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978-1-107-03085-5 - Inside China's Automobile Factories: The Politics of Labor and Worker Resistance

Lu Zhang

Excerpt

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I

Introduction

In mid-June of 2004, when I arrived in China to begin my fieldwork at a state-owned truck maker, the first thing I heard from workers was about a wildcat strike that had just happened at the factory a week before my arrival. Over 300 temporary workers at the assembly shop stayed in their dorms and refused to go to work during a night shift to protest the delay of their monthly pay. Workers spoke in amusement about how managers rushed around trying to find workers and how the seemingly never-ending assembly lines suddenly stood still. The whole assembly shop was shut down. With the support of formal (regular) workers, production ceased for 15 hours before striking workers received their delayed pay and agreed to return to work.¹

In June 2006, a wildcat sit-down strike hit another automobile factory where I was conducting fieldwork, a Sino-US joint venture (JV). Around 400 regular day-shift workers in the general assembly shop went to work as usual, but stood by the line and refused to work when the line started running at 8:00 a.m. Workers at the press, body, and paint shops soon followed suit, bringing the entire plant to a standstill. At the same time, leaflets stating workers' demand for a 500 *yuan* wage hike – a roughly 25 percent raise – were quickly distributed throughout the factory. June is one of the busiest months of production, and the factory in question produces several top-selling compact car models. The last thing management wanted was an interruption in production. After a ten-hour stoppage, management agreed to raise workers' wages by 300 *yuan* – 15 percent – if they would return to work immediately. Without any support or representation from the official union to negotiate with management, the striking workers decided to accept the 300 *yuan* offer and production resumed.²

The vignettes described above are just two examples of many incidents of autoworker unrest that took place during my twenty months of fieldwork at

¹ The author's field notes, June 2004. For details about this strike, see Chapter 6.

² The author's field notes, September 2006. For details about this strike, see Chapter 5.

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seven large auto assembly factories in China between 2004 and 2011. Over the course of my fieldwork, I documented various hidden and open forms of worker resistance, including wildcat strikes, sabotage, slowdowns, pilferage, effort bargaining, filing labor dispute cases, and collective acts of defiance. Particularly noteworthy was the increasing activism among temporary workers, whose numbers had grown to account for between one-third and two-thirds of the total production workforce in major automobile assembly factories in China.

Between June 2004, when I began my fieldwork, and May 2010 – when a major wave of auto strikes broke out that made international headlines – the autoworker unrest I observed went largely unreported in the newspapers and unrecognized in the social scientific literature on labor in China. Indeed, most people would not have expected me to find labor unrest in China's booming auto industry when I started my fieldwork in 2004. Chinese auto-workers, especially those working in large assembly factories, were seen as enjoying relatively high wages and generous benefits compared to workers in most other manufacturing sectors. It was widely thought that autoworkers were satisfied with their material gains and would remain quiescent. Moreover, the predominant view in the literature was that Chinese workers, even if they had grievances, would not risk open protests given the lack of independent trade unions and what many presumed to be a virtually inexhaustible supply of migrant labor from the countryside ready to take up jobs in manufacturing.

So when a wave of auto manufacturing strikes hit national and international newspaper headlines in the summer of 2010, many were caught by surprise.³ The historic events unfolded when a nineteen-day strike at Honda Auto Parts Manufacturing Co., Ltd., in Foshan, Guangdong Province (a transmission plant that provides 80 percent of the automatic transmissions for Honda's assembly plants in China), led to the shutdown of the Japanese automaker's four China-based assembly plants and brought Honda production in China to a dead halt. At the peak of the strike, over 1,800 workers walked out, demanding not only a significant pay increase but also the ability to elect their own union officials at the factory union – a branch of the state-controlled All-China Federation of Trade Unions (ACFTU), the only legal trade union in China.

Like the autoworker unrest I observed during my fieldwork, the Honda strike was organized and fought by the workers themselves. The factory union did not support or represent them in negotiations. The workers elected their own delegation of representatives from each department to negotiate with management. When faced with management efforts to divide the workers by

³ At least twelve strikes were reported to have taken place in the automobile industry in China between May and July, 2010. See Carter (2010) for a detailed timeline of the 2010 auto strike wave.

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proposing unequal wage increases between regular workers and student intern workers, the workers maintained their solidarity and insisted on the same monthly salary increase for all workers without distinction. The striking workers also reached out to independent labor experts for help in negotiating with management, and appealed to the media and the general public through “open letters” and online postings to gain broad public support.

