

TRADE UNIONISM IN CHINA: SINKING OR SWIMMING?

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SUMMARY

The period of neo-liberalism in the 1980s and post-Cold War context of the 1990s have challenged trade unions throughout the world. With the onset of market reforms from 1978 onwards, the All-China Federation of Trade Unions (ACFTU) began to revitalise its activities. However, reform and WTO entry have posed new challenges to the functioning and legitimacy of the ACFTU. This article analyses the nature of the challenges facing the ACFTU in the reform context and traces its gradual attempts at internal reform. The key argument in the article is that the ACFTU is shifting from being an incorporated organisation to a state corporatist entity. Furthermore, though WTO entry has accentuated the need for the ACFTU to become more active in representing workers, the ACFTU is unlikely to reshape itself institutionally to guarantee either the protection of workers or social stability.

From the 1980s onwards trade unions in most countries have experienced declining memberships and diminishing power. The rise of hegemonic neo-liberalism in the 1980s and the subsequent end to the Cold War combined to vindicate the inevitability of market economies and the concomitant supremacy of liberal democracy. In the context of the increasing internationalisation of production and ever-confident global capital, the task of enforcing international and national conventions and laws on employment rights has become even more difficult. The concepts of class and class analysis seem increasingly irrelevant as new technologies demand more skilled and educated workforces and consumerism fuels the expansion of service industries. Trade unions appear like constructs of a past modernist era, rooted in Fordist manufacturing processes and ideological conflict, struggling for survival in a fragmented and diffused global jungle. In the context of increasing globalisation, the decline of manufacturing and the triumphalism of capitalism, the future for trade unions looks bleak.

With one of the largest federation of trade unions in the world, namely, the All-China Federation of Trade Unions (ACFTU) and a communist party at its helm, China might seem to offer some grounds for optimism. Yet reports of strikes, slow-downs, demonstrations, workers injured and killed in factory fires and poorly maintained mines suggest that the Chinese government may have more on its plate than it can handle. As laid-off state workers, unpaid pensioners and aggrieved workers take to the streets to make their claims independently of the ACFTU, the legitimacy of the state-sanctioned trade union, and its ability to tackle the new challenges in the reform period, look increasingly questionable. Moreover, the persistent sprouting of new forms of independent labour organising, despite on-going repression, are a constant reminder to the ACFTU that its capacity to represent is overshadowed by its structural relationship to the Chinese Communist Party.

In this article we explore the challenges that confront the ACFTU and their implications for internal reform. We describe the changes that the ACFTU has already undertaken over the past twenty years that provide some grounds for optimism. We consider also the factors affecting the prospects for further reform in the ACFTU. We contend that the most likely future scenario is one where the ACFTU struggles to reform in the direction of state corporatism, attempting to relinquish the coat-tails of incorporation and don the garb of representativity. In doing so it is persistently dogged by its complex relations with the Party/state and challenged by spontaneous labour protests and the relentless rise of new, independent labour organisations¹.

I. NEW TIMES, NEW CHALLENGES

China's gradual shift away from a planned towards a market economy over the past two decades has brought about far-reaching changes in the structure of the economy, social relations, and the institutional architecture of the Party/state. The rapidity and depth of these changes has placed pressure on the old institutions of intermediation, representation and participation such as the All-China Women's Federation, the ACFTU and the Communist Youth League. In this section we focus on some of the key challenges, which have called forth, and continue to call forth, changes in the way the ACFTU prioritises its interests, defines its agenda, and relates to its members. These include the increasing fragmentation and diversification of workers; the prioritisation of workers' interests over Party interests; the declining legitimacy of the ACFTU as reflected in independent labour actions and the continuing emergence of new forms of labour organisation; the financial sustenance of the ACFTU; and WTO entry.

In the pre-reform period the main fault-lines differentiating Chinese workers operated around whether the enterprise was state-owned, collectively-owned or belonged to the street committee or neighbourhoodⁱⁱ. At the pinnacle of the working-class hierarchy were state enterprise workers, who enjoyed 'an iron rice-bowl' of life-time employment, welfare benefits such as access to schooling, kindergartens, medical care, and pensions, highly subsidised housing and high political and social status. Next in line were workers in collective enterprises, who, depending on the size of the enterprise, enjoyed a similar range of benefits to state workers, though often not as complete. Apart from enterprise ownership the other main distinguishing feature amongst workers was the permanence of their employment. Though most urban state and collective enterprise workers had permanent jobs, enterprises also kept a 'reserve army' of temporary and seasonal workers, who could be recruited and dismissed according to needⁱⁱⁱ.

Twenty years of reform have radically undermined these hierarchical certainties. The expansion of the private sector, the establishment of Special Economic Zones on the eastern coastal board, the relaxation of residential controls and in-country migration restrictions have shattered rigid urban/rural divides of the past and given birth to new categories of workers such as 'migrant workers' (*mingong*), workers in foreign enterprises, workers in township and village enterprises, workers in private enterprises or individually owned enterprises and contract workers^{iv}. With the acceleration of state enterprise reform from 1993 onwards came the new distinction between the unemployed (*shiye renyuan*) and retrenched workers (*xiagang gongren*^v). Chinese workers have become increasingly differentiated and stratified^{vi}. Once the heroes of socialist revolution, enjoying considerable social and political status, state enterprise workers have now plummeted to near the bottom of the ladder, losing their iron rice bowl on the way. Illustrative of the demise of state and collective enterprise workers are the repeated allusions in the media to their supposed lack of skills, their backwardness and even to their tendency to shun hard work, motifs that construct state enterprise workers as a drag on modernisation.

