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Chinese Trade Unions in the Transition from Socialism: The emergence of Civil Society or the Road to Corporatism?

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With the publication of the World Bank's *World Development Report 1995* which deals with issues of labour and employment, the significance of trade union organisations in the economic and political life of developing and post-socialist societies has moved up the policy and research agendas.¹ In the economic sphere there is a realisation that trade unions are a desirable response to the demands of workers who are trying to improve their wages and working conditions and protect themselves against the flagrant abuses of workers' rights which are a commonplace of development within a market framework, particularly in its early stages. At the same time, the World Bank and other development agencies are worried about the potentially negative consequences of trade unions, in terms of capturing economic rents in monopoly sectors or bidding up wages above hypothetical market rates. By contrast it is recognised that trade unions can play positive economic roles by stabilising industrial relations and improving productivity by raising the morale and commitment of the workforce. Therefore, the key policy question in the economic sphere, as defined by the Bank at least, is how to maximise the positive economic impact of unions while minimising their negative impact. From the Bank's perspective, the main benchmark for distinguishing "positive" from "negative" is the extent to which unions impede or facilitate the workings of a competitive market economy.

But the World Bank also recognises that trade unions have played, and are likely to continue to play, an important political role in the evolution of developing and transitional societies. In the case of the erstwhile socialist countries, workers' organisations played a key role in weakening the hold of the Communist Party in Poland. During the recent wave of democratisation in developing societies formerly ruled by authoritarian regimes, trade unions were at the forefront of the democratic movement in countries such as South Korea and Zambia.² Longer-range studies of the democratisation in the late nineteenth and twentieth century have emphasised the central role played historically by trade unions in extending

¹ Some critical Third World analysts are suspicious of the World Bank's discovery of labour and employment issues and dismiss it as crocodile tears designed to appease protectionist pressures in the industrialised world. No doubt such political pressures do exist and they should be a subject for future investigation. On the narrower issue of trade unions, I am inclined to attribute much of the new interest on the part of development agencies to the simple fact that free and assertive unions are now much more part of the scene in developing countries than in a previous era when they were "taken care of" by authoritarian regimes of various hues.
² For a case-study of the impact of trade unions and other social organisations on the democratisation process in South Korea and Zambia, see White 1995.
democracy in the industrialised societies of Western Europe. Analysts who are currently stressing the importance of organisations in "civil society" for the consolidation and deepening of embryonic democracies in poor societies have stressed the potential importance of trade unions in addition to business and professional associations and grass-roots NGOs.

Clearly the economic and political dimensions of the role of trade unions are intertwined. In the recent past, authoritarian regimes of various types prevented trade unions from operating effectively, either by outright repression or corporatist controls or a combination of both. To the extent that trade unions are now operating in increasingly democratic environments, it is to be expected that union organisation, activity and influence will increase and they will use their new-found freedoms to demand higher wages and better working conditions for their social constituency. Indeed, much of the political impetus behind recent trade union struggles for democratisation has reflected their desire to do just that. From the perspective of the hegemonic international development agencies, they must be encouraged to do this in a moderate and realistic fashion. There is a sensitivity to the fact that "myopic" unions may provide political support for various forms of "economic populism" which is a non-venial sin in the current catechism of Economic Correctness.

These issues concerning the economic and political role of unions are of growing importance in China, a country with a labour force of over 680 million undergoing a spurt of economic growth which has outpaced most of its rivals over the past decade and a half. The dramatic transition to a "socialist market economy" has changed Chinese economy and society beyond recognition since the programme of post-Mao market-oriented reforms began in 1979. The rapid diversification of the economic structure and the quasi-privatisation of a large part of it has created a socio-economic context in which the old-style Party dominated unions are increasingly obsolete. This raises central questions about the economic and political role of China's trade unions. On the economic side, how can they find a new role in an economy in which market relations are increasingly dominant; on the political side, to what extent do the pressures and opportunities created by a market economy enable these previously subordinated Leninist "transmission belts" to gain greater social and political autonomy - in short, to become part of a new "civil society" which emerges along with, and as a consequence of, market reform in a state socialist society? Alternatively, will they seek a new role which, while increasing their freedom of action, retain their close link with the Party/state through some form of corporatist arrangement? As the pace of economic reform accelerated in the early-mid nineties, these issues became increasingly urgent. Chinese trade unions stand at a crossroads.

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3 For example, see Rueschemeyer, Stephens and Stephens 1992.
4 For discussion of the link between "civil society" and democratisation, see several of the contributions to Luckham and White (forthcoming) and Robinson (1995).
5 Taiwan provides a fascinating case of the combination of repression and incorporation; for an in-depth study of the authoritarian period of labour relations and its erosion in the 1980's, see I.ai 1994.
with the economic and political earth shifting beneath their feet. They desperately need a new direction, but which way to go and how? These are the issues which this paper addresses.

Our analysis is organised as follows. The first section briefly discusses the role of trade unions before the post-Mao economic reforms began in 1979; the second describes the ways in which their socio-economic environment has changed and the challenges this has posed; the third analyses the extent to which the unions have adapted their economic and political roles to this new environment; and the final section will reflect on the dilemmas which the trade unions face in finding a new role in an increasingly market-oriented economy still operating under the aegis of a basically unreformed, one-party political system.

Unions in the Pre-Reform Era

We shall use broad brush-strokes here since detailed studies of the history of post-revolutionary Chinese unionism are available. (Lee 1986) A national union system was established after the Chinese Communist Party came to power in 1949 and their functions were codified in a Trade Union Law issued in 1950. Thereafter they were incorporated into the system of centralised economic planning and one-party political hegemony established in the early and mid-1950s; their role was defined along traditional Soviet-style Leninist lines as "transmission-belts" for the ruling Party with their internal organisation operating according to the top-down principle of "democratic centralism". They took on the form of a national federation (the All-China Federation of Trade Unions or ACFTU), composed of national unions based on industrial sectors. Membership included both manual and mental workers and theoretically was open to all workers in the waged sector, which included private and joint-operation enterprises in the early years after the Revolution, but eventually applied almost exclusively to the state and urban collective sector which emerged after the "socialist transformation of industry" in 1956. In a largely agricultural country, therefore, the unions only represented a small percentage of the national labour force. On the eve of the reforms in 1978, for example, even after nearly three decades of industrialisation, the urban state/collective workforce constituted only 23.7 per cent of the total workforce. (SSB 1993: 79) In 1981, which is the first year when reliable statistics on union membership became available in the post-Mao period, about 84 per cent of the urban state/collective workforce were counted as union members. (ZGTN 1992: 85)

The Federation was hierarchically organised according to the principle of "dual leadership" whereby individual unions have their own national organisation but are integrated at each level by a branch of the ACFTU. The union system itself was subordinated to the leadership of the Communist Party, a relationship which was particularly close and pervasive.

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Given the official ideology that the unions, as mass organisations of the working class, were a basic foundation of communist power. Thus at national and local levels, the ACFTU branch was subordinate to the Party committee at each level; in the enterprise, there was a single basic-level union branch, the chairperson of which was answerable to the "dual leadership" of both a superior union organisation and the enterprise Party secretary.

Though the unions were clearly subordinate to the Party in both theory and practice, their role as a "transmission belt" was inherently ambiguous. On the one side, their main responsibility was to transmit the Party's current ideological line and policies to the urban working-class and try to secure their support and compliance. This gave them both political responsibilities such as ideological education and economic functions such as mobilising workers to increase productivity, maintain enterprise discipline, improve their technical skills, contribute to technical innovation drives and the like. On the other side, they had the officially recognised responsibility "to protect the interests of workers and staff members" (Trade Union Law 1950: Article 7) and transmit the opinions and problems of their members to the Party/government authorities.