Eventually, management was forced to agree to a 35-percent pay increase for all workers to end the strike. The strike's success in winning concessions from employers inspired a wave of strikes in a dozen other auto plants, as well as in other manufacturing sectors. By the end of 2010, almost every province and municipality in China had increased its monthly minimum wage by an average of 23 percent (China Labour Bulletin 2011). The Honda strike received extensive media coverage and wide publicity from within and outside China.⁴ For the first time, it brought public attention to the militancy and grievances of the 3 million autoworkers in China who for years had been “manufacturing” the country's auto industry miracle, but whose concerns had been unduly neglected until the 2010 strike wave.⁵

Achieving a better understanding of Chinese autoworkers' current conditions, subjectivity and collective actions is important not only because of the pivotal role they have played in the post-2010 wave of labor unrest in China, but also because of the crucial position they occupy in the world automobile industry. The Chinese automobile industry has grown at an exponential level over the past two decades: annual output increased seventeen-fold, from 1,296,778 units in 1993 to 22,116,800 in 2013, making China the world's largest vehicle manufacturing nation, accounting for about a quarter of total global automobile production. The startling growth in production has gone hand in hand with the rapid expansion of China's domestic auto market. Since 2009, China has become the world's largest auto market; over 21 million vehicles were sold in 2013 alone.⁶ Joint ventures between multinational corporations and Chinese state-owned enterprises (SOEs) have played a crucial role in fueling the expansion. By the early 2000s, all of the world auto giants had established JVs with Chinese SOEs to manufacture and sell vehicles in China. Especially in the wake of the 2008 global economic

⁴ As many have noted, official tolerance toward the media report to such a degree reflected the tacit support by the central government in favor of the striking workers' demands for wage increases. Among the substantial volume of Chinese media reports, see, e.g., Cheng and Li (2010); Guo (2010); Ni (2010); Zhang (2010); Zheng (2010); Zhou (2010); Zhou and Liu (2010). From the extensive English-language coverage, see in particular, Barboza (2010); *Bloomberg* (2010); Bradsher (2010a, 2010b, 2010c); Bradsher and Barboza (2010); Carter (2010); Meyerson (2010); Pierson (2010); Shirouzu (2010); *The New York Times* (2010); Wang and Rabinovitch (2010); Wasserstrom (2010); Wong (2010); Zhang (2010).

⁵ In 2010, approximately 3.37 million people worked in the automobile industry (CEIN, 2012: 29), of which 2.2 million were regularly employed in automobile manufacturing (CATRC 2011: 483).

⁶ *Chinese Automotive Industry Yearbook*. 2011, pp.1, 9, 468; China Association of Automobile Manufacturers (CAAM), January 2014.

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crisis, China emerged as the primary profit generator for automobile multinationals such as General Motors (GM), Volkswagen (VW), and Nissan. The weight of China – and hence of Chinese autoworkers – in the global auto industry cannot be exaggerated.

Despite the extensive interest in China's fast-growing auto industry, and unlike their well-studied counterparts in the US and many other countries, there has been little written about Chinese autoworkers. Thus far, there have been several English-language books published on the Chinese auto industry (for instance, Anderson 2012; Chin 2010; Harwit 1995; Thun 2006). But they focus on the automobile industry itself or on the Chinese government's strategies for developing the industry. None deals with labor issues or tells the stories of workers. These workers and their factory lives are the focus of this book.

ETHNOGRAPHY INSIDE CHINA'S AUTOMOBILE FACTORIES

The book's findings are based primarily on my twenty months of ethnographic research inside seven large automobile assembly factories in six cities in China during multiple field trips conducted between 2004 and 2011. The core of the book provides an in-depth analysis of the transformation of the Chinese auto assembly industry and its labor force over the past two decades, an intimate portrait of the work regime and factory social order therein, and a detailed account of social composition, wages, job security, the nature and extent of grievances and bargaining power, as well as collective actions of Chinese autoworkers. I also devote much attention to the status, aspirations, and social consciousness of both formal workers and the various types of temporary workers employed in great numbers in China's major auto assembly factories.

Given the lack of available information, it seemed that the best way to find out the condition of autoworkers in China would be to go inside the factories and examine the situation there in order to produce this first industrial ethnography of Chinese autoworkers. Gaining access to China's large automobile factories is not easy. It often requires a combination of persistent effort, personal connections, and good fortune. I began my fieldwork in June 2004, by getting access to a state-owned truck maker located in my hometown. A close relative of mine, who was a good friend of a senior manager at the plant, helped me to secure access to the factory. I was introduced to management as "a Chinese graduate student who is studying in the United States and is doing fieldwork for her dissertation on human capital and management in the Chinese automobile industry." With hindsight, I realize the fact that I was introduced by a senior manager, combined with the stated purpose of my research, led to the expectation among managers that my research would produce a positive outcome and be a potential benefit to the factory. Although this perception facilitated my access to and interviews with managers, and allowed me to be present inside the factory

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with ease, it also caused suspicion among workers such that it took me some time to gain their trust, as I will discuss below.

