Chinese workers and peasants in three phases of accumulation

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I want to sketch three periods of capital accumulation in China since the revolutionary seizure of power in 1949. In the process, I'll put a spotlight on the attempts of the state in each period to maintain a segmentation of the workforce into groups that have different rights. The main division is between workers and peasants, but there are divisions into smaller subgroups. All of these divisions have functioned to maximize the extraction of a social surplus for reinvestment by the state or, later, by the state and private corporations.

I'll be drawing some comparisons to South Africa's apartheid system, not because I think the analogy is perfect but because it's revealing. Many ruling classes in developing countries have approached broadly similar problems of labor regulation by adopting some strikingly similar measures to divide the workforce, even if the apartheid ruling class was unique in finding its particular racial solution to the problem of controlling its labor force.

Now to the main points about China. I'll just start by naming the key periods and then go through them in a little more detail.

• **Phase 1.** The state capitalist period of Chinese-style apartheid, roughly 1953 to the death of Mao Zedong in 1976.

• **Phase 2.** The neoliberal period of Chinese apartheid, roughly 1978-2001, marked by the breakup of the land into family plots, the establishment of township and village enterprises in the countryside, and the opening of export processing industries in the coastal areas.

• **Phase 3.** Today's neoliberal period—a period since 2001 of freer peasant migration to the cities and the private capitalist consolidation of control over the land that the peasants are leaving behind.

Now for the state capitalist period. Following the 1949 takeover of power by the Communist Party, the economy didn't really stabilize until about 1953, by which time the party instituted strict labor discipline. Their aim was to accumulate the most advanced means of production they could—in large part to survive in military competition. That drive to militarism began against the United States in the Korean War of 1950-53, continued with the military takeover of Tibet in the 1950s, then expanded to include arming China against the USSR in the late 1950s, defeating India in a war in 1962, detonating a nuclear weapon in 1964, building missiles, tanks, etc., etc.

This kind of task requires a lot of labor discipline—especially for a backward country that is also undertaking domestic development—and 1953

marks the introduction of the "labor book," a document detailing each worker's work record. Workers could not get legal employment unless they presented their labor book. At the top of the heap were "model workers" who worked at such high production levels that they were regularly subject to accidents or exhaustion. At the bottom of the heap were the slowest workers and the most rebellious ones, the ones who might try to organize slowdowns or strikes.[1]

For the model workers, there were bonuses, perks and party membership, and for those at the opposite end, there were "labor correctional camps," or slave-labor camps.[2] These camps still operate to some extent today, and still serve the function of separating the bulk of workers from those who offer leadership that's independent of the Communist Party and official trade unions. The other function of labor correctional camps, most significant in the Mao years, was to provide very cheap labor by taking away people's rights.

But this division between slave and free labor does not represent the Maoist version of "grand apartheid." For that, we have to look at the separation of workers from peasants, including the use of labor books but depending crucially on *hukou*—a system of "family registration" instituted in 1955 that amounted to a regime of internal passports.[3]

On one side, the urban industrial proletariat was beginning to enjoy the benefits of the "iron rice bowl"—steady employment, health care, free access to education and guaranteed pensions. On the other side, peasant enterprises grew from primarily private plots into larger collectives that fulfilled state plans. From their collectives, peasants received a package of benefits that was parallel to the urban proletariat's, but not as generous.

Significantly, peasant women came out from under the economic control of fathers and husbands, since their pay and benefits now came from the collective or the state. These measures tended to stabilize the previously desperate condition of peasants, thus preventing a flood of rural refugees from swamping the cities.

If Harold Wolpe is right, white minority governments in South Africa also periodically made concessions in order to make rural life survivable in the Reserves (if not easy or pleasant).[4] In both cases it was important to stem the uncontrolled ruin of the peasantry in order maintain a usable rural reserve army of labor. The concessions to China's peasantry were greater, of course, because the party depended on a cadre base among the leading peasants, something that

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1 The points in this paragraph come from Nigel Harris, *The Mandate of Heaven* (New York: Quartet Books, 1978), 91–95.