This basic ambiguity thrust the unions into the uncomfortable role of "middlemen" and led to fluctuations in their behaviour over time as they sought to resolve its inherent contradiction. There were three major crises in the relationship between the unions and the Party during the pre-reform era. In the first, during 1950-51 under the leadership of Li Lisan, there was a move to assert the autonomy of the unions and their role as representative of the specific interests of urban workers. The CCP leadership responded by criticising Li Lisan and other union leaders, replacing Li as head of the ACFTU and re-establishing the principle and reality of union subordination to Party leadership. In the second upheaval, during the latter part of the Hundred Flowers Movement in 1957, the same impetus towards organisational autonomy re-appeared under the new leader of the ACFTU, Lai Royu. The Party leadership again responded by re-imposing the principle of Party dominance and replacing Lai and his group in 1958. The events of 1956-57 vividly illustrated the dilemmas facing hapless union cadres whose impotence and subservience to the Party made them unable to respond effectively to the demands of their members. Many urban workers lost confidence in the unions during this period and expressed their discontent through strikes and other forms of protest. The resolution of the conflict through the reassertion of Party control over the unions reduced their role even further because able and ambitious people tended to avoid union work as personally frustrating and unrewarding in career terms. Even though there was some minimal progress in improving their status in the early 1960's, they encountered a third crisis in 1966 when they fell victim to the leftist onslaught of the Cultural Revolution. During this movement, the small role they had played in representing the material interests of workers was castigated as "economist", "welfarist" and "syndicalist". Once again, urban workers founded
alternative organisations to express their discontents, in the form of myriads of "revolutionary rebel" groups and local Workers Representative Congresses. After 1966, the unions disappeared as a separate institutional entity and the ACFTU was not reconstituted as a national body until the beginning of the reform era in 1978.7

In sum, in spite of their activism in the early post-revolutionary years, on the eve of the reform era the trade unions had been reduced to peripheral institutions through successive waves of political subordination and attack. As of 1978, they had not had a national congress for over twenty years and the Law which theoretically governed their activities was nearly three decades old and grossly obsolete. Their impotence was painfully apparent, sandwiched as they were between the Party which used them as a political instrument and a social constituency which recognised their weakness and had intermittently resorted to other methods and organisations to assert their interests. That labour protest had not been more pronounced reflected the fact that urban workers were a relatively privileged stratum in post-revolutionary society: lauded as "masters of the country", insulated against a potentially threatening labour influx from the countryside and granted favourable wage and welfare benefits not shared by labourers outside the urban state-collective sector. There was in fact an implicit "social compact" in operation through which workers exchanged their cooperation for relatively favourable treatment. At the enterprise level, this social compact operated through a system of implicit bargaining and accommodation between management and workforce which operated in informal and clientelistic ways and served further to marginalise the formal role of basic-level union branches.8 The enterprise or "unit" largely defined the confines of workers' lives and unions did not serve to provide "horizontal" links between workers in different firms. The enterprise union branch was integrated within a vertical system of authority which insulated each enterprise within the familiar cellular structure of pre-reform urban society, the "unit system".

For over a decade before the reforms began, then, the unions had been decimated as a separate institutional force and played virtually no role in Chinese industrial relations. However, if one looked back beyond the Cultural Revolution to the first decade of the revolutionary regime in the 1950's, there was evidence that the unions were capable of independent initiative and had not acted as mere tools of a Leninist party. Thus the history of China's trade unions in the pre-reform era cannot be captured by a simple "totalitarian" model of subordination to the Party and Chinese experience of intermittent union activism conforms to a wider picture of the variable role of trade unions in communist systems elsewhere. (for a survey, see Pravda and Ruble 1986)

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7 For account of these cardinal events in the pre-reform history of the unions, see Harper 1969, and Lee 1986. For analyses of the activities of workers in these upheavals, see Perry 1992 and Lynn White 1989.
8 Walder (1986) described this system of industrial relations as "communist neo-traditionalism".
The Challenges Posed by Economic Reform

From the mid-1950's on the unions had been operating in a context which was relatively stable socio-economically and highly unstable politically. The environment they were to face during the reform era was to prove very different. Between the late 1970's and the mid-1990's, rapid change in the economic and social system was accompanied by relatively marginal changes in the political system. Market reforms changed the economic context of the unions in major ways. Under the impact of rapid industrial growth, their own constituency of workers in the urban public sector expanded relatively slowly and the rate of unionisation was able to keep pace. However, other economic sectors - private, "new collective" and foreign-invested - expanded more rapidly, in particular rural small-scale "township and village enterprises" which by 1992 were employing nearly 106 million people out of a total rural workforce of 438 million, compared with a mere 28.3 million in 1978 (SSB 1993: 75 and 360). The number of workers in private enterprises or self-employed in the cities rose from a mere 150,000 in 1978 to over 11 million in 1993 with the rate of increase accelerating dramatically in the mid-1990's. (SSB 1994: 20) The workforce in foreign-invested enterprises in the Special Economic Zones and elsewhere had reached nearly three million by 1992 and expanded even more rapidly thereafter as foreign investment increased.

In spite of these dramatic changes in the economy at large, the traditional socio-economic citadel of the unions - the urban public sector of state and "big collective" enterprises - changed relatively little. Until the early 1990's, the lives of workers in these firms were still largely unaffected by enterprise reforms whose impact had so far been superficial. Our survey of the attitudes of workers in two industrial cities conducted in late 1992 suggests that most were still living in the old world of the "unit" with its traditional state-socialist commitments to worker welfare and security. Workers still felt a high degree of solidarity with and commitment to their enterprise. While concerned about levels of provision of welfare and wage benefits within the enterprise and worried about broader societal trends such as inflation,

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9 The urban public sector includes both state enterprise and the so-called "big collective" enterprises which were in effect quasi-state enterprises. Between them, these two sectors employed nearly all the urban workforce before 1979. The workforce of state enterprises increased from 76.9 million in 1979 to 110.9 million in 1993 while that of urban collectives grew from 22.7 to 36 million over the same period. (SSB 1994: 22) The rate of unionisation in state enterprises, based on ACFTU figures with lower aggregates than the above State Statistical Bureau estimates, rose from 84.7 per cent in 1981 to 93 per cent in 1991 (ZGTN 1992: 85) while the SSB itself estimated the rate to be about 92 per cent as of 1992 (SSO 1993: 284).

10 These were the large, heavy-industrial city of Shenyang in the North-Eastern province of Liaoning and the medium-sized, light-industrial city of Nantong in the Central-Eastern province of Jiangsu. The research project as a whole was conducted by a U.K. research team based at the Institute of Development Studies, including the author and Shang Xiaoyuan from the IDS and Jude Howell of the School of Development Studies, University of East Anglia. This specific field survey was conducted in collaboration with Chinese colleagues from the Centre for Social Statistics at the Chinese People's University, Beijing. Financial support for the research was provided by the U.K. Economic and Social Research Council to which thanks are due.

11 When asked about their attitudes to their enterprise, over 90 per cent of those expressing an opinion claimed either that they were "masters of the enterprise" or shared strong common interests with it.
corruption and increasing income inequality, there was still no clear evidence of feelings of insecurity and threat. However, there was a straw in the wind detectable in their attitudes to the "three systems reform" campaign - intended to make terms of employment and wages more flexible - which was under way during 1992; over 50 per cent of workers who indicated an opinion on this campaign expressed various degrees of disquiet. This disquiet was even more evident in personal interviews with individual workers, particularly older people nearing their retirement.

In retrospect, this was probably the dying era of the urban "unit system". By the mid-1990's, this still relatively comfortable and secure world was under more sustained attack and urban public sector workers were finding themselves under increasing pressure from various sources. Before 1979 urban and rural labour markets had been separated by a comprehensive system of controls based on residence certificates and ration entitlements. By the 1990's this had broke down and rural labourers were flocking into the cities in increasing numbers. As a result, a "floating population" of temporary, casual and unemployed labourers accumulated in the cities, the latter constituted a new "reserve army" of urban surplus labour which radically changed the previous situation of virtually full employment. Moreover, the traditional base of the urban working-class - state and large collective enterprises - came under increasing pressure to change their labour practices as they were pushed to compete in the market and efforts were made to semi-privatise them through the introduction of a share system in the mid-1990's. The number of public-sector bankruptcies, mergers and rationalisations rose and reformers increased their pressure to abolish the principle of job tenure in state enterprises and to give managers more flexibility in personnel decisions. Managers were granted greater power to discipline, hire and fire workers and encouraged to reduce the high level of "hidden unemployment" caused by overstaffing (estimated to be as high as 20 per cent of the state workforce) by shedding personnel. This led to various forms of labour extrusion, including outright unemployment, part-time working or lay-offs on a low rate of pay, early retirement or reallocation to ancillary small enterprises. Although the official rate of urban unemployment remained low (2.6 per cent in 1993), the real rate was much higher and the threat of a rapid increase was beginning to cause concern among public sector workers which found expression in various forms of unrest in the mid-1990's, such as street demonstrations and work stoppages. The burden of unemployment has fallen disproportionately on women. Women have also suffered from the fact that enterprise managers have used their greater autonomy to refuse to recruit women workers whom they regard as more expensive, whereas in the past they were impelled to accept quotas set by the local labour bureau. Moreover, most of the official

12 For an overview of these industrial reforms, see White 1993: chap. 4.
13 Our 1992 survey, conducted at a time when overall worries about unemployment among urban public-sector workers were apparently still not significant, reveals that women workers were still perceived as relatively vulnerable. When asked whether it was true that women workers would find it more difficult to keep their jobs if some workers had to be laid off, 63 per cent of respondents replied that this was true or nearly true.
unemployed (84 per cent in 1993) were young people who were unable to find formal-sector jobs when entering the labour market, whereas older workers were more successful in holding on to their existing jobs. Overall, the accelerating impact of economic reform in the early-mid 1990's has generated a new set of issues of growing concern to workers in the state sector to which unions have been under increasing pressure to respond.