My initial request to work on the line with ordinary workers was immediately turned down by management, out of consideration for my safety and the high physical demands involved in automobile production (my small size and identity as a female researcher seemed to further justify such concerns). Instead, I was assigned to the factory Party Committee Office to help in collecting shop-floor material and editing factory newsletters aimed at promoting the deeds of “model workers” and “advanced production teams” to boost worker morale. This position allowed me to hang around shop floors freely and talk to workers when they were not working. At the beginning, workers were both suspicious and curious about my presence on the shop floor. They either refrained from talking to me or asked me a lot of questions about myself and my dissertation project before I could even ask them any questions. I had to constantly explain my research goals and reassure workers that I was neither hired nor paid by management. I could tell that the workers were amazed and puzzled by the fact that I – a young, female, graduate student who grew up locally and went abroad to pursue a Ph.D. in sociology – would choose to spend months in the factory, trying to write about Chinese autoworkers and their everyday work life. As time went by, some workers began talking to me. As one worker later told me, they started to see me as “a sincere and hard-working student who’d like to listen to their trivial stories and complaints for hours with great interest.” I gradually gained workers’ trust. At the same time, by relying on semi-structured interview techniques with a sympathetic and patient ear, I was able to establish a rapport with workers and get them to open up and to share with me their stories, aspirations, and emotions.

For about two months – June 2004 and September 2006 – I went to work at this state-owned truck factory every day, starting from the 7:30 a.m. pre-shift work group meeting and getting off at 6:00 p.m. with the day-shift workers. I observed how production was organized, what the working conditions were, how people interacted with one another, and what kinds of exchanges took place on a daily basis. I ate in the factory cafeteria with workers, and visited workers’ dormitories and homes after work. I rarely used a tape recorder since I noticed it tended to make people feel uncomfortable and self-conscious while talking to me, except for formal speeches given by factory leaders on a few occasions. I wrote down the daily work routines that I considered meaningful (while observing them or immediately afterward), such as pre-shift work group meetings held by team leaders and workers’ conversations during work breaks and lunch time. I also collected relevant factory files, including statistics on production and employees, work rules and regulations, and internal newsletters and references.

In early August 2004, a new opportunity arose. I attended a two-week-long training workshop for model team leaders organized by the truck factory’s parent auto group – one of China’s largest auto groups – for its various

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subsidiary companies. I went as a newsletter editor of the factory Party Committee Office, along with select team leaders from the factory. During the workshop, I got a chance to meet and interview several managers and team leaders from a Sino-German JV that was part of the same parent auto group. They were surprisingly open with me. In retrospect, I realize that being able to attend the workshop as a representative from the truck factory made it much easier for me to be received as an “insider” of the same auto group. In addition, it appeared that my personal experience and the idea of writing a book about managers and workers in the Chinese auto industry impressed and interested my interviewees.

This connection opened the door for me to begin field research at a Sino-German auto assembly factory. In August 2004 and October 2006, with the assistance of a senior production manager and a party committee leader whom I had met at the workshop, I was able to spend six weeks in one of the JV's assembly plants. My request to work on the line was rejected outright, for the same reason given at the state-owned truck factory. Instead, I was assigned a position as a liaison between the factory Party Committee Office and Party branches of various workshops, a position that afforded me plenty of freedom to hang around on shop floors. At the same time, several of my worker friends at the state-owned truck factory informed their friends and former classmates at the Sino-German assembler to “take good care of me” (many of the workers graduated from the same automotive junior college affiliated with the auto group). This informal “introduction” proved to be extremely helpful in establishing trust and gaining support for my fieldwork among workers at this second site. During the time I was present, the plant operated two shifts of ten hours each, with two days off every month. The line ran very fast, and it was very difficult to talk to the workers at work. Many workers sacrificed their limited and precious spare time to talk to me, and patiently answered my questions for hours after work. Some workers also invited me to their homes, and to after-work social gatherings. At the same time, plant managers were eager to tell me their views, and curious to know my findings and hear my observations on the shop floor, but they did not put explicit pressure on me to report about my findings and interviews with workers. In retrospect, I can only speculate that it could be due, in part, to the fact that I was introduced by higher-level company managers, and therefore it would be considered inappropriate for plant managers to ask me to report to them.

