

## *The Reign of the Market*

### *Economy and Industrial Conflicts in Hong Kong*

Stephen Chiu

#### Hong Kong Institute of Asia-Pacific Studies

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The Chinese University of Hong Kong  
Shatin, New Territories  
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### About the author

Stephen Chiu (Ph.D., Princeton University) is a Lecturer in the Department of Sociology, The Chinese University of Hong Kong.

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## The Reign of the Market: Economy and Industrial Conflicts in Hong Kong

### Abstract

Making use of a unique near-textbook case of market society, this paper has attempted to test various hypotheses pertaining to the relationship between market and strikes. With extremely low level of institutionalization of industrial relations as in Hong Kong, workers' strike activity is highly dependent on their changing market position. Buoyant labor market, rising real wages, and brisk product demands augment the bargaining power of labor vis-à-vis the management, remove psychological barriers to protest, and increase the strategic appeal of strikes. Conversely, slackening economic growth, decline in employer propensity to invest, stagnant real wage growth, and low job security foster passivity and tilt the balance of power towards the capital. In general, propositions derived from the collective action perspectives performed well in explaining both the short-run variations and secular trends in strike activity. Theories stressing the incidence of psychological stress, however, are found to be complementary to the collective action perspectives in the short-run, when price inflation is likely to induce strikes.

HOW market forces shape social actions has always been an important theme in social analysis. Since the 'long sixteenth century,' the capitalist market has ushered in a new era of human history. Spreading from the capitalist core of Northeastern Europe, commodification and accumulation have become the organizing principles of the modern world (Wallerstein, 1974). More and more aspects of our social life have become permeated with and dominated by market relations.

Collective action, as a basic form of social action, is no exception in this regard. Above all, the advent of the market has given rise to new forms of collective action. Industrial conflicts, or conflicts between labor and capital, were called into existence by the institution of a labor market between formally free workers and

owners of means of production. Only when labor power had become a commodity to be traded freely in the market and detached from extra-economic subordination could we speak of modern industrial conflicts. This market relationship between capital and labor is primarily a contractual one specifying the exchange of labor power to be deployed by the employer in designated ways. Under such a relationship, a particular form of industrial conflict, namely, strikes or the temporary withdrawal of labor power by workers, also appears.

The labor market, or more specifically, the capitalist labor market endows the sellers and buyers of labor power with different amounts of power resources to realize their interests, much to the disadvantage of the workers who are compelled to sell their labor power for subsistence. As Polanyi points out:

Such a market [i.e. the labor market] could serve its purpose only if wages fell parallel with prices. In human terms such a postulate implied for the worker extreme instability of earnings, utter absence of professional standards, abject readiness to be shoved and pushed about indiscriminately, complete dependence on the whims of the market.... It is not for the commodity to decide where it should be offered for sale, to what purpose it should be used, at what price it should be allowed to change hands, and in what manner it should be consumed or destroyed. (1957:176)

Strikes have been the most direct form of protest of the working class against the perceived injustices arising from the operation of a market economy. In the nineteenth century, strikes gradually entered the *repertoire* of working class collective actions, replacing hitherto common forms of protests like food and tax riots (Tilly, 1978). Although strikes now only occur infrequently for most of the time, they have already developed from a novel tactic used by disgruntled workers against their masters to a common, even taken for granted, feature of our everyday life. They have indeed come to be the modal form of working class collective action in a market society.

## Theoretical Perspectives on the Market and Industrial Conflicts

Social analysts have devoted considerable effort to the study of this important form of collective action. Naturally, the effects of the market forces on strikes and industrial conflicts in general have been put under intensive scrutiny. Market relations and processes, which give rise to modern industrial conflicts in the first place, are generally recognized to be a major context for the incidence of strikes. Most of the existing studies on this topic originate from economics or industrial relations perspectives which view strikes from a managerial perspective – as a problem disrupting normal production (cf. Hyman, 1988). Yet a few important exceptions have discussed the relationship between the market and strikes in the context of the theoretical perspectives on social movement (Snyder, 1975, 1977; Shorter and Tilly, 1974). In this study, I shall attempt to provide another bridge between the study of strikes and the theoretical currents in the study of social conflict and social movement in general.

There are two basic perspectives on the generation of collective protest and social movement: the collective behavior perspective and the collective action perspective (Turner (1981); Eckstein (1980)). This paper basically starts from the theories of collective action, but ventures to illuminate situations when the two theoretical traditions can be seen as complementary to each other. It shall seek to analyze the linkages between the market and strikes from this particular theoretical vantage point.

## Studies of Strikes and Market

One major focus in strike studies has been the impact of the business cycle. From Hansen's (1921) classic study of the correspondence between the business cycle and fluctuations in the

aggregate frequency of industrial conflicts, a tradition of applying economic models to the analysis of strikes has emerged. Most of the results from these studies have pointed to a positive relationship between market prosperity and strike activity. There are plenty of interpretations of this relationship. While mostly it has been studied in the context of industrial relation rather than collective action, many can actually be recast in terms of the theories of collective protest.

To begin with, one could rethink the positive correlation between market fluctuations and strikes in the light of the collective action perspective. For example, Rees suggests that the tightness of the labor market increases the propensity for workers to strike because improving labor market and business conditions offer them a variety of strategic advantages:

the employer's reluctance to lose his share of the expanding market.... His ability to replace strikes with non-strikers diminishes as employment rises, and the strikers have an increased chance of obtaining employment elsewhere if the employer succeeds in replacing them.... (1952:381)

In essence, the dominant interpretation of the relationship between market fluctuations and strike activity is based on the collective action perspective. Such a view, as Tilly maintains, sees strikes and social movement as a product of rational strategic calculations among the contending parties:

antagonists monitor each other's vulnerability and strength from time to time.... Therefore the incentive of the weaker party to attack generally declines with the relative strength of the other party; conversely, the closer two antagonists come to equality, the greater incentives they both have to attack. (1989:434)

Whether collective action will occur at all depends on the balance of power between the contending parties in question. While the labor market puts the workers in an inferior position vis-à-vis the employer, a tight labor market narrows the power differential, encouraging the workers to wage protest actions.

Rees' argument assumes that labor's stock of grievances is relatively constant, but that market conditions affect the timing and frequency of the translation of these grievances to collective action. This is a familiar assumption in the collective action theories, as expressed most clearly in McCarthy and Zald's (1977) statement of the resource mobilization theory. There is, however, another strand in the studies of strikes that took on the collective behavior overtone by relating the miseries and deprivations of workers to their collective protests. Arthur Ross, for example, has written:

Discontent is the prime mover of economic and social change. Ever since the emergence of a numerous wage-earning class, groups and movements of quite diverse tendencies have claimed the right to exploit the discontent and convert it into a vehicle for change. Labor unrest is commonly centered on specific grievances, which have to be remedied after a fashion if any organization is to become the chosen instrument. (1954:23)

This point stands out in sharp relief in Ashenfelter and Johnson's (1969) bargaining theory of strikes, which resembles very much the theory of relative deprivation. They propose to explain the incidence of strikes by an 'expectation-achievement' function. In this model, workers' readiness to strike is determined by whether there is a discrepancy between their expectation of wage increase and the ability or willingness of the firm to pay. Thus a strike situation occurs that when workers are experiencing a gap between their expectation and its satisfaction, or in short, relative deprivation. The authors then posit a negative relationship between real wage changes and strike frequency, using the former as an indication of whether workers' expectation has been satisfied.<sup>1</sup> This is basically the opposite of the collective action perspective, which conceive real wage increase as a sign of improvement of the labor market position of workers. Besides the effect of real wage, the deprivation perspective also predicts that price increases should lead to more strikes because inflation would accentuate the sense of deprivation among workers who

see their wages being eaten away by inflation.

