Putting the Chinese State in its Place: A March from Passive Revolution to Hegemony

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ABSTRACT

The Chinese party-state has been depicted in three major forms by the existing studies – the authoritarian state, developmental state and corporatist state. These depictions, however, only offer a partial understanding of the Chinese party-state and have failed to grasp its totality. Drawing upon the theoretical insights of Antonio Gramsci, this article contends that Chinese economic reform inaugurated in 1978 has been a top-down passive revolution and that, after three decades of reform, the role of the Chinese state has been changing from steering the country’s passive revolution to establishing capitalist hegemony. However, it should be noted that although the Chinese state has been undergoing a hegemonic transformation, capitalist hegemony has not been unambiguously established in the country. Some workers have given consent to the ruling class’s leadership, but a segment of workers has been able to transgress hegemony to formulate a radical critique of capitalists and the state. The transition to hegemony in China is a chaotic and tumultuous process of class struggles between the ruling class and the working class.

ARTICLE HISTORY
Published online 23 June 2016

KEY WORDS
Hegemony; passive revolution; Gramsci; China; state; migrant workers

The Chinese party-state has been investigated in a wide range of academic fields. Usually with a comparative approach, the transition studies are interested in China’s state-socialist history, its path of socio-political and economic reform, and the role of the state in the transition (Burawoy 1996; McMillan and Naughton 1992). The Chinese state’s capacity to maintain relatively steady economic growth has attracted attention from economics and development studies (Oi 1995; Wu, Xu, and Yeh 2013). Its authoritarian features and the possibilities of democratic transition of the political regime are the foci of the political scientists (McCormick 1990; Goldman 1994). The poor working conditions in the global factories, the rise of the new working class and its relations with the party-state are keenly debated in sociology and labour studies (Pun and Chan 2012; Pun, Chan, and Chan 2010). Contrary to the view that the current literature on China has a tendency to sidestep the issue of the state (Stern and O’Brien 2012), research on the Chinese state has indeed been proliferating, to the extent that it is imperative to structure and analyse the various literatures further, in relation to each other, if we are to gain a better understanding of the nature of the Chinese state. One of
the contributions of this article is to conduct such a systematic literature review and offer a critique of it so as to provide a new point of departure for comprehending the Chinese state.

As will be explained, the existing studies of the Chinese state have depicted it in three major forms – the authoritarian state, developmental state and corporatist state – pertinent to its political, economic and social characteristics. As mentioned, this literature offers a partial understanding of the Chinese party-state. Moreover, this literature has overlooked the ideological and hegemonic aspects of the state’s role. During the state-socialist period, Marxism–Leninism and Maoism were the ruling ideologies, but in the reform era they are neither put into practice, nor does the general populace still believe in them. If a state does not simply govern by coercion, but also on the basis of popular consent (Gries and Rosen 2004; Weston 2004), then in face of the decay of the socialist ideology, how does the post-Mao Chinese party-state secure the people’s consent to its rule and the newly developed capitalist economy? The three major approaches to the Chinese state have lost sight of this question.

The second contribution of this article is to fill the afore-stated intellectual lacunae by putting forward four central arguments. First, drawing upon the theoretical insights of Gramsci (1971, 1988), it is contended that the Chinese economic reform inaugurated since 1978 has been a top-down passive revolution, rather than a bottom-up and bourgeoisie-led revolution akin to those that had emerged in some Western countries. Second, having carried out capitalist economic reforms for over three decades, the Chinese state is now undergoing a hegemonic transformation, changing its role from forcefully steering the country’s passive revolution through coercive tactics, to establishing capitalist hegemony in such ways that the working class is led to render its acquiescence to the ruling class’s leadership. Third, instead of being mutually contending perspectives, the theses of the authoritarian state, developmental state and corporative state have grabbed different parts of the elephant – the Chinese state – during its hegemonic transformation. To understand the Chinese state properly, the three approaches should be comprehended in juxtaposition with each other against China’s broader social, political and economic development. Fourth, although the Chinese state has been undergoing a hegemonic transformation, capitalist hegemony is far from staunchly established in the country. The construction of hegemony is a tumultuous process of class struggles between the ruling class (the state elites plus the capitalist class) and the working class.

In the next section, I expound on the three conceptual lenses through which the current studies perceive the Chinese party-state, highlighting their weaknesses. The analysis in this section is drawn from systematic review of the existing literature. This is followed by an elaboration of my theoretical approach to the Chinese state, which is inspired by Gramsci’s insights on passive revolution and hegemony. The article then seeks to shed light on how the Chinese party-state has driven the passive revolution so that the socio-economic infrastructures for implementing capitalism have been securely laid down in the post-socialist period. Then, the Chinese state’s march from passive revolution to hegemony is discussed, highlighting that the emerging hegemony is unstable and contested by workers. The analyses in these two sections are built upon interviews with workers, trade unionists, government officials, lawyers, non-governmental organisation (NGO) staff and scholars; systemic archival research; and
the author’s regular fieldwork in China since 2010. Finally, the key ideas of this article are summarised.

Three Conceptualisations of the Chinese State

The Chinese party-state has been conceptualised by current studies as an authoritarian state, developmental state or corporatist state. However, it is noteworthy that, although I divide the current literature into three categories, there by no means exist strong boundaries between them. These categories should be considered analytical rather than rigid and discrete divisions. While these studies are classified according to their main attributes, they may, at the same time, involve elements from other categories.

Concerning the authoritarian state thesis, during the 1980s, many scholars viewed China as practising “neo-authoritarianism” – strongman politics (Sautman 1992; Petracca and Xiong 1990; Ma 1990). Later, some authors conceptualised the Chinese political system during the 1980s as “fragmented authoritarianism” due to its repressive characteristics and high degree of political decentralisation (Lieberthal and Lampton 1992; Oksenberg 2001; Goldstein 1994). This concept has been criticised, however, for failing to capture the forces propelling changes within the political system. Some therefore advocated the concept of “resilient authoritarianism” to underline the Chinese state’s ability to adapt to changing socio-political and economic development by implementing various institutional adaptations (Nathan 2003; Shambaugh 2008; Brødsgaard and Zheng 2006). Other variants of the authoritarian thesis have been used to explicate Chinese politics, for instance, “revolutionary authoritarianism” (Perry 2007), “populist authoritarianism” (Saich 2004, 2006), “authoritarian populism” (Gallagher 2005a), “decentralised authoritarianism” (Landry 2008) and “bargained authoritarianism” (Lee and Zhang 2013).

The various authoritarian literatures possess a common feature. Echoing neo-statist theory associated with Evans, Rueshemeyer and Skocpol (1985) and Skocpol and Amenta (1986), their approach is state-centred, trying to explain Chinese politics by paying primary attention to the political regime and the political system. Their foci lie on the state’s power to regulate society, its ability to act independently from social forces, how the institutional settings of the party-state have influenced its governing capacities, and so forth. The state is, in varying degrees, treated as an actor which is free-standing from society. In these approaches state-society relations are secondary, if not marginalised, in such ways that non-state forces, such as social movements, classes and pressure groups, have receded into the background of their analysis (for critiques, see Jessop 2008; Hay and Lister 2006). Another deficiency of the authoritarian approach is that these authors have largely focused on the Chinese state’s repressive characteristics, failing to account sufficiently for its ideological and hegemonic capacity. Gries and Rosen (2004, 3) correctly remarked that “[i]nfluenced by a Liberal fear of the state, it had long been common among Western observers to depict Chinese politics as a simple matter of coercion: the “butchers of Beijing’…imposing their will upon a submissive people.”

