

# LABOUR AND WAGES IN CHINA: CHANGING DYNAMICS

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Presentation to Group of 78

Ottawa, September 28, 2013



- High levels of wage inequality
- Little protection for workers
- No independent Trade Unions or autonomous labour organizations
- Toxic combination of state and market



# Labour and China's growth path

- High investment, low share of private consumption
- State sector layoffs (xiagang)
- Growth of private sector and quasi-private sectors
- Migrant workers, gender, and rural-urban mobility
- Facilitated by local governments in sending and receiving locations



- Lewisian labour surplus transfer as key component of growth
- East Asian authoritarian developmental state



# Changing dynamics

- Market-led
  - End of the labour surplus and rising wages in coastal areas
  - Technological up-grading in coastal areas
  - Firms migrating inland
- State-led
  - The leadership's Polanyian dilemma
  - The new Labour Contract Law 2008
  - Legal channels and dispute resolution
  - Local cadre advancement and public order
  - Changing treatment of migrant workers



- Worker-led
  - Strikes and suicides
  - Second-generation migrant workers
  - Representation through ACFTU



# A new development path?

- Domestic demand/wage-led growth
  - Imprecise concept
  - Objective through at least past three FYPs
  - No sign of success; why?
- Economic obstacles: propensities and elasticities in key relationships
- Political obstacles: state-industry-finance nexus



# What should Canada do?

- Neither hectoring on nor ignoring labour rights
- Dialogue, bargaining and demonstration effects
- Dialogue: government and TUs? And businesses in Canada
- Bargaining: What does China want?





- Demonstration effects
- Domestic demand/wage led growth? Export-led in Germany, finance-led in U.S.? Austerity? International architecture reform
- Core labour standards and trade
  - WTO, TPP
  - Bilateral agreements (e.g. Colombia)
  - Labour-friendly trade agreements