In the past, theories of collective behavior and collective action had been seen as mutually exclusive and incompatible. Thus as Shorter and Tilly remark, "[i]ndividuals are not magically mobilized for participation in some group enterprise, regardless of how angry, sullen, hostile or frustrated they may feel." (1974:338) In particular, in battling the 'hearts and minds' approach to collective protest and the 'mad-dog' imagery of protesters, collective action theorists have attempted to purge discontent as the generator of protests. Yet it is not necessary to commit ourselves to the extreme utilitarian logic of collection action which "removed Freud but replaced him not with Marx or Lenin but with Milton Friedman." (Perrow, 1979:202) Criticisms of the resource mobilization perspective have clearly shown that grievances should not be assumed as constant, and fluctuations in the level of grievances can be a potential cause of protests (Fireman and Gamson, 1979; Jenkins, 1981). Recent empirical researches into social movement have also attempted to synthesize the two perspectives and to illustrate how they can be combined to produce a better explanation.<sup>2</sup> In the light of these new theoretical developments, I shall draw on insights from both perspectives in my study of strikes in Hong Kong.

### Economic versus Institutional Determinants of Strikes

In addition to the divergent view of the relationship between market forces and strikes, many discussions have been couched in terms of the relative salience of 'economic' versus 'institutional' or 'political' determinants of strike activity. While strikes have become a common form of collective action, they have also undergone a process of institutionalization. As Polanyi argues, institutional regulations of market forces tend to develop in society in order to contain the self-destructive thrust of the unfettered

market (1957). Now strikes are embedded in a wide-ranging array of institutions and 'web of rules' devoted to the regulation of industrial relations (Kerr *et al.*, 1973).

Consequently, studies of strikes are often directed not towards the effect of the market *per se* but to the assessment of whether the market or the institutional context is the primary determinant in accounting for strikes. Snyder (1975) criticizes the 'economistic' approach to the study of strikes, arguing that the economic model of strikes is theoretically incomplete because it neglects the workers' organizational capacities to press their demands and the influence of the political environment in which bargaining occurs. He contends that "hypotheses concerning behavioral consequences of aggregate economic shifts and the empirical findings which justify them depend on assumptions about the institutional context of labor relations." (1975:264) He formulates two ideal types of such institutional setting. The first type is the 'institutionalized' industrial relations system, where employers and unions have formal bargaining channels, while union membership is large and stable. Workers and unions are also regarded as legitimate interest groups in society, and possess secure positions in the polity. The second type is the 'poorly institutionalized' bargaining system, with small and unstable union membership, and the working class lacking legitimate and secured political positions in the political system. The offshoot of this distinction is that only under an institutionalized setting should industrial conflicts respond to market fluctuations. In the non-institutionalized system, economic variables would become poor predictors of strike activity and the latter would be more closely linked to organizational and political variables like union membership and the character of political parties in power.

While Snyder's revamping of the assumptions underlying the studies of strikes is an useful one, the specific links he posited between institutional setting and the sensitivity of strikes to market forces is problematic. From the point of view of strikes as collective action, which Snyder concurs with, it can be argued that

changing economic conditions may affect strikes regardless of the institutional setting, since market fluctuations will affect the power position of workers in both institutionalized and non-institutionalized settings (cf. Kaufman, 1982:479). Moreover, we should expect "a tendency for strike decisions to be more sensitive to labor market conditions in settings characterized by less developed bargaining institutions and politically weak labor movements, since it is precisely in these settings that workers' capacity for industrial action is most directly dependent on their market situation." (Shalev, 1983:428)

Therefore, drawing on these theoretical insights from both the study of strikes and the study of social conflicts, I pose two leading questions about the relationship between the market and strikes in Hong Kong. Firstly, given that Hong Kong approximates the ideal type of a poorly institutionalized system of industrial relations as shall be demonstrated below, does it follow that economic variables are poor predictors of strike activity as Snyder argues or significant predictors as Shalev argues? Secondly, if specific linkages do exist between economic fluctuations and strike activity, then do these relationships fit better the expectations derived from the collective action perspective, or those derived from theories of collective behavior?

### Hong Kong: A Case of Unfettered Market Society

According to Polanyi, parallel to the formation of the self-regulating market society in the nineteenth century, there was the movement towards the self-protection of the society against the perils of the market, with two main methods of social protection. In England, it was the development of the labor movement that kept market forces in bond. In the Continent, political means and actions of the state were workers' principal source of protection. Both would lead to a more institutionalized relationship between the sellers and buyers of labor power in the market. When capital-

ist development spread to the Third World, similar tendencies towards the institutionalization of industrial relations were evident, though more in the continental manner than the English pattern. State interventions in the labor market have set the main parameters of industrial relations in the Third World. Due both to the demonstration effect from the advanced countries, or the overriding concern with economic growth, states in the developing world usually seek to institutionalize and regulate strikes in the fairly early phase of industrial development.<sup>3</sup>

In this light, the case of Hong Kong becomes especially interesting. By any standard, Hong Kong, often deemed as the 'last bastion of laissez-faire', is closer to the pure model of a market economy than any other contemporary capitalist economy. The government's guiding philosophy is 'positive non-interventionism' which connotes a benevolent neglect of the operation of the market mechanism. Therefore, not only is the kind of tripartite concertation found in corporatist societies absent in Hong Kong, but so is the normal macroeconomic management policies evident in many other market economies. Hong Kong is also unique among developing or newly developed countries in that the government employed no active industrial policy or developmental strategy to aid or direct the process of industrialization (Haggard, 1990; Lui and Chiu, forthcoming). As a study concludes:

The thesis of this study is that the growth of Hong Kong's exceptionally dynamic economy was due, in large measure, to the government's rigid enforcement of a fundamentally hands-off policy toward the private sector. Few places remain where man conducts his economic affairs in an environment of virtually unfettered free enterprise.... (Rabushka, 1979:77)<sup>4</sup>

In Hong Kong there is not simply an absence of political mediation on the operation of the market. Within the market, there are also few 'artificial' institutional arrangements that affect its allocation of resources. There is a very low degree of organiza-

tion among both employers and employees. Trade and industrial associations have a very small membership, and except in a very small number of traditional guilds, such associations have little influence on the management and decisions of individual member firms.<sup>5</sup>

In the earlier phase of Hong Kong's development, working class organizations were once an important institution in the society (Leung and Chiu, 1991). Yet the post-World War II industrial take-off was accompanied by the diminishing significance of trade unions among workers and for industrial relations in general. Today, while the union movement still constitutes an active pressure group (without real decision-making power) in the political arena, by and large it has not had any significant effect on industrial relations. The normal 'checks' of unions over the labor market as the monopoly of specific categories of labor power are nonexistent in Hong Kong. Collective bargaining, even in a loose sense, covers only a very small fraction of the labor force.

The insignificance of unions is perhaps most revealing in strike activities. Almost all strikes in Hong Kong are 'wild-cat' ones. Unions normally play no part in the prior mobilization for strikes, not to speak of calling the strike. Union involvement is usually limited to advising workers, or the intermediary between the management and labor in the resolution of the conflicts *after* the outbreak of strikes or industrial disputes (Chiu, 1987). Union workplace organizations are close to nonexistent in the manufacturing sector, and of course there are very few shop-stewards who would act as the catalyst to strikes as in other countries (Levin and Chiu, forthcoming a).

What we have here is the closest case to a pure market society without protective institutions against market forces normally found in other market economies, or in short, a market-dominated society. This offers us with a unique control case to decipher the effect of market forces on the mobilization for working class collective actions without having to worry about the confounding of market and other influences on strikes. Hong Kong, in a sense, is a

natural experiment of market in which agents conduct market transactions in an unfettered way.