2 On the role of labor correctional camps, see Harris, 128.

3 John Friedmann, *China's Urban Transition* (Minneapolis: University of Minnesota Press, 2005), 59–60.

4 Harold Wolpe, "Capitalism and cheap labour-power in South Africa: from segregation to apartheid," in Harold Wolpe, ed., *The Articulation of Modes of Production* (Boston: Routledge & Kegan Paul, 1980), 300–01.

doesn't really find a parallel in South Africa, where the support base within the workforce came from the urban, white working class.

In any case, what did make Mao's China an apartheid system was that the package of benefits was not portable. Under the *hukou* passbook system, members of a household registered as "agricultural" would be treated as foreigners if they tried to migrate to a city. They would forfeit their social rights to health care, education, pensions, and so on.

This system created the opportunity for the state to displace peasants, put them into wage jobs where they had no rights, and super-exploit them. Some of this took the form of corvée labor in the countryside itself, say, in building roads. Male peasants would be drafted to complete a stretch of road for low wages, while the women, children and old people back on the farm had to provide the food.[5] This kind of arrangement, where the cost of reproducing labor power is borne by rural families, should be familiar to readers of Harold Wolpe.

The bigger part played by displaced peasant labor was in contract work in urban industry and in construction projects that took place far from home. This very low-wage labor, performed by men who were isolated from their peasant families, was called temporary even though it could actually go on for years on end. It was temporary because these workers would be expelled back to the countryside when work dried up. The use of temporary and contract workers peaked in the Great Leap Forward in 1958 at 12 million—more than one-quarter of China's non-agricultural workers—and crept up toward that proportion again during the 1960s.[6]

This was a smaller proportion than the wage work performed by Blacks under apartheid, but the connection between the two was that the work in both cases was done under the legal fiction that the workers could be treated like dirt because they weren't even really citizens.

And we should note: This was not two different modes of production in China, whether you call it state socialism or state capitalism or something else. It was one mode of production whose workforce was divided by deliberate state policy in order to raise the rates of exploitation and accumulation—just as capitalists take advantage of dividing workers across internatonal borders. When capital is allowed to move freely and workers aren't, capital wins.

One special feature of the Chinese system was that the supposedly permanent urban workers could be displaced, too, under a system called *xia fang*, or "sending down" to the countryside. There, they'd work for low wages and lose their factory pension. In some cases, entire factories were emptied out and replaced by peasants in a complete switch of personnel—and a major depression of living standards.[7]

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5 Harris, 110.
6 Harris, 108–10.
7 Harris, 110–11.

Xia fang could never be done under South African apartheid, of course, because that would entail sending white workers into the bantustans, a mind-boggling thought. So there's a point where these analogies break down. But then, Chinese rulers did not rely on an ideology of white supremacy. They could move workers around because *their* ideology, Maoism, condemned any concern that workers had for their own material well-being—which it labeled "economism"—and called for self-sacrifice in service to the revolution.

As we move on from the Mao years to the opening of the market beginning in 1978, what's remarkable is the continuity of the labor system. In fact, the contract labor system itself pre-dates Maoism, and was properly condemned by the Communist Party back in 1922 as a system that pitted workers against each other.[8] But because of the requirements of accumulation in a backward state playing developmental catch-up, the contract system lived on through state capitalism and into market capitalism. The internal passports continued to exist, and so did the physical segregation of peasants who were recruited for work in the cities.