Concerning the developmental state thesis, several studies have upheld this approach for comprehending the post-Maoist state, giving weight to how the state organises the economy and facilitates economic development during industrialisation
and modernisation (Blecher 1991; Wade 2005; Baek 2001). White and Wade (1988) have maintained that China is a “socialist developmental state” whereas Gallagher (2005b, 6, 7) called China’s economic model “state-led capitalist developmentalism.” Some researchers drawing on the developmental state thesis paid attention to China’s local diversity (Unger and Chan 1999; Blecher and Shue 1996). Oi (1992, 1998) used the concept of “local state corporatism” to explain the economic role of the local state vis-à-vis the central state. Lin (1995) used the notion “local market socialism” to explain the mixing role of market mechanism, socialist bureaucratic logic and local co-ordination in the Chinese economy. Later, various terms have been coined to elucidate the Chinese local state’s economic role, but they may not necessarily lie within the developmental state paradigm; for example, the “entrepreneurial state” (Blecher and Shue 1996; Blecher 1991), “clientelist state” (Pearson 1997; Ruf 1999), “predatory state” (Bernstein and Lu 2000), “regulatory state” (Shue 1995), “diffuse developmental state” (McNally and Chu 2006), “market facilitating state” (Howell 1993) and so on.

These theorisations of the Chinese state share similar ground in that they principally concentrate on the economic sphere. The economic arena in any society is neither isolated from nor unrelated to the social, political and ideological terrain (see Jessop 2008; Poulantzas 2000). The result is that these approaches have failed to provide a comprehensive account of the Chinese state’s activities in these terrains, and to adequately account for the connection between the state’s social, political, ideological and economic roles. They have fallen short of addressing a key question: how the party-state has mediated conflicting social relations and maintained its political power in such ways that the capitalist economic reform could be forcefully pushed through.

The corporatist state thesis assumes that diverse and conflicting social and political interests exist in society and that the state is “the guardian of the common good, of a national interest that supersedes the parochial interests of each sector” (Unger 2008, 49). Some scholars suggest that the All-China Federation of Trade Unions (ACFTU), which has been designated as the only legitimate organisation representing labour, is a part of the corporatist state structure (Unger and Chan 1995, 2008). It has to, on the one hand, help the party-state to (dis)organise workers and keep them within control, and, on the other, to protect the interests of workers. Dickson (2003, 2004) noted that the party-state has also established the same corporatist structures in relation to the organising of professional, industrial and commercial associations in reform China.

The corporatist approach is problematic because the state is treated as standing above sectoral interests in society and as being able to mediate these interests while in fact the state is a condensation and reflection of social relations (see Poulantzas 2000). The Chinese state indeed is not detached nor independent from the social relations and sectoral interests. Moreover, by focusing on the corporatist state structures and the corporatist actors, this approach has overlooked social forces that are highly active in contemporary China but are kept outside the corporatist structure, such as labour NGOs, international organisations, rights lawyers and other civil society actors. Given the fact that many social organisations external to the corporatist state have mushroomed in China in the past decades, the corporatist approach has fallen short of accounting for their relations with the state.
The Gramscian Approach to the Chinese State

The approaches of the authoritarian state, developmental state and corporate state have been adopted separately by many studies. However, as illustrated, each alone is insufficient for comprehending the Chinese state in its totality. Inspired by Gramsci’s (1971, 1988) ideas on passive revolution and hegemony, I contend that the Chinese state has been changing from forcefully engineering the passive revolution into constructing capitalist hegemony, and that the three prevalent approaches to the Chinese state have directed attention to different dimensions of the party-state during its hegemonic transformation. This section will elaborate Gramsci’s ideas on passive revolution and hegemony, while the following two sections will explain how these key concepts enhance our understanding of the Chinese state.

Comparing the French Revolution and the Italian *Risorgimento*, Gramsci pointed out that the former was actively initiated by the popular masses and led by the bourgeoisie, resulting in transition into a capitalist state; but the Italian *Risorgimento* was a passive revolution marked by state-engineered social and political reform that was built upon the ruling class’s domination instead of popular support, and that led to “an institutional framework consonant with capitalist property relations” (Morton 2007, 610).1 According to Gramsci, passive revolution leading to a capitalist social formation is usually backed by the domination and forces possessed by the ruling class, which is, however, without strong hegemonic capacity to acquire the subordinate class’s consent to the capitalist development. Gramsci proposed that passive revolution is usually concurrent with two other political phenomena: *Trasformismo* and *Caesarism*. *Trasformismo* means co-opting the subaltern class’s leaders in such ways that the exploited class is put into a passive position (Merrington 1968, Adamson 1980). *Caesarism* refers to the situation where a strong political man intervenes to resolve conflicts between antagonist social forces (Worth 2005; Gray 2010).

Cox (1983) highlighted that passive revolution is a concept that is “particularly apposite to industrializing Third World countries,” wherein a hegemonic dominant class that is supported by the subordinate class is usually absent. This concept is useful for analysing China, as it appears to fit Cox’s situation. In line with this, Gray (2010, 456) suggests that post-socialist China has been experiencing a passive revolution in which the party-state “took upon itself the leading role in the reorganisation of social relations commensurate with a restoration of capitalism.” Following Gray, China’s economic reform can be considered a passive bourgeois revolution, guided by strong state intervention that has resulted in the emergence of the capitalist class and an exploited class, along with capitalist property relations and social relations of production. However, transcending Gray’s argument, it will be argued that the Chinese state has manifested signs of undergoing a hegemonic transformation. Gramsci put forward another notion which contrasts with the concept of passive revolution – hegemony. He showed how class power is organised by the state in political society and civil society with his theorisation of “coercion” and “hegemony.” Following the argument of Marx, Engels and Lenin, he held that the coercive machinery of the state (political society) helps maintain the capitalist class’s domination (Gramsci 1971, 1988). At the same time, the dominant class seeks to obtain the active consent of the working class to its leadership by establishing “its own moral, political and cultural values as conventional
norms of practical behavior” (Femia 1987, 3). This capitalist class’s ideological ascendency over the subaltern classes is what Gramsci called hegemony. He maintained that a state is ethical if it helps organise capitalist hegemony:

State is ethical in as much as one of its most important functions is to raise the great mass of the population to a particular cultural and moral level, a level (or type) which corresponds to the needs of the productive forces for development, and hence to the interests of the ruling classes (Gramsci 1971, 258).