These economic reforms have brought about deeper changes in the social context of industrial relations as the character and inter-relations of the main social groups involved has changed. In state enterprises, the pace of change has been much slower than economic reformers had hoped, but the power of professional managers has increased in relation to both the Party organisation and the workforce and there is a push to introduce new styles of "scientific management" to raise labour productivity and improve labour discipline. These pressures were given added impetus by the move to transform property relations in state enterprises which gathered momentum in the mid 1990's. In the economy at large, the diversification of ownership has exposed Chinese workers to managerial environments which are very different to that in public enterprises. Particularly in larger capitalist enterprises in the joint or foreign sector, industrial relations have moved closer to those in capitalist enterprises in the home countries of the investors, changing the character of industrial relations in ways which have led to increasing pressures for unions to extend their organisational reach to represent the interests of workers in this new sector.

If the trade unions find themselves confronted on one side by the rise of more powerful and professional managers and a private bourgeoisie, on the other side the social character of Chinese workers has been changing. It has become more segmented between workers in the different sectors. Workers in the "new collective", private and foreign sectors are not been unionised as yet, while workers in state enterprises have become more demanding and assertive as the success of the reforms has increased their expectations about material advancement. State workforces have become divided between younger workers seeking material improvement who have less of a feeling of loyalty to their enterprises and are more likely to move elsewhere in search of higher wages. To them, the present union organisation is largely irrelevant, since it has no influence over the level of wages. However, older workers with a long service-record in a particular enterprise feel threatened by the reforms because they fear becoming unemployed or losing their pension. They look to the unions to protect them, a task which is awkward given the fact that Party reformers expect the unions to help them to implement the very enterprise reforms which may cause unemployment and threaten pensions.

Unions have thus found themselves caught in a social nutcracker between a constituency which is becoming more diverse and demanding and emerging new

14 The statistics on unemployment cited here are in SSB 1994: 23.
managerial/proprietary adversaries who are becoming more powerful and changing their approach to industrial relations in consequence. They are pushed in radically different directions: as an organisational component of an embattled sector - urban public enterprises - they are impelled to play a conservative role; as the potential defender of an emergent proletariat in the non-public sector, they are under pressure to be activist and innovative. Their dilemma is intensified by their contradictory political role as a pillar of state power and representative of workers' interests. An increasingly wide gap has opened up between the official ideological description of workers as "masters" of the country and the enterprise and the reality that they are turning into wage labourers in increasingly profit-oriented enterprises and into commodities in an increasingly competitive labour market. While these trends have generated new interests and demands which deserve union attention, this has conflicted with their role as an organisational instrument of the Party. As we shall see, the experience of Chinese trade-unions over the reform era represents an as yet unsuccessful effort to resolve this political contradiction.

To sum up, if the role of the unions had been problematic before the reforms began, it became increasingly so thereafter. Since they straddled both the economic system, as an organiser of industrial relations, and the political system, as a pillar of Party/state power, their dilemmas increased. The economic system was changing rapidly while the political system remained Leninist. The unions resembled a person trying to board a moving train when one foot is being carried along by the train and the other is stuck on (indeed tethered to) the platform. The new situation required a new role for the unions, not only by adjusting to the new terrains of industrial relations, but also by changing their relationship to the Party to achieve the organisational freedom necessary to adapt. To the extent that this would involve greater political autonomy and a strengthened ability to represent the interests of their members, they would be moving in the direction of becoming an institutional expression of "civil society". As the reforms deepened in the early-mid 1990's, these issues were beginning to reach critical proportions. Let us turn now to see how Chinese trade unions have attempted to grapple with these contradictory pressures over the reform era as a whole.

The Changing Role of the Unions: Their Relationship with the Party

The beginning of the economic reforms marked a new dawn for the unions as they were resuscitated after over a decade of disuse. The ACFTU held its Ninth National Congress in October 1978, its first for 21 years, and the event showed a desire on the part of the CCP leadership that the unions return to the "normal" role they had played in the early and mid 1950's. Supreme CCP leader Deng Xiaoping made a speech at the Congress and called for an increased role for the unions which would mean, in his words, that "they will not be superfluous as some people think they are". He defined the strategic role of the unions in terms
of "educating and organising" their members to support the programme of economic reform and "helping the enterprises to carry out these reforms smoothly". This required that unions should "teach their members to support the highly centralised administrative leadership in their enterprises and to help maintain the full authority of those who direct production" (Deng 1978: 148). In addition to these traditional Leninist functions, however, unions were to play three specific roles: (i) as a force to strengthen the role of workers in enterprise management, in particular by functioning as the executive organ of workers representative congresses (WRCs) which were to be established in all enterprises as a check on management and a channel for workers opinions and demands; (ii) as an agency to advance the welfare of workers, in terms of income, working conditions and fringe benefits; (iii) to oppose "bureaucracy" and stand up for the "democratic rights" of workers.

While this authoritative definition of the unions' role did allow them some scope for representing the interests of their constituency, it still contained the contradictory elements which bedevilled the unions before 1978 and continued to do so throughout the reform era. First, their strategic responsibility to support official reform policies continued to take precedence over their responsibilities to their members. Since the reforms threatened the interests of their existing members and created new categories of workers outside their current organisational scope but potentially in need of their protection, this put the unions in the uncomfortable middle. Second, since the role of the unions was inherently ambiguous, it was hard for union officials to know the exact parameters of permissible activity in any given situation and they were constantly subject to Party/government officials who retained the discretionary power to resolve any ambiguity. Since the Trade Union Law was out of date, there was a need to re-codify the role of trade unions in order to clarify their specific functions and protect their exercise from arbitrary official interference.

The history of the trade unions during the reform era is of their attempts to resolve these two basic problems. The central issue was the nature of their relationship with the Party. From its own institutional perspective, the Party needed the unions for two important reasons: first, to keep the workers loyal to its overall authority and prevent any opposition, unrest or organised challenge on the part of workers; and, second, to smooth the path to economic reform by mediating between policy-makers/implementers and workers. These would be the concerns of any Leninist regime engaged in economic reform, but they were given a particular urgency in the Chinese case by two sets of events. The first was the rise of the Solidarity union in Poland in 1980 and its potential demonstration effect in China; the second was the wave of urban protest leading up to the Tiananmen events and the Beijing Massacre on June 4, 1989. The example of Solidarity had some impact within China during 1980 and 1981 when labour unrest spread across the country. This was largely a response to economic grievances, but there was at least one case (at a steel mill in Taiyuan in the northern province of Shanxi) where
protest took a political form in a demand for independent unions and a change of regime.\(^\text{15}\) While the Party leadership at the time sought to re-emphasise the rhetoric and reality of Party control over the unions, they recognised that protest arising from economic discontent could spill over into political opposition and this strengthened their resolve to push through an economic reform programme which could reduce the potential for urban unrest by raising working class living standards.

The Polish precedent also impelled more liberal reformers in the Party to consider ways in which the relationship between the Party and the unions could be amended to reduce the pressure for, and the prospect of, a Chinese version of Solidarity. In the early and mid 1980's there were efforts to rethink the relationship between the Party and the unions to allow greater autonomy for the latter. This momentum received support from those reformers within the top Party leadership (such as Zhao Ziyang and Hu Yaobang) who were willing to admit the need to reform political as well as economic institutions, specifically to move in a more "pluralist" direction by allowing mass organisations such the trade unions greater independence from Party constraint. It was also given strength by an emergent reformist current within the resuscitated trade union apparatus itself, a fact which became apparent as the ACFTU gradually sought to assert itself as a force to be reckoned with not only within the enterprise but also in the political process at large by claiming a greater say in policy-making on labour-related issues.

This impetus from the unions found its first weak expression at their Tenth National Congress in 1983 when the ACFTU head Ni Zhifu stressed the need to strengthen the unions' basic-level branches in factories and extend their role in enterprise management through their link with the workers representative congresses.\(^\text{16}\) The ACFTU organ, *Workers Daily*, gradually took on an advocacy role on behalf of workers and unions and the ACFTU sponsored surveys of workers attitudes, the results of which were cited to support their claim for greater union power. Of those interviewed in a survey conducted in 1986, for example, 56% said that the status of trade unions in their enterprises had dropped over recent years; 70% expressed doubts about the efficacy of their workers representative congress; and over one third said that their relations with enterprise management had deteriorated of late. In the eyes of reformers within the ACFTU, the survey reflected certain "strong demands" on the part of workers to which it was the unions' job to respond.\(^\text{17}\)

\(^{15}\) For a detailed account of the impact of Polish events on Chinese politics from 1980 to 1990, see Wilson 1990.

\(^{16}\) Ni Zhifu's speech to the Congress was published in *Renmin Ribao* (People's Daily), Beijing, 27 October 1983; an English text can be found in BBC, *Summary of World Broadcasts: Far East*, (hereafter *SWB:FE*) 7489, 12 November 1983.

