

Bachelor Thesis

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Capital versus Labor

Does China Follow the European Example on Social Policy?

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Abbreviations and Acronyms

ACFTU	All-China Federation of Trade Unions
CPC	Communist Party of China
CPPCC	Chinese People's Political Consultative Conference
GDP	Gross Domestic Product
IMF	International Monetary Fund
LCL	Labor Contract Law
NPC	National People's Congress (China)
SEZ	Special Economic Zone
QCA	Qualitative Content Analysis
WTO	World Trade Organization

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Top Ideas Mentioned on Migrant Workers, Causes and Government Responses p.14

1 Introduction

Triggered by its economic opening-up and excessive liberalization policies in the 1980s, China has experienced enormous economic growth and is today often referred to as the "workshop of the world". International capital entered into the country and production flourished as China built on its large supply of low-cost labor. Yet, in recent years heavy working conditions and the constantly widening of income disparities gave rise to social tensions. An alarming Gini-Coefficient¹ of 0.45 has been estimated in 2002 (IADB 2006, p.14). Social problems have further increased as the global financial crisis led to a collapse of exports and consequently to a growth in unemployment.

These developments of China's economic system resemble to an extent to the situation of Western European countries in the beginning of the 20th century, when the emergence of liberalism had likewise generated tensions between capital and labor. During this time, Karl Polanyi (1944) predicted that labor will compel protection through state intervention when social pressure becomes too great a burden. This movement was indeed shown in Europe.²

Marc Blyth (2002) has outlined the role of ideas in this continuing movement between capital and labor that steer discussion towards either a focus on free markets or the protection of labor. In attacking the legitimacy of the existing order, ideas can ultimately lead to institutional change. The thesis follows Blyth's approach and aims to assess the role of ideas in China's public discourse on state governance with regards to labor conditions in China's low-wage sectors. It is hypothesized that if newly emerging ideas successfully attack the legitimacy of ideas, upon which existing institutions are based then a move towards institutional change is likely. The thesis examines Chinese newspaper articles in order to identify ideas suggesting such an effect of ideas by conducting a qualitative content analysis. Finding such ideas would imply that China is likely to follow up on social policy after decades of primarily focusing on economic growth.

Chinese manufacturing sectors are largely integrated into European production networks. Therefore any changes in China's economic policies can result in an impact on business for industrialized countries in Europe. Furthermore, it is apparent that a rising global civil society is alerted by reports of frequent infringements on labor rights in global supply chains. The analysis of ideas has recently become more popular in institutional change research. Ideas must not be seen as subordinated to fixed interests, but as constituent parts of interests. The undertaking of

¹ The Gini coefficient is a measure frequently used to depict the inequality of the distribution of income. A value of 0 expresses total equality and a value of 1 expresses maximal inequality.

² Europe constitutes a suitable example of this institutional dynamic. Yet, this is not to say that protection of workers is generally optimal in European countries.

identifying ideas as indicators for change in China hence demonstrates scientific actuality and empirical relevance.

Yet, China is a particular challenging case for investigation. According to a survey of the nongovernmental organization Freedom House, the Chinese press is under extensive state and party control and ranked "not free". China is one of the world's poorest performers with regards to freedom of the press (Freedom House 2010). Recognizing the particular challenges of the Chinese case, the claim of this paper is not to make concrete predictions for China's future policy direction, which is hardly possible owing to the circumstances of China's opaqueness. Neither is it to finally confirm or negate institutional change, as this constitutes a long-term process, which has to be traced over wider periods of investigation. But it is firstly, to assess ideas on scene in the Chinese discourse that point towards a move of stronger public governance institutions in response to labor unrest. Secondly, to reflect on these ideas while consulting secondary literature.

The next section will introduce to the dynamics of institutional change in Western Europe in the 20th century, while presenting Polanyi's ideas on the conflicting relationship between market liberalism and labor. These theoretical thoughts provide the wider framework underlying the research interest of this thesis and are likewise the groundwork for Blyth's theory. I will therefore present his main ideas, before attention is drawn to an interesting parallel that is the rise of neo-liberalism in several developing countries, which leads to the specific interest of investigating the case of China. The subsequent sections will then outline firstly, Marc Blyth's theoretical approach, secondly, the research design and methodological aspects, thirdly, empirical findings of the analysis of Chinese newspaper articles and lastly, it will be reflected on the results and its implications for the labor conditions before a conclusion is drawn.

2 Background

2.1 Industrialization and Institutional Change in Western Europe

Going back to the British Industrial Revolution in the beginning of the 19th century, English thinkers developed the theory of market liberalism, its core credo being that production and distribution of all commodities shall be controlled by self-regulating mechanisms through market prices. The market economy as an economic system was praised to be capable of organizing the whole economic life without external help or interference. All over Central Europe and North America, liberal ideas became the organizing principle for the international economy at that time. The historically reasonable congruity between the layout of national markets and

the scope of governance institutions was replaced by an internationalized market order that operated basically beyond state control.

The social and economic scientist Karl Polanyi (1886-1964) studied the changing economic paradigms and their consequences for society at that time. He strongly opposed the conventional economic wisdom that giving the markets full autonomy would bring about a balanced system and a fair distribution of wealth as a self-fulfilling prophecy. In his view, human economic activity had always been embedded in social relations, involved trust and mutual understanding and was governed by non-economic motives, e.g. the maintenance of social ties (Polanyi 2010, p.48). In his opinion, the subordination of society to self-regulating markets was disastrous, as it would lead to the disruption of these ties, especially affecting labor.³

Central to Polanyi's work is the concept of the "double movement", saying that institutional change evolves from the tension of two competing movements: the movement that expands the scope of the market and the protective countermovement that emerges to resist the disembedding of economy. Fred Block (2010) illustrates Polanyi's concept of the double movement by comparing the process with stretching a giant elastic band: "Efforts to bring about greater autonomy of the market increase the tension level. With further stretching, either the band will snap – representing social disintegration – or the economy will revert to a more embedded position" (Block 2010, p.xxv). Underlying this argument is Polanyi's criticism of making labor liable to the same law of price, which is determined by supply and demand, like real products that were originally produced to be sold on markets. Polanyi argues that there is essential need for the state to regulate and adjust the shifting labor situations, e.g. the state has to protect employees by providing relief in periods of unemployment, by providing education and training for workers or by managing the flow of work-related migration (Ibid, p.xxvi). Hence, when the movement of the laissez-faire economy is too powerful and consequently allows to burden society with growing inequality, unemployment and declining wages, the countermovement will compel protection and stability.

In fact, the welfare state developed in the Western European countries in the subsequent decades as a means of mature industrialized states to restore social control over markets and to re-embed market operations into systems of governance. John G. Ruggie (1982) described this economic development as one from liberalism to "embedded liberalism". Although the international economy remained comparatively open and amenable, it was now tied to strong interventionist policies at the domestic level. National governments took up a greater role in

³ Polanyi further links the rise of market liberalism to the onset of the world economic crisis in the late 1920s, which in turn allowed fascism to rise in Europe

accomplishing regulatory and distributive functions and were responsible for the provision of a social security net. Accordingly, market governance remained predominantly in national scope and constituted an implicit international social compact (Gereffi and Mayer 2006, p.44).

Yet, this system of embedded liberalism operated only among advanced industrial states in the second half of the 20th century, while other parts of the world played by different rules: China as well as Eastern and Central Europe remained centrally planned economies for the time being, Latin America isolated itself from international commerce with a dominance of import substitution policies, and Africa and India were eager to disengage from colonial dependency.

2.2 Globalization and the Rise of Neo-Liberalism in Developing Countries

Looking at today's world the current economic situation of several emerging economies, including China, appears to be similar to that of industrializing nations in Europe and North America in the first half of the 20th century (Gereffi and Mayer 2006, p.43). Could there be in fact any indication that another double movement has been triggered?

In the first place, we saw a policy shifts in both industrialized and developing countries since the 1980s that cleared the way for economic globalization. Many advanced capitalist countries returned to liberal ideas, displaced the state as the principal intervening actor and set up a new neoliberal order. In addition, many countries in the developing world, led on by China, India and Mexico, pursued a policy of excessive reforms and liberalization of their economic system and attracted international capital. Since the late 1990s, nearly half of the world's manufacturing jobs are located in developing countries (Held and McGrew 2010, p. 3).

The increasing transnational business relations and highly fragmented production networks are an expression that globalization has shifted parameters in the relations between governments, businesses and the labor force. The global trend to deregulate markets has also revealed increasing deficits of global governance, as governance systems have been slow to adapt to these rapid changes. For example outsourcing processes are excluded from regulatory policy as these are neither touched by institutions of developed countries, nor regulated by often thin governance systems on the part of developing countries (Gereffi and Mayer 2006, p.47-49). Recent scientific work has largely concentrated on the explosive growth of private systems of governance that emerged in response to global governance deficits. Non-governmental institutions of society, like NGOs or business actors began to regulate labor relations by implementing codes of conduct that claim to guarantee environmental and socially responsible management practices. Scholars have analyzed approaches of this new form of governance for diverse commodity chains. While analyzing and comparing the effectiveness and legitimacy of

different approaches and private standards, many scholars point to the limits of private actor governance (see Graz and Nölke 2008, Bartley 2010, Mayer and Gereffi 2010, Fuchs and Kalfagianni 2011,) and highlight the necessity to strengthen public governance (see O'Rourke 2006). A move towards stronger governance practices by the state has been anticipated by Gereffi and Mayer (2006). The People's Republic of China is especially noted in connection with this trend. However, their study misses a deeper investigation of the indices that support their presumption.

This paper wants to pick up the question, if there are in fact ideas on scene that suggest a move towards stronger public governance in the case of China, after three decades of capital dominating market operations. The surplus of this paper lays on the assessment of the Chinese public discourse for first indicators that point to a change in the handling of tensions between capital and labor. Analyzing the current state of discussion on the relationship between capital and labor is groundwork for further research on institutional change.

In order to approach recent developments in the realm of Chinese public governance, this paper takes up a theoretical framework of institutional change that focuses on ideas. It follows the approach laid out by Marc Blyth. There is a long tradition of theory on institutional change; prevalent are the schools of Historic Institutionalism (HI) and Rational Institutionalism (RI). Several scholars have added the consideration of ideational factors to their structural analysis. For HI see for example the work of Peter A. Hall (1989) on the spread of Keynesian ideas. For RI, Douglass North (1990) as well as Judith Goldstein and Robert Keohane (1993) have dealt with ideas in institutional change. Yet, Marc Blyth argues that these approaches solely reflect on ideas in the sense of norms or identities, and that these assumptions still uphold an analytical distinction between ideas and interests, considering them as unrelated items in principle (Blyth 2002, p.17-18). Blyth developed a social constructivist approach that takes ideas seriously for the explanation of institutional change. In the following section, his theoretical approach will be outlined and it will reveal the conditions when ideas are key indicators for the early assessment of institutional change and which effects they develop.