The diversification and stratification of Chinese workers and the proletarianisation of the rural farmers^{vii} creates a fundamental problem of representation for the ACFTU. This problem is twofold: first, it is not clear who the ACFTU should represent; second, it is not clear how the ACFTU should represent such a differentiated and diffused workforce. Who then should the ACFTU represent? Traditionally the ACFTU has represented urban workers in state and collective enterprises and such workers have represented the majority of the urban enterprise workforce. With the vigorous growth of the urban domestic and foreign private sector, the number of employees in private enterprises and foreign-invested enterprises has expanded, reducing the total proportion accounted for by state and collective enterprises. At the same time partial or total closures of state and collective enterprises have led to the retrenchment of well over 21.4 million workers, reducing further both the absolute number of workers in this sector, from 103.46 million in 1990 to 81.02 million in 2000, and their percentage of the total urban workforce from 62 per cent in 1990 to 38 per cent in 2000 (Zhongguo Zong Gonghui Yanjiu Shi Bian, 2001:37). The changing character

of the Chinese workforce thus requires the ACFTU to clarify which segments of China's working class it does and should represent.

Second, and relatedly, the diversification of types of workers poses also a practical problem of how the ACFTU should reach such employees, given that its traditional base has been in the state and collective sectors. Workers employed in joint ventures or wholly-owned foreign enterprises are often recruited on short, one year contracts, and therefore frequently change their posts. Moreover, in many such companies the ACFTU has been unable to set up unions, due to the high turnover of workers, the lack of trade union staff to initiate such processes, and the reluctance of some employers to permit the establishment of trade union branches (Zhang, 2000: 50-57; Qiao, 2002:247).

Given that the ACFTU has been part of the institutional fabric of the political economic system for over thirty years, with authority, institutional channels and resources to reach out to workers, the rapid change in the urban production force presents the ACFTU with fundamental problems of institution-building. How can it build a base amongst migrant workers, who frequently change their workplace and whose needs differ to those of state enterprise workers or laid-off workers? How can it organise unemployed or laid-off workers, who can no longer be located at the workplace? How can it mobilise migrant workers on construction sites, or workers employed in small-scale private enterprises and individually owned enterprises, who are physically dispersed and employed often only on a daily basis? Furthermore, how can it forge a unity amongst workers when their needs are so diverse and their expectations so different? Whilst an employed state enterprise worker may be concerned primarily about their pensions or health care or the security of their position, the main concerns of a young, female migrant worker in a foreign enterprise in Dongguan are likely to be the non-payment of wages, provision of decent living conditions, or excessive overtime^{viii}. For a middle-aged worker in a state enterprise the trade union leader may be one of the persons s/he turns into when aggrieved, though there is some evidence that union leaders are not the first port of call^{ix}. However, a young migrant worker may have little knowledge about the work of the ACFTU or even expectation that it might possibly defend his/her interests in a dispute.

Fragmentation and diversification not only push the ACFTU to redefine its goals, its priorities and its tasks, but also the way it recruits its leaders and cadres, and the way it relates to workers. In the 1980s local trade union leaders in the Special Economic Zones had to deal with a new structure of labour relations that rested on a fundamental divide between workers and managers and owners, or in classic Marxist terms between labour and capital. In the 1990s the retrenchment of state enterprise workers and the introduction of collective bargaining further call for a rather different profile of a trade union leader than that demanded under the former planning system, where the main duties of trade union cadres consisted in distributing entertainment tickets, assisting in the assignment of housing, and attending to the welfare needs of workers, especially those particularly impoverished. To bargain and negotiate requires not only recognition that the interests of workers and managers can be opposed, but also willingness, courage and skills to confront. To bring about such a change in behaviour demands therefore fundamental changes in the pattern of incentives to trade union leaders.

Underlying some of these problems of institution-building is a basic dilemma, that is, whether the ACFTU should give priority to the interests of workers, or to the interests of the Party. This dilemma has haunted the ACFTU since its inception and is rooted in the dependent relationship of the ACFTU upon the Chinese Communist Party (CCP). After the Liberation of China in 1949 the CCP sought to reassert its control over a still deeply divided society by prohibiting organisations deemed counter-revolutionary and in turn establishing new institutions of intermediation and representation. In this spirit it created nine mass organisations (*qunzhong tuanti*) representing key social interests in society, the three main ones being the

ACFTU, the All-China Women's Federation (ACWF) and the Communist Youth League (CYL), representing respectively the interests of China's urban workforce, women and youth. These mass organisations formed a fundamental part of the new institutional infrastructure of the Leninist Party/state and continue to do so. Their staff are appointed and remunerated by the Party. They function as 'transmission belt' organisations, relaying Party directives and policy downwards and transmitting grassroots opinion upwards^x. Fused with the Party/state, the ACFTU is far removed from the voluntaristic trade unions that characterise many parts of the world.

The tension between these two sets of contradictory interests has surfaced increasingly in the reform period as the gap between these dual interests has widened. The introduction of foreign investment in the 1980s drew attention to this basic dilemma. On the one hand the trade union was supposed to ensure that production proceeded smoothly and Party policy was carried out; on the other hand local trade unions had to deal with complaints of excess overtime, unpaid or delayed wages, instances of sexual harassment, or failure to grant leave days. The responses of local trade unions have been ambivalent, reflecting the basic dilemma they face. Sometimes they have actively defended workers against the employers; on other occasions they have succumbed to pressure from the local authorities to take the side of the employers for broader interests of local economic development (Howell, 1997a and b; Zhang 2000). In the 1990s the acceleration of state enterprise reform has again challenged the ACFTU to resolve the dilemma of contradictory, dualistic interests. In general trade unions at the local level have been unable to negotiate effectively with employers for satisfactory redundancy packages, or to provide a platform for challenging the illegal depreciation of assets or defend workers against non-payment of pensions or redundancy allowances.