The ethical state reproduces capitalist hegemony through civil society, which appears to be independent from the state apparatus, but in fact forms part of the integral state. Due to the intricate power mechanism of coercion and hegemony, the working class’s consciousness and rebellions against capitalism do not appear as automatically as vulgar Marxism in Gramsci’s time predicted.2

Many subsequent scholars have delved into Gramsci’s insights on hegemony and some have analysed the Asian countries with his theories (Sim 2006; Landau 2008; Glassman 2011). From these works, this article defines hegemony as involving six key elements. First, the exercise of hegemony is to sustain the long-term dominance of the dominant class. Second, hegemony is the active consent obtained by the dominant and ruling class over the subordinate classes by influencing their intellectual, moral and political worldviews. Third, the capitalist class needs to create a national-popular appearance for its parochial interests in order to acquire workers’ allegiance to their leadership. Fourth, the reproduction of hegemony involves compromises on secondary issues made by the dominant class – short-term concessions made to the subaltern class are not unusual. Fifth, hegemony is bulwarked by the application of state coercion; even the most hegemonic state cannot rule without the support of military and physical forces. Sixth, the ruling class’s hegemony is exercised in the unstable and fragile field of socio-political relations; this means the possibility of the working class’s counter-hegemony exists.

The conceptualisation of the Chinese party-state used in this article sees it as transforming from steering the country’s passive revolution to establishing capitalist hegemony.3 This approach moves beyond the three prevalent perspectives outlined above in the sense that it is better able to grasp this broader trend of economic and socio-political development and to comprehend the party-state against this trend, rather than understanding the state as it appears in a particular moment within this changing development. In addition, it is better able to grasp the dynamics among the political, economic, social and ideological dimensions of the state, rather than focusing merely on any one of them. At the same time, this conceptualisation is a synthesis of these three approaches. The Chinese passive revolution has led to a situation in which the country started to implement capitalism, but without the immediate engagement of the capitalistic class which did not readily exist in the early reform period. Without a dominant capitalist class exercising moral or ethno-political leadership over the popular masses, the party-state had to navigate the passive revolution with naked power so as to quell social protests and political opposition against the capitalist project. Thus, the early reform period witnessed an authoritarian state applying heavy-handed measures as manifested in the Tiananmen Massacre and the clampdown of independent trade unions and political groups; this was to maintain a stable economic and socio-
political environment for capital accumulation. Many studies upholding the authoritarian state thesis have captured this side of the Chinese party-state. Moreover, the passive revolution has dictated that the party-state plays a strong role in planning, organising and facilitating the capitalist economic development. Scholars promoting the developmental state perspective have grasped this economic dimension of the party-state. Furthermore, in order to pre-empt the formation of opposing forces, the party-state has adopted the strategy of trasformismo, co-opting the working class’s leaders into the corporatist state structures laid down in the socialist period. Studies advocating the corporatist state approach have underscored this characteristic of the party-state. It should be noted that over the past decades, with the facilitation of the party-state, the capitalist class has emerged and grown in China. In coalition with the state, it has developed the capacity, however minimal, to exercise its leadership over the working class. The role of the state has thus been shifting towards assisting the capitalist class to construct capitalist hegemony. The evidence for this position is presented in the following two sections.

The Passive Revolution in China

In the aftermath of the Cultural Revolution, the Chinese Communist Party (CCP) suffered shrinking legitimacy due to a long-stagnant economy and serious unemployment (Ngok 2008; McNally 2008; Gray 2010). As a result, Deng Xiaoping considered it imperative to carry out economic reform, or what he called the second revolution of China, in the era of global capitalism. A number of studies have examined China’s economic reform and its capitalist nature, but with different foci from this article’s. For instance, focusing on the firm level, Guthrie (2001) analyses the changes of firms’ strategies and organisational structures during the emergence of capitalism in China. Emphasising the role of foreign direct investment (FDI), Gallagher (2008) studies how it has helped spread capitalist labour practice to the state sector and argues that the liberation of FDI before significant reform of the state sector has helped secure the political power of the CCP. From the perspective of the global political economy, Breslin (2007) investigates China’s capitalist economic reform in the context of the changing development of the political economy in the global arena. Hart-Landsberg and Burkett (2005) argue that economic reform, which was built upon declining social welfare, rising unemployment and increasing government debts, has exacerbated the contradictions of capitalist development in East Asia. Adopting an institutional analysis, Nee and Opper (2012) give attention to the bottom-up institutional innovations of economic actors to account for the capitalist economic development in China. Taking a historical approach, Lin (2006) seeks to understand how China’s socialist history, including the socialist project of modernisation, has shaped its post-socialist economic transformation. Distinct from these studies, a Gramscian approach examines China’s economic reform by focusing on the changing class relations between capitalists and workers, and the role of the state in the process of class transformation. It is contended that in an endeavour to carry out the capitalist “plan of production” (Gramsci 1971, 120), the party-state has taken forceful moves to lay down the conditions for capitalist accumulation in the post-socialist period.
The Chinese government has placed great emphasis on nurturing a non-state sector throughout its reforms. In 1984, the party-state characterised its economy as a “socialist commodity economy” (Breslin 2007), which allowed for the development of the private sector. In 1988 the Constitution was amended to allow the private sector to exist and develop alongside the public economy. In the same year, the State Council legalised partnership, sole proprietorships and limited companies (Clarke, Murrell, and Whiting 2008). In 1993, the CCP Central Committee formulated a framework for the “socialist market economy” and the Constitution was revised to affirm this (Ngok 2008). In 1999 the Constitution was amended again to recognise the non-state sectors as “an important component of the socialist market economy” (Article 16). In 2004 there was yet another revision to encourage the growth of the non-state sector (Clarke, Murrell, and Whiting 2008). In 2005 the party-state announced that the replacement of the state-planned economy by the socialist market economy was complete (Breslin 2007).

Driven by the party-state’s economic, social and legal policies, the capitalist class – non-existent in Maoist China – has been made in the reform era. This reborn capitalist class consists of three components. First, it includes foreign capitalists. China’s passive revolution should be understood against “a world-historical context of uneven and combined development” (Morton 2007, 612–613). Concurrent with its Open Door policies and growing incorporation into global capitalism, many foreign corporations began investing in China (Silver 2003). The post-socialist party-state has thus been able to draw immense foreign capital into the country by, for example, setting up Special Economic Zones, and offering a wide range of privileges to foreign investors.

The second component of the fledging capitalist class is the cadre-turned-capitalist. In rural areas many local governments established township and village enterprises (TVEs), which became key market players. TVEs contributed immensely to rural industrialisation during the early reform period, but many of them were privatised during the 1990s, going into the hands of government officials or their families. In cities, a large number of state-owned enterprises (SOEs) were corporatised or sold to private entrepreneurs in the mid-1990s. Through political manipulation, many cadres and their relatives ended up as the largest shareholders or new owners of these enterprises (So 2013; Chen 2003b).

The third component involved the conversion of strategically important SOEs into key market actors. During the 1980s and early 1990s, SOEs were allowed to alter their internal wage structures and wage rates in order to provide incentives to enhance productivity and increase profits. In 1997, the CCP’s 15th Congress approved the fundamental restructuring of SOEs (Chen 2003b, 237). At the same time, many small and non-profitable SOEs were privatised while the big and competitive ones were restructured. In this way, the party-state continues to take command of big SOEs, which play strategic roles in key sectors, such as telecoms, energy and banking (Naughton 2008). Although in theory SOEs are still publicly owned, they, like other types of capital, have been keenly pursing capital accumulation.