Being present inside the factory every day certainly enriched my knowledge and understanding of the complexity and nuances of life in the factory. It also enabled me to contextualize what people said in their interviews, and to identify and evaluate the nature and extent of workers' grievances, as well as the hidden and open forms of worker resistance on the shop floor. More importantly, I was able to document stories and incidents that would not be otherwise available to an outside researcher.

From these two factories – one SOE and one JV – I gradually gained access to an additional five major automobile assemblers through personal

TABLE 1.1. General information on the auto assemblers selected for the study, 2006

Name	Number of Employees ^a	Annual Output (1000s)	Ranking (Sales)	Main Product	Ownership Type	Found Year
USA-1 ^b	5,535	413	1	Passenger Car	Sino-US	1997
USA-2 ^b	3,096	87	1	Passenger Car	Sino-US	2003
GER-1	11,587	352	2	Passenger Car	Sino-German	1985
GER-2	9,284	351	3	Passenger Car	Sino-German	1991
SOE-1	13,100	300	4	Passenger Car	State-owned	1997
SOE-2	3,170	70	N/A	Truck	State-owned	1993
JAP-1	5,620	260	6	Passenger Car	Sino-Japanese	1998

Notes: ^a Number of employees includes active, formal employees listed on the books of the enterprises. It does not include temporary workers. See the discussion in Chapter 2.
^b USA-1 and USA-2 belong to the same Sino-US JV. USA-1 hosts the central offices of the JV.

Sources: The author's field data; CATRC, various years.

connections, persistent effort, and good luck.⁷ I managed to get into a variety of enterprises with respect to ownership type, geographic location, market position, and the country of origin of a JV's foreign partner. I conducted fieldwork at both the firm and the factory levels. Having access to this range of factories has allowed me to put together a fuller picture of labor and labor politics in the Chinese automobile assembly industry.

A few basic facts about my cases are presented in Table 1.1. Since I agreed to keep the names of the companies and factories confidential, I use pseudonyms to refer to the case enterprises. But when publicly available information is cited, the real names of the companies involved are used.

I do not claim that my cases are representative of the entire Chinese automobile assembly industry, nor do I intend to make generalizations about Chinese autoworkers as a whole.⁸ I am confident, however, that the cases capture important characteristics across assembly enterprises, as well as illustrating the range of diversity within the industry.

As can be seen from Table 1.1, a key characteristic of the factories where I did my fieldwork was that they are all major auto assemblers with high output volume and a large number of employees. Except for the state-owned truck

⁷ Unlike the case at the first two factories discussed, management of the other five assemblers only granted me access for interviewing but not to make daily observations inside factories.
⁸ In fact, auto assembly workers are generally better off than auto parts workers in China. While this book focuses on assembly workers, it makes comparative reference to parts workers when sufficient information is available (see, in particular, Chapters 2 and 3).

maker, SOE-2,⁹ they all held competitive market positions as of 2006; five of them were among the top six passenger-car producers in China.

Large assembly enterprises such as these are typical of the post-1980 Chinese automobile industry. The central government's policy in regard to the auto assembly sector in the reform era has favored the creation of large automobile groups, as well as the concentration of production in specific geographical areas (see Chapter 2). In 2012, the top ten automobile groups accounted for 87.3 percent of total vehicle sales in China (CAAM 2013).

Moreover, the dominant ownership structures – JVs and SOEs – are well represented among my cases.¹⁰ As can be seen from Table 1.1, two of my cases are SOEs; the remaining five are JVs between Chinese state-owned auto groups and multinational corporations – two from the United States, two from Germany, and one from Japan.¹¹

Finally, as shown in the map (Figure 1.1), my seven cases cover diverse geographical regions, including five of the six major automobile production bases in China.¹² They also include both older factories and relatively newly-established ones.

Overall, I managed to spend at least two months at each factory, visiting production lines, collecting company files and internal newsletters and periodicals, and conducting extensive interviews with a total of 120 formal (regular) workers, 80 temporary and student workers, 48 managers, and 30 factory Party and union cadres. I also interviewed 41 local government and trade union officials, labor dispute arbitrators, labor scholars, and automotive-industry experts in order to understand the state's role in the automobile industry and labor relations.¹³ This in-depth fieldwork provides the basis for the book's narrative.

⁹ The truck maker SOE-2 is a key subsidiary of one of China's largest auto groups. While its production and sales have fluctuated in recent years, it remains among China's top truck makers.

¹⁰ The Chinese government does not allow foreign companies to set up wholly foreign-owned auto assembly plants in China, but it places no restrictions on ownership stakes in the auto-parts sector.