The gnawing tension of this fundamental dilemma leads us to the third major challenge confronting the ACFTU, namely, maintaining its legitimacy. Presiding over a monopoly of representation, the ACFTU has a considerable responsibility to its constituency of urban Chinese workers. However, whenever the ACFTU gives priority to Party interests over those of workers, its claim to represent and defend workers is weakened. The problem of declining legitimacy is reflected in the increasing number of spontaneous worker protests and the continuing formation of new labour organisations.

Worker protests in China are not new. In the 1950s, 1960s and mid-1970s workers are reported to have gone on strike, demanding improved working conditions and the right to form independent trade unions (Perry, 1994: 1-27, 1995: 314; Sheehan, 1998, Wilson, 1990:54). What is different in the 1980s and 1990s is that the incidence of such spontaneous protests has become more frequent and more widespread across China. In the 1980s wildcat strikes, sit-ins and spontaneous protests occurred primarily in foreign-invested enterprises in the Special Economic Zones. Not only did the ACFTU not have representation in many of these factories, but the dilemma of contradictory interests was further complicated by the additional factor of foreign capital. Whilst such protests have continued to occur in foreign companies in the 1990s, the new phenomenon in this decade has been the almost daily occurrence of street demonstrations and extended protests by retrenched state enterprise workers, aggrieved at losing their jobs, and/or not receiving appropriate redundancy payments, allowances or pensions. In the spring of 2002, for example, thousands of laid-off workers from several factories in Liaoyang City, Liaoning province, took to the streets to protest against corruption, insufficient severance pay and unemployment. Similarly thousands of workers from Daqing oilfield in Heilongjiang province demonstrated repeatedly over several months from March 2002 onwards against inadequate welfare benefits, poor severance deals, and increased premiums on pension insurance.

The failure of the trade unions in many instances to resolve such disputes or to represent workers' interests during discussions of retrenchment processes has contributed further to perceptions amongst workers that the ACFTU is neither effective in promoting their interests nor truly representative of workers. The following extracts from interviews with fifty laid-off workers in Chengdu in May 1999 reflect such perceptions: (a former state construction company worker) "I didn't go to them [trade union] for help when I was laid-off. The trade union doesn't have any strength. The trade union and leaders are one and the same". Or, in the words of a former female state enterprise worker, "Nobody thinks of going to the trade union for help. The trade union can't speak for you. We didn't think of going to them at all".

Indicative of the declining legitimacy of the trade union is the continuing formation of new labour organisations throughout the 1990s and early millennium, despite almost immediate suppression. The demand for independent labour unions and attempts to establish autonomous labour organisations again is not confined to the end of the twentieth century. In the 1950s and 1960s workers protests were often accompanied by calls for autonomous trade unions. The most long-lived and successful attempt to establish independent workers' organisations occurred during the democracy demonstrations of 1989, when autonomous workers' organisations sprung up in Beijing and other major cities in China, the most oft-cited case being the Beijing Workers Autonomous Federation (Lu 1990, Walder, 1991). Although they lasted for only a matter of weeks, nevertheless their formation fundamentally challenged the authority and legitimacy of the ACFTU. Though many of the leaders were detained and sentenced to prison and labour re-education camps, others such as Han Dongfang fled to Hong Kong, from where he has continued to call for autonomous trade unions and the defence of workers' rights.

Despite this repression there have been constant attempts during the 1990s to set up independent workers' organisations. For example, in 1992 the Preparatory Committee of the Free Labour Union of China was formed and distributed leaflets in Beijing calling for free trade unions. In 1994 Liu Nianchun was sentenced to three years of re-education for attempting to set up the League for the Protection of the Rights of Working People. In 1998 Zhang Shanguang was arrested for attempting to establish the Shu Pu Association for the Protection of the Rights of Laid-Off Workers. One year later Yue Tianxiang and Guo Xinmin initiated the China Workers Monitor in Gansu to expose corruption and mismanagement in the enterprise from which they had been retrenched. In June 2002 Di Tiangui, a former state enterprise worker in Taiyuan City, Shanxi Province, was detained on suspicion of setting up a national federation of retired state workers. In the same month migrant workers in Zhejiang province attempted to set up an autonomous migrant workers' organisation. Such attempts are a constant reminder to the ACFTU at both national and local levels that its claim to represent is questionable and its power to defend the interests of worker weak.

Though the ACFTU, like other mass organisations, is an integral cog in the wheel of the Party/state, it also is subject to the tremors and quakes that are part of economic and state reform processes. Of particular relevance here are efforts to streamline Party/state institutions and state enterprise reform, both of which have implications for the financial integrity and capacity of the ACFTU at national and local levels. Between 1993 and 1996 and again in 1998 concerted efforts were made to downsize government, starting at national level and working down to the county (Burns 2003). In 1999 mass organisations, too, were directed to reduce the size of their establishments through early retirement, transfer of staff, and non-recruitment from the end of 2000 onwards^{xi}. Though such central directives aim to enhance the efficiency of government offices, they also reflect a squeezing of budgets. Given that the ACFTU needs to expand rather than contract, so as to reach workers in non-state enterprises, then the reduction of staff and budget raises questions about the future capacity of the ACFTU to address some of the new challenges arising out of structural economic reform.