3 Theoretical Framework

Only a few decades elapsed since the first publication of Polanyi's work in 1944, when Mark Blyth and other academics referred to Polanyi's ideas for today's modern context. In his correspondent study of *Great Transformations*, Blyth acknowledges Polanyi's concept of the double movement and its contribution to the study of Institutional Change. Still, he judged Polanyi in the sense that he was wrong to expect the emergence of embedded liberalism to mark

a permanent end of the double movement and capitalist internationalism. He draws attention to the counter-double movement of the contemporary neoliberal order and notes "if disembedding the market led to a double movement where labor demanded protection through an institutional re-embedding, then was it not reasonable to expect, in turn, another reaction [...] by those most affected, namely capitalists?" (Blyth 2002, p.4). He consequently advises the ever-continuing dynamic of the two movements that Polanyi described. Its political struggle has - at best - shifted contours.

3.1 Institutional Change and the Role of Ideas

Understanding and explaining institutional change is one of the core interests of political scientists. In order to get a deeper understanding of institutional change, scholars have shifted theoretical attention from mere interest-based approaches towards one that suggest that ideas are important constituents of institutional construction and change. Sikkink (1991) noted that "it is a paradox that scholars, whose entire existence is centered on the production and understanding of ideas, should grant ideas so little significance for explaining political life" (p.3).

Structural approaches all too often explain change solely with exogenous factors and structurally given interests. A set of institutions is hence juxtaposed with its former set of institutions. Then, a claim is made about the independent variable that explains why an institutional order Y emerged as a response to a former order X. Marc Blyth ideologically dissociates from such static models that see change as a deterministic function of objective problems arising from former institutions and fixed interests. According to Blyth, exogenous factors can drive the destabilization of a set of institutions, e.g. as a collapse in the market produces uncertainty. Yet, the condition of collapse does neither give the causes, nor the solutions for the construction of a new institutional order (Blyth 2002, p.7-8).

Now, under what conditions is a new institutional order designed? Blyth mentions two central circumstances that affect the process: crisis and uncertainty. The type of uncertainty that Blyth refers to is not equal to a risky environment or mere complexity, but is "situations regarded by contemporary agents as unique events where the agents are unsure as to what their interests actually are, let alone how to realize them" (Ibid, p.9). This uniqueness of uncertainty means that agents can neither foresee the outcome of a decision, nor can they attribute probabilities to the outcome scenarios. With this definition of uncertainty, interests thus are first, not merely explaining variables but are something to be explained. Second, the notion of what actually constitutes a crisis must gain notice and is not self-apparent. Instead, it is a process of key agents involved that argue over, interpret and thereby diagnose a situation as a

crisis and likewise formulate solutions. The emergence of a new institutional order has to be understood as an endogenous process navigated by beliefs, desires, perceptions – that are ideas – of agents (Ibid.9-10).⁴

Economic ideas play a significant role in reflecting the state of things, but they are also constructions that leave room for interpretation whilst providing agents with a "normative" or "scientific" account of the present economy and polity and a vision of desirability of (institutional) developments. This is not to say that only ideas matter in order to describe institutional change – surely, there are also material factors and set interests, but in times when existing institutional frameworks fall short and uncertainty prevails, it is ideas that certainly matter in telling agents what to do, thus indicating structural upheaval (Ibid, p.11).

Now, what causal effects do ideas have?⁵ Blyth presents a sequential model of ideas and institutional change that highlight five causal effects: (1) Ideas reduce uncertainty in that they help to analyze and interpret the nature of a situation of instability. (2) Ideas serve as resources for collective action and the forming of coalitions. (3) Agents make use of ideas in order to question the legitimacy of existing institutions. (4) After a period of contestation, ideas are institutional blueprints for the construction of new institutions and finally, (5) when a set of ideas is incorporated into a new institutional framework, these institutions serve to coordinate expectations, and thereby they serve to create stability of the new order. Blyth understands these different causal effects of ideas in different periods, though not entirely distinct from one another in practice, as a sequence leading to change. Consequently, he highlights the surplus of his theory in that it can explain both stability and change within the same theoretical framework (Ibid, p.34-35).

Reducing uncertainty during periods of crisis is the first causal effect of ideas. Blyth suggests a temporal distinction between this step and the creation of new institutions. Before agents can respond to a crisis by choosing between institutional alternative paths, they must first have some idea about what the crisis is about and what caused it. Hence, ideas serve to interpret a crisis and, doing this, help to reduce uncertainty. The second effect accounts for overcoming the barriers to collective action. In times of crisis economic ideas act as resources for the set up of coalitions among agents, as they define solutions to the problems. These coalitions attempt to

⁴ Alexander Wendt also addresses the relationship between desires and beliefs in defining agent's interests. See Wendt 1999 Social Theory of International Politics. Cambridge University Press.

⁵ Though Blyth follows a constructivist approach, he does not follow the poststructuralist path in saying that ideas is *all there is* - he does not reject the existence of a material reality. But he argues that ideas go *all the way through*, which explain their theoretical and empirical relevance. Accordingly, he opines that ideas *can* have causal functions (see Blyth 2002, p.29-30).

resolve the crisis by restructuring the distributional relationship between the principal collective agents that are business, labor and the state (Ibid, p.37-38).

These prior two effects are the basis for a consideration of the third effect mentioned, the main focus of this paper. Ideas can be "weapons", as Blyth describes it, that question the underlying ideas of existing institutions. He argues "identifying the cause of a given crisis as being a function of a particular set of institutions [...] merely targets those institutions as being 'part of the problem'" (Ibid, p.39). Recognizing such an instrumentalist character of ideas does not equate ideas with preexisting interests. Ideas help to interpret a crisis. Hence, challenging a so far "accepted" view of the economic world, upon which existing institutions are based and which leads to certain distributional outcomes might lead to a decline in the legitimacy of those institutions. At the same time agents' conceptions of their own interests will alter.

The last two effects will not be considered in the analysis, as it is assumed that to thoroughly assess these succeeding effects it is yet too early to for the case of China. Furthermore, the full analysis of the sequential model implies an investigation that exceeds the scope of this paper.

As already noted, this paper examines an excerpt of the Chinese public discourse on the topic of labor crisis in order to identify ideas on the nature of the crisis and on public governance responses. Therefore it is briefly clarified in what sense this paper uses the term. According to Gereffi and Mayer, market governance at large is about "those institutions, governmental and non-governmental, that both enable and constrain the behavior of markets or market actors" (Gereffi and Mayer 2006, p.41). In this paper, public governance further on refers to governmental action in terms of legislature, regulations and their enforcement. Gereffi and Mayer distinguish three main functions of public market governance: First, facilitative governance plays a role in easing the operation of markets. This is done via competition policy, the institution of property rights and all measures that dismantle barriers to trade. Second, regulatory governance is crucial to control the negative externalities of market transactions. The state needs to constrain markets in order to prevent exploitation and endangering of workers by effective labor law as well as health and safety regulations. Third, distributive mechanisms are necessary to limit and alleviate the unequal impacts of markets for society. The upgrading of social insurance systems, public health and education systems can be such instruments (Ibid, p.42). The question is how far ideas in the Chinese public discourse suggest a need to shift facilitative governance to regulatory and distributive tasks.

The next section will introduce to the selected case of China.

3.2 China – A shift From a Planned Economy to a Neoliberal Market

Model

Recognizing the long and multi-faceted Chinese history, a country that has focused on its inner processes for the longest time, it is remarkable to see China's economic standing in the global economy today. In 2010, the People's Republic of China has outpaced Germany in exports and now claims the title of being the world's export champion (Handelsblatt 2010).

China's efforts to restructure its economy started off in 1978, when the government ended the insulation against the global market and launched a reform movement that transformed a planned economy, once introduced by Mao Zedong, step by step into a socialist form of market economy. This economic organization was officially set as economic objective at a conference of the Communist Party of China (CPC) in 1992 and released another burst of growth through a surge of incoming foreign investment. China's entry into the WTO in 2001 marked a third highlight en route and reinforced economic liberalization and opening-up.

Since the 1980s, China has pursued a development strategy that is highly export-oriented and relies on foreign investment. China achieved an average growth rate of 9 per cent of its gross domestic product (GDP) each year and growing export rates of 12.4 per cent a year in the 1990s and over 20 per cent annually since 2000 (IADB 2006, p.9). The collapse of external demand due to the financial crisis of 2009/2010 led to a sudden slow down of the Chinese economy and increased already mounting imbalances. Furthermore, it intensified social pressure that manifested in a wave of strike events in industries.

When analyzing the role of public governance in the transformation of labor conditions in China, it has to be taken into account that Chinese industrial structures are essentially heterogeneous. So called "Special Economic Zones" (SEZs) were first installed in cities along the coastal provinces in Guangdong, Fujian and the island Hainan in 1984 and further regions were added over the years. These SEZs apply special market-oriented policies and flexible governmental measures, which have led these regions to experience a phase of enormous development in contrast to other areas. Other variations derive from differences in the prevailing form of ownership between sectors, whether enterprises are state-owned or foreign-funded, and the industries' integration into global production networks (Butollo 2010, p.3). In addition, the presence of trade unions plays a role for the analysis. It is important to note that workplaces usually have their own trade unions in China. These are united under the All-China Federation of Trade Unions (ACFTU), which is the country's top trade union. Trade unions are not politically independent, but traditionally integrated with the CPC.

This paper examines the specific types of industrial relations prominent in the SEZ of the South of China: the so-called flexibilized mass production and low-wage classic regimes of production⁶. Typically found in foreign-owned contract manufacturers in the electronics sector or first-tier manufacturers of other consumer goods, the model of 'flexibilized mass production' is sophisticated in technology and organization based on enormous segmentation and flexibilization of employment. The sector relies on large-scale employment of low-paid rural migrant workers. Likewise, the 'low-wage classic' type of company is characterized by exploitation of migrant workers. The salaries correspond to the local legal minimum wage, but do not take into account payment for frequent and excessive overtime. Labor relations are regulated through authoritarian management practices. Further, the concerned industries are deeply integrated into global value chains and the practical absence of trade unions is characteristic (Butollo 2010, p. 4).

Coming back to the theoretical framework, it can be questioned if either Polanyi's concept of the double movement between capital and labor and Blyth's theoretical teachings on which this paper is based are applicable to the People's Republic of China. Both referred in their work to cases of capitalist countries in Europe and the USA. Regarding politics, China's political system differs fundamentally from the Western democracies. Yet, the economic system is essential for the theoretical argument. China strives for being recognized as a market economy. Indeed, nearly all of its economic system matches the model of a capitalist country. Taking Polanyi's ideas as the broader context of this study and Blyth's theoretical approach for the concrete analysis is thus legitimate in my point of view. Considering the economic downturn and the frequency of labor conflicts, it can furthermore be confirmed that the preconditions of crisis and uncertainty as outlined by Blyth are given in the current situation of China.

