• 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


- Core labour standards and trade
  - WTO, TPP
  - Bilateral agreements (e.g. Colombia)
  - Labour-friendly trade agreements