One of the important innovations following 1978 was the opening of the export-processing zones in the suburbs of the coastal cities. Unlike previous contract workers, these sweatshop workers are primarily female. In many cases, an entire group of schoolgirls travels from a single peasant village to live together in a company dormitory and assemble toys for Mattel, gadgets for Samsung, or bicycles for Schwinn—all under very oppressive conditions.[9]

By 2004, the Ministry of Agriculture noted that more than 100 million persons registered as "agricultural" were working in the cities, a figure that was increasing annually at 8.5 percent.[10]

Back in the countryside, collective and state farms were broken up into family plots of about one hectare apiece. This led to an increase in production and peasant living standards until stagnation set in in the mid-1980s. Peasants worked harder when that meant that they could keep more for themselves, but there was a limit to how much harder they could work.[11]

The rise in peasant fortunes coincided with a setback in the condition of women as the family was re-established as the basic economic unit—an isolated unit controlled by husbands and fathers. At the same time, women have been subject to mandatory birth control, which was instituted in the late 70s to speed up rates of accumulation. The idea that was that children eat up too much of the

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8 Harris, 108.

9 The harrowing conditions in the export processing zones are ably documented in Anita Chan, *China's Workers Under Assault: The Exploitation of Labor in a Globalizing Economy* (Armonk, New York: East Gate Books, 2001). Unfortunately, the book today gives an unduly gloomy picture because it was written before workers' struggles had won the wage and other improvements of the past two years.

10 Zhang Xueying, "Can rural China keep up?" *China Today*, June 2004.

11 See Ahmed Shawki, "China: Deng's legacy," in *International Socialist Review* 2 (Fall 1997), 27. Available at www.isreview.org, and Zhang Xueying, "Can rural China keep up?"

social surplus—a surplus that could be harvested instead through taxes or put into savings accounts to be invested by banks. The program has nothing to do with boosting living standards; it's all about accumulation.

I don't have time to go into the consequences, such as female infanticide, but the population control program further illustrates the backward step that China's women have been forced to take. It's the only country in the world where more women kill themselves than men do. And the total suicide rate is staggering. In October 2001, government officials revealed that Chinese were killing themselves at a rate of 250,000 per year, mostly in the countryside, and most of these, women.[12]

But something new has begun to happen in just the past few years—a combination of struggle from below and concessions from the top. There's been an explosion of resistance from all sectors of the workforce, although workers in different sectors are still largely isolated from each other and advance different demands.

Starting with a major series of protests in the industrial northeast in March 2002, there have been struggles of the old permanent workers in heavy industry against retrenchment and the cutoff of pensions.[13] Peasants have demonstrated and rioted against pollution, local taxation and corruption, discrimination in the cities based on their peasant background, and against being displaced from the land by the production of roads, dams and the sprawling cities.[14] And even the most oppressed wage workers, those in the export processing zones, have stood up in strike action since 2004.[15]

The total number of officially recognized mass incidents in 2004—that is, a strike, a demonstration or a riot of 1,000 or more—was 74,000. That's a jump from 58,000 in 2003,[16] which was already 15 percent higher the figure for 2002. Ten years earlier, in 1993, recognized mass incidents numbered only 8,700.[17]

In the coastal areas, a key economic factor behind the struggles has been the development of labor shortages as a result of the boom.[18] China is one of the

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12 "Suicide in China: The horrible exception," *The Economist*, 21 November 2001.
13 See "The Liaoyang Protest Movement of 2002-03, and the Arrest, Trial and Sentencing of the 'Liaoyang Two'," China Labour Bulletin (online) July 2003, at www.china-labour.org.hk.
14 David Whitehouse, "China: Violence of rapid growth," *International Socialist Review* 45, January–February 2006.
15 See John Chan, "Mass protests in China point to sharp social tensions," World Socialist Web Site, 1 November 2004, at www.wsws.org/articles/2004/nov2004/chin-n01.shtml. See also "Labor disputes soar 30 percent in Shanghai," *Shanghai Daily*, 20 July 2004, and multiple articles at China Labour Bulletin, www.china-labour.org.hk.
16 Benjamin Robertson, "Selling out the family farm," *Far Eastern Economic Review*, October 2005.
17 Kim Yong-wook, *Socialist Worker* (Britain), 4 December 2004.
18 See "Labor shortage emerges in Guangdong," Xinhua News Agency, 8 August 2004, "Labor shortage puzzles experts," *China Daily*, 25 August 2004, "Pearl River Delta short of up to 2 million workers," NewsGuangdong, 26 August 2004, Jim Yardley and David Barboza, "Help wanted: China finds itself with a labor shortage," *New York Times*, 3 April 2005, and Florence Chan, "China's sweatshops running out of workers," Asia Times (online), 5 May 2005.