4 Research Design and Methodological Approach

Following a constructivist approach in theory that was outlined in the previous chapter of this paper, it is argued that ideas play a vital role for the social construction of agents' interests and consequently for institutional restructuring. It was also introduced to recent developments in China. A platform of the country's public discourse is available in newspapers. English-speaking articles of Chinese newspapers shall serve to identify ideas and to interpret their effects. Consequently, I arrive at the subsequent research question: *What is the role of ideas in the discourse on public governance with regards to labor conditions in China's low-wage sectors?*

⁶ This classification follows a concept of regimes of production by Michael Burawoy who seeks to analyze the characteristics of the production process in terms of employment, control of labor process and regimes of work (Burawoy 1985).

Although it is assumed that discourse always contains conflicting ideas, e.g. the demanding of regulatory and distributive governance versus the fear of rising labor cost, I expect to identify ideas prevailing more than others. Based on the theoretical assumption of ideas' causal effects, my hypothesis is that *if newly emerging ideas successfully attack the legitimacy of ideas, upon which existing institutions are based, then a move towards institutional change is likely.*

The research starts off by laying out the qualitative method of content analysis, before briefly introducing the processing of the analysis. In the following, empirical findings are presented and analyzed, before I finally interpret the outcomes by consulting secondary literature.

4.1 The Method of Qualitative Content Analysis

Having presented the central theoretical assumptions, it is now in question how to assess ideas that circulate in the Chinese discourse and connect public governance and the handling of labor relations. As ideas are not easily apparent, their identification implies interpretative work.

The Qualitative Content Analysis (QCA) presents a suited method for the undertaking. The QCA originates from communication sciences and was developed in the beginning of the 20th century, originally created for the analysis of mass media reception and impact. Its main procedure of analysis is to preserve the advantages of the quantitative approach, but to further develop qualitative steps of analysis that, besides primary content like main themes and ideas of the text, identify context information, latent meanings, striking individual cases and matters that were left out (Mayring 2001, p.91). Following Philipp Mayring, the QCA "is an approach of empirical, methodological controlled analysis of texts within their context of communication, following content analytical rules and step models, without rash quantification." (Ibid, p.2)

Text from newspaper articles makes up the empirical data for this analysis. It carries direct and latent information that serve as indicators about text-immanent reasoning, but also allows for descriptive statements about the social reality outside of these documents. It is important to note that text is not detached or individual, even though it was written by a single author, but is always embedded in a particular socio-historic context and part of a social discourse that is influenced by diverse sites of speakers, e.g. from science, politics, media, business and society (Jäger 2001, p.181). Furthermore, the media discourse is closely interwoven in itself. Key media often adopts information and content that already appeared in other media. This allows us, especially considering renowned newspapers, to speak of the media discourse as being essentially uniform, yet this is not to say that different positions might not appear with different emphasis in the papers. The QCA will systematically reduce the written communication using

abstraction to identify the articles' central ideas about public governance in the situation of social unrest and current working conditions in China.

4.2 Selection of Material

Given the limited scope of this paper, this analysis allows only a consideration of an extract of the over-all discourse by looking at media as a strand of discourse, more precisely on daily newspapers. It aims to look at articles published in online platforms of the two influential Chinese newspapers: the *People's Daily* and the *China Daily*.

Period of Investigation

The timeframe for the investigation was January 1st of 2008 until May 31th of 2011. The starting date of the period coincides with the entry into force of the new Labor Contract Law (LCL). This law was often pointed out by national and foreign experts to be an advance for China's labor. I assume that this event of public governance is of discursive significance and is therefore an interesting entering into the tracking of discourse. In order to get an insight into the most recent debate, I sampled articles until the end of May 2011. This covers a period of investigation for nearly 3.5 years.

Investigation Material

The *People's Daily* is among the most influential Chinese newspapers, as it is an organ of the Central Committee of the CPC, which is the top decision-making body in China. Thus it is the mouthpiece for the party that provides direct information on the policies and viewpoints of the Chinese leadership. It is originally published in Mandarin, but also has editions in English, Japanese, Spanish, Russian and Arabic. With a daily circulation of three million, it ranks among the world's top 10 newspapers, according to UNESCO⁷. Estimates of total readership in China have traditionally been difficult as other mass media often have to reprint or re-broadcast important commentaries in the *People's Daily*. This gives its content precedence in shaping the Chinese public opinion. The CPC Propaganda Department and the party leadership directly supervise editors, who carry out their work according to instructions (Wu 1994, p.195-196). Accordingly, the content of the articles directly corresponds to the present opinion of the state.

For this analysis, I accessed the archive of the English-speaking online presence. Of the articles searched with the terms labor reform, social security, worker and trade union, 44 articles were selected.

⁷ see: People's Daily Online. <http://english.people.com.cn/90827/90828/index.html> (Accessed 13.07.2011)

The *China Daily* is the official state-run English-language newspaper. The paper has a circulation of more than 500.000 exemplars worldwide. It is published mainly for a foreign audience and high-end nationals, e.g. diplomats and governmental policy makers. One third of the circulation is abroad. Subscribers include government officials, members of parliaments, staff members of International Organizations (IOs) and multinationals, researchers and students. The acclaimed mission of the paper is to be a window for "China to understand the world and be understood by the world"⁸. However, it is questionable, if the paper can fulfill its mission in practice. Although there are articles or editorial passages intended to critically reflect domestic issues and government policies, the editor Zhu Ling stated that the paper's editorial policy is to support the policies of the Communist Party. A foreign editor working at *China Daily* noted a high degree of self-censorship by its journalists. Regular reporters usually skip too sensitive issues such as Taiwan or Tibet. In addition, articles need approval from higher authorities prior to publication.⁹

For the sampling of my data, I likewise accessed the archive of the English-speaking online presence with the same search terms. The total result of relevant articles clearly surpassed the first sampling. After excluding the article that appeared least relevant, I further restricted the sample by only including articles that contained the key words 'government' or 'state', in order to make sure that articles show any reference to state action or opinion. 64 articles were selected. The total set of data comprises 108 articles.

4.3 Inductive Category Development

When forming inductive categories, text is systematically disassembled into analytical units and assigned to categories that are as close as possible to the material. The approach of coding and formulating categories out of the material was inspired by the procedure of open coding as developed in the Grounded Theory (see Strauss and Corbin 2010, p.43-55). By taking into account that both newspapers are state-controlled, it was coded in a highly attentive manner to identify the line of argumentation and latent meanings. The articles were split into groups of years of their publication. In a first pass main topics in the discussion of problems and possible solutions were selected as well as policy responses, evaluation, context information on each year and speaker. In a second pass I defined a higher level of abstraction via grouping and building higher order categories for the final passage of data. I selected ideas on the problem structure of current labor conditions, ideas on the causes of crisis, ideas on the policy direction and political

⁸ see: China Daily Online. http://www.chinadaily.com.cn/static_e/2011about.html (Accessed 13.07.2011)

⁹ see: China Detail. <http://www.chinadetail.com/Who/MediaPublicationChinaDaily.php> (Accessed 13.07.2011)

responses and ideas that evaluate the handling of the crisis so far. I grouped further findings that record complementary information or alternative voices mentioned in the articles.

Supportive to the steps of text analysis was the use of the computer software MaxQDA. The file of analysis, which further illustrates the way I operated; as well as all 108 articles can be found in the annexed CD¹⁰.

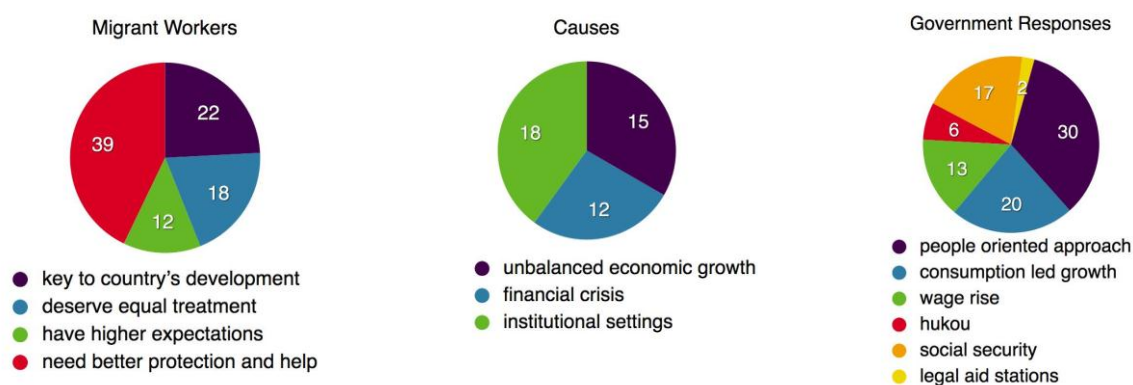
5 Empirical Evidence

The presentation and analysis of empirical findings shall proceed as follows. The first part will introduce to the main top ideas discovered. This is followed by describing ideas on the problem structure of the poor working conditions and highlighting the perception of migrant workers. Then, ideas about causes of social crisis are outlined, before turning to the involvement of the state and the discussion of its role in handling labor policy. Lastly, this section outlines how state action and its effects on labor conditions are evaluated and what other findings should be considered in the analysis.

5.1 Main Findings in the Course of the Years and Remarks

When tracing the course of discussion over the years, we find that the topics' relevance differs slightly over the years and correlates to the chronological context of the crisis. Yet, for the analysis it proved more useful to collectively approach the different themes and arguments in detail. Fig. 1 provides an overview on the main ideas on migrant workers, who represent the

Fig. 1 Top Ideas Mentioned on Migrant Workers, Causes and Government Responses



Source: compiled by the author

¹⁰ The newspaper articles quoted in the paper will be referenced by their publication date, e.g 2008-01-01. The CD contains all articles in the respective listed order, organized by articles of the *People's Daily* and the *China Daily*.

low-wage labor force, on causes of social crisis and on the government's responses.

Ideas are presented in absolute numbers of articles treating them. In the following, I will briefly sketch the discourse for each year from 2008 to 2011 and comment on the newspapers' reporting, before the next chapter enters into a deeper look at the findings.