¹¹ There is a third ownership type, which is important but less prominent than JVs and SOEs: domestic private enterprises. I do not include private-owned domestic automakers in this study due to a lack of accessibility. While JVs and SOEs are the dominant ownership types, domestic private automakers such as Geely and BYD have grown rapidly in recent years in China. It is therefore important to incorporate this type of automaker into future research.

¹² The five major automobile production bases (by region) covered by this study are: Northeast region (Changchun), the Yangtze River Delta (Shanghai), Central region (Wuhu), the Pearl River Delta (Guangzhou), and the Bohai Sea surrounding areas (Qingdao and Yantai). The production base that is not covered in this study is the more recently developed Southwest region (e.g., Chengdu and Chongqing). For discussion on the six major automobile production bases, see *China Automotive Industry Yearbook* (2011: 134–137).

¹³ For discussion on my research strategies in conducting interviews, see Methodological Appendix; for a breakdown of information about the interviewee sample, see Interviewee Index.



FIGURE 1.1. Map of the research fieldwork sites

This book, however, goes beyond a detailed ethnographic study. By combining empirical material with a multilayered analysis that moves from the shop floor to the national political economy and global industry dynamics, I attempt to develop a theoretical framework for understanding how labor relations in the automobile industry and broader social economy can be expected to develop in China in the coming decades.

THE POTENTIAL OF “CELLULAR” ACTIVISM

Since the 2010 auto strike wave, there has been growing awareness of labor unrest in China. The strikes clearly show that workers in China are no longer just passive victims of repression and exploitation. Rather, they are willing and able to organize to push for higher pay and better working conditions through concerted collective actions. But still the dominant view in the literature is that labor unrest in China is localized and apolitical, and thus not very effective in generating meaningful change. Sociologist Ching Kwan Lee (2007), for example, unequivocally concluded that labor protests in China are localized and “cellular”; and that unless Chinese workers can form their own independent trade unions, unless they can transform their “cellular” activism into cross-plant and cross-regional coalitions targeting the authoritarian regime, their struggles are unlikely to generate significant political and social change.

This book represents a departure from this line of argument. My study shows that even though labor unrest in China has not led to the formation of

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independent trade unions or competitive political parties that challenge the authoritarian party-state at the national level, widespread grassroots protests have succeeded in winning substantial wage increases and improved conditions for workers on the shop floor. Moreover, rising labor unrest, despite being localized and apolitical, has pressured the central government toward introducing new national labor laws and policy changes that extend new rights and improve conditions for workers, as part of its effort to stabilize labor relations and maintain social stability.

This should not come as a surprise. Indeed, as has been widely argued with regard to the US labor movement and elsewhere, institutionalized trade unionism has neither been a precondition for, nor a guarantee of, effective working-class mobilization (Kimeldorf 1999; Lichtenstein 2002; Martin 2008; Moody 1997). Rather, major advances for workers have often come as an outcome of a major wave of grassroots mobilizations and rank-and-file struggles without prior formal organization in parties and unions. Formal organization is an outcome of the struggles rather than vice-versa (Arrighi and Silver 1984; Clawson 2003; Friedman 2008; Levi 2003; Milkman 2006; Silver 2005). Similarly, this book finds that widespread grassroots labor unrest in China has been leading to meaningful improvements in conditions of work and life for the working class.

AUTOWORKERS AND WORKPLACE BARGAINING POWER

Historically, autoworkers have been especially successful in translating localized struggles into major victories vis-à-vis both their immediate employers and the state. As sociologist Beverly Silver (2003) explicated, autoworkers have had – and continue to have – strong *workplace bargaining power*, derived from their strategic location within the production process.¹⁴ More specifically, because of the scale and capital intensity of automobile production, as well as the complexity of the division of labor, localized stoppages by a small group of workers are able to disrupt the output of an entire plant or even an entire corporation, and thereby cause large losses for capital.

At the same time, the nature of assembly line production in the auto industry tends to create strong grievances among workers – for instance, over the monotony of work, intense production pace, and management's arbitrary exercise of authority – despite the fact that autoworkers' wages are relatively high. These grievances combined with strong workplace bargaining power have produced major waves of autoworker unrest across countries throughout the

¹⁴ Building on Erik Olin Wright's (2000: 962) distinction between associational and structural power, Silver distinguishes three types of workers' bargaining power: workplace bargaining power, derived from "the strategic location of a particular group of workers within a key industrial sector"; marketplace bargaining power, resulting from tight labor markets; and associational power, stemming from self-organization into trade unions, political parties and other forms of collective organization (Silver 2003: 13).