The theoretical potential of the Hong Kong case can be seen against the background of existing studies of strikes. As Snyder and others have pointed out, institutional regulations of capital-labor relations can modify fundamentally the operation and effects of the market. A corporatist arrangement between the state, labor and capital is perhaps the most prominent example. Therefore, in many advanced market economies, the market has become embedded in so many industrial and macroeconomic institutions that the interpretation of those multiple regression analysis of strikes can only be done very carefully.<sup>6</sup> The coefficients of economic variables, such as real wage and price, are not really measuring the direct effect of market forces, but the effects of market relations as *mediated* by the institutional framework. The 'institutionalized' nature of strikes in modern market economies simply does not allow us to separate the effect of the market and other determinants. Therefore, we have not really tested theoretical propositions regarding the relationship between the market and strikes, save in a mediated way. What we have got are in fact the interactive effects of market relations and institutional variables. For example, one anomaly in Shorter and Tilly's (1974) pathbreaking study of strikes in France is that they are not able to confirm their hypothesized relationship between economic changes and variations in strike activity through regression analyses. One explanation of the inconclusive findings, then, is the presence of other political and organizational factors that 'mediated' the pressures and stimuli emanating from the marketplace.<sup>7</sup> Essentially, even Tilly and Shorter have not been able to test propositions regarding the direct linkages between the economy and strikes.

These are, then, some of the theoretical implications from the case study of Hong Kong. As a beginning, what I shall do here is to construct a theoretical model describing the direct relationship between the market mechanism and strikes, testing various

hypotheses derived from existing approaches to social conflicts. Subsequently through further comparative studies of Hong Kong and other cases with different institutional mediations of the market, we can build up more complex models accounting for the interaction between the market and various institutional frameworks. Furthermore, Hong Kong is also a more appropriate case to test Snyder's proposition about a 'poorly institutionalized' setting than early North America. At least, workers there already had the institutional access to the polity through universal suffrage, while in Hong Kong the right to elect a limited number of legislators was not granted until 1991.

### Strikes in a Market-Dominated Society: 1968-1989

Here I do not subscribe to the usual 'logic of industrialism' assumption about the evolution of industrial relations from being governed by pure market forces to governance by a 'web of rules' and formal institutions. Instead, the triumph of market forces in Hong Kong is a product of history, not a 'state of nature'.<sup>8</sup> For example, I have mentioned the fact that unions and traditional guild determinations of conditions of employment were once more pervasive in the pre-industrial period than in the period of industrialization that began more or less in the mid-1950s (Leung and Chiu, 1991; Turner *et al.*, 1981).

This is not the place to account for the 'grand failure' of the union movement to keep up with the tremendous pace of industrial growth. This has been done elsewhere (Levin and Chiu, forthcoming a and b). Suffice it to say that the growth of the manufacturing sector was accompanied by very slow growth of union membership and within that sector, union density quickly dwindled. Despite their declining significance, unions remained a key actor in industrial relations by clinging on to a politicized strategy (Turner *et al.*, 1981). The political strike of 1967, engineered by left-wing unions whose allegiance was to Communist

China, however, marked the final chapter of major union involvement in industrial conflicts.<sup>9</sup> After the defeat in 1967, many unions, especially the left-wing ones, adopted a low profile and retreated from active involvement in industrial conflicts. Although a number of new unions were formed in the 1970s among the white-collar and professional occupations in the public sector, employment relations in the private sector remained void of union mediation.

As such, almost all strikes from 1968 onwards could be regarded as the result of pure market relations. Involvement of unions were found in a few cases, but as mentioned, normally in a reactive rather than an initiating role. Political strikes disappeared altogether. With the detente between China and the Western world, and the subsidence of radical fervor in China after the Cultural Revolution, left-wing unions have been concerned with maintaining the stability and prosperity of Hong Kong (which has been the major contributor to China's foreign exchange reserve), rather than generating militancy by confronting the government and the employers (Leung and Chiu, 1991:54-5). Other unions, on the other hand, are simply too weak and detached from the workplace to have a significant impact on the incidence of strikes.<sup>10</sup>

As shown in Figure 1 and 2, in the 1970s there were significant fluctuations in the level of strike activities. The number of strikes rose sharply after 1969, reaching the first peak of 47 in 1970. It stayed at about 40 a year until 1973, and then dived from 49 in 1973 to 20 in 1974. The lowest recorded strike frequency in the 1970s was in 1976, with only 14 strikes. After that, strikes increased steadily to another peak in the late 1970s, spanning the period from 1978 to 1981. In terms of the absolute strike frequency, the late 1970s was indeed the all-time high during the period considered here (1968-1989), with about 50 strikes each year. Nevertheless, since the labor force also expanded during the 1970s, the propensity to strike (as measured by the number of strikes per 100,000 employees) was lower than the peak before 1974. The same pattern of fluctuations with two peaks in the 1970s is also

Figure 1 Number of Strikes per 100,000 Employees, 1968-1989

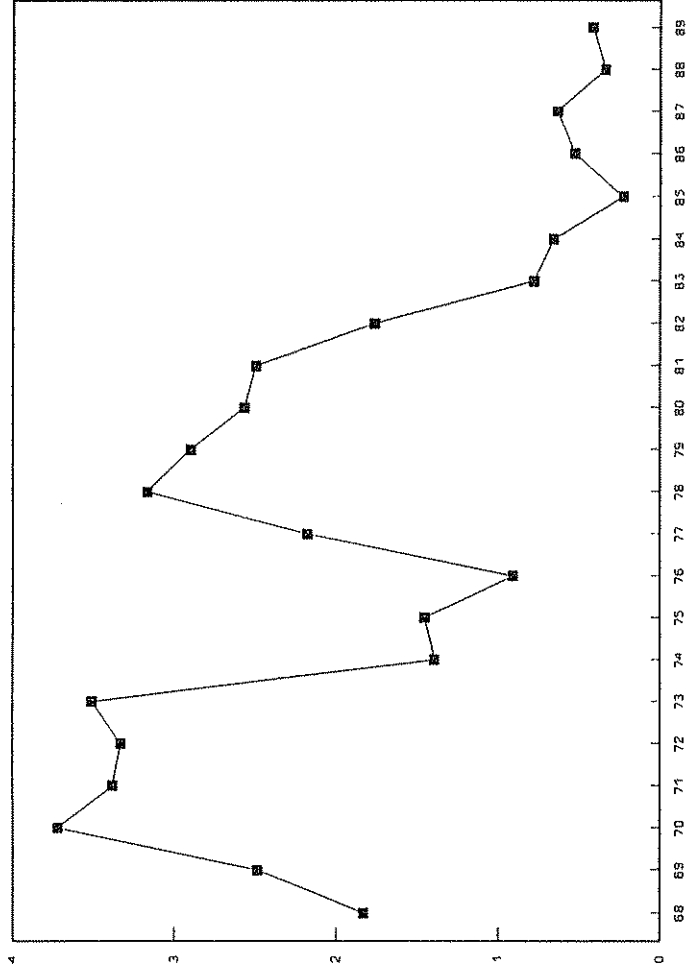
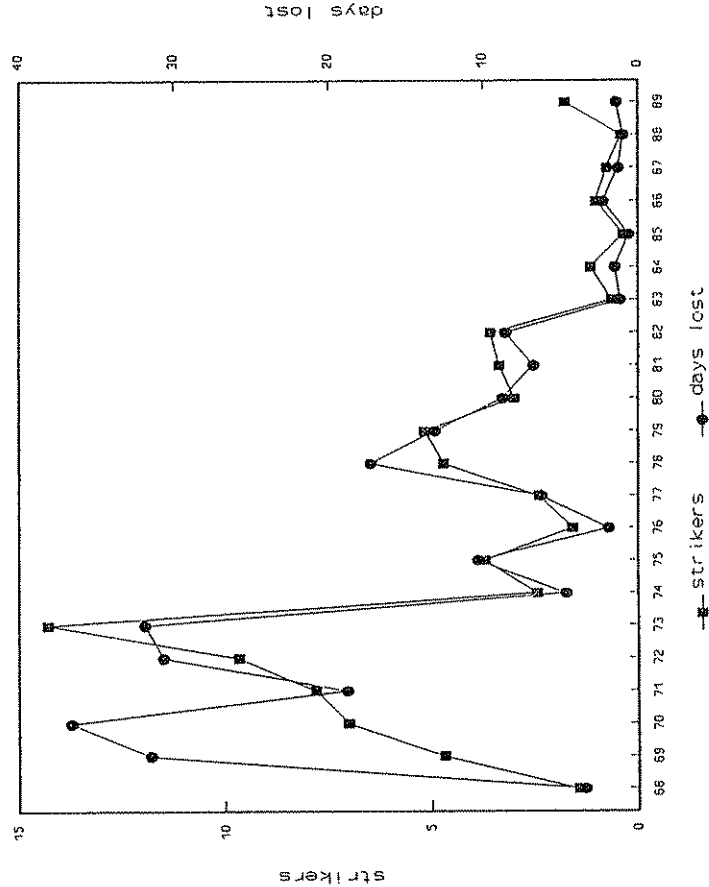


Figure 2 Number of Strikers and Working Days Lost per 1,000 Employees, 1968-1989



observed in other two measures of strike propensity (strikers and days lost per 1,000 employees).