Furthermore, the acceleration of state enterprise reform is likely to undermine the financial and structural basis of the ACFTU. The ACFTU's revenue comes primarily from a two per cent levy on the wage bill of enterprises. Under the economic planning system raising this levy from state and collective enterprises was automatic and virtually unproblematic. However, in the reform period two problems have emerged. First, the majority of state enterprises have been underperforming and since the early 1990s increasing numbers have closed, thus removing a key source of revenue.

Second, although the levy is supposed to be drawn from all enterprises, there is no effective means of enforcing this in private and foreign enterprises, where in any case trade union representation barely exists. In his speech to the Executive Committee of the ACFTU in 2000, Wei Jianxing, Chair of the ACFTU and member of the Politbureau, revealed that only 5 per cent of workers in the private sector belonged to the union and in township enterprises a mere 3.4 per cent. Indeed compulsory extraction of such a levy could be a disincentive to some foreign investors and one which local governments might well be prepared to forgo. Given the declining legitimacy of the ACFTU, raising membership dues directly from workers is likely to prove difficult. Moreover, trade union membership has been declining in the 1990s. Between 1993 and 2000 the ACFTU lost 35 million members and the union recruitment rate fell from 83.6 per cent in 1981 to 51.5 per cent in 2000 (Huang, 2001; Zhongguo Zong Gonghui Yanjiu Shi Bian, 2001: 79). The legitimacy and financial security of the ACFTU are thus fundamentally related.

The final key challenge for the ACFTU relates to China's recent entry into the WTO. This will accentuate many of the tendencies already described above, such as the need to clarify its relation to the Party and to workers; the need to be more forthright and active in representing workers' interests; the importance of finding new ways of communicating with and reaching out to workers; the urgency of establishing its legitimacy in the eyes of workers^{xii}. The anticipated increase in the number of failing, uncompetitive enterprises after WTO entry is likely to heighten grievances amongst retrenched workers. Without effective channels of representation and participation, such grievances will find expression in further demonstrations and protests, raising doubts again about the legitimacy and capacity of the ACFTU. This will put further pressure on the ACFTU to prioritise workers' interests and to institute new incentive patterns to encourage trade union leaders to behave differently. The greater opportunities for international exchange will no doubt benefit the ACFTU, as has been the experience of the ACWF^{xiii}, but it will also put the federation under pressure to take seriously the idea of 'the right to associate'. In the next section we look closely at the attempts by the ACFTU to tackle some of these challenges through internal reform.

II. Plus ca change, plus c'est la meme?

'The more it changes, the more it is the same'? It would be wrong to suggest that the ACFTU has not attempted change, or that it has not changed in any way, over the last two decades of reform. But it would also be incorrect to suggest that the changes that have occurred amount to any substantial or significant transformation of the trade unions' structural position in the architecture of the Party/state, in the basic way it relates to workers, or to its effectiveness in functioning as an institution of representation and participation. In this section we examine the key changes in the ACFTU since 1978, reflect upon how far these have taken the ACFTU in the process of institution-building, and identify what remains to be done.

In response to the diversification of ownership systems the ACFTU has established new departments to deal with issues that arise in foreign-invested enterprises, township and village enterprises and the private sector. In this way staff can focus their attentions on the specific problems emerging in these enterprises and develop specialised skills. In the reform period laws and regulations have become increasingly important in the management of enterprises, resulting in the growing prominence of the legal section in the ACFTU. Though efforts are made to resolve disputes between management and workers within enterprises,

the number of cases taken to arbitration committees has been steadily increasing during the 1990s^{xiv}. Similarly, with the introduction of collective bargaining, a new department was created within the ACFTU in 2001 to steer the development of this new tripartite system (Gong 2002:7). These structural changes within the ACFTU in turn require cadres to gain new skills such as negotiation, bargaining, and knowledge of labour regulations, relevant laws and their practice^{xv}. As well as establishing new structures within the ACFTU to deal with new issues, trade union leaders at local level have sought to find new ways of reaching workers. As managers in foreign-invested enterprises usually do not permit the trade union to hold meetings during working hours, trade union cadres have had to organise meetings after work or during lunch hours. Former internal publications can now be purchased at newspaper stands or through subscription^{xvi}.

Caught in the dilemma of having to ensure production and carry out Party policy whilst also representing workers, trade unions at local levels have reacted with ambivalence to work stoppages, strikes and go-slows. In some cases trade union leaders have acted on behalf of workers, defending their interests and arguing for improved working conditions (Karmel, 1996:129). However, in other instances, trade union cadres have taken the side of management, emphasising the importance of stability and production and underplaying or even denying the validity of workers' grievances. This ambivalent behaviour reflects the structural dilemma facing the trade union as a Leninist transmission belt organisation directed to both represent workers' interests and ensure the stability of production and implementation of Party policy, a dilemma that at the local, micro-level of the factory floor has to be resolved by individual trade union cadres. The situation is further complicated by the tendency in foreign-invested enterprises for the trade union leader to be appointed by and/or closely related to the manager of the company. Indeed in some factories the union leader may also be the company manager (Zhang 2000; Howell 1997b).

The urgent need to re-define the role of the trade union so as not least to address the rising number of disputes in enterprises lay behind both the move towards collective bargaining and the various legislative changes in the 1990s concerning labour relations and trade unions. Experiments with collective bargaining in state enterprises began in the early 1990s. Collective bargaining and equal consultation marked an important step in recognising that the interests of workers, trade unions and employers were distinct, and potentially conflictual. In the early reform period there was considerable reluctance to the idea that workers, trade unions and employers did not share a unified interest, a position that was deeply embedded in an ideology that claimed the state to represent, *inter alia*, the interests of the working-class. By June 2001 more than 510,000 enterprises had set up systems of equal consultation and collective bargaining, covering 70 million workers (Fang 2001). As part of the move towards collective bargaining the ACFTU has also tried to shore up the otherwise ineffectual workers' congresses as institutions of workplace democracy, sites for interest articulation, and platforms for holding enterprise managers to account.