National union leaders gradually became more vocal in making public complaints about Party interference and union impotence. In 1987, for example, ACFTU vice-president Luo Gan protested about Party interference in elections for basic-level union officials and argued the need for a new Trade Union Law. This increasing institutional self-confidence was encouraged by the then Party secretary-general Zhao Ziyang in his report to the Thirteenth National Congress of the CCP in October 1987 when he supported greater independence for trade unions and other mass organisations and invited them to undertake organisational reform as part of a broad programme of reforming the political structure. The ACFTU responded promptly by convening a meeting of 400 union leaders from different levels and localities in December 1987 to produce a preliminary draft of a programme for trade union reform. At this meeting, an ACFTU vice-president argued that the unions, as presently constituted, did not properly represent the interests of workers and were not trusted by them. Citing another recent survey of worker attitudes, he said that at least 40% of union members did not regard unions as their own organisations and 20% did not know anything about their activities. The unions, he argued, were in fact acting as government organisations and were alienated from their members; the main aim of reform should be to establish union organisations which were formed voluntarily by workers and staff themselves. In the spring of the following year, similar themes were repeated by the head of the ACFTU, Ni Zhifu, who linked the issue of trade-union reform unambiguously with the need for overall political system reform when he complained that the current political system had converted the unions into a "work department of the Party or even a subsidiary organisation of the government" and when union officers really tried to represent the interests of their members they were still accused of "economism" or "syndicalism", regardless of official policies to prevent this kind of allegation.

This momentum peaked at the Eleventh National Congress of the ACFTU in October 1988 where debate was described as "hot" by people interviewed later who had attended the meeting. The conclusions of the conference were summed up in an authoritative editorial in the CCP organ, People's Daily, which called for the acceleration of trade union reforms which would provide greater independence of Party and government, more influence in policy-making on issues which affected the interests of labour and greater efforts to represent the interests of their members. The head of the ACTFU, Ni Zhifu, summed up the main

20 Zhongguo Xinwen she (China News Agency), 18 December 1987, translated in BBC, SWB:FE, 0038.  
22 For a detailed follow-up list of questions concerning the Congress, see GYYJ 1988.  
23 "Speed up the pace of trade union reforms...", Renmin Ribao, 22 October 1988, translated in BBC, SWB:FE, 0291.
demands of the unions when he stated in his speech to the Congress that "the relationship between the trade unions and the Party and government should be readjusted and the trade unions must be able to carry out their duties independently according to law". The Congress called for speedy enactment of a new Trade Union Law and mapped out a programme of organisational reform. The leadership of the ACFTU was rejigged to carry the reform process forward, notably by the accession of a reformer, Zhu Houze, as a vice-president and first secretary of the secretariat. It was highly significant that Zhu and others had been elected by a method whereby the number of candidates exceeded the number of seats, the first time ever in the history of the ACFTU. Shortly after the Congress, experimental trade union reforms were set in motion, including what were called certain "elements of Western trade unionism" such as a new system of choosing union officials called the "representation system". By early 1989, the ACFTU presidium had designated ten cities for "comprehensive reform of urban trade unions".

However, the surge towards reforming the unions became caught up in the widespread urban unrest in the spring of 1989 which culminated in the Beijing Massacre of June 4 and in the fissures which opened up within the Party leadership over how to deal with the unrest and how to interpret its relationship with the accelerating pace of both economic and political system reform. The ACFTU found itself split on how to react to these events. On the one hand, particularly through the voice of its chairman Ni Zhifu, it tried to discourage strikes and other forms of mass action by urban workers. However, there was considerable sympathy for the issues raised by the student movement among staff at the ACFTU headquarters in Beijing. For example, their office held "dialogue meetings" with student representatives in mid May and called on Party leaders to follow suit; the ACFTU also donated 100,000 yuan to the Red Cross to provide medical aid for students on hunger strike in Tiananmen Square.

Never more than then was the contradictory nature of the unions' institutional position so vividly illuminated. While they may have succeeded in their effort to restrain workers from entering the urban mass movement in a big way, the political ground was slipping away beneath their feet. For the first time, they found themselves challenged by the appearance of alternative, independent organisations which derided the ACFTU's claim to represent the interests of Chinese workers and accused it of being a tool of an increasingly corrupt Party. The most prominent of these was the Beijing Workers' Autonomous Federation which was in evidence in Tiananmen Square in May-June, but there were also equivalents in a number of big cities across the nation. Once again, the Polish precedent reared its head, an echo given force

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24 Ni's speech was reported by the New China News Agency in Beijing on 22 October 1988.
by the appearance of a banner at one of the demonstrations which read "Where Are You, China's Lech Walesa?".27

This organisational challenge came at a time, moreover, when discontent had been mounting among the ACFTU’s constituency in response to increased tensions within the workplace as the power of managers gradually expanded and there were attempts to weaken the job security of public-sector workers through the introduction of a labour contract system. Urban workers were also worried by the inflation which escalated during 1988 and early 1989 and resented that some people were getting rich out of the reforms at their expense, either through sharp business practices or official corruption. The urban Workers’ Autonomous Federations and similar organisations that appeared in 1989 made much of this discontent, arguing that the workers were losing out from the reforms in relative terms and that the ACFTU was part of the problem not the solution. Even though the actual membership and impact of these organisations was relatively minuscule, therefore, they struck at the heart of the ACFTU’s dilemma.

The post-Tiananmen political scenario was hardly conducive to resolving this dilemma, since the new Party leadership stopped the moves towards political reform which had been gaining momentum since the Thirteenth Party Congress in 1987 (including trade union reform) and set about reimposing political control over a restive society. The trade unions were particularly important in this effort because, as one of the three mass organisations underpinning the Party’s power, their evident wavering during the 1989 events was especially alarming to the new Party leadership. Moreover, given the inevitably rocky road of economic reform which lay ahead, the Party needed the unions to help prevent an even more threatening repetition of the 1989 events, which this time might bring a discontented urban working class into the fray rather than standing on the sidelines as in 1989. This mixture of dependence on the unions with the desire to control them was the basis for a post-Tiananmen pact between the Party and the unions. This took the form of an arrangement whereby the Party leaders were to accord greater priority to the concerns of urban workers, trade unions were to gain greater access to the policy-making process and more influence within the enterprise in return for their loyalty to Party leadership.

This implicit pact can be seen in the text of the Circular issued by the Party Central Committee in early 1990 with the intent of “strengthening Party control over mass organisations”.28 While the document stressed the need for the unions to maintain a “correct political orientation” and obey the “unified leadership” of the Party at all levels, it also called on governments at all levels to establish a system of “democratic participation” whereby mass

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27 For detailed accounts of the alternative workers’ organisations in 1989, see Chan 1993 and Walder/Gong 1993.
28 For an edited text, see Renmin Ribao (People's Daily), 1 February 1990, translated in BBC, SWB:FE, 0679.
organisations could play a regular role in the local policy process. Since this new orientation abandoned efforts to reform trade unions by granting them greater autonomy, the leadership of the ACFTU was changed to safeguard observance of the new arrangement. While Ni Zhifu held on to his post as president, the leading architect of union reform, Zhu Houze, was removed.

To some extent, the terms of the pact were observed in the years immediately after Tiananmen. The overall approach to economic reform adopted by the Party leadership was sensitive to its effects on urban workers, notably in their efforts to introduce enterprise reforms gradually so as to avoid the spread of unemployment, and to establish a new system of social insurance and welfare to replace the enterprise-based arrangements embodied in the "unit system". Trade unions did indeed succeed in playing a more important and regularised consultative role in the making and implementation of policy on issues affecting the interests of their members. There was some effort to restrain the growth of managerial power within enterprises and strengthen the role of unions and workers representative congresses. The long awaited Trade Union Law did eventually emerge in 1992 and was an important first step towards legal protection for trade union activities.

However, this arrangement rested on and reflected a slowing of the economic reform process which left the central problem of reforming state enterprises unresolved. In effect, the unions became allies of conservative elements within the Party leadership in their desire to blunt or deflect the impact of enterprise reforms which more radical reformers saw as essential to achieve greater flexibility in the urban labour market and higher levels of labour productivity in state enterprises. It is unsurprising, therefore, that as the pace of economic reform accelerated from early 1992 onwards, the relationship between the Party and the unions came under renewed strain and the gap between official rhetoric and changing socio-economic reality became wider. Underneath the deadening continuity of the Party's official Leninist line about the need for mass organisations to be subject to political discipline, there were increasing pressures on the unions to redefine their relationship both with the Party and with the changing working class to retain their influence in a rapidly changing socio-economic environment. We can understand these pressures better if we place them in the context of the two main areas of union concern: their influence on governmental policy-making and their role in the enterprise.

Workers' Representative or "Transmission Belt"?

(a) The Policy Role of Unions

As the economic reforms began to take effect in the early and mid 1980s, union officials at all levels realised that some of its consequences were potentially damaging to the interests of their current membership, whether at the enterprise level (such as the threat of
growing managerial power or the prospect of unemployment as a result of bankruptcies or layoffs), or in society at large (such as the menace of inflation or the loss of guaranteed welfare benefits). While this prompted them to play a defensive role by opposing reforms which they felt were inimical to the interests of their members, they also sought to take on a more positive role by becoming involved in the process of designing reform policies. Later in the decade, as the economy rapidly diversified, they became sensitive to the growth of new sections of the workforce, in the foreign and joint venture sector and in township and village industries. These new sectors required new policies and laws and again the unions felt it important to play a role in framing policies rather than ending up as a reluctant recipient.