Considering the context, in 2008, the financial crisis just slightly arises on the horizon, but its impact on the export-led economy becomes visible only towards the end of the year. The role of trade unions to protect the legal rights of workers is a major topic alongside the discussion of the New Labor Contract Law. While the advance in legal protection is positively highlighted by the ACFTU and experts, it is also pointed out that legal protection often fails due to a lack in enforcement. The establishment of legal aid stations, which help mediate labor conflicts and raise migrant workers legal awareness, is welcomed in response. The unfair distribution of wealth among social groups is criticized and the household registration system, which will be further discussed in 5.3.2., is mentioned as one factor contributing to imbalances. Individual ventures of local governments that aim to increase workers' living and working conditions are presented and promises are made to extend social security coverage for more migrants. But so far, no other key issues of the debate emerge.

In 2009, the pressure on the economy increases and unemployment among the migrant working population rises. Simultaneously the topic of insufficient social security services to migrants becomes more important. Migrant workers have not received fair reward for their contribution to China's development and appeals for better protection and equal treatment of migrants with the urban population are growing in number. A notion of urgency emerges and the model of development is called into question for the first time. On the political side, we find the government to confirm its attention to migrant workers' struggles and to announce higher spending on social security. Local governments are yet again the first instances to take steps for example in employment policy. The importance to increase domestic consumption appears on scene.

In 2010 the newspaper coverage reaches its peak for the period investigated. The call for institutional restructuring and better protection of migrant labor is strong. Poor working and living conditions of workers, especially low-wages, are a major topic due to the alarming events of labor conflict and several remarks that migrant laborers have raised their expectations. Collective bargaining, though encouraged by the government, was hardly implemented due to weak trade union performance. A mismatch in the labor market, in particular the shortage of low-cost labor in several SEZs, is said to bring an improvement in working conditions and wages rise as a means to attract workers, hence local governments have raised legal minimum wages

and introduced legal reforms. The yawning income gap steers attention to the need of a more balanced growth model. Thus, the government considers many reform initiatives to restructure an export-led growth towards a consumption-led model and proclaims a shift towards more people-oriented policy making. Social upgrading shall also ensure social stability. A qualitative industrial upgrading could mark an end to low-cost labor, but it is also feared that rising labor costs will undermine China's competitive advantage.

Taking into account that 2011 could only be considered for the first half of the year, we still find the discussion to be as intense as in 2010. The situation is already called post-crisis era in the articles and inflation poses negative effects on prices. Arguments about the unfair treatment of workers are mostly the same, but a particular concern about women's protection is raised for the first time. A lack of legal enforcement and legal holes is revealed. Punishment to violators of law is not legally regulated. The government is working out a people-oriented approach of economic growth and discusses steps to reform institutional settings in order to allow wider social security coverage to migrant workers.

Comparing the *People's Daily* and the *China Daily*, only slight differences were found in the way labor conditions and public governance were discussed and presented. The *People's Daily* is, e.g. less pessimistic about trade unions and gives several examples of their success and highlights their role to protect labor. The paper more frequently quotes government officials, where as the *China Daily* rather quotes experts. The *China Daily* reports more frequently about strikes and labor conflicts. However, no substantial differences were found with regards to the prevailing ideas. Except for five articles that specifically noted the *People's Daily* as source and proved to include more explicit ideological statements and party opinion, all other articles did not demonstrate substantial differences. As both newspapers are being supplied by the same news agencies, an in-depth contrasting of both papers appears meaningless.

Taking into account that both newspapers are state-controlled, it is expected that the expression of different views might be limited. While conducting the category development, this assumption was quickly confirmed as it was even challenging to clearly distinguish between the speakers. Government officials and experts were the groups of actors that were most quoted. In the ranking these are followed by migrant workers and trade union officials and at last lawyers, civil society or businesses are much less frequently quoted. Nevertheless, this insight is hardly significant given that many speakers hold overlapping roles. Generally speaking, we rarely find variations in the statements, e.g. of trade union officials, experts or government officials, as most speakers are members of the CPC. In addition, workers can be members of trade unions and commentators and experts do not always reveal their political orientation. As the Chinese

context makes it extremely difficult to distinguish between solutions proposed by CPC members and alternative views, I mainly differentiate between official government statements and other speakers during the analysis.

5.2 Ideas on the Problem Structure

5.2.1 Poor Labor Conditions as a Struggle of Migrant Workers

As expected for the considered industries, the situation of migrant workers, being the mainly affected of poor labor rights and social unrest, is central in the discussion. Migrant workers, traditionally being farmers, most adequately represent the workforce of the labor-intensive and low-wage sectors today. There are reportedly up to 230 million migrant workers that are traveling from their rural hometowns to cities on the search for jobs (2011-02-20). Most of them are employed in manufacturing, construction, urban sanitation and restaurant sectors and their wages constitutes the main source of income for their families.

In the first half of 2010, there were appalling labor strikes in the mass production plants of Honda and Foxconn, the world's largest electronics manufacturer. Reasons for low pay, long working hours and bad working conditions led workers to commit suicide at Foxconn and ended with a halt in production at four Honda plants. These incidents have shocked the Chinese public. 13 of the examined articles specifically refer to the incidents. The events stirred up debate and are said to present an opportunity for reflection on China's labor laws and labor relations (2010-07-14).

It is often noted that migrant workers are easily subjected to company infringements on their legal rights. Key problems are poor wages, defaulted pay, excessive overtime and workplace injuries. Furthermore, stress, loneliness and harsh management practices were mentioned.

Migrant workers face discrimination based on their identity as migrants, largely owing to institutional settings. They have limited access to urban social security services such as medical services and education. In 2009 only 26 percent of all young migrant workers under the age of 30 had an educational level of high school or more (2010-07-07). When suffering from health detriments or workplace injuries, they go to illegal clinics where the treatment is cheaper. An alarming example for the missing health care system and the struggle of workers to assert their rights is the story of a migrant worker who had his chest cut open to prove he was suffering from work-related pneumoconiosis. He was finally paid compensation by his former employer, but the author of the *China Daily* article remarks:

"Had it not been for the extreme action of having his chest cut open, he would never have got that much attention, or seen the intervention by the central and provincial governments and the All China Federation of Trade Unions. Only these have made the happy ending possible" (2009-09-18).

The need for a better protection of migrant workers' legitimate rights and calls for increases in salaries, skill boosts via vocational training and workplace safety are numerous throughout the articles. On the one hand it is mentioned that most workers are not even aware of their rights, but on the other hand it is noted that "'China now has no clear system to define who should bear responsibility when the rights of migrant workers are violated [...]and thus these workers often didn't know where to turn for help'" (2008-05-03). They are consequently left with no leverage to claim their rights.

The next chapter shows three distinctive findings where legitimacy of current circumstances is questioned.

5.2.2 Unfairness Faced by Migrant Workers

Key to the country's development, but they have not received their fair share

The articles express a general appreciation for the migrant workers' contribution to China's development. In 28 segments of the 22 articles migrant workers are described inter alia as the "backbone of China's development" (2008-04-16), "key to the nation's modernization drive" (2010-07-07) and how they have contributed enormously to the country's industrialization and urbanization for the past three decades. As the Chinese Premier Wen Jiabao put it, they have made "even 'sacrifices' to the country's development over the past few years" (2009-12-28). A Chinese expert is even clearer stating how "[migrant workers] have not received their fair share" (2011-03-12). Some comments even use drastic formulations such as "Migrant labor is a sin of the times. We need a development model more humane and respectable" (2010-06-03). Labor conditions at mass production sites of Foxconn were annotated to portray "a model where fundamental human dignity is sacrificed for development" (2010-05-26).

Call to end discrimination with regards to social security access

A major claim raised is that migrants should be granted equal access to social security. The institutional separation between urban and rural citizens will be addressed in the subsequent chapter. For now, I want to show the indignation voiced about treating the migrant population differently than the urban population. Of the 25 codes identified, most articles moderately express their call for the "same treatment as urban residents" (2010-03-05). The difference in protection is outlined in the following example: "The basic level of social security that migrant

rural workers could count upon in 2006 was just one-quarter of what urban citizens did routinely" (2010-08-12). Several articles also use words like "discrimination", "unfair", "disadvantaged" when referring to migrant workers' access to public services, e.g. it is stated that "Migrant workers suffer discrimination based on identity issues and unfairly limited access to medical services and education for their children" (2011-01-13).

Higher expectations and unwillingness to accept their fate

In 14 articles it is noted that expectations among the young migrant force have risen. These expectations are directed at the government (2008-03-10). A Chinese scholar is quoted saying that migrant workers have become "pickier about their wages, benefits, social status and working conditions.[...] Our economy can no longer rely on squeezing labor benefits because workers are unwilling to accept it anymore" (2010-06-03). Later in this article it is noted that workers are becoming more confident about their bargaining power, especially those among the young generation of migrant workers. A survey found that migrant laborers seek better prospects to develop on their career and they expect a higher standard of living when working in cities. The article goes on with "apart from making money to secure for their families a better life, they also want to change their fates, show their competence at work and gain a foothold in urban society" (2010-07-07). Another article warns by writing:

"Having grown up in a market economy, China's younger generation has yet to cultivate a long-term and healthy outlook to life. Cell phones, computers, TVs and automobiles are being regarded as indispensable to living. Under these circumstances, any setback or failure to satisfy their demands will be deemed as failing in life, which will possibly cause them to take extreme steps."(2010-06-11)

Higher pay and welfare expectations of migrant laborers and a trend towards more workers that actively claim their rights pose difficulties for the government to ignore their claims.

All these examples clearly reveal a public discontent with present circumstances. The first two subsections showed a sense of compassion felt with the situation of migrant workers. The articles differ in the harshness of their wordings, yet the prevailing idea is clear: the situation of migrant laborers is considered socially unjust. Building economic wealth on the back of low-cost labor seems to face resistance, not only among migrant workers themselves, who state their grievance and voice their expectations, but also among outside observers like experts, journalists and politicians.

5.3 Ideas about Causes and Graveness of the Crisis

Following the outline of the problem structure, it now is the question what ideas were prevailing in the explanation of the crisis.

Social Crisis as a Consequence of the Pursued Development Model

The widening income gap between rich and poor, between urban and rural areas and different industries is the most frequently mentioned cause among the macroeconomic causes of social instability. The Gini coefficient has largely exceeded the recognized warning level of 0.4 and has reached 0.47 in 2009. Three decades ago it was 0.21-0.27 (2010-08-27). Furthermore, the global financial crisis appears to be the tipping point for the social crisis as exports dropped and many migrant workers turned jobless.