few places in the world where neoliberalism is producing significant job growth. This gives workers greater leverage and helps account for their gaining the nerve to strike. The situation has led to major wage increases in the coastal industries after 10 years of wage stagnation.[19]

And in response to rural unrest and the need for urban workers, the state began in 2001 to grant a significant relaxation of the migration laws that have bound the peasants to the land. For example, rural residents in the southern industrial province of Guangdong and the eastern province of Jiangsu (which neighbors the megacity Shanghai) are now free to change their registration from "agricultural" to "non-agricultural" at will.[20] They should thus be able to count on their social benefits following them wherever they choose to work. This is a major breakthrough against what I've described as an apartheid system—a major concession brought on by the combination of economic development and struggle.

Peasants, who hold their family plots with 30-year leases from the state—which is technically the owner of all Chinese land—are now allowed to sublease their land and move to the city in search of work. Predictions vary, but the state itself predicts an increase in the urban proletariat of somewhere between 150 million and 300 million in the next 15 years.[21] And back the countryside, corporations are stitching together the plots that peasants leave behind to produce vegetables and fruit for a broad Asia-Pacific market.[22]

The Longda Corporation in south China already employs 400,000 peasants and factory workers to grow and process farm products for export. These are not full-time permanent workers, of course.

The creation of an effective market in land—combined with the freedom to relocate to the cities—is producing a rapid differentiation of the peasantry into classes, as a few raise themselves into middle management of the agro-corporations, while potentially millions of landless rural workers face a future as agricultural proletarians.[23] One Longda middle manager of just 6.6 hectares is earning an average of $5,000 a year, while "the peasants who plant and pick for him earn less than $2 a day."[24]

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19 See Florence Chan, op. cit., plus "Urban workers' income up 13 percent," NewsGuangdong, 1 June 2004, "Increasing the price of labor," *China Daily,* 12 October 2004, "Workers call job and wage shots," *China Daily,* 24 February 2005, and "Shenzhen raises minimum wage," *China Daily,* 1 June 2005.

20 Zhang Xueying, "Can rural China keep up?"

21 The 150 million figure is from Zhang Xueying, "Can rural China keep up?" but the 300 million figure seems to be more widely cited, as in "Increasing the price of labor," *China Daily,* 12 October 2004.

22 Andrew Browne, "Peasants bloom," *Far Eastern Economic Review,* 14 October 2004, 32–36.

23 "The surplus labor in rural China may be as high as 100 million to 200 million," a Chinese academic told *SusinessWeek* in 2004, but it is impossible to tell how many of these will find farm wage work. They may become urban workers, and they may remain unemployed. "Is China running out of workers?" *BusinessWeek,* 25 October 2004.

24 Browne, 33.

These trends represent a massive shift in the social composition of China and a big boost in the possibility that future struggles will take on a more comprehensive, political character. One key advance to look for—not evident so far—will be when workers in different sectors express solidarity with each other's struggles. Divisions still run deep. If things move backwards economically, the political maturation of the movement could slow down, but an economic shock right now—when all sectors of the workforce are already activated—could just as easily produce new explosions of struggle. The rights to freedom of speech, press, assembly, and to form independent unions and political parties are all on the agenda for China because the working class is gathering the strength to fight for them.

I'll close by saying that we're accustomed to talking about how China's growth has changed the world *economy*, but I hope that I've suggested how that very growth—and the breakdown of Chinese apartheid—is bringing a new force into world *politics.* The Chinese working class is potentially a major ally in the world's struggle from below, developing right in the belly of the world's rising beast.

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