Into the 1980s, a secular trend of declining strike activities was apparent. All three measures of strikes started sliding from 1982, reaching the all-time low in 1985, when only 5 strikes were recorded. Strike activity revived a little subsequently, but still at a much lower level compared with that in the 1970s. In the period of 1968-1982, the average numbers of strikes, strikers and days lost were 39, 7,585, and 22,772 respectively, while during the 1983-1989 period, the corresponding figures were 11, 1,967, and 2,924.

### Business Cycle and Strikes

How could we account for the year-to-year variations in strikes? Are market forces, as manifested in the business cycle, a poor or an important predictor of strikes in Hong Kong? Of the different hypotheses regarding the precise relationship between the business cycle and strikes derived from theoretical approaches in the study of social movements, which one receives the greatest support?

I shall attempt to gauge the relationship between strikes and market fluctuations through three variables: real wage movements, gross domestic capital formation (GDCF), and price changes. They measure different aspects of the hypothesized correlation between prosperity and strikes, and bear different theoretical significance. Collective action and collective behavior approaches are divided in their view of the expected direction of the effect of real wage changes on strikes. Collective action theorists such as Tilly regard the effect to be positive, as wage increases indicate improvement in workers' market position, and the availability of more resources to workers.<sup>11</sup> Ashenfelter and Johnson, however, hypothesize a negative relationship between real wage movement and strike activity. Domestic capital formation, as a measure of employers' prosperity and their commitment to the

continual expansion in production, is also an important predictor in Shorter and Tilly's model of strikes.<sup>12</sup> Price changes, on the other hand, are an indicator of workers' hardship or short-run deprivation. Capital formation is more important in collective action studies and inflation in collective behavior theories, while both are expected to have positive effects on the variations of strikes.

The same set of variables measuring the effects of market fluctuations is included in equations predicting the different dimensions of strikes. The exclusion of the unemployment rate, which is a common variable in economic models of strike, is motivated by both practical and theoretical considerations. First, statistics on unemployment are available only from 1975 onward, so that including it in our equations will cut the number of cases considerably. Second, theoretically, "the link between business activity and strikes is less direct than the use of the unemployment rate implies; strike activity may reflect only broadly the impact of economic conditions, with a small change in unemployment having little effect, but with a large change having a disproportionate impact." (Edwards, 1978:326) Thus in Hong Kong's context, unemployment statistics are not a reliable measure of the market position or bargaining power of workers. As a fast-growing economy with a small population, Hong Kong has always had near full-employment after the 1950s. As a matter of fact, since 1975 when data became available, the unemployment rate showed little variation, except for trough (1974-1976) caused by the Oil Crisis of 1973, and never rose above the so-called 'natural' unemployment rate of 4%. Thus according to Edwards's reasoning, the unemployment rate should not affect workers' propensity to strike except in the trough of the Oil Crisis, since it fluctuates within narrow margins most of the time. Workers in Hong Kong always manage to find an alternative job and the threat of unemployment is rarely serious enough to become a deterrent to strikes. Rather, real wage is a better measure of workers' market power since, as Shorter and Tilly point out, it indicates the general well-

being of workers which allows them to sustain walkouts, and also a possibility of finding an alternative employment of *comparable or higher* wages if employers resist their demands. Real wage and capital formation, then, are a better measure of the variations in the changes in workers' bargaining power in Hong Kong's context.<sup>13</sup>

As for the construction of the dependent variables, there is considerable danger in employing only a single indicator of strikes (Evans, 1976). Following the now common practice among researchers to use a multidimensional analysis, three alternative measures of the aggregate strike activity are used: strike frequency, total number of strikers and the total number of person-day lost in strikes, all controlled by the number of employees.<sup>14</sup> We use the natural logarithmic transformation of all strike measures as dependent variables in order to blunt the effects of a few extraordinary years and correct for the skewness of the strike measures. A trend variable is also included in the equations to remove secular time trends in strikes.

**Table 1** Estimated Regression Coefficients for Economic Determinants of Strike Indices Controlled by Employment, 1968-1989

Dependent Variable	T	P	W	I	R <sup>2</sup>	D.W.
Strikes	-1.95 <sup>a</sup>	0.30 <sup>b</sup>	0.26 <sup>b</sup>	1.22 <sup>b</sup>	0.80	1.81
Days Lost	-1.30 <sup>b</sup>	0.30 <sup>b</sup>	0.31 <sup>b</sup>	0.57	0.67	2.43
Strikers	-0.83	0.45 <sup>a</sup>	0.35 <sup>b</sup>	0.15	0.61	2.35

Legend: T = Time; P = Change in Price; W = Change in Real Wage; I = Real Gross Domestic Fixed Capital Formation.

<sup>a</sup> Significant at 0.01 level (one-tailed test).

<sup>b</sup> Significant at 0.05 level (one-tailed test).

Table 1 reports the regression results of predicting the three measures of strike activity by economic variables. The standardized data of the regressors and their level of significance are reported, along with the coefficient of determination (R-square) corrected for degrees of freedom and the Durbin-Watson statistic of serial correlation. All the equations include a constant term, which is not reported for the sake of simplicity.

There is no sign of serial correlation in the models, as the Durbin-Watson statistics indicate. The models resulted in high R-square, particularly for the equation on strike frequency. This shows that market forces are important in accounting for variations in strike activity, strike frequency in particular. Thus Snyder's thesis concerning the effects of a poorly institutional environment on the relationship between market and strikes is not supported. Workers are sensitive to market pressures even without institutionalized collective bargaining relationships with employers. Indeed, if the high coefficients of determination tell us anything about the linkage between market forces and strikes, it is that in Hong Kong's poorly institutionalized setting workers' propensity to strike is highly conditional upon market fluctuations, testifying to the validity of Shalev's argument.

It turns out that real wage and price movements are the most significant predictors of strike activity in all the models. Real wage increases do contribute to a higher level of strikes, as expected by the collective action perspective. Ashenfelter and Johnson's relative deprivation theory does not seem to work in Hong Kong, as the positive sign of real wage changes contradicts its specification. Nevertheless, collective behavior theories are not altogether irrelevant, as the rate of change of prices resulted in the expected positive and significant sign. It seems that workers' short-run deprivation does combine with their improved market position to induce strike actions. Gross domestic capital formation is significant and with the right sign in predicting strike frequency, which is also the aspect of strikes that is most sensitive to market forces.

**Table 2** Estimated Regression Coefficients for Economic and Organizational Determinants of Strike Indices Controlled by Employment, 1968-1989

Dependent Variable	T	P	W	I	U	R <sup>2</sup>	D.W.
Strikes	-2.40 <sup>a</sup>	0.20 <sup>b</sup>	0.22 <sup>b</sup>	1.66 <sup>a</sup>	0.24 <sup>a</sup>	0.85	2.31
Days Lost	-1.40 <sup>c</sup>	0.28 <sup>b</sup>	0.30 <sup>b</sup>	0.67	0.06	0.65	2.44
Strikers	-1.02 <sup>c</sup>	0.41 <sup>b</sup>	0.33 <sup>b</sup>	0.34	0.10	0.63	2.37

Legend: T = Time; P = Change in Price; W = Change in Real Wage;  
I = Real Gross Domestic Fixed Capital Formation; U = Union density.