The fledging capitalist class has not only gained economic power, but also political influence. In 2001, then President Jiang Zemin put forward the principle of “Three Representatives,” which eventually led to the permission for capitalists to join the CCP.
Subsequently capitalists have constituted the largest component of the CCP when compared to other social classes (Breslin 2007, 79). In 2014, close to one-third of the super-rich in the country were CCP members and 86 billionaires were members of the National People’s Congress, who on average owned wealth of RMB 8.1 billion. Sixty-nine billionaires were members of the People’s Political Consultative Conference, who on average possessed wealth of RMB 11.7 billion (Financial Times, March 4, 2014). These developments demonstrate that the party-state has abandoned the working class and peasants as its social class alliance (as during the Maoist period) and that it has forged a “transformed regime alliance” with the capital class (Solinger 2006). This is the party state’s transformismo strategy to co-opt the rising capitalist class and create “a new, homogenous, political-economic historical bloc” in the reform era (Anderson 1976, 19).

**The Creation of the Labour Market and Commodification of Labour Power**

The nascent capitalism introduced by China’s passive revolution necessitated the formation of the labour market. During the state-socialist period, no labour market existed and nor was labour power treated as a commodity. Workers acquired jobs not via a capitalist labour market but through the central allocation system that distributed employment according to one’s skill level. Workers enjoyed life-long employment and their wages and welfare were based on seniority rather than determined by a market logic. In order to create a labour market that commodifies labour power, China’s passive revolution has demolished socialist protections, such as the work units and rural people’s communes, so that workers and peasants have been forced to depend on capitalist waged labour relations. In this way, the socialist working class was decomposed and then remade into the exploited class under the capitalist system.

During the 1980s the labour contract system, facilitating the selling and buying of labour power in the market, was introduced to state enterprises and the newly emergent non-state sectors (Zheng 1987; Lau 1997). In SOEs, while already employed state workers continued enjoying life-long employment, new workers were hired on contracts which offered them less welfare and job security. By the mid-1990s, the central allocation system was abolished (Yueh 2004, 150), meaning that all recruitment in SOEs would now be mediated by the once non-existent labour market. In the private sectors, during the 1980s, several laws were enacted to shape labour relations in Sino-foreign joint ventures and foreign-owned enterprises, all of which permitted the use of labour contracts (Zheng 1987, 389).

The 1995 Labour Law consigned life-long employment to the dustbin of history. It unified the labour contract system and labour standards across firms of all types of ownership, by compiling the already existing regulations and practices into a single law (Ngok 2008; Warner 1996). The Law legalised not only open-ended contracts, but also fixed-term labour contracts and contracts for specific tasks, which offer workers less protection. In 2008, the Labour Contract Law was enacted, which allows also for precarious part-time employment.

The labour contract system has constituted Chinese workers as sellers of their labour power and the capitalists as buyers. The two parties are juridico-political individuals, rather than class agents; they encounter each other in the market as “free” and “equal” agents because they are supposedly able to enter into legal contracts through their own
“free” will, notwithstanding workers’ economic and political subordination (Harvey 1985). Many critical scholars have dismissed this kind of liberty and equality as abstract and formal in essence, rather than concrete and substantial (Klare 1978; Hunt 1976; Poulantzas 1973, 2000, 2008). This is because workers, who lack the means of production, have no choice but to sell their labour power. The exchange between workers and capitalists is unequal because what workers produce invariably exceeds the value of what capitalists pay them. Capitalists offer a price for workers’ labour power in the labour market; yet workers are compelled to sell their labour power under conditions that mostly favour the buyers. The labour contract system appears to be fair and just, but in fact helps conceal and reproduce class inequalities.

**Capitalist Wage Setting**

The maximisation of profits is a prime concern for capitalists; thus, boosting surplus value and minimising labour costs (the variable capital in Marxian terms) are key for them. To achieve these aims, the party-state has bestowed vast power upon employers concerning wage determination. The new wage system valued capitalist “efficiency” over socialist equality with the Ministry of Labour deciding that “[w]ages are to be determined with ‘efficiency being given priority’ by enterprises ‘autonomously determining their own wage levels and internal distribution methods in accordance with changes in the supply and demand of employment and relevant government regulations’” (Lau 1997, 51, citing the Ministry).

For foreign-invested enterprises (FIEs), in 1980 the State Council issued regulations to specify that their wages should amount to 120–150% of state workers’ real wages in the same region, with some cities having different stipulations. In 1986, the Investment Provisions and Personnel Regulations were issued to provide a uniform wage standard for FIEs, stating that their wages could be fixed by the board of directors as long as they were not below 120% of workers’ average wages in similar SOEs in the same region. Also, it allowed FIEs not to increase wages if their businesses were unprofitable (Zheng 1987).

The 1995 Labour Law unified the wage determination mechanism for both the SOEs and FIEs. It discarded the socialist values that guided wage setting in Maoist China, endorsed the principle of flexibilities and efficiency and linked wage levels to firms’ economic performance. It underscored that “[t]he employing unit shall, based on the characteristics of its production and business operation as well as economic results, independently determine the form of wage distribution and wage level for its own unit according to law” (Article 47). Thus, workers’ wages changed from state-fixed to market-determined. The principle of wage flexibility as approved by laws gave enterprises the discretion to determine the wage distribution and wage levels of workers, thereby allowing them to maximise surplus value and minimise the variable capital for production.

**Controlled Class Organisations**

To facilitate capital accumulation, the capitalist state needs to disorganise the working class, while organising the capitalist class (see Poulantzas 1973). During the Maoist era,
Chinese workplace trade unions, which were subordinated to the party-led ACFTU, did not represent workers vis-à-vis management because state-labour employment relations were seen as being in harmony and trade unions functioned as a state apparatus. The trade unions then acted as transmission belts between the party-state and workers. Understanding the importance of trade unions in counteracting employers’ dominance, the party-state in the reform era has adopted the trasformismo strategy by co-opting unions into its ruling structures while continuing to ban independent unions. This is what the corporatist state approach has focused on. The unions have assumed a “double institutional identity” (Chen 2003a), simultaneously playing the roles of the state apparatus and of labour organisations. When these two roles are not in opposition, the unions act as labour organisations. However, whenever the two roles are in conflict, their function as state apparatus prevails. Adding to this, the higher-level trade unions, especially the local and national federations, have been incorporated into the government bureaucracy, and the workplace unions remain susceptible to managerial manipulation. As the higher-level unions’ power is derived from their identity as state organs, not from the organisation of rank-and-file workers, their administrative power can “hardly be translated into muscle in the workplace unions” (Chen 2009, 686). Without strong associational power generated from the effective organisation of workers, management can easily dominate workplace unions.