This desire for policy power has been a consistent element of union strategy from the early 1980's onwards. ACFTU president, Ni Zhifu, raised this issue at the federation's Tenth National Congress in October 1983 when he argued that union organisations should take an active part in discussing proposed reforms affecting the wage system, labour insurance, and workers' welfare, should participate in the drafting and revision of labour laws and should help supervise their application. Similarly, the ACFTU Executive Committee, meeting in November 1985, issued a document which not only asserted that the legitimate policy concerns of unions extended beyond mere industrial to broader issues of urban development, but also demanded that the leading bodies of trade unions should take part in the process of drawing up major policies for urban reform.

By the following year, union spokesmen were arguing for an even broader role in the formulation of national and local plans for economic and social development, with specific requests for a "joint conference system" whereby governments would consult with unions on a regular basis and union representation on local economic structural reform commissions. This was seen as part of a broader programme of "democratic dialogue" designed to institutionalise consultation between Party/state organs and society. In the following year, union vice-president Luo Gan spelled out the kind of participation the unions wanted in terms of four levels: the ACFTU at the national level, individual industrial unions at the sectoral level, provincial and city federations at the local level and grassroots trade unions at the unit level. Luo noted that the unions had already been involved in discussions on reform of wages, prices and house rents and warned that crucial reform policies, such as the new responsibility system designed to regulate relations between enterprises and state departments or proposed changes in the areas of wages, bonuses and labour discipline, could only be put into effect with the

29 Ni Zhifu's speech to the Congress was reported by the New China News Agency, Beijing, 18 October 1983, translated in Foreign Broadcast Information Service, China Report, (hereafter FBIS), 204.
30 "Opinions on strengthening urban trade unions' work in the course of economic structural reform", a document approved at the Third Meeting of the ACFTU Executive Committee on 13 November 1985, reported in Gongren Ribao (Workers Daily), Beijing, 15 November 1985 and translated in FBIS, 15 November 1985.
cooperation of the trade unions. This pressure was increased still further at the time of the Eleventh National Congress of the ACFTU in late 1988 when its president, Ni Zhifu, announced that "Chinese trade unions will enter the decision-making field at all levels on their own initiative and take part in the formulation of state policies". Ni admitted that when this idea had been raised a few years previously, "quite a few people shook their heads", whereas now it had been "universally accepted by people with pleasure". He made it clear that the unions regarded certain areas of reform policy as of vital concern: prices, wages, housing, working conditions, social welfare issues such as accident, medical and unemployment insurance, pensions and maternity benefits. These demands found support in the official Party newspaper, People's Daily, which stated that "the government should report to the trade unions on major events, and hold dialogues with the trade unions on important policies that involve the interests of staff and workers, to enable the unions truly to become a close cooperator and a social pillar of the government".

Though there is evidence that the union was making some headway in claiming this policy role, the idea did have inherent problems. For one thing, they might get a seat the policy-making table, but that did not guarantee them a meal, let alone a role in designing the menu. As the People's Daily pointed out at the time, some Party and government officials were accusing the unions of "putting on a rival show" against them. Moreover, at a time when the unions were trying to shake off the image and the reality of being "officially run" organisations, any move towards their becoming a "close cooperator" with and a "social pillar" of government ran the risk of compromising this intention. From the point of view of more radical economic reformers, moreover, this policy role was to be resisted because unions were seen as a conservative force, representing an obsolete and economically indefensible sector of the economy and concerned with issues other than improving economic efficiency and developing markets. From the unions' point of view, on the other hand, influence on reform policies was essential to ensure that the a concern for efficiency was accompanied and tempered by a concern for fairness.

It is hard to assess how far the unions had in fact managed to assert their role in government before the Tiananmen events of mid 1989, given the lack of detailed case material. For example, the first "joint conference system" was not established until 1988 in the north-western province of Shaanxi. However, as we noted above, the idea of guaranteed trade union involvement in the policy process did become part of their accommodation with the

32 "China's trade unions plan to enter the state decision-making field on their own initiative", Zhongguo Xinwenshe (China News Agency), Beijing, 5 October 1988, translated in BBC, SWB:FE, 0280.
33 Ni's speech to the Congress was reported by the New China News Agency in Beijing on 22 October 1988.
34 "Speed up the pace of trade union reforms...", Renmin Ribao (People's Daily), editorial, 22 October 1988, in BBC, SWB:FE, 0291.
35 Ibid..
conservative post-Tiananmen Party leadership. As part of this pact, the importance of the "joint conference system" was re-emphasised and gradually extended to the rest of the country. Interviews conducted in 1991-1993 provided a better picture of the reality of the trade unions' role in policy-making and government. An official from the ACFTU's national Policy Research Office in Beijing argued, for example, that the political influence of the unions had increased significantly over the previous decade, pointing to a rise in the number of "double postings" across the country, whereby union officials held simultaneous posts in local Party and government organs. He also claimed that union leaders were routinely consulted by policy makers on key reform issues, citing a case in which the unions intervened successfully to change policy on the (excessively low) wages of some workers in loss-making enterprises. Union representatives were also represented on special joint bodies set up to do research, provide advice or implement policy on specific issues such as wages and employment.

While counter-evidence suggests that the political influence of the ACFTU is not particularly great at the national level where it is dwarfed by the power of many other bureaucracies with conflicting interests, the situation in the localities may vary.36 In the large industrial city of Shenyang in the north-eastern province of Liaoning, for example, the local branch of the ACFTU, which claimed a membership of 1.77 million out of the two million workers in the city as of 1992, had recently set up branches in the municipal administrative organs which had not existed previously. Its chairman was a member of the standing committee of the city Party committee and a "joint conference" system had been in operation for three years whereby union leaders and worker representatives met annually with other departments of city government to discuss issues of common concern. A vice-chairman of the union was also vice-chairman of the Three Systems Reform Office which was established in 1992 to oversee reforms in the wage, social insurance and personnel systems and the union was represented on a number of other specialised commissions set up to coordinate reform across sectors. Union officials also stated that, if a big reform policy was in the air, the mayor would send the preliminary proposal to the union for comment before drawing up the final draft (one recent example had been the programme for housing reform). They felt that their influence had increased over recent years and the multiple channels for union representation in local government seem to support this claim.37

One can see a similar picture in the small city of Xiaoshan in a rapidly modernising rural area in the eastern coastal province of Zhejiang, where union officials reported that, unlike previously, there was a trade union official on the standing committee of the city Party

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36 Interview with a vice-head of the ACFTU Policy Research Office, Beijing, 21 September 1992. The relative political weakness of the ACFTU at the national level can be measured by the fact that, according to this interview, its president, Ni Zhifu, was only an ordinary member of the CCP Central Committee and a vice-chairman of the National People's Congress, positions which do not suggest a great deal of political power.

37 Interview with officials of the Shenyang Municipal Union Federation, October 1992.
committee and "joint conference system" was established in 1991 involving annual meetings between the local federation and top leaders in the city government and Party.³⁸ By contrast, in the light industrial city of Nantong in Jiangsu province, while similar mechanisms of consultation were in place, there was no union representation on the city Party committee's standing committee and this was the case in other cities across the province. Local officials said this was an anomaly because there was a formal document which stipulated that union chairmen in industrially developed areas should be on the local Party standing committee.³⁹ In this case, there was a sense of resentment at power illegitimately denied and an awareness that the political role of unions was more influential in other areas. For example, one union official from Nantong said with some envy that the union federation in Shanghai had real power. In fact, the Shanghai union federation was cited as a pioneer, as "a harbinger of the future direction of Chinese unions". In the case of Shanghai and other large cities such as Shenyang, for example, the union strategy for acquiring more power did not rest merely on gaining representation in or access to local Party and government agencies. It rested partly on their ability to collect and marshal information in support of their policy claims through increasingly sophisticated research departments. Nantong officials, for example, commented admiringly that the price indices assembled by the Shanghai union's research office had been proven to be superior to those of the national Bureau of Statistics and had been adopted by the latter as a yardstick for calculating wage levels. They also pointed out that the Shanghai union federation now presided over several thousand enterprises, most of them in the tertiary or service sector, with a total output value of 3.3 billion yuan. Revenue from this source enabled the union to intervene directly, for example, to provide financial support to unemployed workers, to supplement pensions or provide other welfare services. Similarly, the unions in Shenyang were running 400 to 500 enterprises intended partly to bolster union finances and partly to provide jobs for unemployed youth.

This independent source of revenue is of potentially crucial significance for maintaining the financial position of unions over the longer term, since at present they rely on an officially guaranteed source of income comprising two per cent of the total wage-bill of state/large-collective enterprises. As enterprises become autonomous and, in particular, as state enterprises become share-based firms, this source of revenue may not be guaranteed in future. An independent source of revenue is also important because it enables unions to provide more services directly to their members instead of relying merely on their ability to exert pressure on government agencies to provide them. To the extent that this improves their ability to provide a "really effective defence" of the interests of urban workers, it is beginning to establish a more credible role as an independent representative of their interests. To some extent, this decreases the vulnerability of a union structure which, through an implicitly conservative alliance with

³⁸ Interview with the Head of Office, Xiaoshan Municipal Union Federation, April 1991.
³⁹ Interview with officials of the Nantong Municipal Union Federation, November 1992.
Party leaders since Tiananmen, is too wedded to a political status quo which is losing authority. To the extent that this leads to their becoming increasingly immersed in the concerns and "group interests" of their constituents, it generates pressures to redefine their currently dependence on the Party/state in the direction of greater autonomy.