<sup>a</sup> Significant at 0.01 level (one-tailed test).

<sup>b</sup> Significant at 0.05 level (one-tailed test).

<sup>c</sup> Significant at 0.10 level (one-tailed test).

In order to further explore the Snyder thesis regarding the efficacy of the organizational variable in explaining strikes as against that of market forces, union density is included as a regressor in our economic model. A lagged measure of union density is used in order to avoid the simultaneous effect of strikes on union membership.<sup>15</sup> As reported in Table 2, it is not a significant predictor of either total number of strikers nor days lost. In predicting the number of strikes, it is a significant predictor in the (positive) direction expected by collective action theories. An interesting finding is that once union density is entered in the equation, the coefficient of price changes dropped by one-third. This shows that at least part of the effects of price changes on strikes are due to the reaction of unionized workers to the threat of price inflation to their living standard. Therefore, deprivation and collective resources combine to produce more strikes in Hong Kong. Furthermore, the fact that union density is only significant at predicting strike frequency but not the other strike indices also illustrates the market-dependent nature of strikes in Hong Kong. Because of the weakness of unions in Hong Kong both numerical-

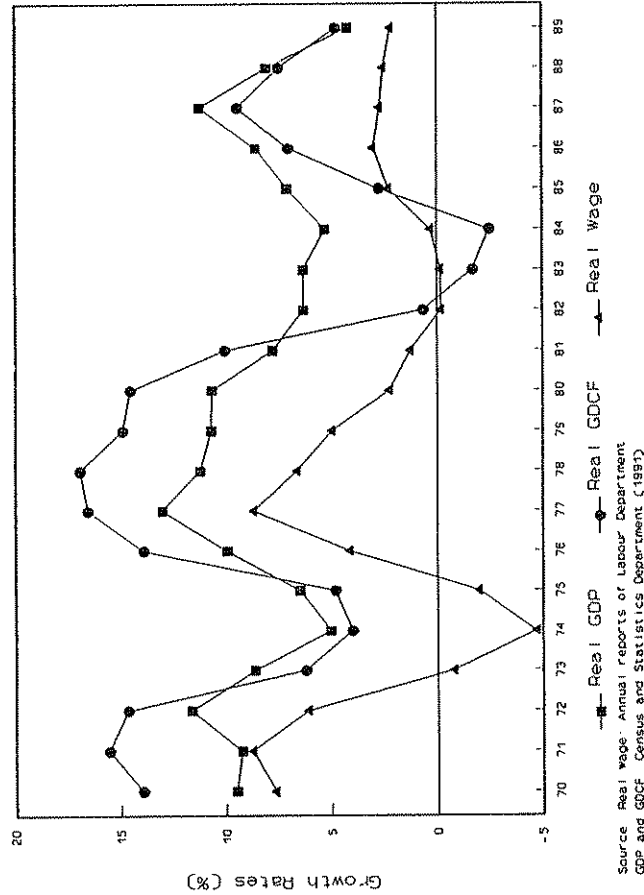
ly and organizationally, organizational variable is a less powerful determinant of strikes compared with economic variables.

### The Secular Decline in Strike Activities

In view of the sensitivity of strikes to short-run fluctuations in the market, we can also posit a linkage between market forces and the secular trend of decline in strike activities evident in the 1980s. The culprit was a process of structural transformation in the Hong Kong economy unleashed in the last decade. There have been three most important dimensions of the structural change: the slackening in economic growth, the low rate of investment, and de-industrialization. The trigger for the overall deceleration of Hong Kong's economy was the drifting of the western economies into recession. The continual weakening of the U.S. economy, Hong Kong's largest market, became the biggest hindrance to the further expansion of the local economy.

In the 1980s, the hyper-growth record of the 1960s and 1970s was a matter of history. Average annual growth rate of real gross domestic product (GDP) in the 1980s was 7.5%. This is quite respectable, but it still is a considerable slide from the 9.4% in the 1970s. In the 1970s, six out of ten years had over 10% growth in real GDP, whereas in the 1980s, only 1980 (which was a carry over of the boom in the late 1970s), 1986 and 1987 did. But the starkest contrast with the previous decade was the slumping rate of investment, revealing the lack of confidence of capitalists in the future business prospects.<sup>16</sup> Thus domestic capital formation increased only by 5.2% in the 1980s against 12.4% in the 1970s. In Figure 3, the three-year moving averages of growth in real GDP and GDCF are charted, which clearly shows a downward trend, with both series fluctuating around narrower margins at a lower base. A third dimension is the contraction of manufacturing. In the 1980s, the share of manufacturing industries in both total employment and national product declined relative to other sectors. The ter-

**Figure 3** Trends in the Hong Kong Economy, 1970-1989  
(Three-Year Moving Averages of Growth Rates)



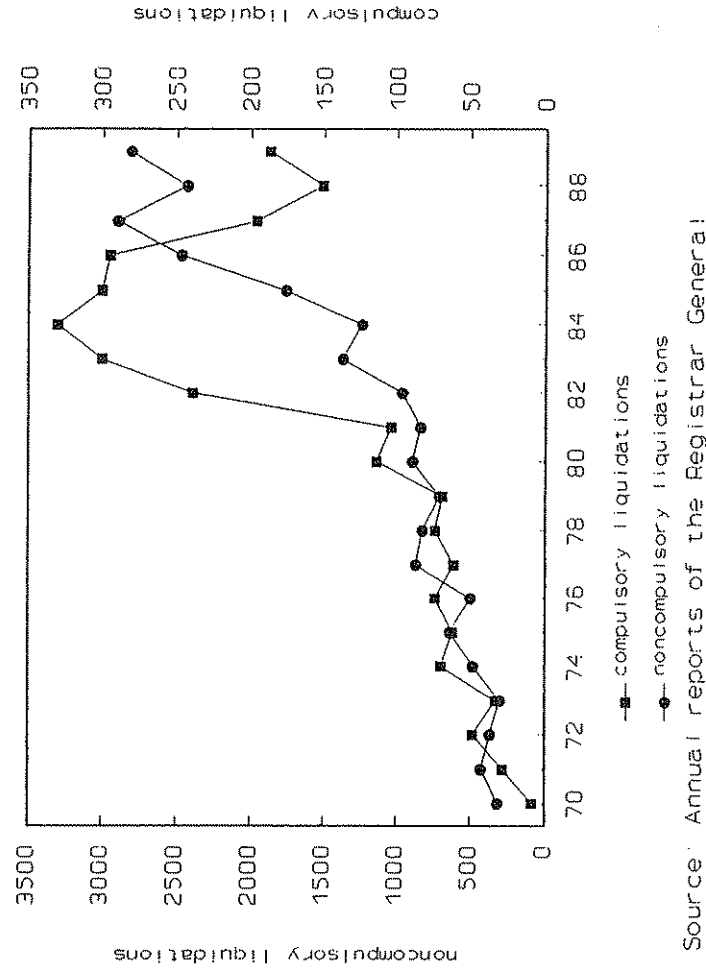
tiary sector also overtook manufacturing as the high-growth sector. Even in absolute terms, the number of workers employed in manufacturing establishments was dwindling in the 1980s. Workers engaged in private manufacturing establishments peaked in 1980 at 907,463 and then declined steadily to 791,519 in 1989 by 12.7%.

The linkage between these structural changes and the 'withering away' of strikes in the 1980s can be interpreted with the collective action perspectives.<sup>17</sup> Had the collective behavior theories been correct in this instance, economic stagnation and uncertainties in working class lives would have created deprivations and other psychological strains, providing fertile soil for protests. For example, a trend towards greater inequality in the distribution of income has been observed. There was an increase of the Gini ratio from 0.43 in 1971 to 0.46 in 1986. The ratio of profits to employee compensation in national income statistics also showed a long-term increasing trend, indicating employees' share of Hong Kong's total income fell steadily over the last decade (Turner *et al.*, 1991:16).