As China’s passive revolution advances, the party-state’s trasformismo strategy has by and large been failing because many workers find the official trade unions unable to represent their interests and thus have taken to the street. To cope with the immense pressures created by escalating labour unrest, the ACFTU has adopted multifarious measures. The first measure has been to launch unionisation campaigns. Since 1998, the ACFTU has begun to actively establish union branches in FIEs. It strengthened its efforts after 2006 due to increasing workers’ protests (Chan 2010). However, many of the newly formed unions were “paper unions” (Taylor and Li 2007). Second, the ACFTU has deployed new strategies to organise workers, for instance, using workers’ collective actions to pressure enterprises to set up trade unions, and developing three new forms of unions to organise workers that have been left out under the current organisational structures. However, the party-state’s aim of containing labour unrest, rather than the goal of resolving the labour-capital conflicts, was the crucial driving force in these efforts (Taylor and Li 2010).

Third, the ACFTU tries to strengthen trade unions’ representational capacity by promoting workplace collective negotiation. Although collective consultations have existed for a considerable time, they were usually a formality (Clarke, Lee, and Li 2004). It was the explosion of labour strikes in recent years that forced “collective bargaining by riot” upon management (Chan and Hui 2014). To forestall collective bargaining by riot, the government seeks to promote a party-state-led approach to collective negotiation through the official trade unions (Chan and Hui 2014). The fourth measure taken to contain labour unrest is to promote democratic union elections at the plant level. However, some studies have found that these elections are only indirect and quasi-democratic, and are not necessarily able to pacify the aggrieved workers (Hui and Chan 2015).

The party-state’s tight control over the working class’s organisations (and politically rebellious groups) reflects its endeavour to maintain a facilitative environment for
capital accumulation, especially during the fledgling stage of the country’s passive revolution. This was the reason that it resorted to extreme violence to clamp down upon the Tiananmen democratic movement and the autonomous workers’ organisations formed around that period. The Workers’ Autonomous Federation and Free Labour Union of China were forcefully suppressed in 1989 and 1992. Later, the League for the Protection of the Rights of Working People, the Workers’ Forum and the Chinese Workers’ Autonomous Alliance were suppressed too (Warner 1996; Lau 1997). It is these repressive moves taken by the party-state that the authoritarian thesis has focused on.

Resolution of Labour-Capital Conflict

Alongside the co-optation of trade unions, another strategy of the party-state to decompose workers’ collective forces and forestall their rebellious initiatives against the capitalist revolution has been institutionalising the mechanisms for resolving labour disputes. The post-Mao party-state has restored the labour dispute resolution system that was abolished in 1955 (Zhao 2009). After certain pilot efforts, the 1995 Labour Law established a unified procedure for handling labour disputes, which includes mediation, arbitration, litigation and appeal (Chapter X). In 2008, against the background of escalating labour unrest, the Law on Labour Dispute Mediation and Arbitration (hereafter, the 2008 Law) was made to specify details of the four-stage system.

The labour dispute settlement mechanisms manifest two major characteristics. First, they favour mediation over arbitration and litigation; the 2008 Law states: “[l]abour disputes shall be resolved on the basis of facts and pursuant to the principles of lawfulness, impartiality and timeliness, with stress on mediation…” (Article 3, emphasis added). Mediation is deemed to be a less antagonistic means of resolving disputes because rather than producing formal legal judgment on who is right or wrong, agreements get made on how to settle disputes. The 2008 Law has overhauled the mediation system so as to provide greater incentives to workers to resolve disputes through the mediation system.

Second, labour dispute settlement mostly relies on an individual-based legal framework. Chen (2007) highlights how labour laws stress workers’ individual rights (such as those related to wages, pensions and labour contracts), but their collective rights (such as the rights to strike, to collectively bargain and to organise) have not been provided for in any meaningful ways. This unbalanced legal emphasis is by no means a coincidence. As some critical legal theories suggest, the juridico-political structures have concealed class exploitation and political contradictions by decomposing the working class as a collective force into political “individuals-persons” and “subjects of law” so as to reduce their bargaining power and pre-empt the formation of a self-conscious class (Poulantzas 1973). Under the individual-based legal framework, Chinese workers’ grievances are treated as individual issues rather than collective or systematic ones. Some courts break collective cases down into a number of individual cases and some judges resort to divide-and-rule tactics to persuade workers in collective disputes to withdraw (Chen and Tang 2013). Considering the fact that workers’ right to strike was removed from the 1982 Constitution and their rights to collective bargaining have not been properly legalised, it is evident that the current labour dispute settlement
mechanisms intend to discourage workers from undertaking collective means to resolve conflicts and to enclose them within the atomised legal sphere; it is because workers’ collective actions are deemed to be provoking and exacerbating labour-capital antagonisms, which in turn endanger the conditions for capital accumulation and political stability.

In a nutshell, during the early stage of China’s passive revolution, the party-state has implemented economic, social and legal policies to nurture the market economy, foster the formation of a capital class, turn workers into the exploited class, commodify labour power, establish the market wage system, co-opt workers’ representatives, and decompose workers’ class forces, all of which are crucial for capital accumulation.

The March from Passive Revolution to Hegemony

With both the national and international engines driving the passive revolution, China has been turned into a global manufacturing hub whose capital accumulation depends predominantly on labour-intensive-export industries, fuelled by a large inflow of FDI and abundantly cheap and unorganised workers. This socio-political and economic development has resulted in outrageous exploitation of workers, which in turn has triggered tremendous labour unrest (A. Chan 2001; C. Chan 2009, 2010; Lee 2007; Pun 2005). Labour protests are one of the three principal forms of social unrest in contemporary China, along with protests against land expropriation and house demolition and environmental protests (International Business Times, December 19, 2012). It has been estimated that in 2012 the total number of mass incidents – an official term for peoples’ protests – was above 100,000, among which labour and environmental protests together constituted about 30% (Sina News, December 18, 2012). According to a labour advocacy group, there were 1,171 strikes and protests in the 18 months before December 2013; this amounts to an average of more than two strikes taking place every day (World Finance, March 14, 2014).

Growing discontent has not only posed challenges to the capitalist economic development of the passive revolution, but may also shake the CCP’s political legitimacy. The party-state therefore sees it as imperative to cope effectively with labour activism, and its strategies over the past decades have shifted from suppression to tolerance, then to partial acknowledgment. While independent trade unions and organisations challenging the CCP’s political monopolisation were crushed in the 1990s and are still banned, during the 2000s the party-state has become less harsh towards labour protests. Some local government officials have taken active roles in pacifying angry protestors or mediating between employers and workers. Instead of suppressing the protestors in the first instance, the police forces are now deployed to talk them into dropping their collective actions (Chen 2006; Tanner 2005). Furthermore, some trade union cadres in Guangdong province revealed that in the past few years the provincial government has started to regard labour protests of an economic nature as a normal part of society. One of them commented: “no intelligent government will resort to violence to quash labour strikes. As long as they do not aim to overthrow the regime and are economic strikes, most governments will not suppress them” (Interviews, November 21, December 7 and 27, 2012).
The shift in the government’s attitude towards labour activism should be understood against the changing socio-political and economic context. During the early stage of China’s passive revolution, capitalist economic achievement was a cardinal agenda forcefully put forward by Deng Xiaoping and Jiang Zeming. This was well captured by Deng’s famous sayings “Whether it is a black cat or white cat, it is a good cat if it catches the mouse,” “To get rich is glorious” and Jiang’s idea of Three Representatives. However, when the labour share of gross domestic product (GDP) plummeted from 51.4% in 1995 to 42.4% in 2007 and the Gini coefficient 0.47 in 2010 (China Daily, May 12, 2010; Hao 2014), protests triggered by social inequality and the wealth gap became as important a concern as economic growth for the leadership of Hu Jintao and Wen Jiaobo. They realised that the legitimacy of the party-state and the market economy was increasingly contested. They thus emphasised the construction of a “harmonious society” and granted greater material concessions to the working class in the form of better social policies and labour law legislation, including the 2008 Labour Contract Law and the 2011 Social Insurance Law. In fact, post-Mao China initiated a tremendous slew of economic policies, but its social policies were mainly implemented after the mid-1990s, most of which were put into place during the Hu-Wen regime (Wang 2008). The recent Xi Jinping and Li Keqiang government continues to give emphasis to the “harmonious society”; and it also attempts to mobilise the popular masses’ support to capitalist development by propagating the discourses of pursuing a “moderately prosperous society” and the “Chinese dream” (People.cn, May 16, 2013).