The reasons accounting for imbalances in wealth distribution as well as for the deep impact the financial crisis had on the economy are found in China's pursued development model. Firstly, the economy is highly dependent on exports, making it vulnerable to global economic fluctuations and secondly, China has built economic growth on its large population and on cheap labor. Seven documents create a connection between the model of growth and the income gap and unbalanced distribution of economic success. This statement shall show this exemplarily:

We noticed that the uneven distribution emerged in the context of China's engagement in market-oriented reform for 30 years and the establishment of a framework of market economy system. There are only two options to resolve the problem of polarization: One way is to lapse into the previous planned economy and the other is to set up an interest-balancing mechanism under the conditions of market economy. If the former has been ruled out, the latter becomes our only option.(2009-10-22)

After three decades of opening-up and economic growth being China's primary development goal, a transformation is signaled now. Hence, an article writes that China has pursued a theory of "economic reform first, political reform second" and "Because of China's economic success, it is clear to many that if labor laws are to be improved the time for political reform is now" (2010-07-14).

Institutional Defects

Turning to institutional causes, the traditional household registration system called "hukou" system, in place since the 1950s, is considered the "most urgent need" (2010-03-05) to be addressed. The system categorizes Chinese citizens into urban and non-urban residents and prevents migrant workers from getting permanent residence permission in the cities they work. Originally, this was intended to regulate the migration flow of workers. Hence, rural residents largely migrated to cities and SEZs to find jobs and were granted temporary residence permit.

Yet, owing to the fact that permanent residence permit is required to receive most social security services, migrant workers are largely excluded from basic social rights. Eleven documents expose the hukou-system as discriminating against the migrant workforce. They cannot even rent a city apartment, notes one article (2008-08-01), while another argues, that "China's hukou system effectively divides the population in two - the 'haves' (urban households) and the 'have-nots' (rural households)" (2011-01-26(1)). Another article notes about the media discourse, that newspaper all across the country blame the household registration system for widening the wealth gap in China. These papers have constantly urged for an early reform (2010-03-05). The same article further mentions, that a worker "fell victim of the hukou system", and that this institutional set-up is "considered outdated" (Ibid.).

Another institutional dysfunction that led to problems is the local and insulated administration of social insurance fees or pension insurance. The need for a setup of a national unified network is mentioned explicitly in four articles. It is said to discourage cross-region flow of workers: "The [pension insurance] scheme stipulates that a person's contribution to the pension fund (which increases with every working year) will be stopped and reverted to the starting level when he or she leaves a job to work in another province or region" (2009-05-26). These systems undermine worker's mobility in finding and choosing a job. An expert summarizes saying "China should accelerate reform [...] to clear the institutional obstacles hampering the development of the country's labor force" (2011-02-19).

Demands to optimize China's "embryonic" social security net (2011-03-22) and public services in the areas of education, housing, income problems and medical care were expressed frequently throughout the years. These echoed the problems in labor conditions for migrant workers that were already described in 5.2.1.

Reform is urgently needed

The notion of urgency appears in 23 articles, in editions mostly dated between 2010 and 2011. A link is made to address social problems as a means of maintaining internal stability. To set an example, it is warned

"...if this situation cannot be changed as soon as possible, it will result in severe social contradictions and even group events, affecting the social harmony and stability. If some long-term livelihood issues cannot be addressed properly, they will become hidden hazards threatening the country's lasting peace and order"(2011-05-11).

One article calls for a "wealth distribution revolution" (2010-01-21), while a researcher for the National Development and Reform Commission is quoted saying "We can expect more bold action soon and it is high time for us to take such steps" (2009-03-02). The urgency of political

reform seems to constitute a common sense as the political leadership, trade unions and experts acknowledges it. Several times, the effective management of labor unrest is linked to the maintenance of social harmony and long-term peace and order in the country.

Summing up, this chapter illustrated the diagnosis of the crisis. Causes are attributed to the model of economic growth and the lacks to distribute economic wealth among the people. It is argued that institutional settings, such as the household registration system in the main and other defects like the local administration of fees and low social security protection, substantiate social imbalances. As social stability is in danger, reforms are urgently needed.

5.4 Ideas on the Role of Public Governance

Much is expected of the government's congressional meetings to solve social problems (2010-03-11). In this section, I will reflect on the government's outlined policy direction first and then sort ideas in concrete reform projects, whilst comparing the engagement of central and local government.

5.4.1 Policy Direction of the Chinese Government

Shift towards a people-oriented policy making

The striking attention on migrant workers' issues in the article data goes hand in hand with the attention migrant workers receive in government circles. After three decades of economic reforms and opening-up, accompanied by rapid development, the party has recognized that problems have arisen - social, political, and environmental - that need to be addressed. The NPC and the CPPCC, being the country's opinion leaders, have announced a paradigm shift in 2008 already:

"Economic development is for the welfare of the people especially in the areas of education, creation of employment through innovation and entrepreneurship, fair distribution to raise the living standards of the lower income groups, social security, and medical care. China is now willing to sacrifice GDP growth for the general welfare of its people"(2008-03-13).

The article further heralds the "beginning of another stage of development, where social justice, human development and environmental conservation are as important, if not more important than economic development" (Ibid.).

The shift towards a people-oriented policy making and the governments' special attention on the migrant workforce was identified in 25 articles. This trend has shown an increase over the years that are considered in the analysis. A specific objective in conjunction with this policy orientation is the announced wage increase in proportion to the GDP. The CPC General Secretary

Hu Jintao vowed for example "measures would be introduced to raise the proportion of labor income in the primary distribution of national incomes"(2010-11-02). Premier Wen Jiabao pledged accordingly:

"to solve employment and living problems rural migrant workers face in cities and towns in a 'planned and step-by-step' manner, and gradually ensure that they receive the same treatment as urban residents in areas such as pay, children's education, healthcare, housing, and social security."
(2010-03-08)

Moreover, 5 other articles mention the need to move industries from quantity-based production towards a quality-based approach. This orientation is most often mentioned alongside the proclamation of China's 12th Five-Year Plan for the period 2011-2015. The replacement of the former 11th Five-Year Plan (2006-2010) lies interestingly in the midst of the investigation period.

At one point, a strategic link is made between social upgrading as a strategy to stabilize party ruling. "Livelihood issues are closely related to the vital interests and well-being of the people. Success in addressing these issues will [...]increase the popularity of the ruling party" (2011-05-11). The political leadership obviously does have manifold interest in paying attention to labor force.

A Transformation of Growth Model: Towards a consumption-led economy

The political leadership aims to transform China's development model during the 12th Five-Year Plan. A model of growth that builds primarily on exports and investment shall be gradually displaced to let domestic consumption become the country's growth engine. The governments' aim is to boost domestic demand as this is noted in 20 documents. It is stated exemplarily, "Labor costs in China have been rising, partly encouraged by the government that wants to turn farmers and workers into more confident consumers" (2010-07-17). In the argumentation, 12 articles link a progress of enhancing consumption directly to the precondition of improving people's financial and social wellbeing. Accordingly, the plan promotes rural-urban integration, the building of social security systems and encourages wage rises and thus, relates to difficulties of the migrant population. It is e.g. noted that if due to the weak social security system "such fear-driven precautionary saving persists, it will be exceedingly difficult for China to convert incremental growth in wage income into increased consumer spending" (2011-03-22).

The overall plan to boost consumptions and also to unlock the potential demand of 700 million rural residents underlies most articles of 2010 and 2011. It seems as if a new tone was set in the economic and social policy orientation. Framing it a people-oriented approach the

government wants to bring economic growth on a more sustainable track based upon inner balance.

5.4.2 Ideas on Institutional Restructuring and Policy Initiatives

An overview on the individual reform projects and policy initiatives that target the narrowing of the country's income gap and an improvement of workers' wellbeing will now be outlined.

The will to reform first manifests itself in a reorganization of the State Council. Fewer but bigger ministries shall create a more effective institutional framework (2008-03-13). A new Ministry of Human Resources and Social Security integrates the functions of two former independent ministries (2008-03-16). A department for Migrant Workers' Affairs was established under the same ministry and the capital Beijing has established a local office based on its model (2009-08-19). The capital's leadership has also announced a team of experts that will study income distribution among employees in Beijing. The committee is the first such committee to be set up nationwide and will advise the local government e.g. on implementing collective bargaining (2010-07-26).

Reform of Labor Laws and executive action

The country's new Labor Contract Law (LCL) came into force on January 1st in 2008 and is subject in six articles, five of which were published in the same year. It entitled workers with more than 10 years of service at a company the right to a contract without a fixed end date. Even though companies were required to provide written contracts even before the new law, these contracts were usually limited to one or two years or were not provided at all (2008-08-29). The new law also set wage standards for workers on probation and overtime and required the employer to contribute to their employees' social security accounts (2008-01-02).

The Dispute Arbitration Law is mentioned to take effect in May of 2008 and suggests the set-up of a wage increasing mechanism in enterprises (2008-03-12(2)). The law does, however, not appear in other articles. Instead it is told, that China did already establish a wage negotiation system back in 1994, but insufficient commitment by trade unions and local governments to implement such mechanisms might have lessened its effect so far (2010-05-13).

In 2010 some local governments moved ahead on regulatory policy. In Guangdong province, the provincial authorities drafted a new regulation "Democratic Management Rules of Enterprises" that is said to require the use of collective negotiation mechanism to help ease labor disputes and to improve workers' welfare. The draft further entitles the ACFTU above the level of township to ask companies to correct flaws in compliance or to even condemn them in public

as a means of "naming and shaming" (2010-07-16). The capital of the same province followed other municipalities and provinces in implemented a regulation that elaborates on sexual harassment, which is forbidden "'through language, words, physical contacts, graphics or electronic information'" (2010-05-28). Though sexual harassment is forbidden by the superior State law protecting women's rights and interests, it is not specified how such conduct is defined. The new regulation also requires employers to take concrete steps to protect affected employees (Ibid.).

Eight articles report on the governments' efforts in executive action. In 2008, a nationwide set-up of 21 legal aid stations is reported. These stations provide free legal assistance to migrant workers, including legal consultations and case presentation. The network is supposed to expand to all provincial capital cities and mid-sized cities. In the long-term, this shall institutionalize the legal aid system for migrant workers and other underprivileged groups (2008-02-26). A single article mentions that local authorities that intervened in default pay (2009-12-10). It is alleged that the state ministry "has also been stepping up its efforts" (2011-03-24), in that it ordered local departments to undertake inspections.

Social Security Reform

The increase in social security spending is mentioned five times. A fiscal package to enhance social security services was e.g. noted in 2009:

"The central government has planned to allocate 728 billion yuan (\$106 billion) this year - an increase of 29.4 percent year on year - for items directly related to the people's well-being such as education, medical and health care, social security, employment, low-income housing and culture." (2009-05-26)

Furthermore, the reform of the social security net is on the agenda and mentioned in 14 articles. The central government's intention is declared at various points, exemplarily as follows: "China will continue to [...] improving the social safety net and making further reforms to bridge the urban-rural divide" (2010-09-11). With regards to the reform of the medical care system, the information is found that "Relevant authorities made public long-expected medical care reform programs last October to solicit public opinions. The package [...]has mapped out a basic blueprint for the country's medical care network" (2009-03-03). According to the article the package would cover migrant workers and is scheduled to be set up in the following three years.

