the same time, the ability of small farmers to compete in the era of "marketization" and "globalization" declined sharply as China continued to "open up" to the rest of the world. Corrupt local officials often sold off the land to developers without fair—or any—compensation to villagers, while schools and health clinics either closed or charged exorbitant fees for their services. Irrigation systems fell into neglect and environmental pollution of both land and water undercut rural productivity.

By the late 1990s, and especially after China joined the World Trade Organization, these conditions reached a boiling point, leading to widespread demonstrations—some of them violent—in the countryside. One of the worst such cases occurred in December 2005 with the killing of some 20 villagers in Dongzhou, in Guangdong province, who were part of a much larger demonstration of hundreds of peasants protesting against the inadequate compensation for land taken for a power plant. (*New York Times*, December 10, 2005, A1, and December 11, 2005, 3)

Even those who hold on to their farms may find that it is no longer economically viable to raise the same crops that they have grown in the past. As one activist explained to us, production of soybeans has already been largely wiped out in the northeast due to Chinese entry into the WTO. With the situation in the rural areas becoming explosive, the new team of President Hu Jintao and Prime Minister Wen Jiabao tried to address some of the most immediate causes of the crisis. By late 2004, they had brought some relief to the peasants through the elimination of the 5% national tax on farmers and a

gradual reduction of other legal and illegal charges set by local officials, along with an increase in prices for grain sold to the state, and efforts to prevent the corrupt sales of farmland. These policies did have an impact. Peasant incomes stabilized and even rose in many parts of the country, and there was a sense that the rural situation was improving.

This temporary relief was a major factor in the decision of many migrants to return to their villages, rather than continue to suffer extreme forms of exploitation in the export factories of Guangdong and the other coastal areas. However the underlying long-term crisis in the countryside continues to deepen because of the factors far beyond those addressed by recent policy changes. It is not merely the immediate causes of the harsh economic conditions that need addressing, but the ever more helpless position of the individual Chinese farmers in the face of the global capitalist market.

Recent years have therefore seen a small but steady spread of a new movement of rural cooperatives, mainly focused on achieving economies of scale through collective production, low-interest loans, joint purchase of supplies, and coordinated marketing of products. A co-op that we visited near Siping, in the northeast Jilin province , successfully exemplifies this. Thirty-six families have pooled their resources to raise 4,000 pigs at a time, with several “cycles” per year, collectively buying supplies and marketing their output. They have also built a small feed processing plant, and a biogas system using manure as fuel that supplies each household. The co-op provides

Pig barns at a rural pig-raising co-op near Siping, Jilin Province (2004)

financial security through loans and training to their members in production management. These co-ops have helped some peasants achieve a more secure position in the market, but their long-term ability to compete with large-scale producers from around the world remains restricted. The co-op movement is also largely limited to production and marketing. It has not addressed other major concerns such as the widespread elimination of the once vibrant rural medical system of “barefoot doctors” and clinics, and the free primary and high schools that served even the poorest and most isolated villages.

As early as 1999, we saw the effects of the loss of such benefits in a visit with poor villagers high in the mountains of northern Shanxi province, west of Beijing, where many children no longer went to school, and all but one clinic with a single doctor had closed, leaving thousands of peasant families with little or no access to services they used to enjoy. By 2006,

> China's economic reforms have turned an almost uniformly poor nation into an increasingly prosperous one in the space of a mere generation. But the collapse of socialized medicine and the staggering cost increases have opened up a yawning gap between health care in the cities and the rural areas, where the former system of free clinics has disintegrated. . . .
>
> As a result, according to the government's own estimates, in less than a generation a rural population that once enjoyed universal, if rudimentary, coverage is now 79 percent uninsured. . . .
>
> The near total absence of adequate health care in much of the countryside has sown deep resentment among the peasantry while helping to spread infectious diseases like hepatitis and tuberculosis and making the country – and the world – more vulnerable to epidemics like sever acute respiratory syndrome, or SARS, and possible bird flu. (*New York Times*, January 14, 2006, www.nytimes.com)

The last remaining health clinic, with only a single doctor, serving many poor villages and several thousand people in rural Shanxi Province; six others closed as a result of the breakup of the communes and the privatization of most medical care (1999)

Despite recent efforts of the government to ameliorate the situation, the collapse of health care and education, as well as of collectively maintained irrigation systems and

other infrastructure, leading to increasingly devastating environmental damage in the countryside, has become a major social crisis and a source of rural discontent.

The New Middle Class and the "Left"

The forces confronting urban workers, migrants and peasants are being felt as well by the new urban middle class and by the intellectuals who, as a whole, have been the main mass beneficiaries of the reforms. Over the past decade and a half, but especially since the late 1990s, a newer stratum of academics, professionals and managers has arisen in China, who are increasingly interwoven with and resemble in both lifestyle and attitudes their global peers. This newly arisen intermediate stratum is nevertheless becoming as subject to polarization and the stresses of "globalization," and increasingly expressive of discontent, as are the less well off laboring classes.

University students lines up outside a department store hoping to find work tutoring high school students to earn money for their college tuition and living expenses; Changchun, Jilin Province (2004)

While some are flourishing in the seemingly endless growth of the Chinese economy, many others are finding it ever more difficult to survive in the “market” environment, where the cost of education is rising rapidly and professional jobs are becoming harder to find after graduating from college. The polarization of wealth, corrupt practices of state and party authorities, enterprise managers, and the emerging class of private capitalists, is producing growing strains and even alienation among some of the “new middle class.”

Sign of the new polarization of wealth; Changchun, Jilin Province (2004)

For many intellectuals, in particular, there is a growing sense that the current direction of Chinese society and official policies is not sustainable—economically, politically, socially, or environmentally. Dissent takes many forms, from those who look to Western models of civil rights and democracy, to those favoring social democratic approaches, to the revival of leftist forces, long quiescent under the

reforms. These voices are finding expression in academia and the growing number of NGOs, as well as within the party and state institutions themselves. Of perhaps the greatest significance is the reemergence of the Left as a significant factor in the national debate. Drawing on the past socialist experience under Mao, concepts of participatory democracy, and expanding ties to progressive movements globally, Chinese intellectuals are more and more openly challenging the current direction of governmental policies, and even the entire program of capitalistic reforms.

Leftists are once again influencing the national debate and policies, and a small but growing number of college students are even visiting factories and farms, where they link up with workers and peasant activists, offering them legal and material support, and bringing back reports to their campuses. In this way leftists and other progressive intellectuals are establishing ties with members of the working classes, who themselves commonly hold a socialist perspective. Their massive protests at times, the growing threat of "social disorder," the possibility of even higher levels of organized opposition, and the revival of calls for a return to socialism, present Chinese leaders with the greatest challenge that they have faced since the 1989 Tiananmen movement.

Only the foolhardy would predict where things will go next in China. Too many contradictory forces are pulling at the society and too many competing factions are vying to influence the direction of policy. What seems certain is that the country cannot continue for long on its present course without some dramatic shifts. With

Mural over the central avenue in Nanjiecun

China emerging as a major global player—economically, politically, environmentally and in the realm of strategic relationships—any major changes have the potential to once again "shake the world." Whatever direction the country moves in next, the working classes will almost certainly play an ever larger role in shaping the course of events. It is imperative, therefore, that those outside China, and especially in the United States, begin to acquaint themselves more thoroughly with all of the strata of the society, and especially with the rapidly developing struggles of the billion or more workers, peasants and migrants, and not only those who have the most impact on foreign investment and trade.

Appendix A

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