The party-state now tries to contain labour unrest within the economic arena and acquire workers’ allegiance to the capitalist moral and ethno-political leadership. Some scholars have investigated this hegemonic capacity of the party-state. Blecher (2002, 2004) concluded that urban laid-off workers used to be exposed to socialist ideologies, but have come to accept the market ideology and capitalist commonsense in the reform era. Some workers felt the unfairness of the economic reforms, but they considered it natural and inevitable, and thus were unmotivated to strive for their labour rights through collective actions. Hui and Chan (2012) contend that “harmonious society” is not simply a political slogan propagated by the Hu-Wen regime, but the party-state’s hegemonic project to shape the political and moral worldviews of migrant workers and to safeguard the ruling class’s dominance by incorporating the working class’s short-term concerns into different social policies and legislations. Their findings that are centred on hegemony imposed on migrant workers during the 2000s have supplemented Blecher’s research on laid-off SOE workers during the 1990s.

My research, interviewing around 100 workers, has also found that migrant workers have been subjected to capitalist hegemony. My conversation with Lin Feng is illustrative of the thinking of a segment of migrant workers.

In your opinion, what changes have been brought about by the economic reform?

Lin Feng: Following China’s opening up, we can go to work in cities and earn money there. Electronic appliances were limited in the pre-reform days, but now we have better material lives. Before the reform, we were constrained within a small town and could not travel across provinces, but now we can move around easily to get a job.

What do you think about the wealth gap in China?
Lin Feng: It is huge.

What are its causes?

Lin Feng: Those who were born in the 1980s received more education than those who were born in the 1970s; therefore they earn more. Regional difference is another reason; the coastal areas are better developed than the inland areas. This is related to the government’s policies, which was to first conduct the economic reform in the coastal areas. It has started to promote the western development (xibu kaifa) only after 2000.

Have you heard of the slogan “let some people get rich first”?

Lin Feng: Yes, it was proposed by Deng Xiaoping.

What do you think of it? Is it a good policy?

Lin Feng: It is good when implemented in good ways; it is bad when not carried out well. If those who get rich first help make other people rich, then it is a good policy. If they get rich, but do not help others, then it is a bad policy.

Which case is China?

Lin Feng: I think it is the former case [a good policy]. After some people get rich, they become employers and hire us. This has boosted the economy (Interview, Shenzhen, January 1, 2013).

This worker offered two explanations for the wealth gap. The first was related to workers’ personal attributes; some people earned less because they were less educated. This reflects the liberal market ideology of individualism, self-sufficiency and self-reliance that emerged in the reform period, which has replaced collectivism and the state-socialist ethos (Won 2004). This ideology offers individual explanations for socially created problems – workers are poor because they lack the qualities that would make them self-sufficient and self-reliant, rather than because of capitalist domination. According to the liberal market ideology, some people receive higher education, thus allowing them to acquire the qualities that enable them to sell their labour power for a higher price. Second, Lin Feng understood that inequality is caused by the state’s uneven developmental policies and he was dissatisfied with his low wages and the widening wealth gap, but he considered these policies to also be beneficial to workers, who were now given chances to work and earn money, and could have some material enjoyment that they were denied before the reform.

Lin Feng showed strong approval of capitalist economic development and the businesses because he regarded his personal interests and the economy as being closely connected to the success of the capital class, which has created numerous jobs for workers. Other workers also held a similar position. One of them noted:

It helps the employment situation if the government supports the businesses. If companies earn more, we as their employees will take pride in them. If the government helps the enterprises, it will benefit us too because it will be easier to get a job (Interview, Shenzhen, June 7, 2012).

Another mentioned hardships of the past overcome: “I was able to eat meat only once a week when I was young, but now as the society has become more prosperous, I and my family, who are in rural villages, could afford to eat meat every day” (Interview, Foshan, July 11, 2012).

Another worker commented:
It is everyone’s responsibility to help pursue higher GDP. Our country comes first and then our family; we need to have a strong country before being able to have a stable family. If our country is strong, we don’t need to be afraid of other countries…China has just opened up for a short period of time, but its GDP has gone up swiftly. If we did not sacrifice workers’ well-being, China’s reform would only go very slowly and our country might not be as strong as it is. I could sacrifice for my country, though only for some time (Interview, Foshan, January 13, 2013).

Lin Feng and some of these workers endorsed the party-state’s policy of “let some people get rich first,” which resembles the liberal “trickle-down” thesis that government’s support to businesses and the rich will consequently benefit other members of the society because they have driven the economy as a whole. Viewed from the Gramscian perspective, these workers had consented to the capitalist leadership and interpreted their living experience from the dominant class’s worldview, that is, a neoliberal lens that sees capitalists as creating jobs for workers and economic prosperity for the country, rather than viewing employers as exploiters. This reflects the fact that, for a segment of workers, the incipient capitalist class has gained a trans-class and national-popular appeal and its interests have been universalised as the working class’s interests and the country’s. However, having acquiesced to the capitalist leadership did not mean that these workers were oblivious to the negative impact imposed by the market economy such as wealth gaps and social inequality. However, for them the benefits brought by the capitalist revolution exceeded its side effects. And their discontent was expressed within the capitalist framework, rather than challenging its values and ideologies.

Despite the increasing influence of the incipient capitalist hegemony, it has not yet robustly established itself in China as the country is undergoing the process of hegemonic transformation. Current studies show that workers are not completely following the leadership of the ruling class; some have actively staged protests to defend their interests, with worker actions in both the sunbelt and rustbelt areas of the country and in a wide range of industries, including electronics, automobiles and garments and footwear (Pun 2005; Lee 2007; Chan 2013). Especially during 1990s and early 2000s, state enterprise workers, usually from the rustbelt, fought against privatisation and restructuring as well as managerial corruption (Chen 2003b; Cai 2002; Hurst 2004). Many actively deployed a socialist rhetoric to pressure the party-state not to turn a blind eye to its peoples’ well-being (Hurst 2008; Chen 2008). Internal migrant workers in the sunbelt initiated actions over missing wages, compensation for workplace injuries, overtime payments and so forth (Pun 2005; Chan 2001; Lee 2007). More recently, democratic enterprise trade union elections, decent wages, compensation related to factories’ closure or relocation, and social insurance payments have been key demands by migrant workers. While the first generation of migrant workers is seen as more tolerant of injustice, the younger generation is more vocal and proactive in striving for their interests (Pun and Lu 2010).