In October 2010 the Standing Committee of the National People's Congress adopted a new Social Insurance Law, which will take effect in July 2011. The law entitles all citizens a right to receive five forms of insurance: basic endowment insurance, basic medical insurance, worker injury insurance, unemployment insurance and maternity insurance. According to the article,

the government has made plans to improve people's livelihoods by investing 5.74 trillion yuan (US\$857.89 billion) by 2020 in an all-round social welfare system. Companies will have to pay worker injury insurance and hence injured workers, both regarding physical or mental harm, will receive insurance. The rate will depend on how dangerous the jobs are. The law is said to

"overcome[s] many of the obstacles under the old regulations, which had an effect on the movement of the migrant population. For example, it says that a new medical payment system should be established to allow medical insurance to be paid into one place and drawn upon in another." (2010-10-30).

Taking notice of the extensive program laid out in the law, it is surprising that it is only issued in one single article. This might be due to the set limits of articles considered, but could also be a result of missing specification on how to implement such venture.

One article deals with a planned education reform, which was discussed at the first national conference on education. Though the significance of education for the nation's further development is highlighted, no information is provided on the actual contents of the National and Education Reform and Development Plan for 2010-2020. The problem of migrant workers to sufficiently access education for their children was not addressed. The president of the China Institute for Reform and Development made the proposal to distribute education coupons to all school-age children of migrant workers in the city where their parents are working (2010-08-12), but the government has not yet responded to this idea.

To establish a pension system in rural areas and to include migrant workers in the urban pension system are further plans noted. The government gathers public opinion on the matter (2009-05-26).

Employment Policy

The first interesting change regarding employment policy is the recalculation of the national unemployment index. So far the status of migrant workers was not considered in the national rate. This is revealed by an announcement that migrant workers will be included into the national figure from January 1st of 2011 onwards. Keeping in mind, that China's migrant workforce accounts for more than 200 million, their consideration will be critical for the designing of appropriate policies (2010-12-16).

The government responds to the request of vocational training for migrants, as the mismatch on the national labor market between the supply of low-skill workers and the demand for higher-skilled workers increases: "the Ministry of Human Resources and Social Security vowed to train 120 million unskilled migrant workers within five years by taking a variety of measures including offering subsidies to employers" (2010-05-11). The concrete implementation is though

delegated to the provincial level. Several local authorities have yet organized vocational training for migrant workers (see 2008-04-16; 2009-03-05).

Owing to employment pressures caused by the financial crisis, the mentioned priority regarding employment was job creation for China's ever-growing working-age population (see 2010-08-12, 2010-08-14). The government will create jobs by encouraging people to set up their own business (2008-03-05). Favorable taxation, financing and other policies shall prospectively encourage start-ups (2008-10-28).

Reform of the Household Registration System

Concerning the reform of the hukou-system, which is addressed in six articles in conjunction with government plans, the *People's Daily* writes that Premier Wen Jiabao promises reform during an online chat with the public, before the opening of the central legislature's annual meeting. It is reported that "Trial reforms are underway in 11 provinces where migrants have been allowed to change their registration to take advantage of welfare and public services" (2010-03-05). The government's strategy to grant migrant workers urban citizenship shall be implemented in steps: a new regulation shall start in small and medium-sized towns and cities during the first three years of the 12th Five-Year Plan period, before the policy is extended to large cities in the subsequent two years (see 2009-12-28; 2010-08-12).

Local authorities in Guangdong province have introduced innovative programs by gradually adopting a "residential permit" system that allows migrant laborers to transfer their household registration to the cities they work (2008-08-01; 2011-01-26(1)).

Local Governments are Pioneer in Reform

As already evident from the prior chapter, local governments especially in provinces with SEZs, set off as "pioneers in reform" (2008-08-01). They started to specify on national regulations and drafted amendments and in doing so gained their own experiences in handling labor issues:

"To help accommodate the workers, four of the country's economic powerhouses - Beijing, Shanghai, Shenzhen and Chongqing - have been rolling out a slew of measures to improve lives in areas ranging from housing and education, to medical services and counseling." (2008-04-16)

In addition the measures that were already mentioned in the wider context of government policies, we also find the following individual projects: free services to infectious disease prevention and treatment, children's vaccinations and maternity care, the establishment of the country's first psychology center for workers, the set up a 24-hour hotline for labor issues and the request for salary payment documents from employers to prevent default payment (Ibid.). In

May 2011 the Guangdong province surprises with a move to offer 100 second-generation migrant workers the chance to study in Peking University free of charge (2011-05-23(1)). In 2010 the rise in local minimum wages is by far the most prominent move and was stated in 12 articles. Since the beginning of 2011, another four cities and provinces have raised legal minimum wages (2011-03-03).

Building on experiences of many pilot projects, it is expected that other provinces and cities will follow to adopt reforms (2008-08-01). Yet considering the range of individual moves, it appears that the discussion of a national coherent approach all too often fades into the background

5.5 Ideas that Evaluate the Progress Made

This section presents some comments that evaluated the government's handling of crisis so far. As many policies are only superficially mentioned as part of their introduction or declaration, evaluation certainly refers more to the governments' reaction or to expectations of future effects, than to the actual success at hand. Despite its limited significance in evaluating the effect of changes, it does reveal the general mood in the country. I will first regard statements revealing the satisfaction or dissatisfaction with the state action as such, before I look at statements that address the situation of migrant workers.

Evaluation of State Action

Several articles positively highlight the government's awareness or its timely response to the crisis. In 2008, an article notes the decision of the government to reduce "the pressure on the workers of the 'factory of the world'" (2008-08-29). A Chinese lawyer summarizes the leading tone towards the government saying "The government plays the leading role in protecting migrant workers' rights" (2008-02-26). Positive reaction referring to the LCL came on behalf of experts and employees, who welcomed the legislation as being "constructive in protecting the rights of employees" (2008-01-02). It is said, that the government has already been taking steps to deal with workers' problem even before the financial crisis, e.g. "The State Council, the country's cabinet, granted workers the rights to seek free legal aid in workplace disputes in 2006" (2008-02-26). It is highlighted, that "Workers' rights are seen to have improved significantly since the central government passed a series of policies in 2005, such as requiring contractors to set up a guarantee fund" (2009-12-10). One article reports the scene of the Chinese premier Wen Jiabao seeking closer contact to people in a face-to-face meeting with petitioners. Two petitioners are quoted saying "I never thought I would be able to talk to the

premier up close. I felt strongly his people-friendly and practical working style.'[...]I hope officials from various levels can all act like our premier and listen to our opinions'" (2011-01-26(2)).

On the other hand, it is criticized that government's responses are not yet sufficient and that institutional reforms lack behind. One article suggests that root cause lies in the evaluation system of civil servants. Local governments were still mostly concerned about GDP growth as

"Economic indicators, say GDP growth, are still the most important tangible numeral reference to promote officials. [...]Only when more social indicators, [...]are made a decisive part of the evaluation system can local governments start seriously thinking of changing their roles"(2010-12-27).

One article even notes with regards to occupational disease that "The glaring statistics indicate that the government has been ineffective in improving work conditions, protecting laborers and educating them about the hazards of industrial labor" (2010-05-04) or that local governments "have not realized the significance of collective negotiation" (2011-01-04(2)).

The LCL faced opposition from business. Enterprises complained about raising labor costs, while noting cheap labor to be the very reason why they started business in China in the first place (2008-08-29). Some employers called their long-term staff to hand in "voluntary resignations" in order to undermine the law's effectiveness or still do not sign contracts with migrant workers. But as this practice appears not to be sanctioned by the state, it becomes "extremely hard for migrant workers to safeguard their legitimate rights" (2009-08-19). This leads to the main criticism put forth that is the malfunctioning of the legal system.

The debate reveals a severe dissatisfaction about the legal system. Twelve articles deal with the weak enforcement and legal obscurities of existing regulations and laws. Although legal aid cells were set up, responding to the workers' lack of legal knowledge, their capacities are exhausted. Migrant workers have neither time to wait for their unpaid wages due to long legal procedures, nor do they have extra money to pay suing fees. Thus, lawyers shall directly settle disputes through intermediation on site, but can seldomly avoid including a court (2008-02-26). It is furthermore pointed out, that most laws do not set out punishment in case of non-compliance. Accordingly, employers are not fined with any additional costs as compensation, even when they pay the worker far later than the deadline (2008-02-26).

Existing laws are not properly enforced by authorities. A report was quoted revealing that "When workers' legal rights are harmed, some government agencies keep one eye closed. They do not solve problems" (2010-06-03). It is noted, that a multitude of legal loopholes exist, that allow employers to circumvent legal obligation. For example, the wage negotiation system was promoted to manage wage disputes. But there is currently no law in China that makes the

signing of collective contracts with employees statutory for employers. In addition, no law regulates the details of negotiation procedures or punishments for violators. There is consequently, little incentive for employers to follow the instruction of implementing such wage negotiation schemes (2011-01-04(2)). A foreign scholar summarizes in writing:

"Although labor laws are in place, the economy is performing and the employers are profiting, workers are "short-changed" because enforcement of existing laws, union advocacy, and collective negotiations are not reliable or used effectively"(2010-07-14).

Improvements in Labor Conditions

The desired transformation of labor conditions is assessed in several articles comparing first generation migrant workers with the second generation, which generally refers to those born between 1980 and the early 1990s. Most of them were brought up in cities by their migrant worker parents.

Several migrant workers were elevated to "National Labor Heroes" in China's "Model Worker" honors system, which is interpreted by experts to signal that rights and interests of the migrant worker class receive more public recognition (2010-04-28). At least - even if this might be a strategic move of the party - migrant workers do are in fact given attention. As several local governments raised the legal minimum wage, many workers' income has been improved. Additionally, labor shortages and rising expectations have even led employers to raise wages and improve working conditions in order to attract migrant workers (2011-02-25). A survey found that "Compared with the first generation of migrant workers, the younger migrants had wider career choices because they were better educated" (2011-01-13). It seems that expectations are high for the future. Step-by-step, the improvement of the social security system as well as rising incomes for the poor shall finally drive domestic consumption. It is written, that "Thanks to the central government's poverty alleviation efforts, their [migrant workers'] living conditions are becoming better and better, and their increasing consumption will boost China's domestic consumption" (2011-04-18).

The increasing confidence and expectations of migrant workers seems to count as an indicator of improvement, as it is noted that migrant laborers "have a strong desire to carve a unique identity for themselves, which is basically the outcome of social progress and material plenty" (2010-07-07). A woman worker that finally received urban residence permission is quoted saying "When I saw the result and realized I had made it, I felt like I had won a big lottery" (2011-01-26(1)).

