

## The End of Cheap Labour? Industrial Transformation and 'Social Upgrading' in China by Florian Butollo

Whether industrial upgrading will trigger social upgrading? This has been a continuous debate among scholars/students in the field of industrial relations and labour studies. Believers of Global Value Chain (GVC) framework argue that with the upgrading of production skill, firms tend to be larger, earn higher profits, spend more resources on Research and Development (R&D), and pay higher wages, hence industrial upgrading is the fundamental drive of social upgrading. Nevertheless, there is also a group of 'anti-GVC' scholars or students, who assert that industrial upgrading doesn't necessarily relate to social upgrading. Florian Butollo's new book, *The End of Cheap Labour? Industrial Transformation and 'Social Upgrading' in China* aims to answer or at least to provide insights from the Chinese case, in contribution to this continuous theoretical and also empirical debate.

The book itself is a very good synergy of theoretical analysis and empirical data. The book starts from introducing the Chinese economic growth model, also the government's dilemma in balancing industrial upgrading and social inequality. The first part of the book provides the panoramic overview of China's economic growth especially in relation to industrial development. The second part of the book scrutinise theoretical framework of industrial upgrading and social upgrading. Butollo discusses in details in this part about China's industrial strength on the ladder of value chain (pp.106-108), most importantly, a thorough debate about economic development and social upgrading is presented in this part from pp.113-117. The third part of this book is the empirical data of the author's fieldwork in China. From 2010 to 2013, Butollo conducted more than eighty interviews in two major industrial sectors in Pearl River Delta, garment and LED respectively. This part contains rich fieldwork data of Butollo's three year fieldwork in China (from 2010 to 2013). The whole book therefore presents a completed review of China's economic growth and the most recent status of balancing the industrial upgrading and social upgrading from two specific sectors, garment and LED in Pearl River Delta. Based on Butollo's great groundwork, two main implications are worthy to be addressed here.

First of all, from industrial relations' perspective, it is crucial to address industrial upgrading from the firm's perspective. Therefore one of Butollo's starting points on industrial upgrading is targeting at firm, and how do enterprises distribute industrial skills among them or at the sub-firm level. The improvement of industrial knowledge at the firm level certainly cannot be ignored, nevertheless, social upgrading seems not only to rely on better knowledge of industrial management or production, it requires more from the society, or to be more precise, from the producers/workers themselves. In the book, Butollo presents a dynamic status between industrial upgrading and social upgrading, he also rightly pointed out a highly segregated labour market in China: highly skilled professionals on the one hand and low-skilled and cheap migrant workers on the other hand which pushed China became a highly competitive country for foreign investment (p.355). Nevertheless, if we discuss about social upgrading, what is the condition of low-skilled workers in the wave of industrial upgrading? Can they benefit from industrial upgrading and move up in the society? Two lines of thoughts can be traced from this question. The first one is automation's impact on workers' skills. Butollo provides an empirical example, the lean production in both knitwear industry in Dalang and LED industry. Industrial upgrading referring to lean production or automatic production, in Butollo's research, doesn't enhance workers' skills, on the contrary, it 'de-skill' workers because the improvement of machinery replaced workers' skills. As a result, *workers are less able to reap financial benefits based on their working experience* (p.356). The second thought which Butollo didn't touch too much in this book, is the workers' condition. Whether industrial upgrading bring workers 'decent working environment'?

Skilled workers supposedly have more bargaining strength to require better working environment, not only about salary and bonus, but also about workers' self-acceptance of the job. Butollo's empirical case already demonstrated that industrial upgrading/lean production in China didn't uplift workers' skill, on the contrary, it 'de-skilled' workers. Following this tread of thought, industrial upgrading doesn't in essence improve workers' condition in China.

Apart from the firm level, the second point that has also been well argued by Butollo in his book is about the government's efforts in industrial upgrading. The Chinese government made all possible efforts to balance industrial upgrading and social inequality (pp. 67-75), however this is still a tough task for the Chinese government. On the one hand, the government provide all the incentives for industrial upgrading, by offering the simulative funding to firms and actively encouraging professional personnel (especially students who finished their foreign degrees) to come back to the country and providing better pay including related package for housing. On the other, the government still strictly restrain any organisations to organise collective labour activities, industrial strike has not yet obtain a legal position even in the New labour contract law. From here, it can be seen that the government indeed pursue industrial upgrading and also social upgrading together, but here the social upgrading in the government's definition is stratified, and more visibly, the government focuses merely on the top layer of social upgrading, to attract those talented professionals. The wholesome social upgrading is by no means difficult, and observed from the Chinese government, it might not be as the priority on the government's to-do list.

After reading Butollo's book, one can understand the complex between industrial upgrading and social upgrading in China's garment and LED industry, to be more precise, I think his book started a new debate that whether industrial upgrading contributed to a more polarised society, which means, the upper level of society was lifted by industrial upgrading, but the middle and low level of society, not necessarily benefit from industrial upgrading, if their working condition are not jeopardised by industrial upgrading.