The paradox about this kind of close relationship between the unions and the Party in the policy-making sphere is that there is an exchange of autonomy for access - the Chinese call it the "support drawing relationship". The unions in effect achieve some variable degree of influence over reform policies at the cost of a greater intermeshing with the Party apparatus in general and its more conservative elements in particular. As such, it was a Faustian bargain in which the unions linked their fortunes and future to those of the Party and it marked a step backwards away from the efforts to achieve greater institutional autonomy in the years immediately preceding Tiananmen. It is hard to describe this as a form of "state corporatism", because the unions lack any degree of institutional autonomy which is a defining (though highly variable) characteristic of corporatist arrangements; the relationship is more like mistletoe on a branch. Moreover, the deal is not formalised, it applies unevenly across localities. At most one could say that certain conservative elements of the Party leadership are sympathetic to the specific interests of urban public sector workers, not the least because they regard them as an important element in their political power base and are willing to grant the unions certain privileged access to the policy process in recognition of this.

Though this arrangement contains the glimmerings of corporatist thinking, it is highly contingent since it locks the unions into playing a largely "negative" role in the reform process and therefore makes them vulnerable to a change in the Party leadership in a more radically reformist direction.

(b) The Role of Unions in Enterprises

The simplest way to understand the role of basic-level union branches within state/big-collective enterprises is to situate it within a triadic structure of power and authority involving three political forces: the Party branch, in particular the Party secretary; the enterprise director and senior management; and the work force and its organisational representatives, the union and the workers representative congress. The formal roles of the three forces within the enterprise are theoretically equal: the Party is supposed to be the "nucleus" (hexin), the

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40 For example, Anita Chan (1993) has analysed this relationship between the Party and the unions as a form of "state corporatism". If it is so, it is very extreme form in which the state's role is overwhelmingly intrusive and dominant.

41 The essential elements of corporatism have been defined by Schmitter (1974: pp. 93-4) as follows. "Corporatism refers to a particular set of policies and institutional arrangements for structuring interest representation. Where such arrangements predominate, the state often charters or even creates interest groups, attempts to regulate their number, and give them the appearance of a quasi-representational monopoly along with special prerogatives".

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management the "centre" (zhongxin) and the workers the "master" (zhurenweng). In reality, the relationship between these three forces has been shifting and contradictory, reflecting the trajectory of the economic reform process as a whole and the relative influence of different approaches to industrial reform. First, more radical market reformers have sought to redefine the structure of authority within the enterprise in favour of senior management in general, and the enterprise director in particular. This was the central thrust behind the Factory Director Responsibility System (FDRS) launched in 1984, whereby enterprises were supposed to operate under the "unified leadership of the factory director", while the functions of the Party were to be confined to "Party construction" and political/ideological work (Chamberlain 1987; Chevrier 1990). The ultimate aim of many such reformers was to remove the Party branch from the enterprise altogether. However, more conservative reformers and their supporters in the Party/state apparatus (particularly in the industrial administration departments) have attempted to maintain a management role for the enterprise Party organisation, a principle which was re-emphasised in the post-Tiananmen period. A third current of industrial reform, much weaker than the above two, is the notion of "democratic management" which grants a greater role to the workforce in the management of an enterprise, operating through the WRC and the union branch as the executive arm of the WRC (Chamberlain 1987: 654-658).

The relative strength of these competing approaches has waxed and waned. This has brought fluctuating pressures to bear on the internal micro-politics of the enterprise and the results have been highly variable and ambiguous. It would be true to say that, from the perspective of the mid-1990's, all three projects have been frustrated and the micro-political situation in any one enterprise reflects a distinctive mixture all three, with the first two usually being primary. In our survey of workers in the cities of Shenyang and Nantong, conducted in late 1992, we gained a rough idea of the relative power position of the three forces from responses to a question about how a worker would try to deal with a disagreement with an immediate superior over issues such as bonuses, promotion or disciplinary action. The results, which are based on workers in state and collective enterprises only, are reported in Table 4:1:42

42 State/collective workers accounted for 85 per cent of the total sample (1276). The totals in each table refer only to those who provided an answer to the question.
Table 4:1. Methods of Resolving Differences with Superiors

<table>
<thead>
<tr>
<th>Choice of Method</th>
<th>Frequency</th>
<th>Per cent</th>
<th>Per cent answered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do nothing</td>
<td>187</td>
<td>14.7</td>
<td>15.2</td>
</tr>
<tr>
<td>Complain to other workers</td>
<td>231</td>
<td>18.1</td>
<td>18.7</td>
</tr>
<tr>
<td>Go to the trade union</td>
<td>135</td>
<td>10.6</td>
<td>10.9</td>
</tr>
<tr>
<td>Complain to the WRC</td>
<td>123</td>
<td>9.6</td>
<td>10.0</td>
</tr>
<tr>
<td>Complain to Party secretary</td>
<td>177</td>
<td>13.9</td>
<td>14.3</td>
</tr>
<tr>
<td>Complain to enterprise managers</td>
<td>294</td>
<td>23.0</td>
<td>23.8</td>
</tr>
<tr>
<td>Complain to higher authorities</td>
<td>50</td>
<td>3.9</td>
<td>4.1</td>
</tr>
<tr>
<td>Other</td>
<td>37</td>
<td>2.9</td>
<td>3.0</td>
</tr>
<tr>
<td>N.A. or irrelevant</td>
<td>42</td>
<td>3.3</td>
<td>----</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1276</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

This suggests that the most efficacious single channel for resolving workers' difficulties was to raise the matter with enterprise management while the trade union was relatively ineffectual. Moreover, given the trade union's close link with the Party within enterprises, the trade union channel may have been selected as an indirect route to the Party. However, if one puts the union and WRC channel together (20.9 per cent), this indicates that the channel of workers' organisation was seen as far from negligible in dealing with everyday problems facing workers. The relatively low scoring of the Party, both absolutely and relative to management, suggests that its role in the enterprise has declined during the reform era, compared with its virtually unchallenged predominance as of 1978. This trend is supported by individuals we talked to, one of whom reported a popular saying current in the early 1990's to the effect that "At the centre, the CCP is a ruling party; in the localities it is an eating and drinking party; in the
enterprise it is a party out of office; and in the countryside it is an underground party. That said, however, our interviews with enterprise managers suggested that conflicts over enterprise reform between the Party secretary and director of an enterprise are still common and, if the Party secretary and the union chairperson formed an alliance on a particular issue, it would be very difficult for the director to do much about it.

The unions have found themselves awkwardly sandwiched between these three forces. To the extent that they are still subordinate to Party leadership at the enterprise level, they too have lost power concomitantly in the eyes of their members. But do they then have any role within the enterprise? In our survey, workers were asked what aspect of the work of union branches in their enterprises made the most impression on them; their responses are reported in Table 4:2.

Table 4:2 Workers' Assessment of Union Activities in the Enterprise

<table>
<thead>
<tr>
<th>Most Significant Activities</th>
<th>Frequency</th>
<th>Per cent</th>
<th>Per cent answering</th>
</tr>
</thead>
<tbody>
<tr>
<td>Get workers to obey and work</td>
<td>282</td>
<td>22.1</td>
<td>41.2</td>
</tr>
<tr>
<td>Take care of our welfare</td>
<td>162</td>
<td>12.7</td>
<td>23.6</td>
</tr>
<tr>
<td>Represent our views and interests</td>
<td>88</td>
<td>6.9</td>
<td>12.8</td>
</tr>
<tr>
<td>Providing technical training</td>
<td>38</td>
<td>3.0</td>
<td>5.5</td>
</tr>
<tr>
<td>Organising leisure activities</td>
<td>116</td>
<td>9.1</td>
<td>16.9</td>
</tr>
<tr>
<td>N.A. or irrelevant</td>
<td>590</td>
<td>46.2</td>
<td>----</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1276</td>
<td>100.0</td>
<td>100.00</td>
</tr>
</tbody>
</table>

43 Interview with a trade union official, Nantong, November 1992.
The large proportion of workers who declined to answer this question or offered no opinion (about 46 per cent) suggests a high degree of indifference or dismissiveness about the significance of union activities. However, of those who did indicate an activity, it is significant to note how few regarded the unions as "representing their interests and views" (12.8 per cent) and how many regarded them as instruments for securing obedience and work effort (41.1 per cent). We cannot regard these findings as representative of the situation in the state/large collective sector across the country. However, they do suggest that, in these two cities at least, while unions do play a limited welfare role within the enterprise, they are still regarded (to the extent that they are regarded at all) primarily as organisational instruments of managerial or Party priorities and not as autonomous agents of workers' interests.