Negative effects of public governance are mainly mentioned in regards of rising labor costs. The main argument is that wage hikes will reduce companies' profits, reduce employment

chances, constitute a threat to China's competitiveness and ultimately lead to slower economic growth (2010-07-13).

Concerning labor conditions, a six-month survey from July 2010 demonstrates that the new generation of migrant workers still suffers from the same problems. These include infringement and discrimination of their rights, e.g. the lack of labor protection, unequal pay for women, and delays in wage payment, as well as unfairly limited access to social services, e.g. medical services and education for their children (2011-01-13). As in most regions the dual rural-urban system of residency was not yet reformed, the known social problems remain for the time being (2010-07-07).

Summing up, the articles reveal an ambivalent evaluation of the progress made. On the one hand, government actors are praised for their eager commitment to protect labor and for forwarding legislature and institutional reform. But on the other hand, the effectiveness of their work is questioned in view of the lack of law enforcement. Similar to the evaluation of labor conditions, some articles already positively evaluate the improvement for workers, whereas other articles note effects are not yet obvious. Yet there is surely a predominance of positive over negative comments, hence suggesting a confident outlook for the respect to migrant workers' wellbeing. Nevertheless, several comments lead to suspect that the Party has used its influence to shape the perception of its work.

5.6 Other Findings

Challenges to the Set Goals

The expression of alternative positions was much less found than expected. Several articles stress the importance of further rapid economic development and say, e.g. that "only a rapid economic growth can help ease the country's growing employment pressures and solve increasing social problems" (2009-03-03). Wen Jiabao promotes further economic opening up and attraction of international investment (2010-10-28), while other articles reveal concerns that rising wages will jeopardize China's competitiveness (2010-03-25) or mention that companies have yet started to seek alternative bases of production in other Asian countries (2010-06-03). With regards to social security and labor conditions, it is noted that social security has always been lower than today (2008-03-10) and in times of economic recession migrant workers shall lower their expectations of wages (2009-01-13). It is frequently noted that China's population of 1.3 billion people poses an extra challenge to effectively manage social security. An article writes exemplarily:

"We Chinese have a saying that more hands make it easier to get work done, but fewer mouths make it easier to get a meal cooked. This is true with the situation we are facing now: our huge population of 1.3 billion is good for economic development but at the same time a burden for an effective social security system." (2008-03-10)

Although, all these articles expose challenges to the set goals, it is not in general questioned, that the country needs an economic and social transformation in the long run. The only article that explicitly encouraged the disengagement of public governance was found in an article about the SEZ Shenzhen. There the role of the government is neglected in order to make the city more business-friendly. The executive vice mayor is quoted saying "'We want to change the scenario that the government has a finger in every pie[...].The government now will not step into what is supposed to be market-oriented'" (2009-09-09). In the overall context, this direction seems to constitute an individual approach of local authorities.

Delegating Responsibility to Trade Unions

The central government considers trade unions central in the supervision of labor protection. Due to the attributed importance, their role shall be briefly dealt with.

President Hu Jintao, as well as other members of the political leadership directly highlighted the role of trade unions in eight articles. In their opinion they play an active role in safeguarding workers rights. They shall coordinating labor relations and promote stable economic development and employment stability.

The ACFTU, the country's top trade union, is the main actor in the discourse on behalf of the trade unions. Historically, the task of the ACFTU was to maintain "labor discipline" and supervise workers' productivity. Today, the unions shall also supplement the government's efforts to enforce law (2010-07-16). Other tasks comprise the promotion of collective bargaining and the implementation of wage negotiation mechanisms in enterprises, support the enforcement of labor laws and enhance workers' knowledge of law, expand membership and offer counseling to workers (2010-07-14.).

Four articles highlight successful examples of trade unions' intervention. However, eight articles express criticism to their weak performance. Trade union officials would not dare to stand up for employees' rights (2008-01-05). They would have too little experience in dealing with capital and management (2010-06-18). Migrant workers have considered labor unions to be "empty shells" that could not effectively protect their rights. Reasons for the distrust may be found in the fact, that company's trade unions are often controlled by and financially dependent on enterprises and even part of the company's management (2008-10-19; 2010-06-07). A worker explains "the union representatives will always stand on the side of the heads of the

company when solving labor disputes, because the operation of the labor union depends, by and large, on the company budget" (2011-05-03). Trade unions operate almost entirely under the instruction of the CPC. A non-governmental grassroots organization was quickly incorporated into the government's labor union system "as government officials believe that the development of the nongovernmental labor organization without government direction would pose potential threats to the government's work" (2011-05-03). The political leadership remains with its opinion that China's trade unions should show "Chinese characteristics" (2008-10-22), that is particularly "sticking to the leadership of the Communist Party of China over the unions" (2008-10-19). The membership of the migrant workforce in trade unions is low. Numbers vary and are therefore not fully reliable, but according to the People's Daily the migrant workers accounted for 24.1 percent of the ACFTU's total membership in 2007 (2010-07-12).

Summing up, trade unions play a major role for workers protection in the communication pattern of the government. They do not enjoy political and economic independency and differ largely from Western union models. They actively engage in the debate about migrant workers' labor rights, yet in many cases workers seem to mistrust their power.

6 Effects of Ideas: Is the Existing Institutional Order Challenged?

In this chapter the key ideas will be evaluated within the context of theoretical assumptions presented in the first part of this thesis. I further build on secondary literature that serves to put empirical findings into perspective. But to start with, some general remarks are indispensable.

For the interpretation of discourse, it is essential to keep in mind that both newspapers are state-controlled media. The way the government is presented or the highlighting of different positions cannot be considered neutral or balanced. The degree to which the discourse was strategically influenced or steered to particular ideas cannot be judged. It is thus questionable, if critical annotations are basically limited to those that are present and admitted in the internal discourse of the party or if indeed the public opinion is represented in a broad sense. Turmoil is unusual in China. Individuals, who express criticism on the regime, are frequently intimidated, detained or expelled from the country as the recent example of the Chinese author Liao Yiwu has once again confirmed.¹¹ A *China Daily* article stated in referring to migrants: "Migrant workers generally accept their fate, and protests only flare up when work begins to stretch their physical tolerance to the limit, or when their legal rights are violated and wages not paid" (2010-06-18). Yet, taking notice that a culture of criticism is barely present in the Chinese public it is striking

¹¹ see TAZ. Allein in Berlin. <http://www.taz.de/Chinesischer-Schriftsteller-Liao-Yiwu/!76411/> (Accessed 17.08.2011)

that labor problems receive so much attention and even understanding in the media. The question arises why would such a critical reflection on labor issues and migrant workers' status as "second class" citizens be tolerated. In the following, key ideas will be reviewed in light of theoretical assumptions and possible implications on the interests of the China's leadership.

6.1 Ideas Interpreting the Crisis

The articles investigated indicate that labor receives a lot of attention from government, trade union officials, experts and newspaper commentaries. Following the prevailing line of reasoning in articles, migrant workers play the central role in the description of social crisis. They are said to be most severely affected by the effects of the economic crisis and have not received fair share of the country's accumulated growth. Furthermore, the migrant workforce would suffer from arduous circumstances of work and from institutional discrimination and restricted access to social security services. A sense of solidarity and compassion can be recognized in these arguments.

Parallel to this, China's development model faces resistance. It is argued, that China's reliance on exports has created a dependency on foreign demand that brought about their downfall during the financial crisis in importing countries. The occurrence of the financial crisis might explain, why economic and social transformation is demanded so urgently. Needless to say, this paper can only interpret urgency and the novelty of this line of argument to a limited extent and must consider that it remains unclear how the discourse on social upgrading for migrant workers has been previous to the investigated period. Further research needs to compare lines of argument with previous years. Nevertheless, it can be assumed that the slump in export growth during the crisis presents a special situation after three decades of constant economic growth. It is thus suggested, that ideas reduce uncertainty in that they interpret the crisis as a consequence of unbalanced growth, discriminating institutional settings and ultimately the poor working conditions of migrant workers. These ideas open a way of solving the problems.

6.2 Ideas as Coalition Building Resources

The discourse attributes a vital role to public governance. Help is expected to emanate first and foremost from the government's accomplishments.¹² This might be a logical effect of a top-down government-centered political system in China. Equally, the government has confirmed its

¹² Accordingly, western-led private governance initiatives have not been mentioned once. Even though it was not the focus of this paper, one might have thought that corporate social responsibility was mentioned as a passing remark in the discourse on labor conditions, when considering the special attention in gained in Western countries.

commitment to respond to labor grievances. But does it indicate that labor has won the government as a coalition partner as Blyth suggested?

The fact that would substantiate this argument is that a people-oriented approach aiming to improve social security services for rural residents is issued in the government's 12th Five-Year Plan. This plan sets the directions for the national development until 2015. The prior 11th Five-Year Plan was already a first clear statement to end the uneven development (Kuijs 2009, p.3). It was described as revolutionary for its objective to build a "harmonious socialist society" and to address imbalances by enabling disadvantaged groups and less developed regions to have their share of the fruits of economic growth. But in contrast to the former plan, the twelfth plan lays the emphasis on domestic consumption for national development, which is obviously driven by the experiences of dropping external demand during the financial crisis. Replacing a proportion of external demand with domestic demand was strongly highlighted in the articles. It shall constitute a qualitative transformation of the economic structure (Butollo 2010, p.5).

Yet, even if labor has won support of the government it is questionable if there is enough evidence to feel confident in assuming that the political leadership has formed a solid coalition with workers. It is questionable, to what extend the government would in fact sacrifice competitiveness and consequently economic growth, for the wellbeing of its low-wage citizens. Furthermore, it must be asked if the reform movement is actually led by social pressure of the labor force. Reasoning on the basis of the articles, I find several articles noting that government policy initiatives were triggered by strikes (2011-01-13, 2010-06-11). Yet, Sum (2009, p.164) argues that the official union ACFTU is traditionally interposed between labor and the state. Although it claims to operate under the banner of 'socialism with Chinese characteristics', it complicates a bottom-up strategy of the labor force as active agents in promoting their rights in workplaces. The ACFTU follows a top-down strategy prescribed by the Chinese government to control labor. Scholars note that trade unions have constantly failed to adequately support workers in labor disputes. In fact, most strikes were organized independently from trade unions (Geffken 2011, p. 92-93). The ACFTU either remained passive in most strikes, e.g. in the case of Foxconn or even tried to disrupt the strike at Honda through clashing with the workers (2010-06-18). If trade unions will face reform in the future or will take up a more consistent and progressive approach in workers' protection remains to be seen¹³. As long as the government adheres to its practice of using trade unions as a policy instrument, this structural braiding might at least undermines the progress of collective action between state, trade unions and the labor force. It also restricts workers' efforts to form an independent movement; needless to

¹³ For paper studying a potential restructuring of Chinese trade union see Lüthje 2008 and Grassi 2008.

mention the difficulties for such a grassroot-movement to operate across regional borders in China.