The decline in strikes can in fact be linked to the deterioration of the market bargaining power of workers against the backdrop of structural change. The stagnation of real wage growth was a vital sign of the decline in workers' market position despite official full employment. In the 1970s, annual growth in real wage for all employees averaged 4.2%, despite the severe depression caused by the Oil Crisis. In the 1980s, real wage increased only 1.5% each year (see also Figure 3).

Hong Kong's economy had indeed moved on to a qualitatively different phase during the 1980s, a phase in which firms had to struggle for survival. The number of both company liquidations and dissolutions (non-compulsory liquidations) fluctuated around a much higher base in the 1980s than in the 1970s (see Figure 4). While the average annual numbers of company liquidations and dissolutions were, respectively, 52.7 and 542.3 in the 1970s, they jumped up to 221.6 and 1,767.4 in the 1980s. Economic

Figure 4 Company Liquidations in Hong Kong, 1970/71 – 1988/89

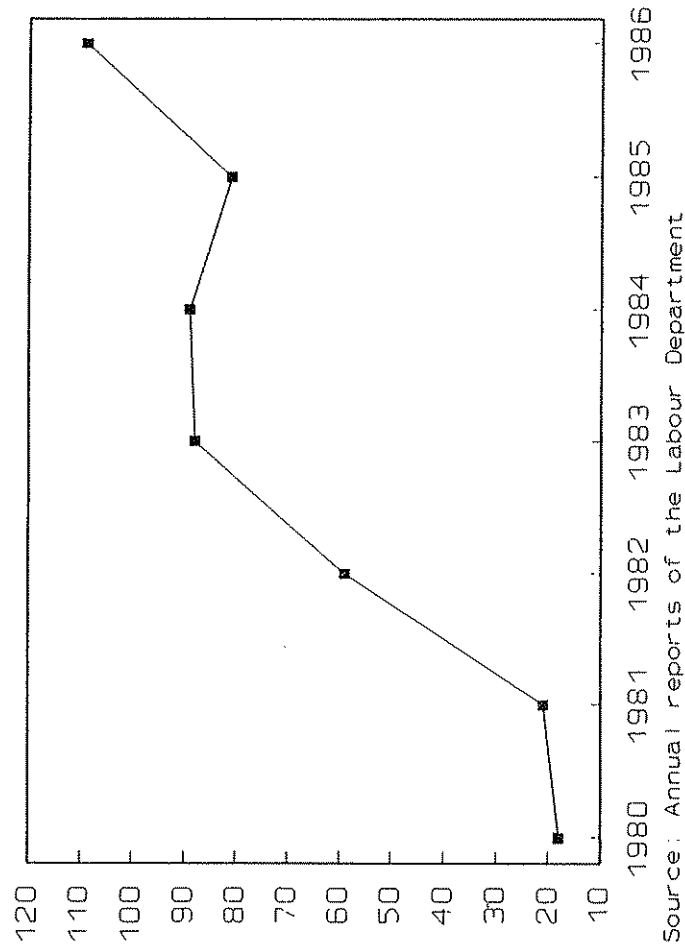


instability inevitably affected the life of workers. The growing insecurity of employment can be seen in the fact that the most common cause of industrial disputes other than strikes in the 1980s was a cluster of issues connected with employment security, including dismissals, redundancies, lay-offs, and claims against bankrupt employers (Turner *et al.*, 1991:71). In Figure 5, it is shown that the number of industrial disputes caused by company insolvency shot up from 21 in 1981 to 59 in 1982. It increased further to 88 in 1983 and stayed over 80 per year afterwards.

The impact of the structural transformation was most acutely felt in the manufacturing sector. After three decades of rapid growth, manufacturing witnessed a real decline in the 1980s. There has been a trend of plant relocation to the South China region or neighboring Southeast Asian countries where labor power is many times cheaper than in Hong Kong. Consequently, most manufacturing firms in Hong Kong have either closed down their production facilities or were planning to do so (Lui and Chiu, forthcoming). In the 1980s, as mentioned, both the number of workers employed and the number of firms dropped in absolute terms. Manufacturing employment dropped 11% in the 1980s, which means that over 100,000 workers had been forced out of this sector either by plant closure, retrenchment, or low wages.<sup>18</sup> De-industrialization thus led to massive disruption among workers. Although they could normally find new jobs in other sectors, such disruptions generated a sense of uncertainty among workers which had a dampening effect on strikes.<sup>19</sup> Since manufacturing still employed the largest number of workers and had traditionally been the most strike-prone industry, the chronic sense of insecurity among manufacturing workers is the prime reason of the decline in overall strike activity.<sup>20</sup>

Here, the 'kink' in the trend of strikes which took place in the 1982-1983 period can be readily interpreted as a result of the ushering in of the period of stagnation.<sup>21</sup> In 1982, Hong Kong's export value suffered a decline in real terms, the first time after the Oil Crisis.<sup>22</sup> This induced a drop in real gross domestic fixed

Figure 5 Industrial Disputes Caused by Company Insolvency, 1980-1986



capital formation from HK\$50,414 million in 1982 to HK\$46,197 million in 1983 (Census and Statistics Department, 1990:115).<sup>23</sup> This showed that, in 1983, employers were not even concerned to replace depreciated fixed capital nor to maintain current level of activity. At the same time, there was a slide in the exchange rate of the Hong Kong dollar, causing major financial chaos. The plummeting in business confidence was all the more apparent in manufacturing, when the number of manufacturing establishments, which had been increasing every year since the 1950s except in 1974, was reduced from 47,089 in 1982 to 46,817 in 1983. While manufacturing employment still increased slightly in 1983, suggesting most of the workers affected by the plant closures were able to find jobs elsewhere, this also suggested unprecedented experience of insecurity among workers. As a consequence of the economic dislocations, real wage for lower level production workers dropped 3.5% in 1983, a very rare experience for Hong Kong's workers except during the slump following the Oil Crisis.<sup>24</sup>

Nevertheless, the conventional account of strikes in Hong Kong is that the link between the business cycle and strikes existed only up to the late 1970s. It has been asserted that the link was severed in the 1980s, as revealed in the coexistence of low incidence of strikes with prosperity and a labor shortage. Instead, a political explanation was proposed regarding the dramatic decline in strike activity. The alleged key was in the change of the pro-PRC FTU's approach to industrial relations. As a result of the reconciliation between the PRC and Britain, the FTU switched from supporting labor militancy to a more conciliatory approach towards the capitalist and colonial system in Hong Kong (Turner *et al.*, 1991:70; England, 1989:222-3).

This explanation is problematic, however, because of the limited extent of the 'support' and 'guidance' given by the FTU to striking workers in the 1970s. As argued earlier, union involvement in strikes has generally been reactive rather than initiating. The political argument thus overestimates the presence of the FTU

(and union organizations in general) in the workplace. It also overstates the willingness of the FTU to initiate strikes in the 1970s.<sup>25</sup> For example, the public utilities, which have been the stronghold of the FTU unions, had one of the lowest incidence of strikes in the 1970s (and the 1980s).<sup>26</sup> Within manufacturing, the most strike-prone industry, FTU membership was relatively insignificant. In cotton spinning, where a FTU affiliate had a more significant presence, there is also no evidence of the active FTU sponsorship in the series of strikes that broke out in the late 1970s.<sup>27</sup>