This picture of limited autonomy is supported by workers' responses when asked how the chairperson of the union branch was selected in their work-units. The results are reported in Table 4:3.

<table>
<thead>
<tr>
<th>Method of Selection</th>
<th>Frequency</th>
<th>Per cent</th>
<th>Per cent answering</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appointed by a higher trade union</td>
<td>296</td>
<td>23.2</td>
<td>31.5</td>
</tr>
<tr>
<td>Appointed by the unit's Party organisation</td>
<td>148</td>
<td>11.6</td>
<td>15.8</td>
</tr>
<tr>
<td>Appointed by the Unit Manager</td>
<td>142</td>
<td>11.1</td>
<td>15.1</td>
</tr>
<tr>
<td>Elected by worker representatives</td>
<td>269</td>
<td>21.1</td>
<td>28.6</td>
</tr>
<tr>
<td>Directly elected</td>
<td>85</td>
<td>6.7</td>
<td>9.0</td>
</tr>
<tr>
<td>N.A. or irrelevant</td>
<td>336</td>
<td>26.3</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>1276</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>
In view of the fact that the Trade Union Law of April 1992 specifies that trade union officers should be elected by workers or worker representatives, it is significant that, in over 60 per cent of the cases cited, union chairpersons were appointed by other agencies, whether they be higher-level trade unions or the Party branch/management of the unit. While it might appear that a significant proportion (37.6 per cent) were being elected directly or by worker representatives, this is probably misleading because interviews suggested that, in a majority of cases of direct or indirect election, the successful candidates turn out to be nominees. To the extent that this is the case, the low figure for chairpersons appointed by the unit Party branch (13 per cent) understates the influence of the enterprise Party organisation, and one should also remember that the proportion appointed by higher union agencies also reflects the influence of the Party at higher levels. On the whole, these figures suggest that progress towards democratisation has been very limited, and that the selection of union officers at the enterprise level is far from the democratic norm specified in the Trade Union Law.

If the union is still a relatively weak force within the enterprise, one might still ask if it acquires influence through the WRC, of which it is the officially designated executive agency. When respondents were asked if the WRC in their unit was consulted on major issues confronting that unit (as opposed to specific issues such as the allocation of bonuses and housing), the results were as presented in Table 4:4.

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Per cent</th>
<th>Per cent answering</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>151</td>
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<td>20.2</td>
</tr>
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</tr>
<tr>
<td>No</td>
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<td>19.1</td>
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</tr>
<tr>
<td>N.A. or irrelevant</td>
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<tr>
<td>TOTAL</td>
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The high level of no-responses suggests a high level of indifference or ignorance about the activity of the WRC. Of those offering any kind of judgement, nearly 80 per cent indicated...
that their unit's WRC was either not consulted on major issues or in form only, indicating that the influence of the WRC (and thus its executive agent, the trade union) within the enterprise was still very limited.

This and other evidence from personal interviews suggests that progress towards greater union influence and autonomy within public enterprises has been marginal. Given the breakneck pace of industrial reform in the mid-1990's, however, what of the future for enterprise-level unions and for the economic role of the union system as a whole? This depends on the precise impact of attempts to redefine the character of "state ownership" through a new system of property rights, a reform which is under way in the mid-1990's. If the enterprises manage to break their moorings from the state, gain a measure of real autonomy in their operations and move towards some form of share-based system of ownership, then it is likely that industrial relations will become more enterprise-based and depoliticised. This contextual change has been described by Chinese observers in terms of a transition from the "three old bodies" (laosanhui) of a traditional state enterprise to the "three new bodies" of a share-based public enterprise. The former are the enterprise management committee, the WRC and the administrative office (with the Party organisation as the eminence rouge within them); the latter are the congress of shareholders, the board of directors and the supervisory board. Trade union representatives have complained, with some justification, that one of the "three old bodies" - the WRC - are atrophying in public enterprises put on a share basis.44

These changes are potentially threatening to the trade unions in these enterprises, in their traditional form at least. In the old system, at least when it was in operation before the Cultural Revolution, their role may have been minor, but it was guaranteed both politically and economically. In the hypothetical post-reform context of public enterprises, the old role of the unions becomes obsolete and they need to seek a new one. Institutional reformers in both the Party/state leadership and the trade unions have argued that unions should be granted a formal role to act on behalf of workers in negotiations with the controllers of new-style public enterprises. The main trend is towards some kind of tripartite arrangement - involving employers, unions and the state - with employers and unions negotiating "collective contracts" which are regulated and supervised by the state according to relevant provisions of the Labour Law which was introduced in July 1994 to take effect in January 1995.45 While this system was being pioneered in 1994 and 1995 in non-state enterprises, the model was being considered as applicable to new-style public enterprises. To the extent that each of the two parties to negotiations was formally recognised and empowered by the state, this is clearly a

45 The "Labour Law of the People's Republic of China " was issued by the Standing Committee of the Eighth National People's Congress on July 5. For an English text, see SWB:FE, 2055. Chapter III of the Law regulates labour contracts.
type of corporatist arrangement involving "collective bargaining" over wages and work conditions at either the enterprise or sectoral levels.

So far, we have considered the role of the unions in their traditional arena of activity in the state sector. However, one of the big issues facing the official unions is how to confront the challenge of entering the new economic sectors created by the reforms. Their role there will inevitably be different from their familiar role in the state sector. In the mid-1990's, their prime concern has been with foreign-invested enterprises where industrial relations have tended to take on characteristics similar to their countries of origin. Discussions with labour officials in China in late 1994 suggested that Western European enterprises tended to have the best labour relations, with the United States a close second; Japan was about average with Hong Kong and Taiwan fairly bad and Korea definitely the worst. The unions have fought for recognition in these enterprises and, with the fillip provided by the passing of the Labour Law in mid-1994, have sought to establish union branches with bargaining powers in all enterprises in the joint/foreign sector. This has not been easy because some foreign business-people have resisted union organisation in their firms and the unions have not necessarily received the backing of local governments eager to attract foreign capital and keep foreign investors happy. Indeed, union officials allege that some local governments have implicitly offered "no union" deals to attract foreign investment to their areas. The issue of union representation in the foreign sector became an increasingly "hot" issue in the early-mid 1990s as the number of joint/foreign enterprises increased more rapidly and there was increasing incidence of labour unrest and shocking events (such as a major fire in the Zhili Toy Factory in Shenzhen in November 1993 which killed 83 workers). The unions were able to use this new atmosphere to press their claims for increased representation. To the extent that unions are gradually becoming more established in the joint/foreign sector, the ACFTU is becoming increasingly bifurcated, playing radically different roles in different sectors of the economy, a situation which cannot but increase the pressure for a comprehensive re-assessment of their role in the Chinese economy as a whole.

Conclusions: Towards Corporatist Industrial Relations?

The acceleration of the economic reforms from 1992 onwards threw the anomalies of the union's role in Chinese society into sharper relief. At the level of the enterprise, increasing diversification of the economic system and accelerated reform of the state sector created pressures for a redefinition of their role in the direction of becoming a more economically-oriented force capable of forming part of a new system of industrial relations based on a system

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6 For a detailed study of the impact of foreign investment on labour in enterprises in Xiamen, one of the four Special Economic Zones established in 1979, see Howell 1990.
7 This event received a good deal of public attention in China. For example, see Zhong Hua, "Thoughts on the Zhili tragedy", Renmin Ribao (People's Daily), 29 December 1993, translated in BBC, SWB:FE, 1893.
of institutionalised bargaining with management within a clear regulatory framework established through industrial relations legislation. This implied increasing disengagement from the Party and greater autonomy for the unions as a separate institution with their own legitimate sphere of operations. However, movement towards this scenario is a subject of political contention and movement has been slow and halting. The Party's desire to retain control over enterprise union branches is partly responsible for this. More conservative figures in the Party leadership, including the current head of the ACFTU, Wei Jianxing, a member of the CCP Politburo, apparently still cling to a traditional Leninist notion of trade unions under Party control. At the same time, however, reformist elements within the Party and government at all levels have been willing to consider adopting foreign models of industrial relations and to collaborate with the International Labour Organisation in sponsoring their introduction. Similar initiatives have been pushed by reformists within the union structure. Interviews in China have revealed a hidden struggle by union leaders and officers at all levels to redefine the role of unions and increase their autonomy and influence. On the issue of escalating labour disputes, for example, union spokespeople have supported the idea of a "tripartite mechanism which enables the trade unions and enterprises to open talks, with the government as a mediator, so that labour disputes can be put on a normal basis".

However, while reformist elements within the unions have pressed for a new role, the union bureaucracy as a whole has been sluggish to act. As an official in the Ministry of Labour interviewed in late 1994 pointed out, "the unions themselves may want to become more autonomous, but they are slow and have been criticised for being slow". To put it bluntly, they have found their traditional link with the Party and role in the enterprise so comfortable that they do not want to leave it. For example, enterprise union leaders have been treated virtually as government officials; indeed union posts may be one way up into the higher reaches of the bureaucracy for competent and ambitious people. One researcher in the Ministry of Labour, speaking in late 1994, said that his own research indicated that the trade union head tended to represent the enterprise not the workers; he or she were in fact a kind of deputy manager: "They like this because it brings them respect". Moreover, above the level of the enterprise, the political pact established between the ACFTU and the Party leadership after Tiananmen has secured a degree of influence over the reform policy process which union

48 It is worth noting here that, to the extent that their role in the enterprise becomes more narrowly economic, their potential efficacy as an instrument for industrial democracy may well atrophy.