Notwithstanding this, Knight et al (2011) anticipate an increase in a structural type of pressure, which will force central and local governments to create better opportunities to migrate for employment due to the mismatch of labor shortage in urban areas and labor surplus in rural areas. They argue that due to the changes in the labor market the hukou-system will not be sustainable in the future (Knight, Deng and Li 2011, p. 13).

Bringing together the interpretation of crisis and the different aspects just discussed, it seems that the attention towards labor rather arises from the fact, that labor has become a source of interest for the government. Political authorities need to solve imbalances in the labor market and aim to bring economic growth on a sustainable track. In order to cut down dependency on foreign demand, it has to strengthen the consumption capacities of its own population. Although the articles note that workers' demands receive support from various agents, it is difficult to assess the stability of this support. Whatever motif accounts for greater importance, it is indicated that interest of the political leadership has developed to support labor.

6.3 If Ideas are Weapons – Will New Ideas Prevail?

The study has shown rising objection against the institutional differentiation between urban and rural workers as well as problems perceived in the economic growth pattern, e.g. the reliance on exports and cheap labor. All these ideas have revealed that there are indicators suggesting that the acceptance of ideas incorporated in the existing institutional structure is beginning to crumble.

In fact, the focal point of all discussed solutions about how to respond to China's social problems clearly lies on ideas targeting the redistribution of wealth as was theoretically expected (Blyth 2002, p.37). New policies should narrow the income gap and include measures to improve social security services and provide sufficient access for rural workers. The particular targeted institution is the household registration system. Due to their exclusion from social protection migrant workers without local residence permit are extremely vulnerable when unemployed. While local residents can rely on social assistance, unemployment insurance and pensions in times of unemployment, these services are not available to rural migrants. Consequently, the residence-system forces temporary migrants to accept jobs under conditions local people are reluctant to take (Zhang 2010, p.64). First steps of reform were obviously taken on the local level. Adding to this trend is the rise of young migrant workers' expectations and

claims that were revealed in the analysis. Butollo seems to agree when noting "it becomes more difficult to legitimize and sustain the legal differentiation among urban workers" (Butollo 2010, p.7).

The ideas to restructure institutions go along ideas of the governments and experts that China has to transform its model of growth. The one-sidedness and lack of sustainability of China's dependency on foreign demand has reached consensus among foreign and domestic scholars (see Kuijs 2009, Guo and N'Diaye 2009).

The analysis pointed out that the central government has admitted the need for reforms, yet many reform plans remain rather vague, even mere promises for the time being. Furthermore, it is conspicuous that there is oftentimes no uniform procedure and reform moves remain in the discretion of the local governments. Thus, even if current institutional settings appear to be challenged in discourse it is questionable if institutional change is indeed likely in the long run. Implementing the proclaimed objectives is a difficult and contradictory task whose outcome is uncertain. A warning against rash conclusions is therefore advisable. The ambitious plans also face contradictions. First of all, considering all these policy solutions that are distributive in nature raises questions about regulatory governance. The weak enforcement of labor laws was for example noted as a deficit in regulatory action. It constitutes a leak for the enhancement of labor protection, which was also substantiated by scholars (see Lüthje 2008, Schucher 2009, Zou and Lansbury 2009). The inconsistency of the commitment to improve social security on the one hand, e.g. by passing the New Social Security Law, and the weak enforcement of legal claims on the other hand, causes to doubt the optimism. Schucher (2009) points out that coverage of social insurance programs are linked closely to employment status. This excludes most migrant workers due to institutional settings, and in particular it excludes informal work. In fact, as the government has partly promoted informal work in recent years as a means of "flexible" employment to reduce unemployment, it has more and more become a persisting phenomenon. Schlucher argues, that

"With the increase in irregular work, employment conditions in urban areas have actually deteriorated and local governments and entrepreneurs now tend to ignore the recently strengthened laws on protection for workers, safety and labour insurance in order to encourage investment."
(Schlucher 2009, p.136)

If new regulations on social security services will also tackle the problems arising of insufficient law enforcement and informal work remains to be seen. However, serious concerns about the legitimacy of illegal employment do not arise in the articles. Illegal employment among Chinese workers is issued by only one single article (2008-03-05) and has therefore not been regarded in the analysis.

The other point at issue is the practicability of seeking a consumption-led economy. The central government defined a 7% target of annual GDP growth for the next five years until 2015 (Xinhuanet 2011). Even if state initiatives for the stimulation of domestic demand take effect, the process of constructing a population of consumers from a population that is known for its high saving rates¹⁴ is a long-term goal. It is questionable if domestic consumption can soon enough account for a substantial contribution of growth, which is so far achieved by exports. It can be expected that China will depend to a great extent on foreign investment and demand for a long time to come. A limited volume of domestic demand in the short-term would fundamentally slow down the growth rate. This could yet again aggravate negative effects on employment. There is a risk that a temporary shift towards a stimulation of consumption might even be overshadowed by a relapse of promoting progressive export strategies that would jeopardize any progress in labor conditions (Butollo 2010, p.8). Besides, the further reliance on foreign investment might certainly add to public actors already shying away from stricter enforcement of law compliance in foreign-funded enterprises. How rising labor costs will affect different industries, in light of fierce global competition, is another point at issue.

In sum, ideas to improve social policy for China's huge population of migrant workers is illustrated as echoing the governments shift towards a more people oriented development model. Ideas, upon which the current institutions are built, face opposition in discourse. But this is not solely owing to a humanitarian outreach responding to labor unrest, but seems to be part of a strategy to cut down export dependency and to build a consumption-driven economy. These ideas of transformation reveal that there are in fact indicators in the Chinese discourse that suggest a move towards stronger distributive public governance. If labor conditions in low-wage sectors will be upgraded in the long-term will first and foremost depend on the vigor of these new ideas to further on shape agents' interests and prevail over contradictory ideas.

6.4 Critical Reflection

The method of Qualitative Content Analysis was used to identify circulating ideas in the discourse on labor conditions and institutional practices in China and to assess its effects on agents' interests. According to the procedure of inductive category development, categories were developed out of the material. This procedure makes it possible to spot the even latent ideas and connections. Yet, due to a comparatively large set of data that the QCA aims to consider, the analysis rather reflects on the structure of discourse than on fine linguistic details.

¹⁴ An IMF study found the average saving rate for Chinese urban households has essentially doubled in recent years. From 15 percent in the early 1990s it has risen to 30 percent in 2009 (2011-03-22).

The method of discourse analysis would have been a promising approach for such an in-depth analysis. While discourse analysis aims to examine the processes of social construction of phenomena and meanings, it further extends the qualitative approach of QCA by emphasizing the analysis of individual discursive fragments. Analytical steps regard, e.g. the text surface and linguistic particularities of documents. Taking into account the limited scope of a Bachelor Thesis, such a paper can hardly fulfill the requirements of such a sophisticated approach. In addition, the analysis of linguistic features seems less feasible for this paper, as the discourse was not examined in the native language of Mandarin Chinese, but relied on English-language articles. These articles were either translated or slightly separated from the country's internal discourse owing to the fact that they were originally written in English and addressed to an international readership.

The QCA allowed for an analysis that was precise enough to examine the theoretical assumptions about the effects of ideas in the empirical context in China, but to also include information on the wider context that facilitates the understanding of the general complexity of institutional change.

Secondary literature was used for the interpretation of results. Certainly, additional sources of data such as expert interviews would further assist to validate the results. I am further aware of the limited expressiveness of a single case study. Due to the set limits of this thesis, it was not possible to compare different time periods in China, which would be a *sine qua non* for making a claim about persistent changes in the ideas and interests of the state. It was neither within the reach of this paper to compare China with another country at a comparable state of development after introducing neo-liberal policies.

However, analyzing an extract of discourse is certainly justified when taking into account that discourse is historically embedded and has always repercussions on future discourse, because discourse does not tear off (Wodak 2011, p.65).

7 Concluding Thoughts

During three decades of China's economic opening up and the establishment of a liberal market economy, social imbalances developed such as the widening of income gap between social groups and the lack of social security and protection especially for the massive migrant workforce. Although labor unrest about poor conditions of work and life has already been visible before, the consequences of financial crisis intensified social problems. A wave of labor disputes was provoked in China's low-wage sectors, as well as an active public discussion in the media.

It was the aim of this paper to explain the role of ideas in the discussion about public governance in the handling of labor crisis. This analysis has revealed that poor labor conditions for migrant workers as well as institutional settings are claimed to be the central defects, which would be interrelated with the pursued model of economic growth. Migrant workers are exposed to social risks due to the lack of protection of their legal rights. Further, they face problems due to discriminating access and insufficient quality of the social security net. The analysis thus showed that newly emerging ideas attack the legitimacy of ideas underlying current practices, on various fronts. The central government has acknowledged that the unequal treatment of urban and rural workers constitutes a problem that needs to be addressed and moves of distributive governance, e.g. the reform of the social security system were discussed and partly introduced. It has also responded to the widening of wealth gap by declaring the transformation of China's growth paradigm. The aim is to further upgrade the economy whilst building on domestic consumption. It hereby attributes importance to the security of labor for various reasons. Not at least will workers' wellbeing determine their consumption potential, which shall become the source of stable economic growth in the long-term. Taking all these ideas that were identified in the analysis into account, a move towards institutional change seems likely. However, the extent to which these ideas help to steer stable institutional change, meaning the scope to which labor conditions will experience upgrading in the long-term, is the ultimate result of the governments balancing act of various challenging goals. The better enforcement of laws and success in the stimulation of domestic consumption will be crucial for the intended transformation.

Further analysis is needed to see if these currently dominant ideas will show the other two effects outlined by Blyth that is ideas act as institutional blueprints and are able to assert themselves in the construction of long-term interests. The limited scope of this Bachelor thesis did only allow for an analysis of the first part of his model while considering the very state of discourse. Consequently, in the long-term it needs to be seen if the role of public governance actually shifts from an emphasis on facilitative market governance to a powerful emphasis on regulatory and distributive tasks in China - as Polanyi suggested for the European context. Needless to say, that owing to the differing political order and "Chinese characteristics", Chinese social policy will certainly be shaped differently compared to European institutions.

Future trends need to be seen, yet for now even the unpleasant topic of strikes seems to be granted acquiescence. While pursuing two complementary aims, Chinese local governments are said to have permitted strikes "apparently trying to put more money in workers' pockets as part of efforts to improve Chinese worker's livelihood and also boost consumer spending" (2010-08-30).

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