Aware of the need to establish a legal framework around labour relations that reflected the changing reality in China, the ACFTU has initiated and participated in the drafting of several new laws and regulations since 1978. The landmark piece of legislation for governing regulations is the January 1994 Labour Law, which came into effect in July 1995. By specifying maximum working hours and overtime as well as entitlements to holiday, maternity leave and sick leave, the new law sought to deal with the unacceptable practices of excessive overtime and hours reported to occur in many foreign-invested enterprises. The law also required the establishment of trade unions in all enterprises, regardless of their ownership form. Apart from this major legislation the ACFTU was also consulted in the drafting of the 1988 regulations on the protection of women workers, the 1992 law on the protection of women's rights and interests, and numerous other national and local labour regulations (Warner 1996; Qiao 2002). Illustrative of its greater

role in legislative processes, the ACFTU participated in the drafting of over 1,200 laws and regulations between 1993 to 2001 (Gong, 2002:10).

The ACFTU has also initiated changes in the legal framework governing its own activities. In 1992 a new Trade Union Law was passed, which, after a consultation process of almost three years, was substantially revised in October 2001. At the core of the revised law is a recognition of the role of the ACFTU as protector and representative of workers' rights and interests. This is particularly significant in the case of Article 27, chapter III, which clearly states that in the case of work stoppages or go-slows, the trade union should 'on behalf of the workers and staff members, hold consultation with the enterprise or institution ..., presenting the opinions and demands of the workers and staff members...'. In the past trade unionists have sometimes sided with management in disputes, not least because of the lack of clarity in their role. The revised law also emphasises the right of workers to organise or join trade unions, though independent trade unions are still prohibited. The additional clause in Article 3, chapter I, namely, 'No organisations or individuals shall obstruct or restrict them' as well as the stipulation in Article 11, chapter II, that higher-level trade union cadres can assist workers and staff in enterprises to establish trade unions, are both aimed at undermining efforts by private, township and village, and foreign-invested enterprises to resist the establishment of trade unions. Similarly the requirement in Article 9, Chapter II, that trade union committees should be democratically elected is aimed at reducing the emerging practice of company managers doubling as trade union leaders and weakening the close affiliation between managers and trade unionists. These changes in the legal and regulatory framework on the one hand reflect the growing significance of non-state enterprises and on the other hand attempt to redefine the role of trade unions in this changing context.

These changes in internal structure, operational style, legislative and regulatory framework, and micro-level labour-management structures emerge out of and in turn highlight the fundamental dualistic dilemma afflicting the trade union in China, namely, the pull to act as an institution of representation and participation along with the push to serve as an integral cog of the Party machine. Concerned about the spectre of social instability, top Party leaders have urged the ACFTU to represent and protect the interests of workers more firmly. Yet, in doing so, they have not wished to query or unsettle the ACFTU's cosy relationship with the Party, a crucial structural factor shaping the very nature of the ACFTU. In the history of the ACFTU, however, there have been leaders such as Li Lisan in 1950-1951 and Lai Ruoyu in 1957 who tried to push for a more autonomous role for the ACFTU, giving priority to the interests of workers (Lee 1986; Ng and Warner 1998).

Aware that changing employment conditions and the rise in factory disputes called for a different approach, and in particular one where trade unions gave priority to workers' interests, more liberal reformers in the Party and astute trade union leaders have pressed for greater autonomy for the unions from the Party. In the wake of labour unrest in 1980 and 1981, Liao Gailong, an ally of Deng Xiaoping, argued in a report to high-ranking officials that workers should be able to elect their leaders and thereby form their own trade unions (Wilson, 1990: 265). At the Tenth National Congress of the ACFTU in 1983 Ni Zhifu, head of the ACFTU, pushed for a stronger role for unions in factories and enterprise management. Reformist leaders such as Zhao Ziyang and Hu Yaobang supported these moves towards strengthening the role of the trade union and redefining its relationship, and that of other mass organisations, to the Party. Over the next three years the ACFTU instigated studies of workers' attitudes, using the results to back their demands for greater power. In 1987 Vice-President of the ACFTU, Luo Gan, complained about Party interference in the elections for grassroots union officials and called for a new Trade Union Law. At a meeting of union leaders at the end of the year, Luo Gan spoke openly about the failure of the union to properly represent workers and the urgent need to allow workers to establish unions themselves. Ni Zhifu continued with this

refrain throughout the next year, linking trade union reform to the broader issue of political reform. The push for greater autonomy peaked at the Eleventh National Congress in October 1988. Key conclusions at this congress were that trade union reform was imperative, that the union should become more independent of the Party, have a greater say in policy-making processes related to labour, and should make greater efforts to represent workers.