49 Consider, for example, the conservative tone and content of Wei's speech at a meeting of the presidium of the Executive Committee of the ACFTU in June 1994, carried in Hebei Riba (Hebei Daily), Shijiazhuang, 27 June 1994, in SWB:FE, 2051.

50 The speaker is Feng Tongqing of the Chinese Workers Movement Institute in Beijing, reported by Ming Bao, Hong Kong, 23 January 1994, translated in BHC, SWB:FE, 1906.

51 Interview with Wang Rui, deputy division-chief, Department of Labour Relations and Inspection, Ministry of Labour, Beijing, 2 November 1994.

leaders may be unwilling to jeopardise. This gives them an institutional interest in maintaining their umbilical link with the Party.

If the unions were slow to change over the first fifteen years of economic reform, the rapid socio-economic changes of the early-mid 1990's have increased the pressures for change and have strengthened the hand of reformers inside and outside the ACFTU. The decade has seen a gradually accelerating escalation of labour unrest in the cities and zones of foreign investment. ACFTU researchers have carefully documented this phenomenon and their leaders use the statistics to press their case for greater influence and autonomy. For example, a survey of the labour situation in 44,000 enterprises in the state, TVE and foreign sectors during 1992 reported 84,286 cases of labour disputes, of which 33.6 per cent were caused by arguments over wages and welfare benefits. A partial survey of information provided by local trade union federations revealed 155 cases of strikes, slowdowns or demonstrations in the same year. Of these, 27 per cent were sparked by discontent over loss of welfare benefits such as pensions in state enterprises which were making losses or had ceased production; among the 25 per cent of cases caused by "infringing the legal economic rights of workers", 10 per cent were in the foreign sector and involved managers using physical violence and verbal abuse against workers or arbitrarily imposing overtime, reducing wages and welfare benefits, or maintaining harmful or dangerous working conditions. The situation was further inflamed by an increasing number of labour disputes and scandals in foreign-invested enterprises in the coastal zones which received nation-wide publicity during 1993-1995.

While growing labour unrest was an obvious source of concern in both union and Party leaders, there were two more even more alarming trends. First was the rapid appearance of alternative workers organisations, particularly in the coastal zones but also across the country as a whole. For example, a Hong Kong source reported in early 1994 that there were over 800 unofficial workers' organisations in the Shenzhen Special Economic Zone and its environs, set up in response to problems with wages and working conditions in foreign-invested enterprises. These were underground organisations based on informal, personal relationships and tended to operate like secret societies. As such, their methods were less than subtle and, according to the report, were "so destructive that foreign investors are quaking in their boots". Though this phenomenon was most pronounced in the coastal zones, there was also increasing reports of underground worker organisations in major industrial cities such as Beijing, Chongqing, Wuhan and Shenyang from 1992 onwards. In these cases, the organisations were a response to growing labour discontent among workers in state enterprises, particularly by helping workers


laid off by loss-making or bankrupt enterprises. Some of them were a "leftist" organisational residue of the Cultural Revolution, using slogans such as "rescue our Party" and "down with the old-line capitalist advocate Deng Xiaoping" to rally supporters.

The second phenomenon, even more worrying to Party and union leaders, was the reappearance of a small band of labour activists, active both in Beijing and in some of the coastal zones, who were arguing for free trade unions and castigating the official trade unions for their inadequacy in protecting the interests of workers. More broadly, some of the former intellectual and student activists from the 1989 Democracy Movement were arguing that their failure then had been partly a result of their inability to link up with urban workers and identify with their concerns, and that they should try to establish a united front with discontented workers in their future activities. Though these activists were few and their real capacity to affect events very limited, their influence was inflated by the intensity of emergent labour unrest and by external support from Hong Kong and sympathetic organisations abroad, notably the International Confederation of Free Trade Unions. Their impact is also due to the fact that they are highlighting basic problems concerning the role of the official unions about which union and Party reformers themselves are increasingly aware and which they realise need to be addressed.

Yet the implications of these intensifying pressures on the relationship between the unions and the Party are ambiguous. While growing labour unrest and the threat of alternative organisations suggest that the trade unions should become more influential, these trends also make the Party, preoccupied with the need for social and political stability, more dependent on the unions for maintaining labour peace. At the heart of this ambiguity lies the possibility of a new deal between the Party and the unions. The emergent compromise is a form of tripartite corporatism in which the unions continue to maintain close relations with the Party which guarantees them a monopoly in labour representation while at the same time achieving a range of guaranteed autonomy within a range of activity regulated by law. To achieve this solution, reformers in the unions confront both the bureaucratic passivity of their own organisation and the reluctance of conservative Party leaders to allow mass organisations greater leeway. Union reformers are also aware that they would need to shake off their reputation as an obstacle to market reforms and play a more positive role in facilitating their implementation rather than merely complaining about their consequences. By the mid-1990's, this political contest was becoming acute and the need for change very urgent. Preservation of the status quo of union

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55 For a contemporary review of the situation from a Hong Kong source, see Lu Yushan, "CCP guards against mass disturbances", Tangtai, 15 May 1994, in SWB:FF, 2011.
56 Lo Ping and Li Tzu-ching, "The enemy's presence is detected in 17 provinces and 33 cities", Cheng Ming, Hong Kong, 1 June 1994, in SWB:FF, 2015.
weakness and subordination means that the situation of the unions will become more and more anomalous, their ability properly to represent their members will be more compromised and their reputation will be more vulnerable to attacks from radical economic reformers, independent labour activists and unofficial workers' organisations. Though the conditions seem ripe for a move towards tripartite corporatism in Chinese labour relations, the contest round this issue is but one microcosm of the political dilemmas of the reform process as a whole and how it is resolved depends upon wider changes in the Party leadership and the political system in general. Moreover, the attitudes of an emergent managerial/entrepreneurial elite (and their foreign counterparts) are important since corporatist arrangements would depend upon their support. Tripartism might prove attractive to them as a way of stabilising and routinising industrial relations and avoiding the potential threats posed by unauthorised labour activism and unofficial unions.

If these conditions are favourable, however, and such a solution is seriously attempted, there are important implications for the future role of the unions. A continuing close relationship with the Party along Singaporean lines may well be attractive to the unions, not only because of the advantages accruing from guaranteed monopoly representation but also because it allows them to retain their policy role to influence the reform process in ways beneficial to their members. However, the must enjoy enough independence to be able to hold up their side of the triangle, in particular because their is often an implicit alliance between the other two sides, particularly in areas which seek to attract foreign capital and where the local Party/government leadership therefore have an interests in restraining the power of workers. If their independence and influence in not guaranteed in some way, then a new system of tripartite accommodation could turn out to be a new form of subordination of the unions and their constituency.

Even if the political conditions are favourable to a corporatist solution, however, its feasibility remains in doubt. China is not a city-state like Singapore and any effort to establish corporatist institutions will run foul of the country's size and regional diversity and the increasing complexity and dynamism of its economy. While corporatist institutions may work better for larger enterprises in the public, private and foreign-invested sectors, small enterprises, where the nature of labour systems is very different (notably the vast TVE sector) would be far less amenable to some kind of nationally defined and imposed system of industrial relations. Local solutions may well evolve with considerable diversity between regions. Moreover, the rapidly growing diversity of the Chinese labour force and the diverse problems it faces means that there will inevitably be conflicts between different sectors of the workforce and there will always be the potential challenge of rival organisations. It is too much to expect that the Chinese labour scene can be contained within a corporatist straitjacket.
Thus the future associational sphere of workers' organisations is likely to be diverse and volatile, as the official unions gradually bend the bars of their cage to become members of a corporatist system of industrial relations, but are increasingly challenged by unofficial or underground worker organisations. To this extent, the official trade unions have not travelled far down the road towards becoming true elements of an emergent "civil society"; any enhanced autonomy that they may enjoy in the new system of "tripartism" is still heavily circumscribed by their continuing dependence on and subordination to the Party. As such, they cede the role of true "civil society" organisations to their rivals in the unofficial and underground sphere of industrial relations. In political terms, this means that they must be regarded as a conservative force because they share a common cause with conservative Party leaders who wish to slow the pace of economic reform and avoid significant political reform. The latter might threaten to break their link with the powers-that-be and destroy their monopoly right to "represent" the working class.

Yet the time for a much more decisive change in their role is rapidly approaching since they face enemies on two fronts: on one side, the economic reforms are eroding their traditional base in state enterprises; on the other side, alternative worker organisations are challenging their credibility and competence. If the political atmosphere changes in a more radically reformist direction, they may find themselves lacking political friends or protection and thus run the risk of losing the limited gains they have made already.

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