Furthermore, the inference of economic prosperity in the 1980s hardly squares with the reality of an overall slackening in economic growth. Unemployment rate, as argued above, is hardly a reliable indicator of prosperity, let alone workers' prosperity in Hong Kong. Although the official unemployment rate remained low,<sup>28</sup> it did not necessarily cause an improvement in the market position of workers. Firstly, real wages continued to grow only slowly, refuting any claim that there was continual prosperity for workers in the 1980s. Secondly, employment statistics masked considerable variations within the labor force. Behind the mask of full employment, there was actually an accentuated internal segmentation of the working class. As Turner *et al.* (1991) remark, we can now more clearly distinguish a relatively privileged upper crust from the rest of the labor force. Due to the different requirements of labor power in the rising (service and finance) and the declining (manufacturing) sectors, there is a certain rigidity of labor mobility across different sectors.<sup>29</sup> Thus in the expanding sectors, employers complained about a severe shortage of labor, while in contracting ones, workers had to endure underemployment and job insecurity. Skill and education levels also divided the workers, and the labor shortage applied more to the more skilled labor than to the majority of the unskilled ones.<sup>30</sup> Underemployment was said to be rampant in the declining manufacturing sector, where unions maintain that employers keep workers on the payroll in order to avoid retrenchment compensations.<sup>31</sup>

Consequently, real wage growth for the mostly unskilled or semi-skilled manufacturing workers lagged behind the overall wage trend.<sup>32</sup>

The differentiation of the market situation of the privileged and the underprivileged members of the working class led to different market coping strategies. For the latter, passivity seems to be the norm. Even in the case of their engaging in collective action, it was more likely to be directed towards protecting their jobs and not in the form of strikes.<sup>33</sup> On the other hand, skilled and managerial workers could more or less secure favorable rewards for their labor through market means due to the scarcity in their supply. In both cases, the consequence was a drop in collective protests through striking.

Thus in a market-dominated society like Hong Kong, while the ebb and flow of strikes cannot be accounted for by the attitudes of a weak union federation, the impact of market forces is evident in the 'withering away' of strikes in the 1980s.<sup>34</sup> In short, the depressed and unstable state of the economy and the labor market imposed a 'disciplinary' effect on workers and sharply reduced their capacities and hence willingness to strike. Comparatively, Hong Kong is similar to the case of the United States in which, as Shalev points out, the onset of economic crisis in the mid-1970s induced a sharp downward turn in strike activity. The trend subsequently continued almost without interruption even when the business cycle recovered. In one sense, the United States is closest to Hong Kong among advanced capitalist economies in which there are few institutional mediations of market forces (eg. marginal position of labor in the polity and the concentration of organized labor in a few oligopolistic sectors). Thus in Hong Kong as in the United States, there is a case of high susceptibility of strikes to the business cycle and qualitative shifts in the marketplace. Shalev's conclusion on the case of the United States seems to be equally applicable to Hong Kong: "The evidence to date is that economic decline has succeeded in significantly stilling worker militancy and throwing organized labor [in Hong

Kong, unorganized labor as well] onto the defensive." (1983:457)

So far my discussions have been largely congruent with the collective action approach. One final testimony against the collective behavior perspective is that the decline in strikes has been associated with an increase, rather than a drop in other industrial disputes (England, 1989; Turner *et al.*, 1991).<sup>35</sup> Collective behavior theorists, with their assumed links between deprivation or psychological stress and collective behavior, usually assume a covariation of conflicts of various kinds (Tilly). In the 1980s, an increasing trend in non-strike industrial disputes recorded by the Labour Department suggests that there was a considerable amount of deprivation among workers. However, with their market position deteriorating they were unable to translate such deprivation into strike actions.

## Conclusion

Making use of the unique case of a pure market society, this paper has attempted to test various hypotheses pertaining to the relationship between market and strikes. Unencumbered by the complex interactions between market and other institutional forces, we can discern in a most transparent way the direct impact of market relations on strikes in Hong Kong. In the absence of social and political institutions devoted to the mediation of market forces customarily found in other capitalist economies, workers in Hong Kong have been subjected to the sway of market forces. The market is so dominating that even workers' very decision to protest against such market relations are determined by the vagaries of the market. With the extremely low level of institutionalization of industrial relations in Hong Kong, workers' strike activity is highly dependent on their changing market position. Therefore, I support Boll's contention that: "workers offering their labor learned very quickly how to judge the economic situation and the corresponding value of their labor. They did not need

any remedial help by the unions for that." (1989:452) Instead of focusing narrowly on the organizational potential of mobilization for collective action, we should also take into consideration the broader context of the balance of power between capital and labor engendered by market forces.

Where market relations are mediated by the collective organization of the working class or state policies, institutional variables might mitigate or enlarge the labor-capital power differentials, which in turn induce fluctuations in levels of working class collective action. In Hong Kong, however, the market reigns supreme. Buoyant labor market, rising real wage, and brisk product demands augment the bargaining power of labor vis-à-vis the management, remove psychological barriers to protest, and increase the strategic appeal of strikes. Conversely, slackening economic growth, decline in employer propensity to invest, stagnant real wage growth, and low job security foster passivity and tilt the balance of power in the capital's favor.

In general, propositions derived from the collective action perspectives performed well in explaining both the short-run variations and secular trends in strike activity. Theories stressing the incidence of psychological stress, however, are found to be complementary to the collective action perspectives in the short-run, when price inflation is likely to induce strikes. In the case of explaining strike frequency, we also have reasons to believe that union strength does combine with the threat of price increases leading to more strikes. On the other hand, theories of collective behaviour fare badly in accounting for the long-run shift in pattern of strikes against theories stressing the balance of power between labor and capital as well as resources available to workers.

Into the 1990s, labor organizations and popularly elected legislators have strived to introduce more social regulations in the employment relationship, most notably in the form of a retirement benefits scheme. On the other hand, in the attempt to maintain investor confidence, Hong Kong government has also acted

on behalf of the employer to alleviate the tightness in the supply of certain categories of labor. As a result, government has approved the importation of foreign workers into selected sectors at a regulated wage. It has also openly 'requested' employers to keep wage increase low in order to control inflation. Both trends will move towards a more institutionally embedded market in place of the unfettered market mechanism. The precise direction of the changes in the market and the consequences on industrial conflicts are still unknown, but again Hong Kong in the 1990s would provide another fascinating case for the study of how the transition from a pure market society to a regulated market will affect the incidence of collective action.

### Notes

1. Ashenfelter and Johnson model the extent to which workers' wage expectation has been satisfied by the moving averages of previous real wage changes in a distributed lag form (1969:40). Nevertheless, as Skeels (1982) points out, empirically it makes no difference whether a distributed multi-period lag or a single-period lag is used. Here for simplicity's sake I report only results using single-year wage changes.
2. See, for examples, Walsh's (1981) study of the Three Mile Island movement, and Useem's (1980) study of the Boston Anti-Busing movement.
3. Ronald Dore terms this the 'late development' effect. See Dore (1979), and also Siddique (1989).
4. This is not to suggest that the state is totally invisible in the marketplace. The state's presence can be seen in the provision of the infrastructural and the legal framework of market transactions, without which there will be no market at all. The state is also the largest landowner who formally owns all the land in Hong Kong, and the largest landlord who has built and

manages one of the biggest public-housing projects in the world. Nevertheless, what is more conspicuous from a comparative perspective is not what it has done, but what it has not done to interfere with the operation of the market mechanism.

5. To say this is not to deny the influences of the state on the market. For example, the annual pay adjustments to civil service salaries have been regarded as 'benchmarks' that private sector employers are under some pressure to match. Furthermore, legal statutes such as the Employment Ordinance and its amendments have also increased statutory obligations of employers and thus have to some extent moderated the 'pure' workings of the market economy. As Polanyi points out, there can never be a completely uninstitutionalized market. The 'market-dominated' nature of Hong Kong can best be viewed from a comparative perspective, in that Hong Kong is closer to the pure market economy than any other economies in the level of political and other institutional regulations of the market.
6. For example, as Shalev (1983) and Paldam and Pedersen (1982) observe, even the commonly asserted impact of unemployment on strikes is empirically unstable and depends on the kind of institutional settings studied. In Sweden, full employment in most of the 1960s and 1970s was associated with a very stable and low level of strikes.
7. For example, they find a fairly strong negative relationship between the number of strikes and real wages. They, therefore, modify their argument to include the interaction effect between organization and short-run declines in real income, so that over the long-run, increases in the well-being of workers make more resources available for labor organizations, and, therefore, increase the capacity of workers to strike; but short-run declines in real income bring that capacity into action. See Shorter and Tilly (1974:102).
8. Similarly, Polanyi (1957) asserts that the formation of a market

society is the product of incessant state intervention.