As student demonstrations intensified during the late spring of 1989, the momentum of trade union reform inevitably got tangled up in these broader political events. The ACFTU held meetings with student representatives and donated 100,000 yuan to the Red Cross to support students on hunger strike in Tiananmen Square. Some trade union leaders participated in the student demonstrations of 1989 and signalled their support for autonomous trade unions. After the debacle of June 1989 the Party/state prohibited autonomous trade unions but refrained from meting any harsh punishments upon trade union cadres who had joined the demonstrations and sympathised with the students. The snowballing of demonstrations in 1989 highlighted the failure of existing intermediary institutions to function as organs of representation and participation and the resulting vacuum of authoritative institutions. Unwilling to admit a new architecture of representation and participation, the Party/state instead gave the ACFTU the go-ahead to emphasise workers' interests, recognising that to do otherwise would only risk further social unrest. This lay the ground for the various legislative and regulatory changes in the 1990s that attempted to re-fashion the roles and functions of the ACFTU. In return for better representing workers' rights and interests, the ACFTU would have greater room for manoeuvre. Moreover, by taking labour and trade union legislation as its reference point, the ACFTU could weaken its reliance on the Party/state at the grassroots level and justify its actions through legal rather than political systemic means.

Though the ACFTU has adapted its structures, operational style, initiated legislative and regulatory change, and sought to redefine its relationship with the Party, change has been slow and piecemeal in some aspects. Unlike the ACWF, which benefited from the hosting of the Fourth World Conference on Women held in Beijing in 1995, there has been no significant international event which has heightened the exposure of the ACFTU to the workings of trade unions in other countries, their relations with parties and states, and their micro-level strategies. Though the ILO has provided many an opportunity for training and exchange, the effects of this have not penetrated the organisation to the same degree as the preparations for the 1995 women's conference in relation to the ACWF.

Furthermore, though China's Labour Law is exemplary in many respects, the key problem lies in implementation, and in particular, the capacity of the ACFTU and Ministry of Labour and Social Security to enforce legislation and the willingness of existing trade union cadres to take on new roles. Establishing trade union branches in all enterprises is labour-intensive, and given the current streamlining of staff, it is unlikely that the ACFTU can practically achieve this, let alone ensure that it is being achieved. Similarly the inspection of workplaces requires an adequately staffed and trained contingent of inspectors. Defending and protecting the rights and interests of workers will sometimes require union leaders to confront management, a behaviour that will be uncomfortable for many grassroots union leaders used to a more cosy relationship with enterprise managers and whose main activities in the past revolved around distributing entertainment tickets, welfare benefits and ensuring the basic needs of very poor workers. Furthermore, taking up the interests of aggrieved workers can potentially put the trade union leader at risk of harassment or even losing their job. Although Article 51, chapter VI of the revised trade union law seeks to address this, such a risk is likely to be a strong disincentive to a trade union leader to respond to the grievances of workers.

Thus, though much has changed in the structure of the ACFTU and in labour and trade union legislation over the past twenty years, certain fundamental tendencies and characteristics persist. The ACFTU remains locked in an intensive and dependent relationship with the Party, relying upon it for legitimacy and policy guidance. It has not managed to redefine itself as an organisation that prioritises the interests of workers; nor has it been able to extend its reach to the increasingly diversified workforce. Its staff are schooled in practices and behaviours that were appropriate to the planned economy but which are no longer adequate for the needs of a competitive, market economy. It continues to enjoy a monopoly of representation as any alternative forms of labour organisation are quickly repressed. Moreover, the ACFTU has been complicit in preventing the emergence of any alternative unions, fearful that such organisations will threaten their authority. In the next section we look ahead to the future and consider the prospects for trade unionism in China.

III. Prospects for Trade Unionism in China: grounds for optimism?

In what direction is trade unionism in China heading? What are the future scenarios for the ACFTU and what factors are likely to influence its trajectory? It is argued in this section that current attempts to reinforce the representative dimension of the ACFTU's work are unlikely in the context of ongoing, rapid socio-economic change to stabilise labour relations in China, not least because of the ACFTU's continuing dependency on the Party for its legitimacy and authority and the limited interpretation of representation as protection.

The theory of corporatism is often applied to describe and explain the pattern of state-society relations in China. This theory, first developed by Philippe Schmitter in relation to Latin America describes a particular type of relation between states and intermediary organisations. Schmitter (1974: 93-94) defines the key characteristics of corporatism as follows:

“Corporatism can be defined as a system of interest representation in which the constituent units are organised into a limited number of singular, compulsory, non-competitive, hierarchically ordered and functionally differentiated categories, recognised or licensed (if not created) by the state and granted a deliberate monopoly within their respective categories in exchange for observing certain controls on their selection of leaders and articulation of demands and supports.”

Corporatism is counterposed to a pluralist system of interest representation, in which a multiplicity of competing organisations, voluntarily formed, determine their own agendas and raise their own demands. Schmitter (1974: 102-105) further distinguishes between state corporatism, which is more typical of authoritarian societies, and societal corporatism, more characteristic of democratic societies. In state corporatist systems the state tends to be dominant and its relationship to societal organisations heavily top-down. In contrast, in societal corporatist systems, social organisations have greater power and autonomy, and more room for manoeuvre in relation to the state. He also tentatively poses a third system of interest representation, namely, the 'monist' model, to describe corporatist arrangements in Leninist-type regimes (Schmitter, 1974: 97).

The Party/state's response to the proliferation of new forms of more independent associations in the reform period and the debacle of Tiananmen has been to reshape the corporatist regulatory framework governing social organisations. The 1989 and 1998 regulations on the registration of social organisations require there to be only one organisation per interest, thereby ensuring a monopoly of representation for the registered association. However, it has been only partially successful in controlling the growth of new social organisations. In practice new forms of association such as networks, centres, projects, and second-, third-level affiliated associations have emerged that bypass the need to register formally as a social organisation (Howell, 2003). Moreover, associations have defined themselves as marginally different to other registered

organisations, thereby circumventing the monopolistic restrictions of the regulations. In the case of women and gender issues, the ACWF continues to be the largest women's organisation in China, though since the mid-1980s there has been a proliferation of women's groups and women's studies centres across China. The ACWF continues to have a privileged position in the political system but the particular configuration of state-society relations around gender and women's interests is best described as societal corporatist. In other words the Party/state takes the ACWF as the prime organisation representing women, but the ACWF is no longer the only women's organisation representing women in society.