It should be noted, however, that labour protest does not necessarily equal a self-conscious challenge to capitalist social relations of production or the capitalist class’s hegemony. Many labour protests can be carried out to advance workers’ interests, yet remain within the capitalist framework and never question or challenge capitalist rule. Besides, for the capitalist class to be hegemonic, labour unrest does not need to be
totally eliminated from society. In fact allowing such unrest, subject to hegemonic ideology and the capitalist logic, is fully compatible with capitalism. However, my research shows that some of the Chinese migrant workers were able to transgress hegemony to formulate a critique of the capitalists and state. For example, one worker noted:

The economy has developed rapidly, too rapidly. China’s economy is now integrated into the globe, but when will our wage level be synchronised with the global standard? It’s true that China is getting rich, but the money has gone to the government and the rich, not to the ordinary people. This economic development is useless. China’s economy grows speedily and prices increase quickly too, but ordinary people’s wages can’t catch up with the inflation (Interview, Guangzhou, January 6, 2013).

An auto worker commented:

My factory uses all kind of excuses to not give us a decent wage increase and fair yearly bonus. But actually the money it earns from selling just one transformer would be enough to grant all production workers a yearly bonus equivalent to two months of their salaries. They think we don’t know mathematics. Capitalists are capitalists; they always put their own interests as a top priority. It’s so unfair that we work very hard but earn so little when compared to them (Interview, November 4, 2012).

These workers were not susceptible to capitalist hegemony; they saw through the trans-class appeal of capitalist interests, rejected the capitalist “commonsense” that economic growth is good for workers and realised the antagonism between workers and capitalists.

The precarious nature of the incipient hegemony in China can be further illustrated by a case study. With the support of a labour NGO, a group of workers initiated a campaign for raising the legal minimum wage level in Panyu, a district in Guangzhou city, in Guangdong province. In 2011, these workers found that the Notice on the Minimum Wage Standards issued by the Guangzhou Municipal Human Resources and Social Security Bureau (hereafter, Guangzhou Social Security Bureau) did not conform to the document issued by the Guangdong provincial government, which has greater authority. The provincial document stated that Guangzhou’s monthly minimum wage in 2011 was 1,300 yuan and did not dictate that Panyu must implement a lower rate, but the city document determined that Panyu should apply a lower minimum wage rate which was 1,100 yuan. These workers held that Panyu’s minimum wage standard as decided by the Guangzhou Social Security Bureau was unlawful because city policies should not override provincial ones. They contested the legality of Panyu’s minimum wage through various legal actions, including applying for disclosure of information from the Guangzhou Social Security Bureau, applying for administrative reconsideration from the Guangdong Social Security Bureau, applying for review of administrative documents from the Legislative Affairs Office of the Guangzhou Municipal Government, and suing the Guangzhou Social Security Bureau. And, in 2012, during the meeting of the Guangdong People’s Congress, the workers petitioned Congress members. Later the Guangzhou government announced that, starting in 2013, the minimum wage in all districts under the jurisdiction of Guangzhou would be unified; this means that Panyu’s minimum wage rate would be raised.
One of the workers involved in this campaign confided that he used to attribute the workers’ plight only to individual employers, but now he realised that the government serves as “a protective shield for employers.” The government, in his opinion, does not safeguard workers’ interests, only those of the capitalists, granting them numerous rights and privileges, but does not require them to fulfil their legal obligations:

For example, the Labour Contract Law stipulates that employment contracts should clearly state workers’ duties and work locations, but I have come across many cases in which these items have not been specified in contracts. Many employers simply put “worker” as their duties. Because of this loophole, employers can assign tasks to workers arbitrarily, thus exploiting them fully. But the government often turns a blind eye to it.

He suggested that the government does not safeguard workers’ interests or are not even neutrally positioned in labour-capital relations. The “people” are supposed to monitor the government, he commented, but, “Who are the ‘people’? When the people really monitor the government, they would say that we are crazy.” He emphasised that this case about Panyu’s minimum wage did not simply concern individual workers, “We do not struggle for our own sake, we struggle together as a group of workers in unity; this case is related to the interests of workers as a bloc” (Interview, Panyu, October 11, 2012).

Another worker who also joined the Panyu campaign stressed that workers and employers are not on an equal legal footing; businesses exercise greater legal leverage as they control a wealth of resources that enable them to manipulate legal loopholes while some workers do not even possess the time and money to play the legal game. For him, labour laws are merely “rhetoric” and “trade unions are basically non-existent; only when workers initiate collective action can their interests be better safeguarded.” He opined that “harmonious” labour relations as advocated by the ACFTU are impossible: “If capital-labour relations are unequal, and workers do not enjoy any bargaining status, it is hard to establish harmonious labour relations. To have harmony in the workplace, the official trade unions must function properly, if not, they should allow workers to build their own trade unions” (Interview, Panyu, October, 11, 2012).

These two workers demonstrate that some migrant workers have overcome capitalist hegemony, rejecting the liberal-capitalist “commonsense” and illustrating a good understanding of the state-capitalist coalition in exploiting workers. They refused to give consent to the ruling class’s leadership and have developed a strong class identity and a mature class consciousness.

Some scholars have pointed out that Chinese migrant workers have manifested a growing level of class consciousness. These scholars point to: the dramatic increase in collective action by migrant workers (Chan 2012); the second generation of migrant workers being less tolerant of injustice, and thus taking greater initiatives to defend their rights when compared to their parents’ generation (Pun and Lu 2010); their actions have gone through a process of radicalisation (Leung and Pun 2009); their demands in protests have shifted from urging for employers’ legal compliance to treatments above the legal standards (Chan and Hui 2012); and some migrant workers have started to request the democratic reform of workplace trade unions (Chan 2013).
“fight the power” and helped raise consciousness of workers’ rights (Diamant, Lubman, and O’Brien 2005; Chen and Tang 2013), leading to a mushrooming of “rightful resistance” (O’Brien 1996). Believing that “where capital goes, labour-capital conflict shortly follows,” some scholars suggested that labour conflicts will continue to intensify in China (Silver and Zhang 2009, 174) and that migrant workers are heading the new labour movement (Pringle 2013).

As China has been marching from the stage of passive revolution to hegemony, capitalist hegemony has not yet exercised full force, as demonstrated by the comments of these workers and studies on labour unrest. In fact, hegemony is not about workers’ complete submission to the ruling class or full elimination of social dissatisfaction or opposition. It is an unstable equilibrium of compromises between the class opponents at a historical moment (Poulantzas 2000, 31). Hegemony is not a thing possessed by the state-capital nexus. Instead, it is a historical process of class struggles (Benney 1983, 194; Culter 2005, 536; Mouffe 1979). On the one hand, the ruling class needs to reproduce continuously its ideological, intellectual and moral leadership so as to pre-empt the working class’s revolt. On the other, the working class and pro-labour forces continuously strive to cultivate stronger class consciousness among workers so as to enable them to transgress capitalist hegemony or even to stage a counter-hegemonic movement. Although capitalist hegemony has gained force in China, it is continuously contested by those workers that have developed a high level of class consciousness.