9. For the details of the 1967 political strikes and riots, see Leung and Chiu (1991).
10. I have discussed the weakness of union workplace organization and its consequences in other papers. See Levin and Chiu (forthcoming a and b).
11. Shorter and Tilly (1974) posit the positive relationship between workers' prosperity and strikes in terms of the collective action approach. They stress that real wages increase strikes by increasing resources available to labor organizations. Nevertheless, there is no reason why we cannot argue that there is a relatively direct relationship between workers' prosperity and strikes independent of labor organizations.
12. Instead of capital formation, they use index of industrial production in their study.
13. Measures of the independent variables are obtained from Census and Statistics Department, *Annual Digest of Statistics*, various years. For a full description of the data, see Chiu (1987).
14. Strike data are obtained from the unpublished records of the Labour Relations Service of the Labour Department. Strike statistics published by the Labour Department excluded small scale or short-duration strikes "involving fewer than ten workers or lasting less than one day, unless the aggregate of working days lost exceeds 100." (Census and Statistics Department, 1990:30)
15. Experiences of strikes might cause workers to join unions. See Kaufman (1982:484). Furthermore, our union membership is a 'stock' measure observed at the end of each year, while the indicators of strikes are 'flow' measures spanning the whole year. Thus it makes more sense to use union membership measured at the end of last year to predict this year's strikes.
16. Here a political factor, the uncertainty over Hong Kong's future in the early 1980s, also affected businessmen's confidence

and willingness to invest.

17. This is in line with Shorter and Tilly's proposition on the different explanatory power of the perspectives on collective protest and the time-scale of the problem. They have argued that collective behavior theories will be more plausible in the short-run, while collective action explanations will be most effective in the medium to long-run (1974:7).
18. The number of workers who actually had to change jobs from manufacturing to other sectors must be higher, since over the decade, a large number of immigrants from China entered manufacturing, filling up part of the vacancies left behind by the departure of local residents. See Ho *et al.* (1991).
19. Even if new jobs can be found elsewhere, the process of job-searching will entail considerable financial and psychological pressures on the workers. For example, recently a survey shows that about 40% of the workers retrenched from manufacturing could not find a new job after six months.
20. Chiu (1987) has a detailed analysis of inter-industrial differentials in strike propensity.
21. It should be noted that the plunge in strike activity actually started in the latter half of 1982. Out of 35 strikes occurred in 1982, about 29 happened in the first eight months. Eleven strikes broke out in July and August alone. In the last four months of 1982, therefore, only 6 strikes occurred (1, in December, was included by the Labour Department to the tally of 1983). This clearly showed that the impact of the economic crunch was beginning to be felt by workers during 1982.
22. The rate of change in the value of domestic exports and re-exports were 3% and 6% respectively, while the price deflator for exports of goods rose from 108.8 to 116.5, or 7%. See Census and Statistics Department (1990).
23. A drop in *private* capital formation was already observable in 1982.
24. Both employment and real wage statistics are from Census and

Statistics Department (1990). The real wage figures cited here differ from that of Figure 1 in that they exclude supervisory, technical and clerical non-production workers.

25. In interviews conducted by this author, non-FTU union activists recalled incidents in which the FTU cadres adopted a more conciliatory approach as early as in the mid-1970s.
26. See Chiu (1987).
27. The timing of the FTU's change of attitude in Turner *et al.*'s account does not concur to the ebb in strike activity and their argument can be questioned on two accounts. Firstly, they mention that tensions had actually grown after the UK Prime Minister Thatcher's visit to Beijing in 1982, when she asserted the validity of the unequal treaties signed between China and Britain in the nineteenth century which provided only for the return of the leased peninsular of 'New Territories' in 1997, instead of the whole colony of Hong Kong (which include New Territories, Kowloon and the island of Hong Kong). The Sino-British accord on the future of Hong Kong was reached in 1984 via the UK-PRC Joint Declaration, and in their words, it was after this exchange that "the FTU leadership effectively discouraged strikes, in the interest of HK's prosperity and stability." (Turner *et al.*, 1991:70) On the other hand, the sharp drop in strikes was already evident in 1983, or even the last quarter of 1982 (see Note 21 and Figure 1). Thus according to Turner *et al.* the FTU leadership discouraged strikes after the Joint Declaration of 1984, while the plummeting in strikes began in 1983. Secondly, as argued earlier, it should also be noted that the change in the attitude of the FTU was actually a gradual process culminating after almost a decade rather than a sudden reversal of tactics and objectives. For example, England reports that declarations "in favour of negotiation rather than confrontation were made at the Federation's biennial General Meetings" as early as 1980 (1989:222). We can actually trace this change of attitude from the decline of ex-

treme leftism in China marked by the Nixon visit to Beijing and the Shanghai Communiqué in 1973. The downfall of the Gang of Four in 1976 accelerated the process. Thus by the mid-1970s, there were already signs of a gradual moderation of the FTU's approach to industrial relations (see Leung and Chiu, 1991:54-5).

28. There is a controversy between unions and the government over the reliability of the unemployment statistics and the validity of the picture of full employment.
29. The commercial and personal service sectors need young workers, while the financial sector wants highly trained and educated ones. Manufacturing workers who are facing job insecurity are normally middle-aged and less educated.
30. One consequence is that real wages for 'supervisory, technical, and clerical workers' increased by some 21% between 1982 and 1989, as against 7.9% for 'craftsmen and operatives'. For managerial and professional employees, the shortage and hence the rise in real wage is even sharper. The average real salary for them increased by 22.4% between 1984 and 1989. See Census and Statistics Department (1990).
31. Official underemployment statistics, however, remained low throughout the 1980s, at around 1%. Unions, however, have contested their validity.
32. Real wage for all production workers increased by 7.8% from 1982 to 1989, while for manufacturing workers, by only 6.7%. Garment workers (who were the largest group within manufacturing and accounted for about 20% of all manufacturing workers) were hardest hit, with their real wage decreasing by 10.6% over the same period (Census and Statistics Department, 1990:46). Underemployment is a possible reason for the sluggishness in the real wage of manufacturing workers, since their form of remuneration is normally piece or daily-rated, and depends a lot on overtime work.
33. For example, garment workers have staged protests against

relocations of production to mainland China.

34. I am not suggesting here that organizational factors do not matter at all, but only that unions were too weak and demoralized after 1967 to override the pressures emanating from the market. If, however, we take a longer time perspective and compare the pattern of the strikes before and after 1967, the influence of the collective organization of workers had been critical. See Leung and Chiu (1991).
35. Two kinds of industrial conflicts other than strikes are registered by the Labour Department, namely, 'trade disputes' and 'grievances'. Trade disputes increased from the annual average of 120 between 1974 and 1977 to 165 in the 1982-1986 period. Grievances increased from the annual average of 6,697 in 1974-1977 to 20,612 in 1983-1986. See Turner *et al.* (1991:71-2).

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## 香港經濟與勞資糾紛

趙永佳著

( 中文摘要 )

本文以高度市場主導的香港社會作為個案，嘗試驗證各種有關市場與罷工之關係的理論。因為香港的勞資關係制度化程度甚低，勞工之罷工行為深受其市場位置之轉變影響。當勞工市場呈現緊張、工人實質工資增加、商品銷售暢旺時，工人相對於資方的議價能力相應提高，更從而掃除了工人抗爭的心理障礙，及加強了罷工策略上之吸引力。反之，當經濟增長放緩、企業投資意欲減低、實質工資停滯不前時，市場趨向令工人變得消極，更令勞資之間的力量對比明顯變得對資方有利。在理論層面，本文之分析指出集體行動理論似乎較能解釋罷工行動的長期及短期性變化。此外，強調心理因素之集體行為論與集體行動論亦有可以互相補足之處，因為通貨膨脹之壓力亦會在短期內增加罷工的機率。