The case of the ACFTU is different. The ACFTU continues not only to enjoy a privileged position in the political system but also is the only legal organisation representing workers' interests. Whilst some scholars such as Chan (1993) have argued that the ACFTU is moving towards a societal corporatist type entity, it is suggested here that the ACFTU is steering away from being an 'incorporated' institution towards becoming a state corporatist entity. By 'incorporated' institution I mean a societal organisation that is co-opted by the state to the extent that it loses its capacity to represent its constituents. It is so dominated by the state that it becomes virtually indistinguishable from the state, 'virtually' because there are episodic moments when it recovers its consciousness of its particular mission. Testimony to its incorporatedness are the frequent refrains, or hidden transcripts, of workers, who lament that the trade union is but the mouthpiece of the government.

When reformist leaders in the Party urge the union to take up workers' interests, they do not intend that it become a confrontational union as in other countries, challenging business owners and government. The intention is rather that the union better represent and protect workers' interests so as to maintain social stability and production. In this way the union is to recover its essence of representativity, gain some power in relation to culpable managers and owners, but remain subordinate to the Party/state. Furthermore, representativity is constructed in the limited sense of protection. In other words, the trade unions are to represent workers when their legal rights and interests are being violated, but not to represent them when they resist fundamental policy changes. To illustrate, in the case of state enterprise reform, the desire of the Party leaders is for the union to protect workers in the process of retrenchment by providing training for re-employment, or assisting the very poorest workers, or ensuring that workers receive relevant allowances and compensation, but not to question the very policy of state enterprise reform or mobilise workers to resist the implementation of such a policy.

What is occurring is a redefinition of the social contract between the Party/state and labour. In the early 1950s the social contract forged between the Party/state and trade unions centred around guaranteed production in return for a monopoly of representation. The Party/state's claim to represent the interests of Chinese workers in the end rendered redundant the representative function of the trade union. In the reform period the Party/state and trade unions have been redefining this pact so that the guarantee of production is extended to social stability, and the function of representation is revived, but with the limited goal of protection.

The path of state corporatism is one scenario for the future of trade unionism in China, and the most likely. But it is a precarious one. The issue of autonomy is unlikely to disappear. At some point the exercise of protecting workers' rights will inevitably lead to conflicts of interests between local governments, domestic and foreign capital and workers, and to an inevitable weighing up of priorities. The fundamental dualistic dilemma bedeviling the ACFTU will remain. Moreover, some astute trade union leaders will question the limited scope of protection and dig deeper into the causes of grievances and conflicts. Internal pressure for a more hands-off relationship with the Party will continue to punctuate the evolution of the ACFTU.

Another scenario would be that the ACFTU separates itself from the Party. This seems unlikely on two grounds. First, there is not sufficient groundswell within the ACFTU for such a separation. The benefits of a close relationship to the Party, such as access to the political system, prestige, legitimacy, still outweigh the disadvantages, namely, being perceived as more representative of the Party than workers. Second, any such separation would imply a fundamental divergence of values and interests between the Party and trade union. Furthermore, the separation would deprive the Party of a key, albeit weakening structure of intermediation with society. The prospects for a genuinely autonomous ACFTU are unlikely.

There is a further scenario, namely, that the domain of labour relations becomes more plural and diverse, as has occurred with women and gender issues. In this situation the ACFTU might remain the privileged player but the field would be populated by competing, independent legal trade unions. Given the current repression of independent labour activists in China such a scenario might seem unimaginable. However, the destabilising effects of WTO entry as well China's increasing exposure to practices in other countries might persuade the Party that such a solution would be preferable. As increased international competition causes domestic state enterprises to retrench their workforces and workers increasingly take to the streets, despite the ACFTU, then finding mechanisms and institutions for stabilising unrest and negotiating conflict become of prime importance. Imprisoning labour activists may be a short-term measure to address a perceived regime threat but it also sullies China's reputation in the international arena. As China becomes even more integrated into the global economy, Party leaders will be concerned even more about the image of China. Such a concern with 'face' may provide the lever for a loosening of approach towards independent labour activism.

If this were to occur, there still remains the question as to whether a more plural arena of trade union activity would benefit the rights and interests of workers. Such an outcome is more assumed than proven. A pluralisation of the field of labour organisation may not necessarily leave workers with a better deal, or unions stronger^{xvii}. The protection of workers depends not only on the activities of strong, representative unions but also upon the values of the Party in power, the degree of political leverage that unions can wield upon governments, the systemic mechanisms for articulating and influencing policy processes, the linkages between unions and political parties, and the power of competing forces such as business and their links with government. An autonomous trade union that does not have channels of influence on government or cards to bargain with at both the macro and micro-levels is as useful as a car with punctured tyres.

CONCLUSION

This article has sought to outline some of the key challenges facing the trade union in a context of increasing economic liberalisation and globalisation. It has drawn attention to the numerous reforms in the structure and functioning of the ACFTU and the legislative and regulatory framework governing labour relations. All these suggest that the ACFTU has moved a considerable way towards enhancing its capacity and legal rights to address the emerging problems in a rapidly changing economy. However, as a relic of the planned economy, the ACFTU has not been able to adjust at a sufficient pace to quell the rising tide of grievances amongst workers. Street protests by aggrieved pensioners, demonstrations by laid-off workers, and strikes by migrant workers in foreign enterprises point to an institutional vacuum of representation and articulation. At the same time the persistent surfacing of alternative labour organisations that are quickly repressed highlights the weak legitimacy of the trade unions. All these problems reflect a fundamental problem of institution-building in a context of socio-economic change.