Conclusion

This article contains three principal arguments. First, it contends that the predominant perspectives on the Chinese party-state as an authoritarian state, developmental state and as a corporatist state are inadequate for understanding the totality of the Chinese state. Second, due to the inadequacy of these perspectives, a Gramscian approach that views the Chinese state as transforming from driving the country’s passive revolution to assisting the capitalist class to build up hegemony can better grasp the state against the broader and changing political, economic and ideological development taking place. Third, it holds that although the Chinese state has been undergoing a hegemonic transformation, capitalist hegemony has not been staunchly established in the country. Some workers have given consent to the leadership of the ruling class, but a segment of workers has been able to transgress hegemony to formulate a radical critique of the capitalists and state.

Both the national and international political-economic dynamics have triggered the party-state to inaugurate the passive revolution – the top-down introduction of capitalism – with forceful measures. This in turn has put a strain on capital-labour relations in post-socialist China; labour protests have thus burgeoned over the past decades. Instead of primarily turning to coercive means to maintain industrial peace and social stability, the party-state has been increasingly seeking to strengthen its hegemonic capacity to secure the working class’s consent to capitalist dominance. In other words, the state has been undergoing a hegemonic transformation, shifting its role from forcefully steering the implementation of capitalism to establishing capitalist leadership.
The authoritarian, developmental and corporatist state approaches have offered profound insights for the study of the Chinese party-state, but they have limitations. The authoritarian perspective focuses narrowly on the political regime and the political system, conceiving it as autonomous from society rather than socially embedded. The developmental state approach merely stresses the state’s economic function, neglecting the fact that its economic performance is hinged on its political, social and hegemonic capacity. The corporatist approach views the state as standing above the sectoral interests in society, rather than as a condensation of social relations and as seeking to sustain capital accumulation. Moreover, it concentrates mainly on the corporatist state structures and has turned a blind eye to the social forces external to the state.

These three lenses have captured different parts of the Chinese party-state during its hegemonic transformation, rather than being contending perspectives. The conceptualisation proposed in this article, of the Chinese party-state’s march from passive revolution to hegemony, has illuminated the broader trend of economic and socio-political development in China, and grasped the role of the state against this larger context, rather than concentrating on a stationary moment during its hegemonic transformation. The three prevalent conceptions of the state make better sense if we are able to understand the party-state against this development. To execute the passive revolution, the party-state has vigorously laid down the prerequisite conditions for capital accumulation: the making of the capital and exploited classes, the creation of the market economy and the labour market, the commodification of labour power, the implementation of the labour contract system and the capitalist wage setting mechanism; the developmental state thesis has focused on this dimension of the party-state. Adding to this, to pre-empt the adversary class from challenging the ruling class’s legitimacy and the capitalist project, the state has adopted the strategy of trasformismo by co-opting workers’ class organisations into the state structures; this aspect of the state has been grasped by the corporatist state thesis. In case its pre-emptive effort should fail and aggressive social and labour protests emerge, the party-state during the fledgling stage of the passive revolution had resorted to naked power to crush them so to maintain a stable environment for capital accumulation; this dimension of the Chinese state has been underscored by the authoritarian state thesis.

However, after carrying out capitalist economic reform for over three decades, the capitalist class has been growing and the most crucial foundation for the introduction and entrenchment of capitalism has been laid down. The party-state has deployed less coercive tactics to mediate capital-labour relations; instead it has been assisting the capitalist class to establish its hegemony over the working class. As a result, without the party-state waving its whip, many workers, laid-off urban workers and migrant workers alike, have inherited and approved of the capitalist “commonsense” and values. If they have any criticism of the new economic system in China at all, it is articulated within the capitalist framework and does not transcend capitalist logic. That said, some segments of workers have overcome capitalist hegemony, actively challenging the values and ideas promulgated by the ruling class in relation to economic development and state-capital relations. This type of worker has demonstrated a high level of class consciousness, and is willing to carry out collective actions to challenge socio-economic injustice, and protest against the state and the capitalists. Constructing hegemony in China is a chaotic process of class struggles and is full of dynamics in
terms of state-capital-labour relations. Despite the newly developed hegemonic capacity of the party-state, there still exists a glimpse of hope for staging the working class’s counter-hegemony in the country; the party-state and the capitalist class will be continuously contested by progressive workers.

Notes

1. For good secondary literature on passive revolution, see Morton (2010), Sassoon (1987), Cox (1983), and Gray (2010).
2. Vulgar Marxism in Gramsci’s time was marked by evolutionary determinism, which viewed the development of history and society as being regulated by objective laws and being “beyond the scope of active human intervention” (Merrington 1968, 146). Many of its proponents believed that proletarian revolution and the demise of capitalism would come inevitably and automatically due to its inherent contradictions.
3. Many studies have already examined how the Chinese state has built up its legitimacy and dealt with the legitimation crisis (see Gries 2004; Shue 2004; Gilley 2008). However, it should be emphasised that the concept of “legitimacy” is distinct from “hegemony,” the subject of inquiry of this article. Legitimacy is a concept usually associated with political regimes, focusing on the political relations between the governing and the governed but without considering the relationship between the state and the capitalist class and the relations between the political and the economic. For example, Weber’s understanding of legitimacy is “the belief that someone’s position and the system incorporating it are right and proper” (Wallace and Wolf 2006, 74); for Habermas (1979, 178), it is “a political order’s worthiness to be recognised”; for Jessop (2008, 10), it is “the socially acknowledged character of its [the state’s] political functions.” However, from the Gramscian perspective the concept of hegemony concerns both political and economic relations, as well as state-capital-labour relations. It focuses on how the state and the capitalist class try to obtain worker consent and allegiance to the leadership of the ruling class so as to sustain the long-term dominance of the capitalist system. Due to their conceptual differences, it is inappropriate to equate hegemony with legitimacy.
4. They are United Trade Unions in FIEs, United Unions or Union Committees, and Community Unions (Taylor and Li 2010, 419).
5. Of these mass incidents, 50% were related to land expropriation and the remaining 20% were related to other issues. It should be noted that the official statistics on mass incidents have not always been accurate.
6. The state remains harsh on workers’ leaders in strikes. For example, 12 hospital security guards in Guangzhou were detained for more than 50 days and were charged with criminal offences for launching a protest in August 2013 (China Labour Bulletin, October 10, 2013).

Acknowledgment

The author would like to thank Professor Christoph Scherrer, Professor Jude Howell, Professor Simon Clarke, Dr Lee Chun Wing, Dr Boy Lüthje, Dr Christa Wicherich, and Ms Ellen David Friedman for their valuable comments on the earlier versions of this article.
Disclosure statement

No potential conflict of interest was reported by the author.

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