The pronouncements of senior Party leaders over the past five years, urging the ACFTU to take a firmer stand in protecting workers' interests, reflect a recognition within the Chinese Communist Party that the

organisations of interest intermediation need also to be reformed, if they are to play an effective role in social control and stability. However, they also reveal a particular normative vision of the functions and purpose of trade unions. According to this trade unions should focus their attention on the protection of workers' rights and interests. The trade unions can have more room for manoeuvre but as long as they confine their activities to protection so as to preserve social stability. So far the ACFTU has gone along with this vision.

Increased international competition after WTO entry will lead to enterprise closures, further redundancies, and further social unrest. So far the pace of reform within the ACFTU has been slow. It is unlikely that the ACFTU can establish branches in all enterprises, or that it can muster a force of union activists who are sufficiently competent to dampen the tide of unrest and negotiate compromises with a win-win outcome. For the future then we can expect further increases in labour protests, the continuing rise of independent labour organisations, and a protracted shift towards state corporatism in the ACFTU.

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Notes

ⁱ This article draws upon interviews with trade unions and workers carried out as part of two projects: first, a study of the re-rendering of the labour market, involving interviews with trade unionists and one hundred workers in Chengdu and Shanghai in 1999 and 2000; second, an ongoing project on the impact of WTO entry on labour organisation in China. I am grateful to the Leverhulme Trust for funding the fieldwork in Chengdu and Shanghai and to the Department for International Development for funding the latter project under the Development Research Centre on the Future State.

ⁱⁱ Walder (1986:40) refers to the different categories of workers as status groups, delineating permanent workers in state enterprises, urban collective enterprises, temporary workers and rural workers. Korzec (1992:30-35) distinguishes six different types of workers, namely, permanent employees and workers, contract workers, temporary workers, seasonal workers, peasant workers and workers contracted from the countryside.

ⁱⁱⁱ Apart from these major fault-lines, the size and performance of the state or collective enterprise also affected workers' conditions, such as whether or not the enterprise had a school, medical care or decent housing, and the status of workers.

^{iv} By 2000 there were 78.78 million state enterprise workers, 14.47 workers in urban collective enterprises, and 19.34 million in enterprises of private ownership, accounting respectively for 70 per cent, 12.9 per cent and 17.1 per cent of the labourforce (Zhongguo Zong Gonghui Yanjiu Shi Bian, 2000:41).

^v The category of *'xiagang gongren'* (laid-off workers) was created in 1995 when a pilot re-employment project that had started in 30 Chinese cities in 1993, was extended throughout the country. Laid-off workers are distinct from unemployed workers in that they technically still have employment relations with their enterprise. In 1998 the central government issued Document 64, outlining a three year scheme for laid-off workers, which enabled them to claim minimum living expenses and encouraged them to participate in training and re-employment programmes (Interview, Sichuan Academy of Social Sciences, May 1999).

^{vi} For a detailed discussion of some of the differences between workers in state enterprises, foreign-invested enterprises, and private enterprises see Zhao (2001).

^{vii} Illustrative of the proletarianisation of the rural workforce is the decline in the proportion of the workforce engaged in primary industry. Whereas in 1978 70.5 per cent of the economically active population were employed in the primary industry, that is agriculture, mining, fishing, 17.3 per cent in secondary industry and 12.2 per cent in tertiary industry, by 2000 only 50 per cent were employed in primary industry, and the percentages in secondary and tertiary industries had risen to 22.5 per cent and 27.5 per cent respectively (Zhongguo Zong Gonghui Yanjiu Shi Bian, 2001).

^{viii} For an excellent account of the experiences of workers in the reform period see Chan (2001).

^{ix} For example, in research conducted on trade unions as part of a large research project on civil society, only 10.6 per cent of respondents from state and collective enterprises stated that they would go to the trade union to resolve differences with superiors (White, Howell and Shang, 1996: 58-59).

^x For further details on the Leninist style of trade unions see Harper (1969), Howell (1997a), Lee (1986).

^{xi} Interview, ACWF, October 2000.

^{xii} For further discussions of the impact of WTO on workers and labour see Qian (2002), Blecher (2003), Li (2001), Feng (2002).

^{xiii} For a detailed analysis of the impact of the 1995 Fourth World Conference on Women, see Howell 1997c.

^{xiv} For example, the number of cases brought to labour arbitration committees rose by 50 per cent, from 8,150 in 1992 to 12,368 in 1993. By 1994 this increased again to 19,098. In 1999 120,191 cases were presented for settlement, almost 45 per cent of which were related to state-owned enterprises and foreign-invested enterprises (Zhongguo Laodong He Shehui Baozhang Nianjian Bianji Weiyuanhui, 2000 : 651).

^{xv} On the implications of WTO entry for the training of trade union cadres see Chen (2002).

^{xvi} For example, the trade union in Xiamen SEZ in the late 1980s had already started to sell its newspaper on stands in the city as a way of reaching out to workers (Howell, 1993).

^{xvii} For example, in India and other South Asian countries, an abundance of rival trade unions, affiliated to competing parties, has hindered the forging of common interests between workers in the same factory, region or sector. Moreover, most of these unions have failed to organise amongst the substantial numbers of informal economy workers.